



February 26, 2009

## MoneyGram International Announces Fourth Quarter 2008 Results

### Money Transfer Revenue Grows 18 Percent for Full Year, Agent Locations Increase 23 Percent

MINNEAPOLIS--(BUSINESS WIRE)--Feb. 26, 2009-- MoneyGram International, Inc. (NYSE:MGI), today announced that in the fourth quarter of 2008 the Company expanded its global agent network by 23 percent year over year, increased money transfer transaction volume 8 percent, and ended the quarter with strong liquidity of \$391.0 million in unrestricted assets, up from \$368.6 million in the third quarter of 2008. For the full year, money transfer revenue was up 18 percent to \$1.0 billion.

"MoneyGram continued to deliver solid growth in the fourth quarter despite an increasingly difficult global economy," said Pam Patsley, MoneyGram International executive chairman. "While it's unclear how long the economic downturn will last, we do know that our focus will remain on the long term, and we will continue to invest in MoneyGram's core money transfer and bill payment products as well as strategic growth through international expansion and product innovation."

Anthony Ryan, president and chief executive officer for MoneyGram International, said, "Our 2008 results were driven by increases in money transfer and bill payment fee revenue from continued growth in transaction volume. But our real success was in agent network expansion. In 2008, we added more than 33,000 new locations, with nearly half of those in the fourth quarter."

#### Consolidated Results for the fourth quarter of 2008:

- Total revenue increased to \$319.0 million from a loss of \$827.4 million in the fourth quarter of 2007, reflecting \$1.2 billion of net securities losses in the fourth quarter of 2007. Total fee and other revenue increased 5 percent to \$275.0 million from \$260.7 million in the fourth quarter of 2007, driven by continued growth in money transfer transaction volume. Total revenue was offset by a \$65.2 million decrease in investment revenue as a result of lower investment portfolio yields, a substantial decrease in investable balances from the departure of official check financial institution customers and the lower interest rate environment.
- Fourth quarter reflected a net securities gain of \$10.2 million in the quarter, which included the value of put options received during the fourth quarter related to auction rate securities, net of mark-to-market losses on auction rate securities. It also included impairments on other asset-backed securities, which are currently carried at 4 percent of par value on average.
- Total commissions expense decreased \$50.3 million, or 29 percent, in the quarter due to lower official check investment commissions from lower average investable balances, official check repricing initiatives and lower effective federal funds rates.
- EBITDA (earnings before interest, taxes, depreciation and amortization, and amortization of agent signing bonuses) was \$73.1 million and Adjusted EBITDA (EBITDA adjusted for net securities gains and a goodwill impairment charge) was \$61.3 million in the fourth quarter of 2008.
- Interest expense increased to \$28.4 million in the fourth quarter of 2008 from \$4.9 million in the fourth quarter of 2007 due to higher outstanding debt as a result of the Capital Transaction completed in March 2008.
- Net income was \$122.9 million for the fourth quarter of 2008 and includes a tax benefit of \$90.5 million related to net securities losses. This compares to a net loss of \$1,168.5 million for the same period in 2007, which included \$1,187.1 million of net securities losses.

#### Global Funds Transfer Results

Total revenue for the Global Funds Transfer segment increased to \$272.4 million in the fourth quarter of 2008 from \$39.8 million in the comparable period last year primarily due to \$233.5 million of securities losses recorded in the fourth quarter of 2007. Total fee and other revenue for the Global Funds Transfer segment increased \$14.0 million, or 6 percent, in the fourth quarter of 2008, and continues to be driven by growth in the money transfer business. Money transfer fee and other revenue grew 6 percent, while money transfer transaction volume increased 8 percent in the fourth quarter of 2008.

Transactions originated in the United States and Canada increased 10 percent in the fourth quarter of 2008, while internationally originated transactions (outside of North America) increased 4 percent from the prior year.

In the fourth quarter, MoneyGram outperformed industry-wide remittance volume into Mexico as measured by Banco de Mexico, which reported a 6 percent decline in remittances into the country during the quarter. MoneyGram transaction volume to

Mexico increased 1 percent for the same period. Mexico represented 8 percent of the Company's total money transfer transactions for the fourth quarter of 2008.

Retail money order and other fee revenue decreased 6 percent in the fourth quarter of 2008 on a 7 percent decline in money order volume.

Investment revenue in the Global Funds Transfer segment decreased 75 percent in the fourth quarter of 2008, reflecting lower yields earned on short-term, highly liquid investments.

