
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended March 31, 2018

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .
Commission File Number: 001-31950



MONEYGRAM INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

**2828 N. Harwood St., 15th Floor
Dallas, Texas**

(Address of principal executive offices)

16-1690064

(I.R.S. Employer Identification No.)

75201

(Zip Code)

(214) 999-7552

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of May 4, 2018, 55,536,013 shares of common stock, \$0.01 par value, were outstanding.

TABLE OF CONTENTS

[PART I. FINANCIAL INFORMATION](#)

	<u>Page</u>
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets	-1
Condensed Consolidated Statements of Operations	-2
Condensed Consolidated Statements of Comprehensive Income	-3
Condensed Consolidated Statements of Cash Flows	4
Condensed Consolidated Statement of Stockholders' Deficit	5
Notes to the Condensed Consolidated Financial Statements	6
Note 1 — Description of the Business and Basis of Presentation	6
Note 2 — Restructuring and Reorganization Costs	7
Note 3 — Settlement Assets and Payment Service Obligations	8
Note 4 — Fair Value Measurement	9
Note 5 — Investment Portfolio	10
Note 6 — Derivative Financial Instruments	11
Note 7 — Debt	11
Note 8 — Pension and Other Benefits	12
Note 9 — Stockholders' Deficit	13
Note 10 — Stock-Based Compensation	14
Note 11 — Income Taxes	15
Note 12 — Commitments and Contingencies	16
Note 13 — Earnings per Common Share	17
Note 14 — Segment Information	17
Note 15 — Revenue Recognition	18
Note 16 — Condensed Consolidating Financial Statements	20
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3. Quantitative and Qualitative Disclosures About Market Risk	40
Item 4. Controls and Procedures	40

[PART II. OTHER INFORMATION](#)

Item 1. Legal Proceedings	41
Item 1A. Risk Factors	42
Item 6. Exhibits	43
Signatures	45

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

<i>(Amounts in millions, except share data)</i>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
ASSETS		
Cash and cash equivalents	\$ 199.7	\$ 190.0
Settlement assets	3,483.3	3,756.9
Property and equipment, net	206.3	214.9
Goodwill	442.2	442.2
Other assets	177.7	168.5
Total assets	<u>\$ 4,509.2</u>	<u>\$ 4,772.5</u>
LIABILITIES		
Payment service obligations	\$ 3,483.3	\$ 3,756.9
Debt, net	906.3	908.1
Pension and other postretirement benefits	94.3	97.3
Accounts payable and other liabilities	258.0	255.5
Total liabilities	4,741.9	5,017.8
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
STOCKHOLDERS' DEFICIT		
Participating convertible preferred stock - series D, \$0.01 par value, 200,000 shares authorized, 71,282 issued at March 31, 2018 and December 31, 2017	183.9	183.9
Common stock, \$0.01 par value, 162,500,000 shares authorized, 58,823,567 shares issued at March 31, 2018 and December 31, 2017	0.6	0.6
Additional paid-in capital	1,039.6	1,034.8
Retained loss	(1,367.8)	(1,336.1)
Accumulated other comprehensive loss	(59.6)	(63.0)
Treasury stock: 3,296,003 and 4,585,223 shares at March 31, 2018 and December 31, 2017, respectively	(29.4)	(65.5)
Total stockholders' deficit	<u>(232.7)</u>	<u>(245.3)</u>
Total liabilities and stockholders' deficit	<u>\$ 4,509.2</u>	<u>\$ 4,772.5</u>

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months Ended March 31,	
	2018	2017
<i>(Amounts in millions, except per share data)</i>		
REVENUE		
Fee and other revenue	\$ 370.1	\$ 380.3
Investment revenue	9.9	5.8
Total revenue	380.0	386.1
EXPENSES		
Fee and other commissions expense	176.5	186.0
Investment commissions expense	3.5	1.3
Direct transaction expense	5.5	5.1
Total commissions and direct transaction expenses	185.5	192.4
Compensation and benefits	79.3	70.2
Transaction and operations support	74.8	66.5
Occupancy, equipment and supplies	16.6	15.3
Depreciation and amortization	18.1	18.3
Total operating expenses	374.3	362.7
OPERATING INCOME	5.7	23.4
Other (income) expenses		
Interest expense	12.3	10.8
Other non-operating (income) expense	(28.5)	1.3
Total other (income) expenses	(16.2)	12.1
Income before income taxes	21.9	11.3
Income tax expense	14.8	2.5
NET INCOME	\$ 7.1	\$ 8.8
EARNINGS PER COMMON SHARE		
Basic	\$ 0.11	\$ 0.14
Diluted	\$ 0.11	\$ 0.13
Weighted-average outstanding common shares and equivalents used in computing earnings per share		
Basic	63.8	62.1
Diluted	66.2	66.1

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
UNAUDITED

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
NET INCOME	\$ 7.1	\$ 8.8
OTHER COMPREHENSIVE INCOME		
Net change in unrealized holding gains on available-for-sale securities arising during the period	(0.2)	0.1
Net change in pension liability due to amortization of prior service credit and net actuarial loss, net of tax benefit of \$0.2 and \$0.4 for the three months ended March 31, 2018 and 2017, respectively	0.9	0.7
Unrealized foreign currency translation adjustments, net of tax expense of \$0.6 and \$0.0 for the three months ended March 31, 2018 and 2017, respectively	2.7	2.2
Other comprehensive income	3.4	3.0
COMPREHENSIVE INCOME	\$ 10.5	\$ 11.8

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 7.1	\$ 8.8
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	18.1	18.3
Signing bonus amortization	14.0	13.0
Amortization of debt discount and debt issuance costs	0.8	0.8
Non-cash compensation and pension expense	6.2	5.3
Signing bonus payments	(11.8)	(10.2)
Change in other assets	(5.1)	(8.6)
Change in accounts payable and other liabilities	(0.2)	(37.1)
Other non-cash items, net	1.4	0.1
Net cash provided by (used in) operating activities	30.5	(9.6)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(12.3)	(18.6)
Net cash used in investing activities	(12.3)	(18.6)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(2.4)	(2.5)
Payments to tax authorities for stock-based compensation	(6.1)	—
Proceeds from exercise of stock options and other	—	0.9
Net cash used in financing activities	(8.5)	(1.6)
NET CHANGE IN CASH AND CASH EQUIVALENTS	9.7	(29.8)
CASH AND CASH EQUIVALENTS—Beginning of period	190.0	157.2
CASH AND CASH EQUIVALENTS—End of period	\$ 199.7	\$ 127.4

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
UNAUDITED

<i>(Amounts in millions)</i>	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
January 1, 2018	\$ 183.9	\$ 0.6	\$ 1,034.8	\$ (1,336.1)	\$ (63.0)	\$ (65.5)	\$ (245.3)
Net income	—	—	—	7.1	—	—	7.1
Stock-based compensation activity	—	—	4.8	(43.0)	—	36.1	(2.1)
Cumulative effect of adoption of ASU 2016-16	—	—	—	4.2	—	—	4.2
Other comprehensive income	—	—	—	—	3.4	—	3.4
March 31, 2018	<u>\$ 183.9</u>	<u>\$ 0.6</u>	<u>\$ 1,039.6</u>	<u>\$ (1,367.8)</u>	<u>\$ (59.6)</u>	<u>\$ (29.4)</u>	<u>\$ (232.7)</u>

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Description of the Business and Basis of Presentation

References to “MoneyGram,” the “Company,” “we,” “us” and “our” are to MoneyGram International, Inc. and its subsidiaries.

Nature of Operations — MoneyGram offers products and services under its two reporting segments: Global Funds Transfer and Financial Paper Products. The Global Funds Transfer segment provides global money transfer services and bill payment services to consumers. We primarily offer services through third-party agents, including retail chains, independent retailers, post offices and other financial institutions. We also offer Digital solutions such as moneygram.com, mobile solutions, account deposit and kiosk-based services. Additionally, we have limited Company-operated retail locations. The Financial Paper Products segment provides official check outsourcing services and money orders through financial institutions and agent locations.

Basis of Presentation — The accompanying unaudited Condensed Consolidated Financial Statements of MoneyGram are prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”) and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. Operating results for the three months ended March 31, 2018 are not necessarily indicative of the results that may be expected for future periods. For further information, refer to the Consolidated Financial Statements and Notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

In the first quarter of 2018, the Company changed the presentation of certain operating expenses, which are now presented as part of “Direct transaction expense” on the Condensed Consolidated Statements of Operations. Direct transaction expense includes expenses related to the processing of money transfers, such as customer authentication and funding costs. Prior period amounts have been updated to reflect the change in presentation, which had no impact on operating income, net income, earnings per share, or segments operating results.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on historical experience, future expectations and other factors and assumptions the Company believes to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis and are revised when necessary. Changes in estimates are recorded in the period of change. Actual amounts may differ from these estimates.

Recent Accounting Pronouncements and Related Developments — In May 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new guidance sets forth a five-step revenue recognition model which replaces the current revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance and requires more detailed disclosures. To further assist with adoption and implementation of ASU 2014-09, the FASB issued the following ASUs:

- ASU 2016-08 (Issued March 2016) — *Principal versus Agent Consideration (Reporting Revenue Gross versus Net)*
- ASU 2016-10 (Issued April 2016) — *Identifying Performance Obligations and Licensing*
- ASU 2016-12 (Issued May 2016) — *Narrow-Scope Improvements and Practical Expedients*
- ASU 2016-20 (Issued December 2016) — *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*

These ASUs are effective for public entities for interim and annual reporting periods beginning after December 15, 2017. The Company adopted these standards in the first quarter of 2018 using the cumulative effect transition method upon adoption. See Note 15 — *Revenue Recognition* for more information related to the Company’s revenue from contracts with customers.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires organizations to recognize lease assets and lease liabilities on the balance sheet and to disclose key information about leasing arrangements. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The FASB retained the distinction between finance leases and operating leases, leaving the effect of leases in the statement of comprehensive income and the statement of cash flows largely unchanged from previous GAAP. ASU 2016-02 mandates a modified retrospective transition method and is effective for fiscal years beginning after December 15, 2018. Early adoption of the amendment is permitted but the Company will not be early adopting this standard. The Company’s leases consist primarily of operating leases for buildings, equipment and vehicles. The impact of this ASU on the Company’s consolidated financial statements is still being evaluated but, due to the nature of the Company’s leases, management believes that this standard will not have a material impact on the Consolidated Statements of Operations.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740) - Intra-Entity Transfers of Assets Other Than Inventory*. This standard requires that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Consequently, the amendments in this standard eliminate the exception for an intra-entity transfer of an asset other than inventory. ASU 2016-16 is effective for public companies for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. The Company adopted this standard in the first quarter of 2018 using the modified retrospective approach. The modified retrospective approach resulted in a cumulative effect of \$4.2 million to "Retained loss," consisting of a deferred charge of \$1.3 million offset by a recording of deferred tax balances of \$5.5 million from "Other assets" on the Condensed Consolidated Balance Sheets.

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits (Topic 715) - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendments in the standard require components of net periodic benefit cost, other than service cost, to be presented outside of income from operations. The Company adopted ASU 2017-07 in the first quarter of 2018. Prior to the adoption of this ASU, the Company presented net periodic benefit costs, other than service cost, in "Compensation and benefits" on the Condensed Consolidated Statements of Operations. Upon adoption, these costs were reclassified to "Other non-operating (income) expense" on the Condensed Consolidated Statements of Operations and the prior period was updated to reflect this change. For the three months ended March 31, 2018 and 2017, net periodic benefit cost, other than service cost, were \$1.4 million and \$1.3 million, respectively.

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220) - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The amendments in the standard allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act (the "TCJA"). ASU 2018-02 will not have an impact on the Condensed Consolidated Statements of Operations. The amendments in this standard also require certain disclosures about stranded tax effects. ASU 2018-02 is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The impact of this ASU is still being evaluated, but management does not expect this standard to have a material impact on the Condensed Consolidated Balance Sheets.

The Company has determined that there have been no other recently adopted or issued accounting standards that had, or will have, a material impact on its consolidated financial statements.

Merger Agreement — On January 26, 2017, MoneyGram International, Inc. entered into an Agreement and Plan of Merger (as amended by the First Amendment to the Agreement and Plan of Merger, dated April 15, 2017, the "Merger Agreement") with Alipay (UK) Limited, a United Kingdom limited company ("Alipay"), Matrix Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Alipay ("Merger Sub"), and, solely for purposes of certain specified provisions of the Merger Agreement, Alipay (Hong Kong) Holding Limited, a Hong Kong limited company, providing for the merger of Merger Sub with and into the Company, with the Company surviving as a wholly owned subsidiary of Alipay (the "Merger"). The closing of the Merger was subject to certain conditions, including clearance by the Committee on Foreign Investment in the United States ("CFIUS") under the Defense Production Act of 1950, as amended. On January 2, 2018, the parties to the Merger Agreement were advised that CFIUS clearance of the Merger would not be forthcoming, and after further discussion between the parties, they determined to cease efforts to seek CFIUS approval and entered into a Termination Agreement (the "Termination Agreement"). Pursuant to the Termination Agreement, Alipay paid the Company a termination fee of \$30.0 million on January 3, 2018, which is recorded in "Other non-operating (income) expense" on the Condensed Consolidated Statements of Operations. The parties agreed to release each other from certain claims and liabilities arising out of or relating to the Merger Agreement or the transactions contemplated thereby.

Note 2 — Restructuring and Reorganization Costs

In the first quarter of 2018, the Company initiated a restructuring and reorganization program (the "Digital Transformation Program") to reduce operating expenses, focus on improving profitability and better align the organization to deliver new digital touch-points for customers and agents. In connection with the Digital Transformation Program, which is expected to be completed by the end of 2018, the Company expects between 250 and 350 employees to be affected, possibly through transfers or terminations, representing approximately 9% to 12% of the Company's global workforce. The Company expects to incur restructuring and reorganization charges totaling approximately \$15.0 million, consisting primarily of severance and outplacement benefits (approximately \$11.0 million), real estate lease termination and other associated costs (approximately \$3.0 million), and reorganization costs (approximately \$1.0 million). A substantial portion of such charges was incurred in the first quarter of 2018, and the Company expects approximately \$13.0 million of the charges to be paid in cash over the course of 2018 and into the first quarter of 2019. The actual timing and costs of the plan may differ from the Company's current expectations and estimates.

The following table is a roll-forward of the restructuring costs accrual as of March 31, 2018:

<i>(Amounts in millions)</i>	Digital Transformation Program
Balance, December 31, 2017	\$ —
Expenses	7.3
Cash payments	(1.3)
Non-cash operating expenses	(1.8)
Balance, March 31, 2018	<u>\$ 4.2</u>

The following table is a summary of the cumulative restructuring and reorganization costs incurred to date in operating expenses and the estimated remaining restructuring and reorganization costs to be incurred as of March 31, 2018:

<i>(Amounts in millions)</i>	Digital Transformation Program
Cumulative restructuring costs incurred to date in operating expenses	\$ 7.3
Estimated additional restructuring costs to be incurred	6.7
Total restructuring costs incurred and to be incurred	<u>14.0</u>
Estimated reorganization costs to be incurred	1.0
Total restructuring and reorganization costs incurred and to be incurred	<u>\$ 15.0</u>

The following table summarizes the restructuring costs recorded:

<i>(Amounts in millions)</i>	Three months ended March 31, 2018
Restructuring costs in operating expenses:	
Compensation and benefits	\$ 6.0
Transaction and operations support	1.2
Occupancy, equipment and supplies	0.1
Total restructuring costs in operating expenses	<u>\$ 7.3</u>

The following table is a summary of the total cumulative restructuring costs incurred to date in operating expenses and the total estimated remaining restructuring and reorganization costs to be incurred by reporting segment:

<i>(Amounts in millions)</i>	Global Funds Transfer
Balance, December 31, 2017	\$ —
First quarter 2018	7.3
Total cumulative restructuring costs incurred to date in operating expenses	7.3
Total estimated additional restructuring costs to be incurred	6.7
Total restructuring costs incurred and to be incurred	<u>\$ 14.0</u>

Note 3 — Settlement Assets and Payment Service Obligations

The Company records payment service obligations relating to amounts payable under money transfers, money orders and consumer payment service arrangements. These obligations are recognized by the Company at the time the underlying transaction occurs. The Company records corresponding settlement assets, which represent funds received or to be received for unsettled money transfers, money orders and consumer payments.