Commissions expense in the fourth quarter of 2008 increased 4 percent primarily driven by higher money transfer transaction volume, higher commission rates and amortization of signing bonuses, offset by a weaker euro and the termination of the sale of receivable program in the first quarter of 2008.

Operating income of \$29.3 million and operating margin of 10.8 percent for the fourth quarter of 2008 increased from 2007, reflecting the net securities losses recorded in 2007 and an increase in fee and other revenue, offset by lower investment revenue and higher operating expenses, which increased 13 percent in the fourth quarter of 2008 versus 2007.

### **Payment Systems Results**

Fourth quarter 2008 net revenue in the Payment Systems segment of \$45.1 million includes net securities gains of \$8.6 million and investment revenue of \$28.2 million. This compares to a net loss of \$923.9 million in the fourth quarter of 2007, which reflects \$953.6 million in net securities losses and \$76.9 million in investment revenue in the fourth quarter of 2007. Investment revenue was down \$48.7 million from fourth quarter 2007 as a result of lower yields earned on the realigned portfolio and a decline in investable balances. Additionally, commissions expense decreased \$55.1 million from the fourth quarter of 2007, reflecting declines in the effective federal funds rate and repricing initiatives, as well as lower investable balances from the departure of financial institution customers.

### **Interest and Dividends**

In the fourth quarter of 2008, the Company elected to pay cash interest on the \$500.0 million of senior secured second lien notes and accrue dividends on the \$767.5 million in participating convertible preferred stock.

### **Non-GAAP Measures**

In addition to results presented in accordance with GAAP, this press release and related tables include certain non-GAAP financial measures, including a presentation of EBITDA and Adjusted EBITDA. The following tables include a full reconciliation of these non-GAAP financial measures to the related GAAP financial measures.

MoneyGram believes these non-GAAP financial measures provide information useful to investors in understanding the underlying operations of the Company and its business and performance trends, as well as in facilitating comparisons with other companies in the money transfer industry. Specifically, MoneyGram believes the exclusion of net securities gains (losses) and valuation loss on embedded derivatives permits evaluation and comparison of results for on-going business operations. This adjusted view is used by management to internally assess the Company's performance at both a consolidated and segment level, forecast results and allocate resources. Management does not find the GAAP financial measures particularly relevant or useful in evaluating the operating performance of our segments as they do not represent future period recurring costs or are costs outside of the Company's control at this time.

We believe that EBITDA and Adjusted EBITDA provide useful information to investors because they are an indicator of the strength and performance of ongoing business operations, including our ability to fund capital expenditures, acquisitions and operations and to service debt. These calculations are commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare the operating performance and value of companies within our industry. In addition, the Company's debt agreements require compliance with financial measures based on EBITDA and Adjusted EBITDA. Finally, EBITDA and Adjusted EBITDA are financial measures used by management in reviewing results of operations, forecasting, assessing cash flow and capital, allocating resources and establishing employee incentive programs.

Although MoneyGram believes the above non-GAAP financial measures enhance investors' understanding of its business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP financial measures.

### **Description of Tables**

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## Conference Call

MoneyGram International will have a conference call today at 5:00 p.m. ET, 4:00 p.m. CT to discuss the fourth quarter of 2008. Pam Patsley, executive chairman, Tony Ryan, president and chief executive officer, and Dave Parrin, chief financial officer, will speak on the call. The conference call can be accessed by calling (888) 668-1636 in the U.S. The participant confirmation number is 4068403. A replay of the conference call will be available one hour after the call concludes through 5:00 p.m. ET on March 5, 2009. The replay of the call is available at (888) 203-1112 for U.S. callers or 1-719-457-0820 for international callers. The confirmation number is 4068403. The Internet audio cast replay will be available at [www.moneygram.com](http://www.moneygram.com).

## About MoneyGram International, Inc.

MoneyGram International, Inc. is a leading global payment services company. The company's major products and services include global money transfers, money orders and payment processing solutions for financial institutions and retail customers. MoneyGram is a New York Stock Exchange listed company with approximately 176,000 global money transfer agent locations in 189 countries and territories. For more information, visit the company's website at [www.moneygram.com](http://www.moneygram.com).

## Forward Looking Statements

The statements contained in this press release regarding MoneyGram International, Inc. that are not historical facts are forward-looking statements and are made under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances due to a number of factors, including, but not limited to: (a) our substantial dividend and debt service obligations and our covenant requirements which could impact our ability to obtain additional financing and to operate and grow our business; (b) the continued volatility and disruption of global capital and credit markets which may adversely affect our liquidity and our agents' liquidity, our access to credit and capital and our agents' access to credit and capital and our earnings on our investment portfolio; (c) negative economic conditions generally and in geographic areas or industries that are important to our business which may cause a decline in our money transfer growth rate and transaction volume; (d) a material slow down or complete disruption of international migration patterns which could adversely affect our money transfer volume and growth rate; (e) a loss of material retail agent relationships or a reduction in transaction volume from them; (f) our ability to develop and implement successful pricing strategies for our services; (g) stockholder lawsuits and other litigation or government investigations of the Company or its agents which could result in material costs, settlements, fines or penalties; (h) our ability to maintain sufficient banking relationships; (i) our ability to attract and retain key employees; (j) our ability to maintain capital sufficient to pursue our growth strategy, fund key strategic initiatives and meet evolving regulatory requirements; (k) our ability to successfully and timely implement new or enhanced technology and infrastructure, delivery methods and product and service offerings and to invest in products, services and infrastructure; (l) our ability to adequately protect our brand and our other intellectual property rights and to avoid infringing on third-party intellectual property rights; (m) competition from large competitors, niche competitors or new competitors that may enter the markets in which we operate; (n) the impact of laws, regulatory requirements, and other industry practices in the U.S. and abroad, including changes in laws, regulations or other industry practices and standards that may increase our costs of doing business or reduce the market for or value of our services; (o) our offering of money transfer services through agents in regions that are politically volatile or, in a limited number of cases, are subject to certain Office of Foreign Assets Control ("OFAC") restrictions which could result in contravention of U.S. law or regulations by us or our agents which could subject us to fines and penalties and cause us reputational harm; (p) a breakdown, catastrophic event, security breach, privacy breach, improper operation or other event impacting our systems or processes or our vendors', agents' or financial institution customers' systems or processes, which could result in financial loss, loss of customers, regulatory sanctions and damage to our brand and reputation; (q) our ability to scale our technology to match our business and transactional growth; (r) our ability to manage our credit exposure to retail agents and financial institution customers which exposure may increase during an economic downturn; (s) our ability to mitigate fraud risks from consumers and agents which risks may increase during an economic downturn; (t) our ability to successfully manage risks associated with running Company-owned retail locations and acquiring new businesses; (u) our ability to successfully manage risks associated with our international sales and operations including the potential for political, economic or other instability in countries that are important to our business; (v) our compliance with the internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002; (w) the outcome of positions we take with respect to federal, state, local and international taxation; (x) additional risk factors described in our other filings with the Securities and Exchange Commission from time to time.

## TABLE ONE MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
(Unaudited)

<i>(Amounts in thousands, except per share data)</i>	<b>Three months ended</b>		<b>2008 vs 2007</b>	<b>Full year ended</b>		<b>2008 vs 2007</b>
	<b>December 31 2008</b>	<b>2007</b>		<b>December 31 2008</b>	<b>2007</b>	
<b>REVENUE</b>						
Fee and other revenue	\$ 274,978	\$ 260,650	\$ 14,328	\$ 1,105,676	\$ 949,059	\$ 156,617
Investment revenue	33,836	99,073	(65,237 )	162,130	398,234	(236,104)
Net securities gains (losses)	10,155	(1,187,077)	1,197,232	(340,688 )	(1,189,756)	849,068
Total revenue	318,969	(827,354 )	1,146,323	927,118	157,537	769,581
Fee commissions expense	124,590	114,557	10,033	502,317	410,301	92,016
Investment commissions expense	819	61,140	(60,321 )	102,292	253,607	(151,315)
Total commissions expense	125,409	175,697	(50,288 )	604,609	663,908	(59,299 )
Net revenue (losses)	193,560	(1,003,051)	1,196,611	322,509	(506,371 )	828,880
<b>EXPENSES</b>						
Compensation and benefits	50,604	38,126	12,478	224,580	188,092	36,488
Transaction and operations support	68,012	62,937	5,075	219,905	191,066	28,839
Depreciation and amortization	14,275	14,144	131	56,672	51,979	4,693
Occupancy, equipment and supplies	11,312	11,327	(15 )	45,994	44,704	1,290
Interest expense	28,389	4,912	23,477	95,020	11,055	83,965
Valuation loss on embedded derivatives	-	-	-	16,030	-	16,030
Debt extinguishment loss	-	-	-	1,499	-	1,499
Total expenses	172,592	131,446	41,146	659,700	486,896	172,804
Income (loss) from continuing operations before income taxes	20,968	(1,134,497)	1,155,465	(337,191 )	(993,267 )	656,076
Income tax (benefit) expense	(101,893)	33,741	(135,634 )	(75,806 )	78,481	(154,287)
Income (loss) from continuing operations	122,861	(1,168,238)	1,291,099	(261,385 )	(1,071,748)	810,363
Loss from discontinued operations, net of tax	-	(249 )	249	-	(249 )	249
<b>NET INCOME (LOSS)</b>	<b>\$ 122,861</b>	<b>\$ (1,168,487)</b>	<b>\$ 1,291,348</b>	<b>\$ (261,385 )</b>	<b>\$ (1,071,997)</b>	<b>\$ 810,612</b>
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.23</b>	<b>\$ (14.18 )</b>	<b>\$ 14.41</b>	<b>\$ (4.19 )</b>	<b>\$ (12.94 )</b>	<b>\$ 8.75</b>
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.47</b>	<b>\$ (14.18 )</b>	<b>\$ 14.65</b>	<b>\$ (4.19 )</b>	<b>\$ (12.94 )</b>	<b>\$ 8.75</b>