The following table summarizes the amount of Settlement assets and Payment service obligations:

<i>(Amounts in millions)</i>	March 31, 2018	December 31, 2017
Settlement assets:		
Settlement cash and cash equivalents	\$ 1,403.4	\$ 1,469.9
Receivables, net	919.2	1,125.8
Interest-bearing investments	1,154.0	1,154.2
Available-for-sale investments	6.7	7.0
	<u>3,483.3</u>	<u>3,756.9</u>
Payment service obligations	\$ (3,483.3)	\$ (3,756.9)

Note 4 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability, or the exit price, in an orderly transaction between market participants on the measurement date.

The following table summarizes the Company's financial assets and liabilities measured at fair value by hierarchy level on a recurring basis:

<i>(Amounts in millions)</i>	Level 2	Level 3	Total
March 31, 2018			
Financial assets:			
Available-for-sale investments:			
Residential mortgage-backed securities	\$ 5.4	\$ —	\$ 5.4
Asset-backed and other securities	—	1.3	1.3
Forward contracts	0.8	—	0.8
Total financial assets	<u>\$ 6.2</u>	<u>\$ 1.3</u>	<u>\$ 7.5</u>
Financial liabilities:			
Forward contracts	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
December 31, 2017			
Financial assets:			
Available-for-sale investments:			
Residential mortgage-backed securities	\$ 5.6	\$ —	\$ 5.6
Asset-backed and other securities	—	1.4	1.4
Forward contracts	0.2	—	0.2
Total financial assets	<u>\$ 5.8</u>	<u>\$ 1.4</u>	<u>\$ 7.2</u>
Financial liabilities:			
Forward contracts	<u>\$ 1.0</u>	<u>\$ —</u>	<u>\$ 1.0</u>

The following table provides a roll-forward of the asset-backed and other securities classified as Level 3, which are measured at fair value on a recurring basis:

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Beginning balance	\$ 1.4	\$ 10.6
Principal paydowns	—	(0.1)
Change in unrealized gains	(0.2)	0.1
Net realized gains	0.1	—
Ending balance	<u>\$ 1.3</u>	<u>\$ 10.6</u>

Assets and liabilities that are disclosed at fair value — Debt and interest-bearing investments are carried at amortized cost; however, the Company estimates the fair value of debt for disclosure purposes. The fair value of debt is estimated using an observable market quotation (Level 2). The following table is a summary of the Company's fair value and carrying value of debt:

<i>(Amounts in millions)</i>	Fair Value		Carrying Value	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Senior secured credit facility	\$ 910.6	\$ 910.8	\$ 911.8	\$ 914.2

The carrying amounts for the Company's cash and cash equivalents, settlement cash and cash equivalents, interest-bearing investments and payment service obligations approximate fair value as of March 31, 2018 and December 31, 2017.

Note 5 — Investment Portfolio

The following table shows the components of the investment portfolio:

<i>(Amounts in millions)</i>	March 31, 2018	December 31, 2017
Cash	\$ 1,600.6	\$ 1,654.5
Money market securities	2.5	5.4
Cash and cash equivalents ⁽¹⁾	1,603.1	1,659.9
Interest-bearing investments	1,154.0	1,154.2
Available-for-sale investments	6.7	7.0
Total investment portfolio	\$ 2,763.8	\$ 2,821.1

⁽¹⁾ For purposes of the disclosure of the investment portfolio as a whole, the cash and cash equivalents balance includes settlement cash and cash equivalents.

The following table is a summary of the amortized cost and fair value of available-for-sale investments:

<i>(Amounts in millions)</i>	Amortized Cost	Gross Unrealized Gains	Fair Value
March 31, 2018			
Residential mortgage-backed securities	\$ 5.0	\$ 0.4	\$ 5.4
Asset-backed and other securities	0.3	1.0	1.3
Total	\$ 5.3	\$ 1.4	\$ 6.7
December 31, 2017			
Residential mortgage-backed securities	\$ 5.2	\$ 0.4	\$ 5.6
Asset-backed and other securities	0.2	1.2	1.4
Total	\$ 5.4	\$ 1.6	\$ 7.0

As of March 31, 2018 and December 31, 2017, 81% and 80%, respectively, of the fair value of the available-for-sale portfolio were invested in residential mortgage-backed securities issued by U.S. government agencies. These securities have the implicit backing of the U.S. government, and the Company expects to receive full par value upon maturity or pay-down, as well as all interest payments.

Gains and Losses — For the three months ended March 31, 2018, the Company had nominal net realized gains and no net realized losses. For the three months ended March 31, 2017, the Company had no net realized gains or losses. The Company had nominal unrealized losses in its available-for-sale portfolio as of March 31, 2018 and December 31, 2017. See summary of net unrealized gains included in Accumulated other comprehensive loss in Note 9 — *Stockholders' Deficit*.

Contractual Maturities — Actual maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations, sometimes without call or prepayment penalties. Maturities of residential mortgage-backed and asset-backed and other securities depend on the repayment characteristics and experience of the underlying obligations.

Note 6 — Derivative Financial Instruments

The Company uses forward contracts to manage its foreign currency needs and foreign currency exchange risk arising from its assets and liabilities denominated in foreign currencies. While these contracts may mitigate certain foreign currency risk, they are not designated as hedges for accounting purposes and will result in gains and losses. The Company also reports gains and losses from the spread differential between the rate set for its transactions and the actual cost of currency at the time the Company buys or sells in the open market. The following gains (losses) related to assets and liabilities denominated in foreign currencies are included in the "Transaction and operations support" line in the Condensed Consolidated Statements of Operations and in the "Net cash provided by operating activities" line in the Condensed Consolidated Statements of Cash Flows:

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Net realized foreign currency gain	\$ 0.5	\$ 3.0
Net loss from the related forward contracts	(0.5)	(2.0)
Net gains from foreign currency transactions and related forward contracts	<u>\$ —</u>	<u>\$ 1.0</u>

As of March 31, 2018 and December 31, 2017, the Company had \$314.8 million and \$311.5 million, respectively, of outstanding notional amounts relating to its foreign currency forward contracts. The Company reflects the following fair values of derivative forward contract instruments in its Condensed Consolidated Balance Sheets:

<i>(Amounts in millions)</i>	Balance Sheet Location	Gross Amount of Recognized Assets		Gross Amount of Offset		Net Amount of Assets Presented in the Condensed Consolidated Balance Sheets	
		March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Forward contracts	Other assets	\$ 1.0	\$ 0.4	\$ (0.2)	\$ (0.2)	\$ 0.8	\$ 0.2

<i>(Amounts in millions)</i>	Balance Sheet Location	Gross Amount of Recognized Liabilities		Gross Amount of Offset		Net Amount of Liabilities Presented in the Condensed Consolidated Balance Sheets	
		March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Forward contracts	Accounts payable and other liabilities	\$ 0.2	\$ 1.2	\$ (0.2)	\$ (0.2)	\$ —	\$ 1.0

The Company's forward contracts are primarily executed with counterparties governed by International Swaps and Derivatives Association agreements that generally include standard netting arrangements. Asset and liability positions from forward contracts and all other foreign exchange transactions with the same counterparty are net settled upon maturity.

The Company is exposed to credit loss in the event of non-performance by counterparties to its derivative contracts. In the unlikely event the counterparty fails to meet the contractual terms of the derivative contract, the Company's risk is limited to the fair value of the instrument. The Company has not had any historical instances of non-performance by any counterparties, nor does it anticipate any future instances of non-performance.

Note 7 — Debt

The following is a summary of the Company's outstanding debt:

<i>(Amounts in millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Effective Interest Rate	\$	Effective Interest Rate	\$
Senior secured credit facility due 2020	5.55%	\$ 911.8	4.94%	\$ 914.2
Unamortized debt issuance costs and debt discount		(5.5)		(6.1)
Total debt, net		<u>\$ 906.3</u>		<u>\$ 908.1</u>

The Company's effective interest rate on senior secured borrowings increased from 4.94% as of December 31, 2017 to 5.55% as of March 31, 2018, due to an increase in the Eurodollar rate.

Revolving Credit Facility — As of March 31, 2018, the Company had no outstanding letters of credit and no borrowings under its revolving credit facility, leaving \$85.8 million of availability thereunder. Pursuant to an amendment to the credit agreement, dated December 12, 2016, among other things, the aggregate revolving credit commitments were decreased from \$150.0 million to \$125.0 million for the period beginning December 12, 2016 and ending March 27, 2018 (the remainder of the original revolving credit facility term). This amendment also extended the maturity date of the revolving credit commitments of the extending lenders, which represent commitments of \$85.8 million in the aggregate, from March 28, 2018 to September 28, 2019.

Debt Covenants and Other Restrictions — Borrowings under the credit agreement that provides for the senior secured facility due 2020 and the revolving credit facility are subject to various limitations that restrict the Company's ability to: incur additional indebtedness; create or incur additional liens; effect mergers and consolidations; make certain acquisitions or investments; sell assets or subsidiary stock; pay dividends and other restricted payments; and effect loans, advances and certain other transactions with affiliates. In addition, the revolving credit facility has covenants that place limitations on the use of proceeds from borrowings under the facility.

The revolving credit facility contains certain financial covenants, in addition to the non-financial covenants described above. The Company is required to maintain asset coverage greater than its payment service obligations. Assets used in the determination of the asset coverage covenant are cash and cash equivalents and settlement assets. The Company's assets in excess of payment service obligations used for the asset coverage calculation, which is equal to total cash and cash equivalents and settlement assets less payment service obligations, are \$199.7 million and \$190.0 million as of March 31, 2018 and December 31, 2017, respectively.

The credit agreement also has quarterly financial covenants to maintain the following interest coverage and secured leverage ratios:

	Interest Coverage Minimum Ratio	Secured Leverage Not to Exceed
January 1, 2018 through June 30, 2018	2.25:1	4.000:1
July 1, 2018 through December 31, 2018	2.25:1	3.750:1
January 1, 2019 through maturity	2.25:1	3.500:1

As of March 31, 2018, the Company was in compliance with its financial covenants: our interest coverage ratio was 6.38 to 1.00 and our secured leverage ratio was 3.276 to 1.00. We continuously monitor our compliance with our debt covenants.

Note 8 — Pension and Other Benefits

The following table is a summary of net periodic benefit expense for the Company's defined benefit pension plan ("Pension Plan") and supplemental executive retirement plans ("SERPs"), collectively referred to as "Pension":

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Interest cost	\$ 1.6	\$ 1.5
Expected return on plan assets	(1.3)	(1.3)
Amortization of net actuarial loss	1.1	1.1
Net periodic benefit expense	\$ 1.4	\$ 1.3

The following table is a summary of net periodic benefit income for the Company's postretirement medical benefit plan ("Postretirement Benefits"):

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Amortization of prior service credit	\$ —	\$ (0.1)
Amortization of net actuarial loss	—	0.1
Net periodic benefit income	\$ —	\$ —

Net periodic benefit expense (income) for the Pension and Postretirement Benefits is recorded in "Other non-operating (income) expense" on the Condensed Consolidated Statements of Operations.

Note 9 — Stockholders' Deficit

Common Stock — No dividends were paid during the three months ended March 31, 2018 or March 31, 2017.

Accumulated Other Comprehensive Loss — The following tables are a summary of the changes to Accumulated other comprehensive loss by component:

<i>(Amounts in millions)</i>	Net unrealized gains on securities classified as available-for-sale, net of tax	Cumulative foreign currency translation adjustments, net of tax	Pension and Postretirement Benefits adjustments, net of tax	Total
January 1, 2018	\$ 2.2	\$ (10.4)	\$ (54.8)	\$ (63.0)
Other comprehensive (loss) income before reclassification	(0.2)	2.7	—	2.5
Amounts reclassified from accumulated other comprehensive loss	—	—	0.9	0.9
Net current period other comprehensive (loss) income	(0.2)	2.7	0.9	3.4
March 31, 2018	\$ 2.0	\$ (7.7)	\$ (53.9)	\$ (59.6)

<i>(Amounts in millions)</i>	Net unrealized gains on securities classified as available-for-sale, net of tax	Cumulative foreign currency translation adjustments, net of tax	Pension and Postretirement Benefits adjustments, net of tax	Total
January 1, 2017	\$ 10.8	\$ (19.9)	\$ (44.8)	\$ (53.9)
Other comprehensive income before reclassification	0.1	2.2	—	2.3
Amounts reclassified from accumulated other comprehensive loss	—	—	0.7	0.7
Net current period other comprehensive income	0.1	2.2	0.7	3.0
March 31, 2017	\$ 10.9	\$ (17.7)	\$ (44.1)	\$ (50.9)

The following table is a summary of the significant amounts reclassified out of each component of Accumulated other comprehensive loss:

<i>(Amounts in millions)</i>	Three Months Ended March 31,		Statement of Operations Location
	2018	2017	
<i>Pension and Postretirement Benefits adjustments:</i>			
Amortization of prior service credit	\$ —	\$ (0.1)	"Compensation and benefits"
Amortization of net actuarial loss	1.1	1.2	"Compensation and benefits"
Total before tax	1.1	1.1	
Tax benefit, net	(0.2)	(0.4)	
Total, net of tax	\$ 0.9	\$ 0.7	
Total reclassified for the period, net of tax	\$ 0.9	\$ 0.7	

Note 10 — Stock-Based Compensation

The following table is a summary of the Company's stock-based compensation expense:

	Three Months Ended March 31,	
	2018	2017
<i>(Amounts in millions)</i>		
Expense recognized related to stock options	\$ —	\$ 0.3
Expense recognized related to restricted stock units	4.8	3.7
Stock-based compensation expense	<u>\$ 4.8</u>	<u>\$ 4.0</u>

Stock Options — The following table is a summary of the Company's stock option activity:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000,000)
Options outstanding at December 31, 2017	2,019,850	\$ 17.72	2.8 years	\$ 0.6
Forfeited/Expired	(136,826)	20.78		
Options outstanding at March 31, 2018	<u>1,883,024</u>	<u>\$ 17.50</u>	<u>2.1 years</u>	<u>\$ —</u>
Vested or expected to vest at March 31, 2018	<u>1,883,024</u>	<u>\$ 17.50</u>	<u>2.1 years</u>	<u>\$ —</u>
Options exercisable at March 31, 2018	<u>1,883,024</u>	<u>\$ 17.50</u>	<u>2.1 years</u>	<u>\$ —</u>

As of March 31, 2018, the Company had no unrecognized stock option expense related to outstanding options.

Restricted Stock Units — In March 2018, the Company issued time-based and performance-based restricted stock units. The time-based restricted stock units vest in three equal installments on each anniversary of the grant date. The performance-based restricted stock units are subject to performance conditions that must be satisfied. If such performance conditions are satisfied at the conclusion of a one-year performance period, the performance-based restricted stock units will vest in three equal installments on each anniversary of the grant date. With respect to the performance-based restricted stock units, the number of restricted stock units eligible to vest is based on the performance achievement percentage determined by straight line interpolation using the aggregate of 75% based on Adjusted EBITDA and 25% based on constant currency revenue. Adjusted EBITDA is EBITDA (earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization) adjusted for certain significant items. Achievement of the threshold level of target in the aggregate for both performance conditions will result in a percentage payout of 50% of the performance-based restricted stock units. No performance-based restricted stock units will vest for performance achievement below the thresholds.

The following table is a summary of the Company's restricted stock unit activity:

	Total Shares	Weighted Average Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000,000)
Restricted stock units outstanding at December 31, 2017	3,266,912	\$ 8.78	0.7 years	\$ 43.1
Granted	1,184,182	10.59		
Vested and converted to shares	(1,894,933)	8.13		
Forfeited	(247,289)	11.09		
Restricted stock units outstanding at March 31, 2018	<u>2,308,872</u>	<u>\$ 10.00</u>	<u>1.5 years</u>	<u>\$ 19.9</u>
Restricted stock units vested and outstanding at March 31, 2018	<u>32,680</u>	<u>\$ 6.12</u>		<u>\$ 0.3</u>

As of March 31, 2018, the Company's outstanding restricted stock units had unrecognized compensation expense of \$20.0 million with a remaining weighted-average vesting period of 1.6 years. Unrecognized restricted stock unit expense and the remaining weighted-average vesting period are presented using the Company's current estimate of achievement of performance goals. The grant-date fair value of restricted stock units vested and converted was \$15.4 million and \$13.2 million for the three months ended March 31, 2018 and 2017, respectively.

Note 11 — Income Taxes

For the three months ended March 31, 2018, the Company recognized income tax expense of \$14.8 million on pre-tax income of \$21.9 million, primarily due to non-deductible expenses, including the accrual related to the deferred prosecution agreement (the "DPA"), as discussed in more detail in Note 12 — *Commitments and Contingencies*, and the adverse tax consequences related to the new provisions enacted under the TCJA, also known as H.R. 1 - 115th Congress, as discussed in more detail herein, which result in multiple taxation of a single item of income.