**TABLE TWO**  
**MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>(Amounts in thousands, except share data)</i>	<b>December 31, 2008</b>	<b>December 31, 2007</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Cash and cash equivalents (substantially restricted)	4,077,381	1,552,949
Receivables, net (substantially restricted)	1,264,885	1,408,220
Trading investments (substantially restricted)	21,485	62,105
Available-for-sale investments (substantially restricted)	438,774	4,187,384
Property and equipment	156,263	171,008
Intangible assets	14,548	17,605
Goodwill	434,337	438,839
Derivative financial instruments	-	1,647
Other assets	234,623	95,254
Total assets	\$ 6,642,296	\$ 7,935,011

**LIABILITIES**

Payment service obligations	\$ 5,437,999	\$ 7,762,470
Debt	978,881	345,000
Derivative financial instruments	-	30,370
Pension and other postretirement benefits	130,900	85,451
Accounts payable and other liabilities	121,586	188,778
Deferred tax liabilities	12,454	11,459
Total liabilities	6,681,820	8,423,528

**MEZZANINE EQUITY**

Participating Convertible Preferred Stock-Series B, \$0.01 par value, 800,000 shares authorized, 495,000 shares issued and outstanding	458,408	-
Participating Convertible Preferred Stock-Series B-1, \$0.01 par value, 500,000 shares authorized, 272,500 shares issued and outstanding	283,804	-
Total mezzanine equity	742,212	-

**STOCKHOLDERS' DEFICIT**

Preferred shares - undesignated, \$0.01 par value, 5,000,000 authorized, none issued	-	-
Preferred shares - junior participating, \$0.01 par value, 2,000,000 authorized, none issued	-	-
Common shares, \$0.01 par value, 250,000,000 shares authorized, 88,556,077 shares issued	886	886
Additional paid-in capital	62,324	73,077
Retained loss	(649,254)	(387,479)
Unearned employee benefits	(424)	(3,280)
Accumulated other comprehensive loss	(42,707)	(21,715)
Treasury stock: 5,999,175 and 5,910,458 shares at December 31, 2008 and December 31, 2007, respectively	(152,561)	(150,006)
Total stockholders' deficit	(781,736)	(488,517)
Total liabilities, mezzanine equity and stockholders' deficit	\$ 6,642,296	\$ 7,935,011

**TABLE THREE****MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES****PORTFOLIO COMPOSITION****(Unaudited)**

<i>(Amounts in thousands)</i>	<b>December 31, 2008</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>
Cash and cash equivalents	\$ 4,077,381	\$ 4,561,905	\$ 4,486,064	\$ 4,654,341	\$ 1,552,949
Trading investments <sup>(1)</sup>	21,485	30,285	35,210	56,413	62,105
Available-for-sale investments:					
Obligations of states and political sub-divisions	-	-	-	-	597,379
Commercial mortgage-backed securities	-	-	-	-	253,823
Government agency securities <sup>(2)</sup>	409,246	429,046	448,532	476,473	1,786,805
Other asset-backed securities <sup>(3)</sup>	29,528	51,898	55,872	64,580	1,318,242
Corporate debt securities	-	-	-	-	218,367
Preferred and common stock	-	-	-	-	12,768
Total available-for-sale investments	438,774	480,944	504,404	541,053	4,187,384
Total portfolio	\$ 4,537,640	\$ 5,073,134	\$ 5,025,678	\$ 5,251,807	\$ 5,802,438

Trading investments consist of auction rate preferred securities and perpetual preferred stock resulting from the

(1) conversion of an auction rate preferred security. The Company recorded \$26.5 million related to put options on our trading investments. The put options are included in "Other assets" in the December 31, 2008 Consolidated Balance Sheet.

(2) Investments included in this category consist solely of investments collateralized by U.S. government agencies at December 31, September 30, June 30 and March 31, 2008.

(3) Other asset-backed securities consist of collateralized debt obligations that were written down in connection with the portfolio restructuring. These securities had a total par value of \$667 million at December 31, 2008.

**TABLE FOUR**  
**MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES**  
**UNRESTRICTED ASSETS**  
**(Unaudited)**

<i>(Amounts in thousands)</i>	<b>December 31 2008</b>	<b>September 30 2008</b>	<b>June 30 2008</b>	<b>March 31 2008</b>
Cash and cash equivalents	\$ 4,077,381	\$ 4,561,905	\$ 4,486,064	\$ 4,654,341
Receivables, net	1,264,885	1,397,179	1,959,438	1,783,241
Government agency securities	409,246	429,046	448,532	476,473
	5,751,512	6,388,130	6,894,034	6,914,055
Amounts restricted to cover payment service obligations	(5,437,999 )	(6,101,759 )	(6,636,557 )	(6,656,163 )
Excess unrestricted assets, excluding trading, put options and other asset-backed securities	313,513	286,371	257,477	257,892
Trading investments	21,485	30,285	35,210	56,413
Put options on trading investments	26,505	-	-	-
Other asset-backed securities	29,528	51,898	55,872	64,580
	77,518	82,183	91,082	120,993
Excess unrestricted assets	\$ 391,031	\$ 368,554	\$ 348,559	\$ 378,885

**TABLE FIVE**  
**MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS) (AS ADJUSTED)**  
**(Unaudited)**

<i>(Amounts in thousands)</i>	<b>Reported Q4 2008</b>	<b>Q4 Adjustments</b>	<b>Adjusted Q4 2008</b>	<b>Reported Q4 2007</b>	<b>Q4 Adjustments</b>	<b>Adjusted Q4 2007</b>
<b>REVENUE</b>						
Fee and other revenue	\$ 274,978	\$ -	\$ 274,978	\$ 260,650	\$ -	\$ 260,650
Investment revenue	33,836	(10,456 ) (1)	23,380	99,073	-	99,073
Net securities gains (losses)	10,155	(10,155 ) (2)	-	(1,187,077 )	1,187,077 (2)	-
Total revenue	318,969	(20,611 )	298,358	(827,354 )	1,187,077	359,723
Fee commissions expense	124,590	-	124,590	114,557	-	114,557
Investment commissions expense	819	-	819	61,140	-	61,140
Total commissions expense	125,409	-	125,409	175,697	-	175,697
Net revenue	193,560	(20,611 )	172,949	(1,003,051 )	1,187,077	184,026
<b>EXPENSES</b>						
Compensation and benefits	50,604	-	50,604	38,126	-	38,126
Transaction and operations support	68,012	(8,809 ) (5)	59,203	62,937	(7,417 ) (8)	55,520
Depreciation and amortization	14,275	-	14,275	14,144	-	14,144
Occupancy, equipment and supplies	11,312	-	11,312	11,327	-	11,327
Interest expense	28,389	-	28,389	4,912	-	4,912
Unrealized loss on embedded derivatives	-	-	-	-	-	-
Debt extinguishment loss	-	-	-	-	-	-
Total expenses	172,592	(8,809 )	163,783	131,446	(7,417 )	124,029
Income (loss) before income taxes	\$ 20,968	\$ (11,802 )	\$ 9,166	\$ (1,134,497 )	\$ 1,194,494	\$ 59,997

<i>(Amounts in thousands)</i>	Reported YTD 2008	YTD Adjustments	Adjusted YTD 2008	Reported YTD 2007	YTD Adjustments	Adjusted YTD 2007
<b>REVENUE</b>						
Fee and other revenue	\$ 1,105,676	\$ -	\$ 1,105,676	\$ 949,059	\$ -	\$ 949,059
Investment revenue	162,130	(10,456 ) (1)	151,674	398,234	-	398,234
Net securities losses	(340,688 )	340,688 (2)	-	(1,189,756)	1,189,756 (2)	-
Total revenue	927,118	330,232	1,257,350	157,537	1,189,756	1,347,293
Fee commissions expense	502,317	-	502,317	410,301	-	410,301
Investment commissions expense	102,292	(27,735 ) (3)	74,557	253,607	-	253,607
Total commissions expense	604,609	(27,735 )	576,874	663,908	-	663,908
Net revenue	322,509	357,967	680,476	(506,371 )	1,189,756	683,385