For the three months ended March 31, 2017, the Company recognized income tax expense of \$2.5 million on pre-tax income of \$11.3 million. The recorded income tax expense for the three months ended March 31, 2017 differs from taxes calculated at the statutory rate primarily due to the recognition of excess tax benefits on stock-based compensation vested during the quarter.

On December 22, 2017, the legislation commonly known as the "Tax Cuts and Jobs Act" (the "TCJA") and also known as H.R. 1 - 115th Congress, which significantly revises the Internal Revenue Code of 1986, as amended, was enacted. The TCJA, among other things, contains significant changes to the U.S. corporate tax laws, including i) a permanent reduction of the corporate income tax rate, ii) a limitation on the deductibility of business interest expense, iii) limitation of the deductions for certain executive compensation and other business expenses, iv) limitation of the deduction for certain net operating losses to 80% of current year taxable income, v) an indefinite net operating loss carryforward, vi) immediate deductions for new investments in certain business assets instead of deductions for depreciation expense over time, vii) modification or repeal of many business deductions and credits (including certain foreign tax credits), viii) a shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a modified territorial system (retaining certain existing rules and containing new rules, such as the global intangible low-taxed income provisions, designed to include in the U.S. income tax base certain income generated in non-U.S. territories whether or not that income has been repatriated to the U.S.), ix) a minimum taxing system related to payments deemed to erode the U.S. tax base referred to as a tax on base erosion payments, and x) a one-time tax on accumulated offshore earnings held in cash and illiquid assets (with the latter taxed at a lower rate). As the provisions under the TCJA interact with previously-existing U.S. tax law, separation of income into baskets and required expense allocations can restrict taxpayer's ability to credit foreign taxes paid whereby causing double taxation. In addition, routine business expenses can be deemed to erode the U.S. tax base. As such, the TCJA had a material impact on our first quarter 2018 income tax expense.

The Company has made reasonable estimates of certain effects related to the TCJA and, therefore, has recorded the below provisional amounts for the year ended December 31, 2017.

- As a result of the reduction in the U.S. corporate income tax rate from 35% to 21% under the TCJA, the Company revalued its ending net deferred tax liabilities at December 31, 2017 and recognized a provisional \$19.8 million tax benefit in the Company's consolidated statement of income for the year ended December 31, 2017.
- The Company recognized a provisional net \$3.0 million tax benefit for the remeasurement of previously recorded deferred tax assets and liabilities primarily associated with historical earnings in its foreign subsidiaries.

As of March 31, 2018, the accounting for certain income tax effects of the TCJA is not complete. No new information has been obtained during the quarter ended March 31, 2018, to modify the provisional amount recorded as of December 31, 2017.

We continue to examine the impact the TCJA has on the Company, which could adversely affect our business, financial condition and results of operations. Until the analysis is complete, the Company will account for the tax effects of global intangible low-tax income as a component of income tax expense in the period the tax arises, as opposed to recognizing both the current and deferred tax consequences of the related investments in its foreign subsidiaries. As the Company is still analyzing the effects of the TCJA, we will finalize our accounting policy election in the latter half of 2018.

Unrecognized tax benefits are recorded in "Accounts payable and other liabilities" in the Condensed Consolidated Balance Sheets. As of March 31, 2018 and December 31, 2017, the liability for unrecognized tax benefits was \$29.7 million and \$28.7 million, respectively, exclusive of interest and penalties. For the three months ended March 31, 2018 and 2017, the net amount of unrecognized tax benefits that if recognized could impact the effective tax rate was \$17.8 million and \$16.7 million, respectively. The Company accrues interest and penalties for unrecognized tax benefits through "Income tax expense" in the Condensed Consolidated Statements of Operations. For each of the three months ended March 31, 2018 and 2017, the Company's accrual for interest and penalties increased by \$0.6 million. As of March 31, 2018 and December 31, 2017, the Company had a liability of \$9.5 million and \$8.9 million, respectively, accrued for interest and penalties within "Accounts payable and other liabilities." As a result of the Company's litigation related to its securities losses previously discussed, it is possible that there could be a significant decrease to the total amount of unrecognized tax benefits over the next 12 months. However, as of March 31, 2018, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax positions over the next 12 months.

Note 12 — Commitments and Contingencies

Legal Proceedings — The matters set forth below are subject to uncertainties and outcomes that are not predictable. The Company accrues for these matters as any resulting losses become probable and can be reasonably estimated. Further, the Company maintains insurance coverage for many claims and litigation matters. In relation to various legal matters, including those described below, the Company had \$95.5 million and \$85.5 million of liability recorded in the “Accounts payable and other liabilities” line in the Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017, respectively. A nominal charge and a charge of \$0.9 million were recorded for legal proceedings during the three months ended March 31, 2018 and 2017, respectively, in the “Transaction and operations support” line in the Condensed Consolidated Statements of Operations.

Litigation Commenced Against the Company:

The Company is involved in various claims and litigation that arise from time to time in the ordinary course of the Company's business. Management does not believe that after final disposition any of these matters is likely to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Government Investigations:

OFAC — In 2015, we initiated an internal investigation to identify any payments processed by the Company that were violations of the U.S. Department of the Treasury's Office of Foreign Assets Control (“OFAC”) sanctions regulations. We notified OFAC of the internal investigation, which was conducted in conjunction with the Company's outside counsel. On March 28, 2017, we filed a Voluntary Self-Disclosure with OFAC regarding the findings of our internal investigation. OFAC is currently reviewing the results of the Company's investigation. At this time, it is not possible to determine the outcome of this matter, or the significance, if any, to our business, financial condition, or operations, and we cannot predict when OFAC will conclude their review of our Voluntary Self-Disclosure.

Deferred Prosecution Agreement — In November 2012, we announced that a settlement was reached with the U.S. Attorney's Office for the Middle District of Pennsylvania (the “MDPA”) and the U.S. DOJ relating to the previously disclosed investigation of transactions involving certain of our U.S. and Canadian agents, as well as fraud complaint data and the consumer anti-fraud program, during the period from 2003 to early 2009. In connection with this settlement, we entered into the DPA with the MDPA and U.S. DOJ (collectively, the “Government”) dated November 8, 2012.

On November 1, 2017, the Company agreed to a stipulation with the Government that the five-year term of the Company's DPA be extended for 90 days to February 6, 2018. On January 31, 2018, the Company agreed with the Government that the term of the DPA be extended for an additional 45 days to March 23, 2018; on March 21, 2018, the Company agreed with the Government that the term of the DPA be further extended for an additional 45 days to May 7, 2018; and on May 7, 2018, the Company agreed with the Government that the term of the DPA be further extended for an additional 45 days to June 21, 2018. Any extension of the DPA extends all terms of the DPA, including the term of the monitorship for an equivalent period. The purpose of the extensions is to provide the Company and the Government additional time to discuss whether the Company is in compliance with the DPA. There can be no assurance that the Company and the Government will continue to be able to negotiate a mutually satisfactory outcome during the latest extension (or any further short-term extension of the DPA) or that such outcome will not include a further extension of the DPA, financial penalties or additional restrictions on the Company. Furthermore, there can be no assurance that the Government will not seek any other remedy, including criminal prosecution and financial penalties, in lieu of an extension of the DPA and monitorship.

The Company has recorded a \$95.0 million accrual in connection with a possible resolution of this matter, based on the facts and circumstances known at the time. However, the Company is unable to reasonably estimate the ultimate loss and no assurance can be given that future costs and payments made in connection with this matter will not materially exceed the amount currently recorded or that the Government will not also seek to impose non-monetary remedies or penalties.

Other Matters — The Company is involved in various other government inquiries and other matters that arise from time to time. Management does not believe that after final disposition any of these other matters is likely to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Actions Commenced by the Company:

Tax Litigation — The IRS completed its examination of the Company's consolidated income tax returns through 2013 and issued Notices of Deficiency for 2005-2007 and 2009, and an Examination Report for 2008. The Notices of Deficiency and Examination Report disallow, among other items, approximately \$900.0 million of ordinary deductions on securities losses in the 2007, 2008 and 2009 tax returns. In May 2012 and December 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively. In 2013, the Company reached a partial settlement with the IRS allowing ordinary loss treatment on \$186.9 million of deductions in dispute. In January 2015, the U.S. Tax Court granted the IRS's motion for

summary judgment upholding the remaining adjustments in the Notices of Deficiency. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court's decision and remanded the case to the Tax Court for further proceedings. The Company filed a motion for summary judgment in the Tax Court on May 31, 2017. On August 23, 2017, the IRS filed a motion for summary judgment and its response to the Company's motion for summary judgment. The Tax Court has directed the parties to agree to a joint stipulation of facts to be filed with the court, at which point the Company expects to file a revised memorandum in support of its motion for summary judgment, and the IRS is expected to file its cross motion for summary judgment.

The January 2015 Tax Court decision was a change in facts which warranted reassessment of the Company's uncertain tax position. Although the Company believes that it has substantive tax law arguments in favor of its position and has appealed the ruling, the reassessment resulted in the Company determining that it is no longer more likely than not that its existing position will be sustained. Accordingly, the Company re-characterized certain deductions relating to securities losses to be capital in nature, rather than ordinary. The Company recorded a full valuation allowance against these losses in the quarter ended March 31, 2015. This change increased "Income tax expense" in the Consolidated Statements of Operations in the quarter ended March 31, 2015 by \$63.7 million. During 2015, the Company made payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter. The November 2016 Fifth Circuit decision to remand the case back to the U.S. Tax Court does not change the Company's current assessment regarding the likelihood that these deductions will be sustained. Accordingly, no change in the valuation allowance was made as of March 31, 2018. Pending the outcome of the Tax Court proceeding, the Company may be required to file amended state returns and make additional cash payments of up to \$18.7 million on amounts that have previously been accrued.

Note 13 — Earnings per Common Share

For all periods in which it is outstanding, the Series D Participating Convertible Preferred Stock (the "D Stock") is included in the weighted-average number of common shares outstanding utilized to calculate basic earnings per common share because the D Stock is deemed a common stock equivalent. Diluted earnings per common share reflects the potential dilution that could result if securities or incremental shares arising out of the Company's stock-based compensation plans were exercised or converted into common stock. Diluted earnings per common share assumes the exercise of stock options using the treasury stock method.

The following table is a reconciliation of the weighted-average amounts used in calculating earnings per share:

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Basic common shares outstanding	63.8	62.1
Shares related to stock options and restricted stock units	2.4	4.0
Diluted common shares outstanding	66.2	66.1

Potential common shares are excluded from the computation of diluted earnings per common share when the effect would be anti-dilutive. All potential common shares are anti-dilutive in periods of net loss available to common stockholders. Stock options are anti-dilutive when the exercise price of these instruments is greater than the average market price of the Company's common stock for the period. The following table summarizes the weighted-average potential common shares excluded from diluted earnings per common share as their effect would be anti-dilutive:

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Shares related to stock options	1.9	1.9
Shares related to restricted stock units	0.1	0.2
Shares excluded from the computation	2.0	2.1

Note 14 — Segment Information

The Company's reporting segments are primarily organized based on the nature of products and services offered and the type of consumer served. The Company has two reporting segments: Global Funds Transfer and Financial Paper Products. See Note 1 — *Description of the Business and Basis for Presentation* for further discussion on our segments. One of the Company's agents for

the total of the Global Funds Transfer and Financial Paper Products segments accounted for 17% and 18% of total revenue for the three months ended March 31, 2018 and 2017, respectively.

The following table is a summary of the total revenue by segment:

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Global Funds Transfer revenue		
Money transfer revenue	\$ 336.6	\$ 341.7
Bill payment revenue	20.8	25.1
Total Global Funds Transfer revenue	357.4	366.8
Financial Paper Products revenue		
Money order revenue	13.4	12.5
Official check revenue	9.2	6.8
Total Financial Paper Products revenue	22.6	19.3
Total revenue	\$ 380.0	\$ 386.1

The following table is a summary of the operating income by segment and detail of the income before income taxes:

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017 ⁽¹⁾
Global Funds Transfer operating income	\$ 1.4	\$ 25.2
Financial Paper Products operating income	5.6	4.7
Total segment operating income	7.0	29.9
Other operating loss	(1.3)	(6.5)
Total operating income	5.7	23.4
Interest expense	12.3	10.8
Other non-operating (income) expense	(28.5)	1.3
Income before income taxes	\$ 21.9	\$ 11.3

(1) In the fourth quarter of 2017, the Company's management determined that there was an error with respect to the allocation of certain expenses between the reporting segments in the first three quarters of 2017. The Company assessed the materiality of the misstatement both quantitatively and qualitatively and determined that the error was immaterial to all prior consolidated financial statements, taken as a whole. Accordingly, prior period amounts have been adjusted to reflect the correction of the error. This correction resulted in a decrease to Global Funds Transfer and Financial Paper Products operating income of \$0.9 million and \$0.1 million, respectively, and a decrease to Other operating loss of \$1.0 million for the three months ended March 31, 2017. There was no impact on total operating income or other financial statement amounts reported.

The following table sets forth assets by segment:

<i>(Amounts in millions)</i>	March 31, 2018	December 31, 2017
Global Funds Transfer	\$ 2,235.0	\$ 2,333.4
Financial Paper Products	2,060.9	2,229.4
Other	213.3	209.7
Total assets	\$ 4,509.2	\$ 4,772.5

Note 15 — Revenue Recognition

In the first quarter of 2018, the Company adopted ASU 2014-09 using the cumulative effect transition method for all contracts. There was no transition impact on the Condensed Consolidated Financial Statements from the adoption of this ASU. The Company earns revenues from consideration specified in contracts with customers and recognizes revenue when it satisfies its performance obligations by transferring control over its services and products to customers. The following is a description of the principal activities, separated by reporting segments, from which the Company generates revenues. For more information about the Company's reporting segments, see Note 14 — *Segment Information*.

Global Funds Transfer Segment

Money transfer fee revenue — The Company earns money transfer revenues primarily from consumer transaction fees and the management of currency exchange spreads on money transfer transactions involving different “send” and “receive” currencies. Fees are collected from consumers at the time of transaction. In a cash-to-cash money transfer transaction, both the agent initiating the transaction and the receiving agent earn a commission that is generally a fixed fee or is based on a percentage of the fee charged to the consumer. When a money transfer transaction is initiated at a MoneyGram-owned store, full-service kiosk or via our online platform, typically only the receiving agent earns a commission. Each money transfer is considered a separate agreement between the Company and the consumer and includes only one performance obligation that is satisfied at a point in time, which is when the funds are made available for pick up. Money transfer funds are typically available for pick up within 24 hours of being sent. The consumer is in control of the service, as the consumer picks the “send” and “receive” locations as well as the transaction currency. Normally, the Company provides fee refunds to consumers only if the transaction is canceled within 30 minutes of initiating the transfer and the transfer amount has not been picked up by the receiver. As such, fee refunds are accounted for within the same period as the origination of the transaction and no liability for the amount of expected returns is recorded on the Condensed Consolidated Balance Sheets. The Company recognizes revenues on a gross basis for money transfer services as the Company is considered the principal in these transactions.

Bill payment services fee revenue — Bill payment revenues are earned primarily from fees charged to consumers for each transaction completed. Our primary bill payment service offering is our ExpressPayment service, which we offer at substantially all of our money transfer agent and Company-operated locations in the U.S., Canada and Puerto Rico, at certain agent locations in select Caribbean and European countries and through our Digital solutions. Through our bill payment services, consumers can complete urgent bill payments, pay routine bills, or load and reload prepaid debit cards with cash at an agent location, Company-operated locations or through moneygram.com with a credit or debit card. We offer consumers same-day and two or three day payment service options; the service option is dependent upon our agreement with the biller. Each bill payment service is considered a separate agreement with the consumer and includes only one performance obligation that is satisfied at a point in time, when the funds are transferred to the designated institution, which is generally within the same day. The consumer is in control of the service, as the consumer picks out the “send” location and time. MoneyGram does not offer refunds for bill payment services and revenue is recognized on a gross basis as the Company is considered the principal in these transactions.

Other revenue — Includes breakage income, fees from royalties, early contract terminations, insufficient funds and other one-time charges. The Company recognizes breakage revenue for unclaimed money transfers when the likelihood of consumer pick-up becomes remote based on historical experience and there is no requirement for remitting balances to government agencies.