#### **EXPENSES**

Compensation and benefits	224,580	(16,524 ) (4)	208,056	188,092	-	188,092
Transaction and operations support	219,905	(17,662 ) (5)	202,243	191,066	(7,417 ) (8)	183,649
Depreciation and amortization	56,672	-	56,672	51,979	-	51,979
Occupancy, equipment and supplies	45,994	-	45,994	44,704	-	44,704
Interest expense	95,020	(1,982 ) (3)	93,038	11,055	-	11,055
Unrealized loss on embedded derivatives	16,030	(16,030 ) (6)	-	-	-	-
Debt extinguishment loss	1,499	(1,499 ) (7)	-	-	-	-
Total expenses	659,700	(53,697 )	606,003	486,896	(7,417 )	479,479
(Loss) income before income taxes	\$ (337,191 )	\$ 411,664	\$ 74,473	\$ (993,267 )	\$ 1,197,173	\$ 203,906

(1) Cash received on a security which had been previously priced at zero.

Represents net realized losses on sale of securities (Q1 2008), other-than-temporary impairments on available-for-sale

(2) investments and unrealized losses on trading investments (all quarters) and the valuation of put options related to trading investments (Q4 2008).

(3) Represents losses upon termination of interest rate swaps (Q2 2008).

(4) Executive severance and related costs.

(5) Transaction costs of \$7.7 million related to the Capital Transaction (Q1 2008), other professional fees related to severance of \$1.1 million (Q2 2008) and goodwill impairment charge of \$8.8 million on exit of non-core business (Q4 2008).

(6) Change in the fair value of embedded derivatives in preferred stock.

(7) Debt extinguishment loss associated with the Capital Transaction.

(8) Goodwill impairment charge in the Payment Systems segment (\$6.4 million) and consultant fees related to the Capital Transaction (\$1.1 million) in 2007.

#### **TABLE SIX**

#### **MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES GLOBAL FUNDS TRANSFER SEGMENT RESULTS (AS ADJUSTED) (Unaudited)**

<i>(Amounts in thousands)</i>	Reported Q4 2008	Q4 Adjustments	Adjusted Q4 2008	Reported Q4 2007	Q4 Adjustments	Adjusted Q4 2007
Money transfer revenue						
Fee and other revenue	\$ 249,263	\$ -	\$ 249,263	\$ 234,324	\$ -	\$ 234,324
Investment revenue	420	(120 ) (1)	300	1,301	-	1,301
Net securities gains (losses)	140	(140 ) (2)	-	(9,701 )	9,701 (2)	-
Retail money order and other						
Fee and other revenue	15,919	-	15,919	16,902	-	16,902

Investment revenue	5,200	(1,490 )	(1)	3,710	20,812	-	20,812
Net securities gains (losses)	1,464	(1,464 )	(2)	-	(223,823)	223,823	(2) -
Total Global Funds Transfer revenue	272,406	(3,214 )		269,192	39,815	233,524	273,339
Commissions expense	123,974	-		123,974	119,157	-	119,157
Net revenue (losses)	\$ 148,432	\$ (3,214 )		\$ 145,218	\$ (79,342 )	\$ 233,524	\$ 154,182
Operating income (loss)	\$ 29,325	\$ (3,214 )		\$ 26,111	\$ (184,550)	\$ 233,524	\$ 48,974
Operating margin	10.8 %			9.7 %	NM		17.9 %

<i>(Amounts in thousands)</i>	<b>Reported YTD 2008</b>	<b>YTD Adjustments</b>	<b>Adjusted YTD 2008</b>	<b>Reported YTD 2007</b>	<b>YTD Adjustments</b>	<b>Adjusted YTD 2007</b>	
Money transfer revenue							
Fee and other revenue	\$ 1,000,815	\$ -	\$ 1,000,815	\$ 850,333	\$ -	\$ 850,333	
Investment revenue	1,874	(120 )	(1) 1,754	5,190	-	5,190	
Net securities losses	(4,100 )	4,100	(2) -	(9,724 )	9,724	(2) -	
Retail money order and other							
Fee and other revenue	65,781	-	65,781	61,053	-	61,053	
Investment revenue	24,119	(1,490 )	(1) 22,629	88,576	-	88,576	
Net securities losses	(45,305 )	45,305	(2) -	(224,433)	224,433	(2) -	
Total Global Funds Transfer revenue	1,043,184	47,795	1,090,979	770,995	234,157	1,005,152	
Commissions expense	499,819	-	499,819	429,837	-	429,837	
Net revenue	\$ 543,365	\$ 47,795	\$ 591,160	\$ 341,158	\$ 234,157	\$ 575,315	
Operating income (loss)	\$ 95,788	\$ 47,795	\$ 143,583	\$ (60,410 )	\$ 234,157	\$ 173,747	
Operating margin	9.2 %		13.2 %	-7.8 %		17.3 %	
NM = Not meaningful							

(1) Cash received on a security which had been previously priced at zero.

Represents net realized losses on sales of securities (Q1 2008), other-than-temporary impairments on available-for-sale

(2) investments and unrealized losses on trading investments (all quarters) and the valuation of the put options related to trading investments (Q4 2008).

**TABLE SEVEN**  
**MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES**  
**PAYMENT SYSTEMS SEGMENT RESULTS (AS ADJUSTED)**  
**(Unaudited)**

<i>(Amounts in thousands)</i>	<b>Reported Q4 2008</b>	<b>Q4 Adjustments</b>	<b>Adjusted Q4 2008</b>	<b>Reported Q4 2007</b>	<b>Q4 Adjustments</b>	<b>Adjusted Q4 2007</b>
Fee and other revenue	\$ 9,796	\$ -	\$ 9,796	\$ 9,257	\$ -	\$ 9,257
Investment revenue	28,216	(8,846 )	(1) 19,370	76,892	-	76,892
Net securities gains (losses)	8,552	(8,552 )	(2) -	(953,553)	953,553	(2) -
Total Payment Systems revenue (losses)	46,564	(17,398 )	29,166	(867,404)	953,553	86,149
Commissions expense	1,436	-	1,436	56,539	-	56,539



Net revenue (losses)	\$ 45,128	\$ (17,398 )	\$ 27,730	\$(923,943)	\$ 953,553	\$ 29,610
Operating income (loss)	\$ 22,260	\$ (8,589 )	(4) \$ 13,671	\$(946,212)	\$ 959,908	(4) \$ 13,696
Operating margin	47.8 %		46.9 %	NM		15.9 %

<i>(Amounts in thousands)</i>	<b>Reported YTD 2008</b>	<b>YTD Adjustments</b>	<b>Adjusted YTD 2008</b>	<b>Reported YTD 2007</b>	<b>YTD Adjustments</b>	<b>Adjusted YTD 2007</b>
Fee and other revenue	\$ 38,786	\$ -	\$ 38,786	\$ 37,014	\$ -	\$ 37,014
Investment revenue	136,205	(8,846 )	(1) 127,359	304,229	-	304,229
Net securities losses	(291,283)	291,283	(2) -	(955,599)	955,599	(2) -
Total Payment Systems (losses) revenue	(116,292)	282,437	166,145	(614,356)	955,599	341,243
Commissions expense	104,790	(27,735 )	(3) 77,055	234,071	-	234,071
Net (losses) revenue	\$ (221,082)	\$ 310,172	\$ 89,090	\$(848,427)	\$ 955,599	\$ 107,172
Operating (loss) income	\$ (286,763)	\$ 318,981	(4) \$ 32,218	\$(920,130)	\$ 961,954	(4) \$ 41,824
Operating margin	NM		19.4 %	NM		12.3 %

NM = Not meaningful

(1) Cash received on a security which had been previously priced at zero.

Represents net realized losses on sale of securities (Q1 2008), other-than-temporary impairments on available-for-sale investments and unrealized losses on trading investments (all quarters) and the valuation of put options related to trading investments in (Q4 2008).

(2) Represents losses upon termination of interest rate swaps (Q2 2008).

(3) In addition to the items listed above, operating income is also adjusted by the goodwill write off of \$8.8 million (Q4 2008) and \$6.4 million (Q4 2007).

**TABLE EIGHT**  
**MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES**  
**EBITDA AND ADJUSTED EBITDA**  
**(Unaudited)**

<i>(Amounts in thousands)</i>	<b>Q4 2008</b>	<b>YTD 2008</b>
Income (loss) before income taxes	\$ 20,968	\$ (337,191)
Interest expense	28,389	95,020
Depreciation and amortization	14,275	56,672
Amortization of agent signing bonuses	9,452	37,261
EBITDA <sup>(1)</sup>	73,084	(148,238)
Net securities (gains) losses <sup>(2)</sup>	(10,155)	340,688
Gain on security previously priced at zero <sup>(3)</sup>	(10,456)	(10,456 )
Goodwill impairment charge <sup>(4)</sup>	8,809	8,809
Losses on interest rate swaps <sup>(5)</sup>	-	29,717
Valuation loss on embedded derivatives <sup>(6)</sup>	-	16,030
Severance and related costs <sup>(7)</sup>	-	17,653
Transaction costs <sup>(8)</sup>	-	7,733
Debt extinguishment loss <sup>(9)</sup>	-	1,499