Financial Paper Products Segment

Money order fee revenue — Consumers use our money orders to make payments in lieu of cash or personal checks. We generate revenue from money orders by charging per item and other fees, as well as from the investment of funds underlying outstanding money orders. The Company contracts with agents and/or financial institutions for this product and associated services. We sell money orders under the MoneyGram brand and on a private label or on a co-branded basis with certain agents and financial institutions in the U.S. The Company recognizes revenue when an agent sells a money order because the funds are immediately made available to the consumer. As such, each sale of a money order and related service is considered a separate performance obligation that is satisfied at a point in time.

Official check outsourcing services fee revenue — Official checks are used by consumers where a payee requires a check drawn on a bank. Financial institutions also use official checks to pay their own obligations. Similar to money orders, the Company generates revenue from official check outsourcing services through U.S. banks and credit unions by charging per item and other fees, as well as from the investment of funds underlying outstanding official checks. The Company’s consumer for official checks is considered the financial institution. The official checks services and products are considered a bundle of services and products that are provided to the financial institution on an ongoing basis. As such, revenue from these services is recognized on a monthly basis. Revenue corresponds directly with the value of MoneyGram’s services and/or products completed to date and for which the Company has a right to invoice. Monthly revenue may vary based on the number of official checks issued and other ancillary services provided to the financial institution.

Other revenue — Includes fees from money order service revenue, proof adjustments, early contract terminations, money order photo and replacement fees and other one-time charges. The Company recognizes service revenue from money orders that have not been redeemed within a one year period from issuance. Proof adjustment fees are generally unresolved and not recouped as they pertain to immaterial bank variances. The Company recognizes as revenue the net proof adjustments amount on a monthly basis.

Investment Revenue

Investment revenue, which is not within the scope of Topic 606 per ASC 606-10-15-2, is earned from the investment of funds generated from the sale of payment instruments, primarily official checks and money orders, and consists of interest income,

dividend income, income received on our cost recovery securities and amortization of premiums and discounts. Investment revenue varies depending on the level of investment balances and the yield on our investments.

In the following table, revenue is disaggregated by services and products for each segment and timing of revenue recognition for such services and products excluding other revenue:

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Global Funds Transfer revenue		
Money transfer fee revenue	\$ 330.6	\$ 338.5
Bill payment services fee revenue	20.8	25.1
Other revenue	6.0	3.2
Total Global Funds Transfer fee and other revenue	357.4	366.8
Financial Paper Products revenue		
Money order fee revenue	3.1	3.5
Official check outsourcing services fee revenue	2.2	2.4
Other revenue	7.4	7.6
Total Financial Paper Products fee and other revenue	12.7	13.5
Investment revenue	9.9	5.8
Total revenue	\$ 380.0	\$ 386.1
Timing of revenue recognition:		
Services and products transferred at a point in time	\$ 354.5	\$ 367.1
Products transferred over time	2.2	2.4
Total revenue from services and products	356.7	369.5
Investment revenue	9.9	5.8
Other revenue	13.4	10.8
Total revenue	\$ 380.0	\$ 386.1

Due to the short-term nature of the Company's services and products, the amount of contract assets and liabilities on the Condensed Consolidated Balance Sheets for the three months ended March 31, 2018 and 2017 is negligible. Assets for unsettled money transfers, money orders and consumer payments are included in "Settlement assets" with a corresponding liability recorded in "Payment service obligations" on the Condensed Consolidated Balance Sheets. For more information on these assets and liabilities see Note 3 — *Settlement Assets and Payment Service Obligations*.

Note 16 — Condensed Consolidating Financial Statements

In the event the Company offers debt securities pursuant to a registration statement under the Securities Act of 1933, such debt securities may be guaranteed by certain of its subsidiaries. Accordingly, the Company is providing condensed consolidating financial information in accordance with Securities and Exchange Commission Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*. If the Company issues debt securities, the following 100 percent directly or indirectly owned subsidiaries could fully and unconditionally guarantee the debt securities on a joint and several basis: MoneyGram Payment Systems Worldwide, Inc.; MoneyGram Payment Systems, Inc.; and MoneyGram of New York LLC (collectively, the "Guarantors").

The following information represents Condensed Consolidating Balance Sheets as of March 31, 2018 and December 31, 2017, along with Condensed Consolidating Statements of Operations and Condensed Consolidating Statements of Cash Flows for the three months ended March 31, 2018 and 2017. The condensed consolidating financial information presents financial information in separate columns for MoneyGram International, Inc. on a Parent-only basis carrying its investment in subsidiaries under the equity method; Guarantors on a combined basis, carrying investments in subsidiaries that are not expected to guarantee the debt (collectively, the "Non-Guarantors") under the equity method; Non-Guarantors on a combined basis; and eliminating entries. The eliminating entries primarily reflect intercompany transactions, such as accounts receivable and payable, fee revenue and commissions expense and the elimination of equity investments and income in subsidiaries.

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF MARCH 31, 2018

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ 1.7	\$ —	\$ 198.0	\$ —	\$ 199.7
Settlement assets	—	3,262.9	220.4	—	3,483.3
Property and equipment, net	—	191.7	14.6	—	206.3
Goodwill	—	315.4	126.8	—	442.2
Other assets	54.8	152.0	160.4	(189.5)	177.7
Equity investments in subsidiaries	821.8	225.9	—	(1,047.7)	—
Intercompany receivables	—	592.1	120.3	(712.4)	—
Total assets	\$ 878.3	\$ 4,740.0	\$ 840.5	\$ (1,949.6)	\$ 4,509.2
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
Payment service obligations	\$ —	\$ 3,262.9	\$ 220.4	\$ —	\$ 3,483.3
Debt, net	906.3	—	—	—	906.3
Pension and other postretirement benefits	—	94.3	—	—	94.3
Accounts payable and other liabilities	2.4	406.2	44.6	(195.2)	258.0
Intercompany liabilities	208.0	154.8	349.6	(712.4)	—
Total liabilities	1,116.7	3,918.2	614.6	(907.6)	4,741.9
Total stockholders' (deficit) equity	(238.4)	821.8	225.9	(1,042.0)	(232.7)
Total liabilities and stockholders' (deficit) equity	\$ 878.3	\$ 4,740.0	\$ 840.5	\$ (1,949.6)	\$ 4,509.2

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2018

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$ —	\$ 224.2	\$ 217.7	\$ (71.8)	\$ 370.1
Investment revenue	—	9.0	0.9	—	9.9
Total revenue	—	233.2	218.6	(71.8)	380.0
EXPENSES					
Fee and other commissions expense	—	54.0	122.5	—	176.5
Investment commissions expense	—	3.5	—	—	3.5
Direct transaction expense	—	5.5	—	—	5.5
Total commissions and direct transaction expenses	—	63.0	122.5	—	185.5
Compensation and benefits	—	50.9	28.4	—	79.3
Transaction and operations support	0.4	93.6	52.6	(71.8)	74.8
Occupancy, equipment and supplies	—	6.6	10.0	—	16.6
Depreciation and amortization	—	15.9	9.6	(7.4)	18.1
Total operating expenses	0.4	230.0	223.1	(79.2)	374.3
OPERATING (LOSS) INCOME	(0.4)	3.2	(4.5)	7.4	5.7
Other expenses (income)					
Interest expense	12.3	—	—	—	12.3
Other non-operating (income)	—	(28.5)	—	—	(28.5)
Total other expenses (income)	12.3	(28.5)	—	—	(16.2)
(Loss) income before income taxes	(12.7)	31.7	(4.5)	7.4	21.9
Income tax (benefit) expense	(2.9)	15.6	2.1	—	14.8
(Loss) income after income taxes	(9.8)	16.1	(6.6)	7.4	7.1
Equity income in subsidiaries	9.5	(6.6)	—	(2.9)	—
NET (LOSS) INCOME	(0.3)	9.5	(6.6)	4.5	7.1
TOTAL OTHER COMPREHENSIVE INCOME	3.6	3.4	2.9	(6.5)	3.4
COMPREHENSIVE INCOME (LOSS)	\$ 3.3	\$ 12.9	\$ (3.7)	\$ (2.0)	\$ 10.5

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

(Amounts in millions)

	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (11.6)	\$ (88.4)	\$ 130.5	\$ —	\$ 30.5
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(10.9)	(1.4)	—	(12.3)
Intercompany investments	—	109.8	—	(109.8)	—
Dividend from subsidiary guarantors	14.0	—	—	(14.0)	—
Net cash provided by (used in) investing activities	14.0	98.9	(1.4)	(123.8)	(12.3)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments on debt	(2.4)	—	—	—	(2.4)
Dividend to parent	—	(14.0)	—	14.0	—
Intercompany financings	—	—	(109.8)	109.8	—
Payments to tax authorities for stock-based compensation	—	(6.1)	—	—	(6.1)
Net cash used in financing activities	(2.4)	(20.1)	(109.8)	123.8	(8.5)
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	(9.6)	19.3	—	9.7
CASH AND CASH EQUIVALENTS—Beginning of year	1.7	9.6	178.7	—	190.0
CASH AND CASH EQUIVALENTS—End of year	\$ 1.7	\$ —	\$ 198.0	\$ —	\$ 199.7

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2017

(Amounts in millions)

	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ 1.7	\$ 9.6	\$ 178.7	\$ —	\$ 190.0
Settlement assets	—	3,491.4	265.5	—	3,756.9
Property and equipment, net	—	199.1	15.8	—	214.9
Goodwill	—	315.4	126.8	—	442.2
Other assets	49.5	110.3	200.9	(192.2)	168.5
Equity investments in subsidiaries	813.8	132.4	—	(946.2)	—
Intercompany receivables	—	546.9	—	(546.9)	—
Total assets	\$ 865.0	\$ 4,805.1	\$ 787.7	\$ (1,685.3)	\$ 4,772.5
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
Payment service obligations	\$ —	\$ 3,491.4	\$ 265.5	\$ —	\$ 3,756.9
Debt, net	908.1	—	—	—	908.1
Pension and other postretirement benefits	—	97.3	—	—	97.3
Accounts payable and other liabilities	—	402.6	50.9	(198.0)	255.5
Intercompany liabilities	208.0	—	338.9	(546.9)	—
Total liabilities	1,116.1	3,991.3	655.3	(744.9)	5,017.8
Total stockholders' (deficit) equity	(251.1)	813.8	132.4	(940.4)	(245.3)
Total liabilities and stockholders' (deficit) equity	\$ 865.0	\$ 4,805.1	\$ 787.7	\$ (1,685.3)	\$ 4,772.5

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED MARCH 31, 2017

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$ —	\$ 365.4	\$ 94.0	\$ (79.1)	\$ 380.3
Investment revenue	—	5.8	—	—	5.8
Total revenue	—	371.2	94.0	(79.1)	386.1
EXPENSES					
Fee and other commissions expense	—	180.6	48.9	(43.5)	186.0
Investment commissions expense	—	1.3	—	—	1.3
Direct transaction expense	—	5.1	—	—	5.1
Total commissions and direct transaction expenses	—	187.0	48.9	(43.5)	192.4
Compensation and benefits	—	46.7	23.5	—	70.2
Transaction and operations support	0.4	90.1	11.6	(35.6)	66.5
Occupancy, equipment and supplies	—	11.8	3.5	—	15.3
Depreciation and amortization	—	15.5	2.8	—	18.3
Total operating expenses	0.4	351.1	90.3	(79.1)	362.7
OPERATING (LOSS) INCOME	(0.4)	20.1	3.7	—	23.4
Other expenses					
Interest expense	10.8	—	—	—	10.8
Other non-operating expense	—	1.3	—	—	1.3
Total other expenses	10.8	1.3	—	—	12.1
(Loss) income before income taxes	(11.2)	18.8	3.7	—	11.3
Income tax (benefit) expense	(4.1)	6.4	0.2	—	2.5
(Loss) income after income taxes	(7.1)	12.4	3.5	—	8.8
Equity income in subsidiaries	15.9	3.5	—	(19.4)	—
NET INCOME	8.8	15.9	3.5	(19.4)	8.8
TOTAL OTHER COMPREHENSIVE LOSS	3.0	3.0	2.1	(5.1)	3.0
COMPREHENSIVE INCOME	\$ 11.8	\$ 18.9	\$ 5.6	\$ (24.5)	\$ 11.8

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017

(Amounts in millions)

	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (7.5)	\$ 0.4	\$ (2.5)	\$ —	\$ (9.6)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(17.5)	(1.1)	—	(18.6)
Intercompany investments	—	8.8	(6.2)	(2.6)	—
Dividend from subsidiary guarantors	12.6	—	—	(12.6)	—
Capital contributions to non-guarantors	—	(0.4)	—	0.4	—
Net cash provided by (used in) investing activities	12.6	(9.1)	(7.3)	(14.8)	(18.6)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments on debt	(2.5)	—	—	—	(2.5)
Proceeds from exercise of stock options	0.9	—	—	—	0.9
Dividend to parent	—	(12.6)	—	12.6	—
Intercompany financings	(2.6)	—	—	2.6	—
Capital contributions from subsidiary guarantors	—	—	0.4	(0.4)	—
Net cash (used in) provided by financing activities	(4.2)	(12.6)	0.4	14.8	(1.6)
NET CHANGE IN CASH AND CASH EQUIVALENTS	0.9	(21.3)	(9.4)	—	(29.8)
CASH AND CASH EQUIVALENTS—Beginning of year	—	128.8	28.4	—	157.2
CASH AND CASH EQUIVALENTS—End of year	\$ 0.9	\$ 107.5	\$ 19.0	\$ —	\$ 127.4

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is to provide an understanding of MoneyGram International, Inc.'s ("MoneyGram," the "Company," "we," "us" and "our") financial condition, results of operations and cash flows by focusing on changes in certain key measures. This MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and related Notes included in this Quarterly Report on Form 10-Q and the Consolidated Financial Statements and Notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. This discussion contains forward-looking statements that involve risks and uncertainties. MoneyGram's actual results could differ materially from those anticipated due to various factors discussed below under "*Cautionary Statements Regarding Forward-Looking Statements*" and elsewhere in this Quarterly Report on Form 10-Q.

The comparisons presented in this MD&A refer to the same period in the prior year, unless otherwise noted. This MD&A is organized in the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates
- Cautionary Statements Regarding Forward-Looking Statements

OVERVIEW

MoneyGram is a global provider of innovative money transfer services and is recognized worldwide as a financial connection to friends and family. Whether online, through a mobile device, at a kiosk or in a local store, we connect consumers in any way that is convenient for them. We also provide bill payment services, issue money orders and process official checks in the U.S. and in select countries and territories. We primarily offer services through third-party agents, including retail chains, independent retailers, post offices and financial institutions. MoneyGram also has limited Company-operated retail locations. Additionally, we offer Digital solutions, which include moneygram.com, mobile solutions, account deposit and kiosk-based services.

We manage our revenue and related commissions expense through two reporting segments: Global Funds Transfer and Financial Paper Products. The Global Funds Transfer segment provides global money transfer services in approximately 350,000 agent locations in more than 200 countries and territories. Our global money transfer services are our primary revenue driver, accounting for 89% of total revenue for the three months ended March 31, 2018. The Global Funds Transfer segment also provides bill payment services to consumers through substantially all of our money transfer agent and Company-operated locations in the U.S., Canada and Puerto Rico, at certain agent locations in select Caribbean and European countries and through our Digital solutions. The Financial Paper Products segment provides money order services to consumers through retail locations and financial institutions located in the U.S. and Puerto Rico, and provides official check services to financial institutions in the U.S. Corporate expenses that are not related to our segments' performance are excluded from operating income for Global Funds Transfer and Financial Paper Products segments.

Business Environment

During the three months ended March 31, 2018, worldwide political and economic conditions remained highly variable, as evidenced by both economic growth and challenges in key markets, low currency reserves, currency controls in certain countries and a volatile immigration environment. Also, there is continued political unrest and economic weakness in parts of the Middle East and Africa that contributed to the volatility. Given the global reach and extent of the current economic conditions, the growth of money transfer volumes and the average face value of money transfers continued to be highly variable by corridor and country.

We generally compete for money transfer consumers on the basis of trust, convenience, price, technology and brand recognition. The market for money transfer services remains very competitive, consisting of a few large competitors and a large number of small, niche competitors. In addition to the competitive environment, global compliance requirements are becoming increasingly more complex, which has been affecting our top line growth. We continue to enhance our compliance tools to comply with various government and other regulatory programs around the globe.

We are making progress on our journey toward becoming a digitally-enabled, customer-centric organization despite competition from new technologies that allow consumers to send and receive money in a variety of ways. We believe that our continued investment in innovative products and services, particularly Digital solutions, such as the global expansion of moneygram.com, mobile solutions and account deposit services, positions the Company to accelerate our digital transformation and diversify our product and service offerings to meet consumers' needs. Digital solutions revenue for the three months ended March 31, 2018 and 2017 was \$53.4 million and \$51.2 million, respectively, or 16% and 15%, respectively, of money transfer revenue. Moneygram.com revenue grew by \$4.2 million, or 21%, over the first quarter of 2017.

In the first quarter of 2018, the Company initiated a restructuring and reorganization program (the "Digital Transformation Program") to reduce operating expenses, focus on improving profitability, and better align the organization to deliver new digital touch-points for customers and agents. In connection with the Digital Transformation Program, which is expected to be completed by the end of 2018, the Company expects between 250 and 350 employees to be affected, possibly through transfers or terminations, representing approximately 9% to 12% of the Company's global workforce. The Company expects to incur restructuring and reorganization charges totaling approximately \$15.0 million, consisting primarily of severance and outplacement benefits (approximately \$11.0 million), real estate lease termination and other associated costs (approximately \$3.0 million), and reorganization costs (approximately \$1.0 million). A substantial portion of such charges was incurred in the first quarter of 2018, and the Company expects approximately \$13.0 million of the charges to be paid in cash over the course of 2018 and into the first quarter of 2019. The actual timing and costs of the plan may differ from the Company's current expectations and estimates.

Anticipated Trends

This discussion of trends expected to impact our business in the remainder of 2018 is based on information presently available and reflects certain assumptions, including assumptions regarding future economic conditions. Differences in actual economic conditions compared with our assumptions could have a material impact on our results. See "Cautionary Statements Regarding Forward-Looking Statements" included further below and "Risk Factors" included in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for additional factors that could cause results to differ materially from those contemplated by the following forward-looking statements.

We continue to see increased opportunities to capitalize on growth and expansion both geographically and through product and service offerings. However, economic and political instability, which can result in currency volatility, liquidity pressure on central banks and pressure on labor markets in certain countries, may continue to impact our business in 2018. Additionally, pricing pressure continues to negatively impact our growth in the U.S. to U.S. channel, along with economic issues in the Middle East and Africa, which have restricted our ability to transact in certain markets.

In the first quarter of 2018, the Company and Walmart Inc. ("Walmart"), our largest agent, announced the launch of Walmart2World, Powered by MoneyGram, a new money transfer service that allows customers to send money from Walmart in the U.S. to any MoneyGram location in more than 200 countries. The Company expects the Walmart2World products to have a negative impact on our top-line growth due to lower revenue per transaction. We also renewed our long-term agreement to offer all MoneyGram products and services at Walmart for two more years.

We continue to see a trend among state, federal and international regulators toward enhanced scrutiny of anti-money laundering compliance programs, as well as consumer fraud prevention and education. Compliance with laws and regulations is a highly complex and integral part of our day-to-day operations; thus we have continued to increase our compliance personnel headcount and make investments in our compliance-related technology and infrastructure. Additionally, the Company continues to implement various consumer protection initiatives and enhancements to improve the overall customer experience. In the first quarter of 2018, the Company launched compliance measures that go beyond what is currently required by applicable laws, including new global customer verification standards for all money transfer services, limits on transaction frequency and limits on the total amount of money an individual can send within a certain period of time. As a pioneer in the implementation of these compliance and fraud prevention measures, the Company expects to see a negative impact on our top-line and Adjusted EBITDA growth in 2018.

On December 22, 2017, the legislation commonly known as the "Tax Cuts and Jobs Act" (the "TCJA") and also known as H.R. 1 - 115th Congress, which significantly revises the Internal Revenue Code of 1986, as amended, was enacted. The TCJA, among other things, contains significant changes to the U.S. corporate tax laws, including i) a permanent reduction of the corporate income tax rate, ii) a limitation on the deductibility of business interest expense, iii) limitation of the deductions for certain executive compensation and other business expenses, iv) limitation of the deduction for certain net operating losses to 80% of current year taxable income, v) an indefinite net operating loss carryforward, vi) immediate deductions for new investments in certain business assets instead of deductions for depreciation expense over time, vii) modification or repeal of many business deductions and credits (including certain foreign tax credits), viii) a shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a modified territorial system (retaining certain existing rules and containing new rules, such as the global intangible low-taxed income provisions, designed to include in the U.S. income tax base certain income generated in non-U.S. territories whether or not that income has been repatriated to the U.S.), ix) a minimum taxing system related to payments deemed to erode the U.S. tax base referred to as a tax on base erosion payments, and x) a one-time tax on accumulated offshore earnings held in cash and illiquid assets (with the latter taxed at a lower rate). As the provisions under the TCJA interact with previously-existing U.S. tax law, separation of income into baskets and required expense allocations can restrict taxpayer's ability to credit foreign taxes paid whereby causing double taxation. In addition, routine business expenses can be deemed to erode the U.S. tax base. As such, the TCJA had a material impact on our first quarter 2018 income tax expense.

As the TCJA is broad and complex, we continue to examine the impact it may have on us, and it could adversely affect our future effective tax rate, our business, financial condition, cash flows, and results of operations. Given its recent enactment, the regulations are still forthcoming and other interpretive federal and state guidance is limited. As guidance is published regarding the interpretation

of the TCJA or if there are legislative modifications or amendments, the changes could have a material effect on the Company's federal and state income tax expense in future periods. See "Income Taxes" section further below and Note 11 — *Income Taxes* of the Notes to the Condensed Consolidated Financial Statements for more information on the impacts from the TCJA.

The June 23, 2016 referendum by British voters to exit the European Union (referred to as Brexit), which was followed by Britain providing official notice to leave the European Union in March of 2017, introduced additional uncertainty in global markets and currency exchange rates. We are currently unable to determine the long term impact that Brexit will have on us, as any impact will depend, in part, on the outcome of tariff, trade, regulatory and other negotiations. With the effective date of Brexit approaching as the UK is due to leave the European Union in the first quarter of 2019, the Company anticipates making a number of operational changes during 2018 to accommodate any potential business impact.

For our Financial Paper Products segment, we expect the decline in overall paper-based transactions to continue primarily due to continued migration by customers to other payment methods. Our investment revenue, which consists primarily of interest income generated through the investment of cash balances received from the sale of our Financial Paper Products, is dependent on the interest rate environment. The Company would see a positive impact on its investment revenue if interest rates continue to rise.

Financial Measures and Key Metrics

This Quarterly Report on Form 10-Q includes financial information prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP") as well as certain non-GAAP financial measures that we use to assess our overall performance.

GAAP Measures — We utilize certain financial measures prepared in accordance with GAAP to assess the Company's overall performance. These measures include, but are not limited to: fee and other revenue, fee and other commissions expense, fee and other revenue less commissions, operating income and operating margin. Due to our regulatory capital requirements, we deem certain assets as settlement assets. Settlement assets represent funds received or to be received from agents for unsettled money transfers, money orders and customer payments. Settlement assets include settlement cash and cash equivalents, receivables, net, interest-bearing investments and available-for-sale investments. See Note 3 — *Settlement Assets and Payment Service Obligations* of the Notes to the Condensed Consolidated Financial Statements for additional disclosure.

Non-GAAP Measures — Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. We strongly encourage investors and stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. While we believe that these metrics enhance investors' understanding of our business, these metrics are not necessarily comparable with similarly named metrics of other companies. The following are non-GAAP financial measures we use to assess our overall performance:

EBITDA (Earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization)

Adjusted EBITDA (EBITDA adjusted for certain significant items) — Adjusted EBITDA does not reflect cash requirements necessary to service interest or principal payments on our indebtedness or tax payments that may result in a reduction in cash available.

Adjusted Free Cash Flow (Adjusted EBITDA less cash interest, cash taxes, cash payments for capital expenditures and cash payments for agent signing bonuses) — Adjusted Free Cash Flow does not reflect cash payments related to the adjustment of certain significant items in Adjusted EBITDA.

Constant Currency — Constant currency metrics assume that amounts denominated in foreign currencies are translated to the U.S. dollar at rates consistent with those in the prior year.

The Company utilizes specific terms related to our business throughout this document, including the following:

Corridor — With regard to a money transfer transaction, the originating "send" location and the designated "receive" location are referred to as a corridor.

Corridor mix — The relative impact of increases or decreases in money transfer transaction volume in each corridor versus the comparative prior period.

Face value — The principal amount of each completed transaction, excluding any fees related to the transaction.

Foreign currency — The impact of foreign currency exchange rate fluctuations on our financial results is typically calculated as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior-year period's currency exchange rates. We use this method to calculate the impact of changes in foreign currency exchange rates on revenues, commissions and other operating expenses for all countries where the functional currency is not the U.S. dollar.

RESULTS OF OPERATIONS

The following table is a summary of the results of operations:

<i>(Amounts in millions, except percentages)</i>	Three Months Ended March 31,		% Change
	2018	2017	
Revenue			
Fee and other revenue	\$ 370.1	\$ 380.3	(3)%
Investment revenue	9.9	5.8	71 %
Total revenue	380.0	386.1	(2)%
Expenses			
Fee and other commissions expense	176.5	186.0	(5)%
Investment commissions expense	3.5	1.3	NM
Direct transaction expense	5.5	5.1	8 %
Total commissions and direct transaction expenses	185.5	192.4	(4)%
Compensation and benefits	79.3	70.2	13 %
Transaction and operations support	74.8	66.5	12 %
Occupancy, equipment and supplies	16.6	15.3	8 %
Depreciation and amortization	18.1	18.3	(1)%
Total operating expenses	374.3	362.7	3 %
Operating income	5.7	23.4	(76)%
Other (income) expenses			
Interest expense	12.3	10.8	14 %
Other non-operating (income) expense	(28.5)	1.3	NM
Total other (income) expenses	(16.2)	12.1	NM
Income before income taxes	21.9	11.3	94 %
Income tax expense	14.8	2.5	NM
Net income	\$ 7.1	\$ 8.8	(19)%

NM = Not meaningful

Revenues

The following table is a summary of the Company's revenues:

<i>(Amounts in millions, except percentages)</i>	Three Months Ended March 31,		Three Months Ended March 31,	
	2018	Percent of Total Revenue	2017	Percent of Total Revenue
Global Funds Transfer fee and other revenue	\$ 357.4	94%	\$ 366.8	95%
Financial Paper Product fee and other revenue	12.7	3%	13.5	3%
Investment revenue	9.9	3%	5.8	2%
Total revenue	\$ 380.0	100%	\$ 386.1	100%

Revenue declined primarily due to the decline in the Global Funds Transfer fee and other revenue, which was impacted by new compliance measures implemented in the first quarter of 2018, increased competition and shift in industry mix. See "Segments results" section below for a detailed discussion of segments revenues. The decline was partially offset by an increase in investment revenue, due to higher yields and investment balances.

Operating Expenses

The following table is a summary of the operating expenses:

	Three Months Ended March 31,			
	2018		2017	
	Dollars	Percent of Total Revenue	Dollars	Percent of Total Revenue
<i>(Amounts in millions, except percentages)</i>				
Total commissions and direct transaction expenses	\$ 185.5	49%	\$ 192.4	50%
Compensation and benefits	79.3	21	70.2	18
Transaction and operations support	74.8	20	66.5	17
Occupancy, equipment and supplies	16.6	4	15.3	4
Depreciation and amortization	18.1	5	18.3	5
Total operating expenses	<u>\$ 374.3</u>	99%	<u>\$ 362.7</u>	94%

For the three months ended March 31, 2018, total operating expenses as a percentage of total revenue increased when compared to the same period in 2017, mainly due to an increase in transaction and operations support as a result of an additional \$10.0 million accrual related to the deferred prosecution agreement (the "DPA") and an increase in compensation and benefits driven by severance costs, both of which are discussed below.

Total commissions and direct transaction expenses

Total commissions and direct transaction expenses as a percent of revenues decreased for the three months ended March 31, 2018, when compared to the same period in 2017, due to continued rationalization and negotiation of our agent contracts. See "Segments results" section below for a detailed discussion of total commissions and direct transaction expenses.

Compensation and Benefits

Compensation and benefits include salaries and benefits, management incentive programs, related payroll taxes and other employee related costs. The following table is a summary of the change in compensation and benefits from 2017 to 2018:

<i>(Amounts in millions)</i>	Three Months Ended
For the period ended March 31, 2017	\$ 70.2
Change resulting from:	
Restructuring and reorganization costs	6.0
Impact from changes in exchange rates	2.1
Employee stock-based compensation	0.8
Other	0.2
For the period ended March 31, 2018	<u>\$ 79.3</u>

For the three months ended March 31, 2018, compensation and benefits increased due to restructuring and reorganization costs primarily driven by severance, changes in exchange rates due to a weaker U.S. dollar and higher employee stock-based compensation expense.

Transaction and Operations Support

Transaction and operations support primarily includes marketing, professional fees and other outside services, telecommunications, agent support costs, including forms related to our products, non-compensation employee costs, including training, travel and relocation costs, bank charges and the impact of foreign exchange rate movements on our monetary transactions, assets and liabilities denominated in a currency other than the U.S. dollar.

The following table is a summary of the change in transaction and operations support from 2017 to 2018:

<i>(Amounts in millions)</i>	Three Months Ended	
For the period ended March 31, 2017	\$	66.5
Change resulting from:		
Legal expenses		8.4
Outsourcing, independent contractor and consultant costs		(2.2)
Marketing costs		(1.9)
Impact from changes in exchange rates		1.4
Restructuring and reorganization costs		1.2
Net realized foreign exchange gains		1.0
Other		0.4
For the period ended March 31, 2018	\$	74.8

For the three months ended March 31, 2018, transaction and operations support increased primarily due to an increase in legal expenses driven by the additional \$10.0 million accrual related to the DPA, which is discussed in more detail in Note 12 — *Commitments and Contingencies* of the Notes to the Condensed Consolidated Financial Statements. The increase was partially offset by a decrease in outsourcing, independent contractor and consultant costs driven by cost saving initiatives and a decrease in marketing costs.

Occupancy, Equipment and Supplies

Occupancy, equipment and supplies expense include facilities rent and maintenance costs, software and equipment maintenance costs, freight and delivery costs and supplies.

For the three months ended March 31, 2018, occupancy, equipment and supplies expense increased as a result of an increase in maintenance costs when compared to the same period in 2017.

Depreciation and Amortization

Depreciation and amortization includes depreciation on computer hardware and software, agent signage, point of sale equipment, capitalized software development costs, office furniture, equipment and leasehold improvements and amortization of intangible assets.

Depreciation and amortization remained relatively flat for the three months ended March 31, 2018 when compared to the same period in 2017.

Segments Results

Global Funds Transfer

The following table sets forth our Global Funds Transfer segment results of operations:

<i>(Amounts in millions)</i>	Three Months Ended March 31,		2018 vs 2017
	2018	2017	
Money transfer revenue	\$ 336.6	\$ 341.7	\$ (5.1)
Bill payment revenue	20.8	25.1	(4.3)
Total Global Funds Transfer revenue	\$ 357.4	\$ 366.8	\$ (9.4)
Fee and other commissions and direct transaction expenses	\$ 181.7	\$ 190.7	\$ (9.0)

Money Transfer Fee and Other Revenue

The following table details the changes in money transfer fee and other revenue from 2017 to 2018:

<i>(Amounts in millions)</i>	Three Months Ended
For the period ended March 31, 2017	\$ 341.7
Change resulting from:	
Money transfer volume	(17.0)
Impact from changes in exchange rates	13.8
Corridor mix	(5.4)
Average face value per transaction and pricing	0.6
Other	2.9
For the period ended March 31, 2018	<u>\$ 336.6</u>

For the three months ended March 31, 2018, the decrease in money transfer fee and other revenue was primarily driven by a decrease in money transfer transactions volume due to newly implemented compliance measures and increased competition in the U.S. along with weakness in parts of Africa. The decline was partially offset by growth in Europe, Middle East and South America.

We also experienced growth in our Digital money transfers. Total Digital money transfer revenue grew 4% over first quarter 2017 as strong moneygram.com growth was partially offset by a decline in revenue from kiosks and global economic trends. Digital represented 16% of total money transfer revenue.

Bill Payment Fee and Other Revenue

For the three months ended March 31, 2018, bill payment fee and other revenue decreased by \$4.3 million due to lower transactions resulting from shifts in industry mix.