Adjusted EBITDA \$ 61,282    \$ 263,435

- (1) EBITDA represents earnings before interest, taxes, depreciation and amortization, and amortization of agent signing bonuses.
- (2) Represents realized (gains) losses on securities, other-than-temporary impairments on available-for-sale investments, unrealized losses on trading investments and the valuation of put options relating to trading investments.
- (3) Cash received on a security which had been previously priced at zero.
- (4) Goodwill impairment charge on exit of a non-core business.
- (5) Represents losses upon termination of interest rate swaps.
- (6) Represents change in fair value of embedded derivatives in preferred stock.
- (7) Represents executive severance and related costs.
- (8) Transaction costs related to the Capital Transaction.
- (9) Represents a loss on debt extinguishment associated with the Capital Transaction.

**TABLE NINE**  
**MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CREDIT RATIOS - Illustrative Purposes Only**  
**(Unaudited)**

**INTEREST COVERAGE RATIO**

<i>(Amounts in thousands, except ratios)</i>	<b>Q4 2008</b>
Interest expense <sup>(1)</sup>	
Senior Credit Facility	\$ 11,010
Second Lien Notes	17,379
Total interest expense	\$ 28,389
Adjusted EBITDA	\$ 61,282
Adjusted EBITDA / Interest Expense <sup>(4)</sup>	2.2            x

**SENIOR SECURED DEBT RATIO**

<i>(Amounts in thousands, except ratios)</i>	<b>December 31 2008</b>
Outstanding debt	
Senior Credit Facility <sup>(2)</sup>	\$ 493,125
Second Lien Notes	500,000
Total debt	\$ 993,125
Adjusted EBITDA <sup>(3)</sup>	\$ 263,435
Total debt / Adjusted EBITDA <sup>(3) (5)</sup>	3.8            x

- (1) Represents interest expense in the fourth quarter of 2008, amortization of the discount on debt and deferred financing costs of \$2.2 million and unused revolving credit facility fees of \$0.1 million.
- (2) This amount represents the principal due at maturity and does not include the unamortized discount on the debt of \$14.2 million included in the "Debt" line in the Consolidated Balance Sheets.
- (3) For illustrative purposes only. Our debt agreements require the ratio to be calculated on the most recently ended four fiscal quarters beginning with the March 31, 2009 quarter.  
Under the Senior Facility, the Company must maintain a minimum interest coverage ratio of 1.5:1 from March 31, 2009 through September 30, 2010, 1.75:1 from December 31, 2010 through September 30, 2012 and 2:1 from December 31, 2012 through maturity.
- (4) Under the Senior Facility, the Company is not permitted to have a senior secured debt ratio in excess of 6.5:1 from March

- (5) 31, 2009 through September 30, 2009, 6:1 from December 31, 2009 through September 30, 2010, 5.5:1 from December 31, 2010 through September 30, 2011, 5:1 from December 31, 2011 through September 30, 2012 and 4.5:1 from December 31, 2012 through maturity.

**TABLE TEN**

**MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES**

**COMMON SHARES, AS CONVERTED**

**(Unaudited)**

*(Amounts in thousands, except per share data)*

**CALCULATION OF PAID-IN-KIND DIVIDEND**

Preferred shares value at September 30, 2008 <sup>(1)</sup>	\$ 818,311
Multiplied by the dividend rate <sup>(2)</sup>	3.15 %
Value of preferred dividend for Q4 2008	\$ 25,782
Divided by the conversion price	\$ 2.50
Equivalent common shares	10,313

**COMMON SHARES, AS CONVERTED**

Preferred stock, as converted at September 30, 2008	327,324
Equivalent common shares from Q4 2008 preferred dividend	10,313
Preferred stock, as converted at December 31, 2008 <sup>(3)</sup>	337,637
Common shares outstanding at December 31 2008 <sup>(4)</sup>	82,465
Common shares at December 31, 2008, as converted	420,102

(1) Value of preferred shares does not include discounts related to transaction costs and the embedded derivative for purposes of the dividend calculation.

(2) The quarterly dividend rate is calculated by the pay-in-kind annual dividend rate of 12.5% multiplied by the number of days in the quarter divided by 365 days.

(3) Preferred shares are excluded from earnings per share calculations as they are anti-dilutive.

(4) For earnings per share purposes, weighted average outstanding shares are used rather than actual outstanding shares.

Source: MoneyGram International, Inc.

**MoneyGram International, Inc.**

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