Fee and Other Commissions and Direct Transaction Expenses

The following table details the changes in fee and other commissions expense for the Global Funds Transfer segment from 2017 to 2018:

<i>(Amounts in millions)</i>	Three Months Ended
For the period ended March 31, 2017	\$ 185.6
Change resulting from:	
Money transfer revenue	(9.0)
Impact from changes in exchange rates	6.6
Money transfer corridor and agent mix	(5.1)
Bill payment revenue and commission rates	(2.1)
Signing bonuses	0.2
For the period ended March 31, 2018	<u>\$ 176.2</u>

For the three months ended March 31, 2018, fee and other commissions decreased \$9.4 million. The decline was primarily from decreases in money transfer revenue, money transfer corridor and agent mix, and bill payment revenue and commissions rates, which was partially offset by changes in exchange rates due to a weaker U.S. dollar compared to prior year.

For the three months ended March 31, 2018, direct transaction expense increased by \$0.4 million, primarily due to an increase in moneygram.com revenues.

Financial Paper Products

The following table sets forth our Financial Paper Products segment results of operations:

<i>(Amounts in millions)</i>	Three Months Ended March 31,		2018 vs
	2018	2017	2017
Money order revenue	\$ 13.4	\$ 12.5	\$ 0.9
Official check revenue	9.2	6.8	2.4
Total Financial Paper Products revenue	\$ 22.6	\$ 19.3	\$ 3.3

Commissions expense	\$ 3.8	\$ 1.7	\$ 2.1
---------------------	--------	--------	--------

For the three months ended March 31, 2018, Financial Paper Products revenue increased due to the increase in investment revenues driven by higher yields and investment balances, partially offset by the decline in fee and other revenue due to the migration of consumers to other products.

Commissions expense for the Financial Paper Product increased by \$2.1 million for the three months ended March 31, 2018 over the prior period. The increase was driven by an increase in investment commission expense due to higher interest rates, partially offset by the decline in fee and other commissions expense.

Operating Income and Operating Margin

The following table provides a summary overview of operating income and operating margin:

<i>(Amounts in millions, except percentages)</i>	Three Months Ended March 31,		Change
	2018	2017	
Operating income:			
Global Funds Transfer	\$ 1.4	\$ 25.2	\$ (23.8)
Financial Paper Products	5.6	4.7	0.9
Total segment operating income	7.0	29.9	(22.9)
Other	(1.3)	(6.5)	5.2
Total operating income	\$ 5.7	\$ 23.4	\$ (17.7)

Total operating margin	1.5%	6.1%
Global Funds Transfer	0.4%	6.9%
Financial Paper Products	24.8%	24.4%

For the three months ended March 31, 2018, the Company experienced a decrease in Global Funds Transfer segment operating income and operating margin primarily due the additional \$10.0 million accrual related to the DPA matter and restructuring and reorganization costs incurred in the first quarter of 2018. Our Financial Paper Products segment operating income and margin increased primarily due to the increase in investment revenue. Other operating loss decreased when compared to the same period in 2017 primarily due to the prior year period including costs related to a proposed merger with Ant Financial that was terminated in January of 2018. See Note 1 — *Description of Business and Basis of Presentation* of the Notes to the Condensed Consolidated Financial Statements for more information about the terminated merger.

Other (Income) Expenses

For the three months ended March 31, 2018, interest expense increased \$1.5 million as a result of higher interest rates when compared to the same period in 2017.

For the three months ended March 31, 2018, the Company had other non-operating income of \$28.5 million, which included \$30.0 million related to the terminated merger.

Income Taxes

For the three months ended March 31, 2018, the Company recognized income tax expense of \$14.8 million on pre-tax income of \$21.9 million, primarily due to the recording of the accrual, which is nondeductible for tax purposes, made in conjunction with the DPA, as discussed in more detail in Note 12 — *Commitments and Contingencies* of the Notes to the Condensed Consolidated Financial Statements, and the adverse tax consequences related to the new provisions enacted under the TCJA, also known as

H.R. 1 - 115th Congress, which result in multiple taxation of a single item of income. See Note 11 — *Income Taxes* of the Notes to the Condensed Consolidated Financial Statements for more information on the TCJA and the Company's income tax expense.

For the three months ended March 31, 2017, the Company recognized income tax expense of \$2.5 million on pre-tax income of \$11.3 million. The recorded income tax expense for the three months ended March 31, 2017 differs from taxes calculated at the statutory rate primarily due to the recognition of excess tax benefits on stock-based compensation vested during the quarter.

EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and Constant Currency

We believe that EBITDA (earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization), Adjusted EBITDA (EBITDA adjusted for certain significant items), Adjusted Free Cash Flow (Adjusted EBITDA less cash interest, cash taxes, cash payments for capital expenditures and cash payments for agent signing bonuses) and constant currency measures (which assume that amounts denominated in foreign currencies are translated to the U.S. dollar at rates consistent with those in the prior year) provide useful information to investors because they are indicators of the strength and performance of our ongoing business operations. These calculations are commonly used as a basis for investors, analysts and other interested parties to evaluate and compare the operating performance and value of companies within our industry. In addition, our debt agreements require compliance with financial measures similar to Adjusted EBITDA. EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and constant currency are financial and performance measures used by management in reviewing results of operations, forecasting, allocating resources and establishing employee incentive programs. We also present Adjusted EBITDA growth, constant currency adjusted, which provides information to investors regarding MoneyGram's performance without the effect of foreign currency exchange rate fluctuations year-over-year.

Although we believe that EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and constant currency measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered in isolation or as substitutes for the accompanying GAAP financial measures. These metrics are not necessarily comparable with similarly named metrics of other companies.

The following table is a reconciliation of our non-GAAP financial measures to the related GAAP financial measures:

<i>(Amounts in millions)</i>	Three Months Ended March 31,		
	2018	2017	Change
Income before income taxes	\$ 21.9	\$ 11.3	\$ 10.6
Interest expense	12.3	10.8	1.5
Depreciation and amortization	18.1	18.3	(0.2)
Signing bonus amortization	14.0	13.0	1.0
EBITDA	66.3	53.4	12.9
Significant items impacting EBITDA:			
(Income) costs related to the terminated merger with Ant Financial ⁽¹⁾	(29.3)	2.8	(32.1)
Legal and contingent matters ⁽²⁾	11.4	1.2	10.2
Restructuring and reorganization costs	7.3	—	7.3
Stock-based, contingent and incentive compensation	4.8	4.0	0.8
Direct monitor costs	3.1	2.8	0.3
Compliance enhancement program	2.6	2.1	0.5
Severance and related costs	0.4	—	0.4
Adjusted EBITDA	\$ 66.6	\$ 66.3	\$ 0.3
Adjusted EBITDA growth, as reported	— %		
Adjusted EBITDA growth, constant currency adjusted	(4)%		
Adjusted EBITDA	\$ 66.6	\$ 66.3	\$ 0.3
Cash payments for interest	(11.5)	(10.0)	(1.5)
Cash payments for taxes, net of refunds	(1.6)	(0.7)	(0.9)
Cash payments for capital expenditures	(12.3)	(18.6)	6.3
Cash payments for agent signing bonuses	(11.8)	(10.2)	(1.6)
Adjusted Free Cash Flow	\$ 29.4	\$ 26.8	\$ 2.6

(1) Income includes the \$30.0 million merger termination fee, and costs include, but are not limited to, legal, bank and consultant fees.

(2) 2018 primarily consists of an additional \$10.0 million accrual related to the DPA.

For the three months ended March 31, 2018, the Company generated EBITDA of \$66.3 million and Adjusted EBITDA of \$66.6 million. Adjusted EBITDA remained relatively flat when compared to the first quarter of 2017. EBITDA increased primarily due to the other non-operating income of \$30.0 million related to the terminated merger with Ant Financial, partially offset by the increase in legal and contingent matters due to the additional DPA accrual and restructuring and reorganization costs.

For the three months ended March 31, 2018, Adjusted Free Cash Flow increased by \$2.6 million when compared to the same period in 2017. The increase was primarily a result of a decrease in cash payments for capital expenditures, partially offset by increases in cash payments for agent signing bonuses and interest.

See "Results of Operations" and "Analysis of Cash Flows" sections for additional information regarding these changes.

LIQUIDITY AND CAPITAL RESOURCES

We have various resources available for purposes of managing liquidity and capital needs, including our investment portfolio, credit facilities and letters of credit. We refer to our cash and cash equivalents, settlement cash and cash equivalents, interest-bearing investments and available-for-sale investments collectively as our "investment portfolio." The Company utilizes cash and cash equivalents in various liquidity and capital assessments.

Cash and Cash Equivalents, Settlement Assets and Payment Service Obligations

The following table shows the components of the Company's cash and cash equivalents and settlement assets:

<i>(Amounts in millions)</i>	March 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 199.7	\$ 190.0
Settlement assets:		
Settlement cash and cash equivalents	1,403.4	1,469.9
Receivables, net	919.2	1,125.8
Interest-bearing investments	1,154.0	1,154.2
Available-for-sale investments	6.7	7.0
	<u>3,483.3</u>	<u>3,756.9</u>
Payment service obligations	\$ (3,483.3)	\$ (3,756.9)

Our primary sources of liquidity include cash flows generated by the sale of our payment instruments, our cash and cash equivalents and interest-bearing investment balances, proceeds from our investment portfolio and credit capacity under our credit facilities. Our primary operating liquidity needs are related to the settlement of payment service obligations to our agents and financial institution customers, general operating expenses and debt service.

To meet our payment service obligations at all times, we must have sufficient highly liquid assets and be able to move funds globally on a timely basis. On average, we receive in and pay out a similar amount of funds on a daily basis to collect and settle the principal amount of our payment instruments sold and related fees and commissions with our end consumers and agents. This pattern of cash flows allows us to settle our payment service obligations through existing cash balances and ongoing cash generation rather than liquidating investments or utilizing our revolving credit facility. We have historically generated, and expect to continue generating, sufficient cash flows from daily operations to fund ongoing operational needs.

We preposition cash in various countries and currencies to facilitate settlement of transactions. We also maintain funding capacity beyond our daily operating needs to provide a cushion through the normal fluctuations in our payment service obligations, as well as to provide working capital for the operational and growth requirements of our business. We believe we have sufficient liquid assets and funding capacity to operate and grow our business for the next 12 months. Should our liquidity needs exceed our operating cash flows, we believe that external financing sources, including availability under our credit facilities, will be sufficient to meet our anticipated funding requirements.

Cash and Cash Equivalents and Interest-bearing Investments

To ensure we maintain adequate liquidity to meet our payment service obligations at all times, we keep a significant portion of our investment portfolio in cash and cash equivalents and interest-bearing investments at financial institutions rated A- or better by two of the following three rating agencies: Moody's Investor Service ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings, Inc. ("Fitch"); and in AAA rated U.S. government money market funds. If the rating agencies have split ratings, the Company uses the lower of the highest two out of three ratings across the agencies for disclosure purposes. If the institution has only two ratings, the Company uses the lower of the two ratings for disclosure purposes. As of March 31, 2018, cash and cash equivalents (including unrestricted and settlement cash and cash equivalents) and interest-bearing investments totaled \$2.8 billion. Cash and cash equivalents consist of interest-bearing deposit accounts, non-interest bearing transaction accounts and money market securities; interest-bearing investments consist of time deposits and certificates of deposit with maturities of up to 24 months.

Available-for-sale Investments

Our investment portfolio includes \$6.7 million of available-for-sale investments as of March 31, 2018. U.S. government agency residential mortgage-backed securities compose \$5.4 million of our available-for-sale investments, while asset-backed and other securities compose the remaining \$1.3 million.

Credit Facilities

As of March 31, 2018, the Company had outstanding balance of \$911.8 million on its senior secured borrowings. The Company's effective interest rate on senior secured borrowings increased from 4.94% as of December 31, 2017 to 5.55% as of March 31, 2018, due to an increase in the Eurodollar rate. As of March 31, 2018, the Company had no outstanding letters of credit or borrowings under the revolving credit facility, leaving \$85.8 million of borrowing capacity thereunder, and was in compliance with its financial covenants. See Note 7 — *Debt* of the Notes to the Condensed Consolidated Financial Statements for additional disclosure related to the Company's credit facilities and financial covenants.

Credit Ratings

As of March 31, 2018, our credit ratings from Moody's and S&P were B1 with a stable outlook and B+ with a stable outlook, respectively. Our credit facilities, regulatory capital requirements and other obligations will not be impacted by a future change in our credit ratings.

Analysis of Cash Flows

<i>(Amounts in millions)</i>	Three Months Ended March 31,	
	2018	2017
Net cash provided by (used in) operating activities	\$ 30.5	\$ (9.6)
Net cash used in investing activities	(12.3)	(18.6)
Net cash used in financing activities	(8.5)	(1.6)
Net change in cash and cash equivalents	<u>\$ 9.7</u>	<u>\$ (29.8)</u>

Cash Flows from Operating Activities

For the three months ended March 31, 2018, cash provided by operating activities increased due to the \$30.0 million payment related to the terminated merger with Ant Financial and a decrease spent on outsourcing, independent contractor and consultant as part of ongoing cost savings initiatives. The increase was partially offset by an increase in signing bonus payments of \$1.6 million driven by the timing of agent expansion and retention efforts, and an increase in payments for interest of \$1.5 million.

Cash Flows from Investing Activities

For the three months ended March 31, 2018, net cash used in investing activities decreased by \$6.3 million primarily due to a decrease in capital expenditures when compared to the same period in 2017.

Cash Flows from Financing Activities

For the three months ended March 31, 2018, net cash used in financing activities was \$8.5 million primarily for principal payments on debt and payments to tax authorities for stock-based compensation. For the three months ended March 31, 2017, net cash used in financing activities was \$1.6 million, primarily for principal payments on debt, partially offset by proceeds from exercise of stock options and other.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts and related disclosures in the Condensed Consolidated Financial Statements. Actual results could differ from those estimates. On a regular basis, management reviews its accounting policies, assumptions and estimates to ensure that our financial statements are presented fairly and in accordance with GAAP. Our significant accounting policies are discussed in Note 2 — *Summary of Significant Accounting Policies* of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Critical accounting policies are those policies that management believes are very important to the portrayal of our financial position and results of operations, and that require management to make estimates that are difficult, subjective or complex. There were no changes to our critical accounting policies and estimates during the quarter ended March 31, 2018. For further information regarding our critical accounting policies and estimates, refer to Part II, Item 7, "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates*" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the documents incorporated by reference herein may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to, among other things, the financial condition, results of operations, plans, objectives, future performance and business of MoneyGram and its subsidiaries. Statements preceded by, followed by or that include words such as “believes,” “estimates,” “expects,” “projects,” “plans,” “anticipates,” “intends,” “continues,” “will,” “should,” “could,” “may,” “would,” “goals” and other similar expressions are intended to identify some of the forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are included, along with this statement, for purposes of complying with the safe harbor provisions of the Act. These forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the risks and uncertainties described in Part I, Item 1A under the caption “*Risk Factors*” of our Annual Report on Form 10-K for the year ended December 31, 2017, as well as the various factors described herein. These forward-looking statements speak only as of the date they are made, and MoneyGram undertakes no obligation to publicly update or revise any forward-looking statements for any reason, whether as a result of new information, future events or otherwise, except as required by federal securities law. These forward-looking statements are based on management’s current expectations, beliefs and assumptions and are subject to certain risks, uncertainties and changes in circumstances due to a number of factors. These factors include, but are not limited to:

- our ability to compete effectively;
- our ability to maintain key agent or biller relationships, or a reduction in business or transaction volume from these relationships, including with our largest agent, Walmart, through its introduction of additional competing white label money transfer products or otherwise;
- our ability to manage fraud risks from consumers or agents;
- the ability of us and our agents to comply with U.S. and international laws and regulations;
- litigation and regulatory proceedings involving us or our agents, which could result in material settlements, fines or penalties, revocation of required licenses or registrations, termination of contracts, other administrative actions or lawsuits and negative publicity;
- possible uncertainties relating to compliance with and the impact of the DPA;
- current and proposed regulations addressing consumer privacy and data use and security;
- our ability to successfully develop and timely introduce new and enhanced products and services and our investments in new products, services or infrastructure changes;
- our substantial debt service obligations, significant debt covenant requirements and credit rating and our ability to maintain sufficient capital;
- continued weakness in economic conditions, in both the U.S. and global markets;
- our ability to manage risks associated with our international sales and operations;
- our offering of money transfer services through agents in regions that are politically volatile or, in a limited number of cases, that may be subject to certain U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”) restrictions;
- major bank failure or sustained financial market illiquidity, or illiquidity at our clearing, cash management and custodial financial institutions;
- the ability of us and our agents to maintain adequate banking relationships;
- a security or privacy breach in systems, networks or databases on which we rely;
- disruptions to our computer systems and data centers and our ability to effectively operate and adapt our technology;
- changes in tax laws or unfavorable outcomes of tax positions we take, or a failure by us to establish adequate reserves for tax events;
- a significant change, material slow down or complete disruption of international migration patterns;
- our ability to manage credit risks from our agents and official check financial institution customers;
- our ability to adequately protect our brand and intellectual property rights and to avoid infringing on the rights of others;
- our ability to attract and retain key employees;

- our ability to manage risks related to the operation of retail locations and the acquisition or start-up of businesses;
- any restructuring actions and cost reduction initiatives that we undertake may not deliver the expected results and these actions may adversely affect our business;
- our ability to maintain effective internal controls;
- our capital structure and the special voting rights provided to the designees of Thomas H. Lee Partners, L.P. on our Board of Directors; and
- the risks and uncertainties described in the “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” sections of the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, as well as any additional risk factors that may be described in our other filings with the Securities and Exchange Commission (“SEC”) from time to time.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk since December 31, 2017. For further information on market risk, refer to Part II, Item 7A, “*Quantitative and Qualitative Disclosures about Market Risk*” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report (the “Evaluation Date”), the Company carried out an evaluation, under the supervision and with the participation of management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company’s disclosure controls and procedures were effective. Disclosure controls and procedures are controls and other procedures designed to ensure that information required to be disclosed by the Company in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and include, without limitation, controls and procedures designed to ensure that information that the Company is required to disclose in such reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The matters set forth below are subject to uncertainties and outcomes that are not predictable. The Company accrues for these matters as any resulting losses become probable and can be reasonably estimated. Further, the Company maintains insurance coverage for many claims and litigation matters.

Litigation Commenced Against the Company:

The Company is involved in various claims and litigation that arise from time to time in the ordinary course of the Company's business. Management does not believe that after final disposition any of these matters is likely to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Government Investigations:

OFAC — In 2015, we initiated an internal investigation to identify any payments processed by the Company that were violations of OFAC sanctions regulations. We notified OFAC of the ongoing internal investigation, which was conducted in conjunction with the Company's outside counsel. On March 28, 2017, we filed a Voluntary Self-Disclosure with OFAC regarding the findings of our internal investigation. OFAC is currently reviewing the results of the Company's investigation. At this time, it is not possible to determine the outcome of this matter, or the significance, if any, to our business, financial condition or results of operations, and we cannot predict when OFAC will conclude their review of our Voluntary Self-Disclosure.

Deferred Prosecution Agreement — In November 2012, we announced that a settlement was reached with the U.S. Attorney's Office for the Middle District of Pennsylvania (the "MDPA") and the U.S. Department of Justice (the "U.S. DOJ") relating to the previously disclosed investigation of transactions involving certain of our U.S. and Canadian agents, as well as fraud complaint data and the consumer anti-fraud program, during the period from 2003 to early 2009. In connection with this settlement, we entered into the DPA with the MDPA and U.S. DOJ (the "Government") dated November 8, 2012.

On November 1, 2017, the Company agreed to a stipulation with the Government that the five-year term of the Company's DPA be extended for 90 days to February 6, 2018. On January 31, 2018, the Company agreed with the Government that the term of the DPA be extended for an additional 45 days to March 23, 2018; on March 21, 2018, the Company agreed with the Government that the term of the DPA be further extended for an additional 45 days to May 7, 2018; and on May 7, 2018, the Company agreed with the Government that the term of the DPA be further extended for an additional 45 days to June 21, 2018. Any further extension of the DPA extends all terms of the DPA, including the term of the monitorship for an equivalent period. The purpose of the extensions is to provide the Company and the Government additional time to discuss whether the Company is in compliance with the DPA. There can be no assurance that the Company and the Government will continue to be able to negotiate a mutually satisfactory outcome during the latest extension (or any further short-term extension of the DPA) or that such outcome will not include a further extension of the DPA, financial penalties or additional restrictions on the Company. Furthermore, there can be no assurance that the Government will not seek any other remedy, including criminal prosecution and financial penalties, in lieu of an extension of the DPA and monitorship.

The Company has recorded a \$95.0 million accrual in connection with a possible resolution of this matter, based on the facts and circumstances known at the time. However, the Company is unable to reasonably estimate the ultimate loss and no assurance can be given that future costs and payments made in connection with this matter will not materially exceed the amount currently recorded or that the Government will not also seek to impose non-monetary remedies or penalties.

FTC — On April 4, 2018, we received a civil investigative demand from the Federal Trade Commission (the "FTC") requesting documents and information relating to the Company's anti-fraud program. We are evaluating the scope of this demand and cooperating with the FTC. At this time, it is not possible to predict the eventual scope, duration or outcome of this investigation or its effect, if any, on our business, financial condition or results of operations.

Other Matters — The Company is involved in various other government inquiries and other matters that arise from time to time. Management does not believe that any of these other matters is likely to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Actions Commenced by the Company:

Tax Litigation — The Internal Revenue Service (the "IRS") completed its examination of the Company's consolidated income tax returns through 2013 and issued Notices of Deficiency for 2005-2007 and 2009 and an Examination Report for 2008. The Notices of Deficiency and Examination Report disallow, among other items, approximately \$900.0 million of ordinary deductions on securities losses in the 2007, 2008 and 2009 tax returns. In May 2012 and December 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively. In 2013, the Company reached a partial settlement with the IRS allowing ordinary loss treatment on \$186.9 million of deductions in dispute. In January 2015, the U.S.

Tax Court granted the IRS's motion for summary judgment upholding the remaining adjustments in the Notices of Deficiency. During 2015, the Company made payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter. The Company believes that it has substantive tax law arguments in favor of its position. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court's decision and remanded the case to the Tax Court for further proceedings. The Company filed a motion for summary judgment in the Tax Court on May 31, 2017. On August 23, 2017, the IRS filed a motion for summary judgment and its response to the Company's motion for summary judgment. The Tax Court has directed the parties to agree to a joint stipulation of facts to be filed with the court, at which point the Company expects to file a revised memorandum in support of its motion for summary judgment, and the IRS is expected to file its cross motion for summary judgment. Pending the outcome of the appeal, the Company may be required to file amended state returns and make additional cash payments of up to \$18.7 million on amounts that have previously been accrued.

See Note 12 — *Commitments and Contingencies* of the Notes to the Consolidated Financial Statements for additional disclosure.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes in the Company's risk factors from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. For further information, refer to Part I, Item 1A, "*Risk Factors*," in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

We face possible uncertainties relating to compliance with and the extension and impact of the deferred prosecution agreement entered into with the U.S. federal government.

In November 2012, we announced that we had entered into a five-year DPA with the Government relating to the period from 2003 to early 2009. Pursuant to the DPA, the Government filed a two-count criminal Information in the U.S. District Court for the Middle District of Pennsylvania. Under the DPA, the Company has agreed, among other things, to retain an independent compliance monitor for a period of five years. On November 1, 2017, the Company agreed to a stipulation with the Government that the term of the Company's DPA be extended for 90 days to February 6, 2018. On January 31, 2018, the Company agreed with the Government that the term of the DPA be extended for an additional 45 days to March 23, 2018; on March 21, 2018, the Company agreed with the Government that the term of the DPA be further extended for an additional 45 days to May 7, 2018; and on May 7, 2018, the Company agreed with the Government that the term of the DPA be further extended for an additional 45 days to June 21, 2018. Any extension of the DPA extends all terms of the DPA, including the term of the monitorship for an equivalent period. The purpose of the extensions is to provide the Company and the Government additional time to discuss whether the Company is in compliance with the DPA. There can be no assurance that the Company and the Government will be able to negotiate a mutually satisfactory outcome during the latest extension (or during any further short-term extension of the DPA) or that such outcome will not include a further extension of the DPA, financial penalties or additional restrictions on the Company. The terms of any agreement with the Government could impose significant additional costs upon the Company related to compliance and other required terms, which could have an adverse impact on the Company's operations. Furthermore, there can be no assurance that the Government will not seek any other remedy, including criminal prosecution and financial penalties, in lieu of an extension of the DPA and the monitorship. A prosecution of the Company by the Government or the imposition of significant financial penalties could lead to a severe material adverse effect upon the Company's ability to conduct its business. Furthermore, neither the DPA nor any agreement with the Government would resolve any inquiries from other governmental agencies, which could result in additional costs, expenses and fines.

The Company has recorded a \$95.0 million accrual in connection with a possible resolution of this matter, based on the facts and circumstances known at the time. However, the Company is unable to reasonably estimate the ultimate loss and no assurance can be given that future costs and payments made in connection with this matter will not materially exceed the amount currently recorded or that the government will not also seek to impose non-monetary remedies or penalties.

If we lose key agents, our business with key agents is reduced or we are unable to maintain our agent network under terms consistent with those currently in place, our business, financial condition and results of operations could be adversely affected.

Most of our revenue is earned through our agent network. In addition, our international agents may have subagent relationships in which we are not directly involved. If agents or their subagents decide to leave our network, our revenue and profits could be adversely affected. Agent loss may occur for a number of reasons, including competition from other money transfer providers, an agent's dissatisfaction with its relationship with us or the revenue earned from the relationship, or an agent's unwillingness or inability to comply with our standards or legal requirements, including those related to compliance with anti-money laundering regulations, anti-fraud measures or agent monitoring. Agents may also generate fewer transactions or reduce locations for reasons unrelated to our relationship with them, including increased competition in their business, general economic conditions, regulatory costs or other reasons. In addition, we may not be able to maintain our agent network under terms consistent with those already in place. Larger agents may demand additional financial concessions or may not agree to enter into exclusive arrangements, which

could increase competitive pressure. The inability to maintain our agent contracts on terms consistent with those already in place, including in respect of exclusivity rights, could adversely affect our business, financial condition and results of operations.

A substantial portion of our agent network locations, transaction volume and revenue is attributable to or generated by a limited number of key agents. During the three months ended March 31, 2018, our ten largest agents accounted for 35% of our total revenue. Our largest agent, Walmart, accounted for 17% and 18% of total revenue for the three months ended March 31, 2018 and 2017, respectively. The current term of our contract with Walmart expires on March 30, 2020. If our contracts with our key agents, including Walmart, are not renewed or are terminated, or are renewed but on less favorable terms, or if such agents generate fewer transactions or reduce their locations, our business, financial condition and results of operations could be adversely affected. In addition, the introduction of additional competitive products by Walmart or our other key agents, including competing white label products, could reduce our business with those key agents and intensify industry competition, which could adversely affect our business, financial condition and results of operations. For example, the Company expects that the Walmart2World products, which was launched by the Company and Walmart in the first quarter of 2018, will have a negative impact on our top-line growth due to lower revenue per transaction.

ITEM 6. EXHIBITS

The following exhibits are filed or incorporated by reference herein in response to Item 601 of Regulation S-K. The Company files Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K pursuant to the Exchange Act under Commission File No. 1-31950.

Exhibit Number	Description
2.1†	Agreement and Plan of Merger, dated January 26, 2017, by and among MoneyGram International, Inc., Alipay (UK) Limited, Matrix Acquisition Corp. and, solely for purposes of certain specified provisions thereof, Alipay (Hong Kong) Holding Limited (Incorporated by reference from Exhibit 2.1 to Registrant's Current Report on Form 8-K filed January 26, 2017).
2.2†	First Amendment to the Agreement and Plan of Merger, dated April 15, 2017, by and among MoneyGram International, Inc., Alipay (UK) Limited, Matrix Acquisition Corp. and Alipay (Hong Kong) Holding Limited (Incorporated by reference from Exhibit 2.1 to Registrant's Current Report on Form 8-K filed April 17, 2017).
3.1	Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated June 28, 2004 (Incorporated by reference from Exhibit 3.1 to Registrant's Annual Report on Form 10-K filed on March 15, 2010).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated May 12, 2009 (Incorporated by reference from Exhibit 3.1 to Registrant's Annual Report on Form 10-K filed March 15, 2010).
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated May 18, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant's Current Report on Form 8-K filed May 23, 2011).
3.4	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated November 14, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant's Current Report on Form 8-K filed November 14, 2011).
3.5	Amended and Restated Bylaws of MoneyGram International, Inc., as amended and restated October 28, 2015 (Incorporated by reference from Exhibit 3.5 to Registrant's Quarterly Report on Form 10-Q filed on November 2, 2015).
3.6	Amendment to the Amended and Restated Bylaws of MoneyGram International, Inc., dated March 2, 2016 (Incorporated by reference from Exhibit 3.6 to Registrant's Annual Report on Form 10-K filed on March 2, 2016).
3.7	Amended and Restated Certificate of Designations, Preferences and Rights of Series D Participating Convertible Preferred Stock of MoneyGram International, Inc., dated May 18, 2011 (Incorporated by reference from Exhibit 3.2 to Registrant's Current Report on Form 8-K filed May 23, 2011).
10.1	Termination Agreement, dated as of January 2, 2018, by and among MoneyGram International, Inc., Alipay (UK) Limited, Matrix Acquisition Corp. and Alipay (Hong Kong) Holding Limited (Incorporated by reference from Exhibit 10.1 to Registrant's Current Report on Form 8-K filed January 2, 2018).
10.2	Amended and Restated Employment Agreement, dated March 2, 2018, by and between MoneyGram International, Inc. and W. Alexander Holmes (Incorporated by reference from Exhibit 10.1 to Registrant's Current Report on Form 8-K filed March 5, 2018).
10.3*	2018 Global Time-Based Restricted Stock Unit Award Agreement, dated March 1, 2018, between MoneyGram International, Inc. and W. Alexander Holmes.
10.4*	2018 Global Performance-Based Restricted Stock Unit Award Agreement, dated March 1, 2018, between MoneyGram International, Inc. and W. Alexander Holmes.
10.5*	2018 Global Performance-Based Cash Award Agreement, dated March 1, 2018, between MoneyGram International, Inc. and W. Alexander Holmes.

10.6*+	Amendment No. 8 to Amended and Restated Master Trust Agreement, effective as of March 30, 2018, by and between MoneyGram Payment Systems, Inc. and Walmart Inc.
10.7*+	Amendment No. 9 to Amended and Restated Master Trust Agreement, effective as of April 13, 2018, by and between MoneyGram Payment Systems, Inc. and Walmart Inc.
31.1*	Section 302 Certification of Chief Executive Officer
31.2*	Section 302 Certification of Chief Financial Officer
32.1**	Section 906 Certification of Chief Executive Officer
32.2**	Section 906 Certification of Chief Financial Officer
101*	The following financial statements, formatted in Extensible Business Reporting Language (“XBRL”): (i) Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017; (ii) Condensed Consolidated Statements of Operations for the three months ended March 31, 2018 and 2017; (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2018 and 2017; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017; (v) Condensed Consolidated Statement of Stockholders' Deficit for the three months ended March 31, 2018; and (vi) Notes to the Condensed Consolidated Financial Statements.
*	Filed herewith.
**	Furnished herewith.
†	Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the SEC; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act (“Rule 24b-2”) for any schedules so furnished.
+	Confidential information has been omitted from this Exhibit and has been filed separately with the SEC pursuant to a confidential treatment request under Rule 24b-2.

MONEYGRAM INTERNATIONAL, INC.
2005 OMNIBUS INCENTIVE PLAN,
AS AMENDED AND RESTATED EFFECTIVE MAY 8, 2015

GLOBAL TIME-BASED RESTRICTED STOCK UNIT

AWARD AGREEMENT

This **GLOBAL TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT** (the “*Agreement*”) is made by and between **MoneyGram International, Inc.**, a Delaware corporation (the “*Company*”), and W. Alexander Holmes (the “*Participant*”). The grant date of this award is March 1, 2018 (the “*Grant Date*”).

1. Award.

The Company hereby grants to the Participant a time-based Restricted Stock Unit (an “*RSU*”) award covering 194,760 shares (the “*Shares*”) of Common Stock, \$.01 par value per share, of the Company according to the terms and conditions as provided in this Agreement, including any country-specific appendix thereto (the “*Appendix*”), in the Employment Agreement dated March 2, 2018 by and among the Company and the Participant (the “*Employment Agreement*”), and in the Company’s 2005 Omnibus Incentive Plan, as amended and restated, effective May 8, 2015 (the “*Plan*”). Each RSU represents the right to receive one Share, subject to the vesting requirements of this Agreement and the terms of the Plan. The RSUs are granted under Section 6(c) of the Plan. The RSUs are subject to appropriate adjustment as may be determined by the Committee from time to time in accordance with Section 8(c) of this Agreement. A copy of the Plan will be furnished upon request of the Participant. Each capitalized term used but not defined in this Agreement shall have the meaning assigned to that term in the Plan.

2. Vesting.

(a) Unless otherwise provided in this Agreement, the RSUs granted under this Agreement shall vest as follows, provided the Participant remains continuously employed by the Company or a Subsidiary from the Grant Date through each stated date (each a “*Vesting Date*”):

<u>Vesting Date</u>	<u>Cumulative Percentage Vested</u>
<u>1st Anniversary of Grant Date</u>	<u>33.3%</u>
<u>2nd Anniversary of Grant Date</u>	<u>66.6%</u>
<u>3rd Anniversary of Grant Date</u>	<u>100.0%</u>

(b) The Participant shall have no rights to the Shares until the RSUs have vested. Prior to settlement, the RSUs represent an unfunded and unsecured obligation of the Company.

(c) For purposes of this Agreement, “Subsidiary” shall mean any present or future “subsidiary corporation” of the Company, as defined in Section 424(f) of the Code.

(d) In the event the Participant would otherwise become vested in a fractional portion of an RSU (a “*Fractional RSU*”) based on the vesting terms set forth in Section 2(a), the Fractional RSU shall instead remain unvested until the final Vesting Date; provided, however, that if the Participant would otherwise vest in a subsequent Fractional RSU prior to the final Vesting Date for the RSUs and such Fractional RSU taken together with a previous Fractional RSU that remained unvested would equal a whole RSU, then such Fractional RSUs shall vest to the extent they equal a whole RSU. Upon the final Vesting Date, the value of any remaining Fractional RSUs shall be rounded up to the nearest whole RSU.

3. Settlement of RSUs. Any RSUs that vest shall be paid to the Participant solely in whole Shares on, or as soon as practicable after, the date the RSUs vest in accordance with Section 2 above (or, if sooner, Sections 5 or 6 below), but in any event, no later than March 15 of the calendar year following the calendar year of vesting.

4. Restrictions on Transfer.

(a) Except as otherwise provided by the Plan or by the Committee, the RSUs shall not be transferable other than by will or by the laws of descent and distribution. The RSUs may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance of the RSUs shall be void and unenforceable against the Company or any Subsidiaries.

(b) None of the Shares acquired pursuant to the RSU award shall be assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless such transfer is in compliance with all applicable securities laws (including, without limitation, the United States Securities Act of 1933, as amended).

5. Effect of Involuntary Termination Following Change in Control. Notwithstanding the vesting provisions contained in Section 2 above or Section 6 below, but subject to the other terms and conditions contained in this Agreement, from and after a Change in Control (as defined in Section 5(c) below) the following provisions shall apply:

(a) Notwithstanding the other provisions of this Section 5, if the RSUs are assumed or otherwise replaced in connection with a Change in Control and the Participant’s employment is terminated by the Company or any of its Subsidiaries without Cause (as defined in Section 5(d) below) or the Participant terminates his employment for Good Reason (as defined in Section 5(b) below) in each case within 24 months following the occurrence of such Change in Control but prior to the final Vesting Date, then all unvested RSUs subject to this award will automatically accelerate and become vested upon such termination of employment.

(b) For purposes of this Agreement, “*Good Reason*” shall mean, without the Participant’s consent: (i) any material reduction in the Participant’s position or responsibilities, excluding an isolated, insubstantial or inadvertent action not taken in bad faith; (ii) a material reduction of the Participant’s Base Salary or Target Bonus (as those terms are defined in the Employment Agreement) opportunity then in effect, except in connection with an across-the-board reduction of not more than 10% applicable to senior executives of the Company; or (iii) the reassignment of the Participant’s place of work to a location more than 50 miles from the Participant’s place of work on the Grant Date; provided, that none of the events described in clauses (i), (ii), and (iii) shall constitute Good Reason unless (x) the Participant shall have given written notice to the Company of the Participant’s

intent to terminate his employment with Good Reason within sixty (60) days following the occurrence of any such event and (y) the Company shall have failed to remedy such event within thirty (30) days of the Company's receipt of such notice. Failing such cure, a termination of employment by the Participant for Good Reason shall be effective on the day following the expiration of such cure period.

Notwithstanding anything else to the contrary contained in this Agreement or the Employment Agreement, if the Company temporarily suspends the Participant from his duties but retains the Participant as an employee pending or during an investigation of whether an act or omission by the Participant constitutes Cause, and the Participant tenders his resignation based on Good Reason with respect to the suspension of duties within the required period for resigning for Good Reason, the Company may delay treating such resignation as for Good Reason until the completion of the investigation and need not treat the resignation as based on Good Reason at such date if it can then establish Cause; provided, however, that the Participant shall retain his right to terminate employment for Good Reason based on other factors, if applicable.

(c) For purposes of this Agreement, notwithstanding the definition of Change in Control in any other agreement or plan that may be applicable to the Participant, "*Change in Control*" shall mean: (i) a sale, transfer or other conveyance or disposition, in any single transaction or series of transactions, of all or substantially all of the Company's assets; (ii) the transfer of more than 50% of the outstanding securities of the Company, calculated on a fully-diluted basis, to an entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the United States Securities Exchange Act of 1934, as amended (the "*Exchange Act*")); or (iii) the merger, consolidation, reorganization, recapitalization or share exchange of the Company with another entity, in each case in clauses (ii) and (iii) above under circumstances in which the holders of the voting power of the outstanding securities of the Company, as the case may be, immediately prior to such transaction, together with such holders' affiliates and related parties, hold less than 50% in voting power of the outstanding securities of the Company or the surviving entity or resulting entity, as the case may be, immediately following such transaction; provided, however, that the issuance of securities by the Company shall not, in any event, constitute a Change in Control, and for the avoidance of doubt a sale or other transfer or series of transfers of all or any portion of the securities of the Company held by the Investors and their affiliates and related parties shall not constitute a Change in Control unless such sale or transfer or series of transfers results in an entity or group (as defined in the Exchange Act) other than the Investors and their affiliates and related parties holding more than 50% in voting power of the outstanding securities of the Company.

For purposes hereof, "Investors" shall mean the "Investors" as defined in that certain Amended and Restated Purchase Agreement, dated March 17, 2008, by and between the Company and the other parties thereto, and their respective affiliates (not including the Company).

(d) For purposes of this Agreement, "*Cause*" shall mean a good faith finding by the Board of: (i) the Participant's willful refusal to carry out, in all material respects, the reasonable and lawful directions of the Board that are within the Participant's control and consistent with the Participant's status as the Chief Executive Officer and his duties and responsibilities as set forth in the Employment Agreement (except for a failure that is attributable to the Participant's illness, injury or Disability (as defined in Section 6(c) below)) for a period of 10 days following written notice by the Company to the Participant of such failure; (ii) fraud or material dishonesty in the performance

of the Participant's duties under the Employment Agreement; (iii) an act or acts on the Participant's part constituting (x) a felony under the laws of the United States or any state thereof, (y) a misdemeanor involving moral turpitude, or (z) a material violation of federal or state securities laws; (iv) an indictment of the Participant for a felony under the laws of the United States or any state thereof; (v) the Participant's willful misconduct or gross negligence in connection with the Participant's duties under the Employment Agreement, which is materially injurious to the financial condition or business reputation of the Company; (vi) the Participant's material breach of the Company's Code of Conduct and Ethics or any other code of conduct in effect from time to time to the extent applicable to the Participant, and which breach has a material adverse effect on the Company; or (vii) the Participant's breach of the provisions of Sections 8.1, 8.2, 8.3 or 8.4 of the Employment Agreement which breach has a material adverse effect on the Company. No act or failure to act on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant in bad faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company.

6. Effect of Termination of Employment. Except as provided in this Section 6 and in Section 5 above or as otherwise may be determined by the Committee, if the Participant ceases to be an employee of the Company prior to the final Vesting Date, the following actions shall occur:

(a) Termination for Cause; Resignation without Good Reason. If the Participant's employment with the Company is terminated for Cause or the Participant resigns other than for Good Reason, any RSUs that are not vested pursuant to Section 2 above as of the date of the Participant's termination of employment shall be immediately forfeited.

(b) Involuntary Termination/Disability/Death/Resignation for Good Reason. If the Participant's employment with the Company is terminated by the Company without Cause, by the Participant for Good Reason, or due to the Participant's death or Disability, then that portion of the unvested RSUs that would vest during the 12-month period following the date of such termination shall vest on the date of termination; provided, however, that if the Participant's employment with the Company is terminated by the Company without Cause or by the Participant for Good Reason on or within 45 days of the next regularly scheduled Vesting Date set forth in this Agreement, then the RSUs that would have vested on the next two regularly-scheduled Vesting Dates pursuant to this Agreement if the Participant's employment had not terminated shall become immediately vested on the date of termination.

(c) For purposes of this Section 6, "*Disability*" shall mean a determination by a qualified independent physician mutually acceptable to the Participant and the Company that the Participant is unable to perform his duties under the Employment Agreement and in all reasonable medical likelihood such inability will continue for a period of 120 consecutive days or 180 days in any 365 day period. The Participant shall fully cooperate in connection with the determination of whether Disability exists. If the Participant and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Participant shall be final and conclusive for all purposes of the Agreement.

(d) For purposes of this Agreement, the Participant shall cease to be continuously employed (whether or not later found to be invalid or in breach of any local employment law in the country where the Participant resides and/or is employed or the terms of the Employment Agreement)

as of the date that the Participant is no longer actively providing services and will not be continuously employed for purposes of the Plan through any notice period mandated under an employment law or practice in the country where the Participant resides and/or is employed, even if otherwise applicable to the Participant's employment benefits (*e.g.*, continuous employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdictions where the Participant resides and/or is employed or the terms of the Employment Agreement); the Committee shall have the exclusive discretion to determine when the Participant is no longer continuously employed for purposes of the RSU award, and such determination shall be made in accordance with Code Section 409A.

(e) The vesting benefits provided in Sections 5 and 6 are subject to satisfaction of the conditions set forth in Section 6.6 of the Employment Agreement.

(f) Notwithstanding any provision herein to the contrary, in the event of any inconsistency between Section 6 of the Employment Agreement and Section 5 or 6 of this Agreement, the provision that is more favorable to the Participant shall control, subject to compliance with Section 409A of the Code.

7. Forfeiture and Repayment Provisions.

(a) Failure to properly execute the Agreement (and each other document required to be executed by the Participant in connection with the Participant's receipt of the RSUs) in a timely manner following the Grant Date may result in the forfeiture of the RSUs, as determined in the sole discretion of the Company.

(b) The right to vest in the RSUs shall be conditional upon the fact that the Participant has read and understood the forfeiture and repayment provisions set forth in this Section 7, that the Participant has not engaged in any misconduct or acts contrary to the Company as described below, and that the Participant has no intent to leave employment with the Company or any of its Subsidiaries for the purpose of engaging in any activity or providing any services which are contrary to the spirit and intent of Sections 8.1, 8.2, 8.3 or 8.4 of the Employment Agreement.

(c) The Company is authorized to suspend or terminate this RSU award prior to or after termination of employment if the Company reasonably determines that:

(i) The Participant engaged in any conduct agreed to be avoided pursuant to the Post-Employment Restriction Agreement; or

(ii) During the Participant's employment with the Company or any of its Subsidiaries, the Participant knowingly participated in misconduct that causes a misstatement of the financial statements of the Company or any of its Subsidiaries or misconduct which represents a material violation of any code of ethics of the Company applicable to the Participant or of the Code of Conduct or similar program of the Company; or

(iii) During the Participant's employment with the Company or any of its Subsidiaries, the Participant was aware of and failed to report, as required by any code of ethics of the Company applicable to the Participant or by the Code of Conduct or similar program of the Company, misconduct that causes a misstatement of the financial statements of the Company or any of its Subsidiaries or misconduct which represents a material violation of any code of ethics of

the Company applicable to the Participant or of the Code of Conduct or similar program of the Company; or

(iv) Such suspension or termination is permitted or required by any written clawback or recoupment policies that the Company, with the approval of the Board, may adopt, either prior to or following the Grant Date, and determine should apply to this Agreement, including any policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission.

(d) If, at any time after the RSUs have vested or have been settled, in whole or in part, the Company reasonably determines that any of the actions or inactions contemplated under Sections 7(c)(i) through 7(c)(iii) have occurred, then any gain (without regard to tax effects) realized by the Participant from such vesting shall be paid by the Participant to the Company. The Participant consents to the deduction from any amounts the Company or any of its Subsidiaries owes to the Participant to the extent of the amounts the Participant owes the Company under this Section 7(d), provided, that no such deduction shall be made to the extent it would result in additional taxes under Section 409A of the Code.

8. Miscellaneous.

(a) Issuance of Shares. Upon any vesting of the RSUs, and subject to the payment of any Tax-Related Items (as defined under Section 8(d) below), the Company shall deliver the Shares in book entry form at the times specified in Section 3 above. The Shares acquired shall be registered in the name of the Participant, the Participant's transferee, or if the Participant so requests, in writing at the time of vesting, jointly in the name of the Participant and another person with rights of survivorship. If the Participant dies, the Shares acquired shall be registered in the name of the person entitled to receive the Shares in accordance with the Plan.

(b) Rights as Shareholder. RSUs are not actual Shares, but rather, represent a right to receive Shares according to the terms and conditions set forth herein and the terms of the Plan. Accordingly, the issuance of an RSU shall not entitle the Participant to any of the rights or benefits generally accorded to stockholders unless and until a Share is actually issued under Section 8(a) hereof.

(c) Adjustments to Award.

(i) In the event that the Company engages in a transaction such that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares covered by the RSUs, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, the terms of this RSU award (including, without limitation, the number and kind of Shares subject to this RSU award) shall be adjusted as set forth in Section 4(c) of the Plan.

(ii) Upon a Change in Control, the Committee may, in its sole discretion, adjust the terms of this RSU award (including, without limitation, the number and kind of Shares subject

to this RSU award) by taking any of the actions permitted under this Agreement and in accordance with Section 4(c) of the Plan.

(d) Responsibility for Taxes.

(i) Regardless of any action the Company or the Participant's employer (the "*Employer*") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("*Tax-Related Items*"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs, the issuance of Shares upon settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any Dividend Equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant has become subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(ii) In this regard, the Participant authorizes the Company or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon vesting/settlement of the RSUs. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by the Participant's acceptance of the RSUs, the Participant authorizes and directs the Company and/or its agent to sell on the Participant's behalf a whole number of Shares from those Shares issued to the Participant at vesting/settlement of the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items.

(iii) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum withholding rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

(iv) Finally, the Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

(e) Interpretations. This Agreement is subject in all respects to the terms of the Plan. A copy of the Plan is available upon the Participant's request. Terms used herein which are defined in the Plan shall have the respective meanings given to such terms in the Plan, unless otherwise defined herein. In the event that any provision of this Agreement is inconsistent with the terms of the Plan, the terms of the Plan shall govern. Any question of administration or interpretation arising under this Agreement shall be determined by the Committee, and such determination shall be final, conclusive and binding upon all parties in interest.

(f) Nature of Grant. In accepting the grant, the Participant acknowledges, understands and agrees that:

(i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(ii) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted repeatedly in the past;

(iii) all decisions with respect to future RSU grants, if any, will be at the sole discretion of the Company;

(iv) the Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Participant's employment or service relationship (if any) at any time;

(v) the Participant is voluntarily participating in the Plan;

(vi) the RSUs and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(vii) unless otherwise agreed with the Company, the RSUs and the Shares subject to the RSUs, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary of the Company;

(viii) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(ix) the future value of the underlying Shares is unknown and cannot be predicted with certainty; and

(x) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the Participant's termination of continuous employment by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the Employment Agreement or of any employment law in the country where the Participant resides and/or is employed, even if otherwise applicable to the Participant's employment benefits from the Employer), and in consideration of the grant of the RSUs to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or the Employer, waives his ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing,

any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

(g) **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

(h) **Data Privacy.**

(i) ***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

(ii) ***The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.***

(iii) ***The Participant understands that Data will be transferred to E*Trade Financial Services, or such other stock plan service provider as may be selected by the Company in the future or other stock plan service provider that is selected by the Participant to the extent permitted by the Company in its sole discretion, in each case, that is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Participant's country. The Participant understands that he may request a list with the names and addresses of any potential recipients of the Data by contacting his local human resources representative. The Participant authorizes the Company, E*Trade Financial Services and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. The Participant understands that he may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. Further, the Participant understands that he is providing the consents herein on a purely voluntary basis. If the Participant does not consent or if the Participant later seeks to revoke his consent, his status as an employee and career with the Employer will not be***

adversely affected; the only consequence of refusing or withdrawing his consent is that the Company would not be able to grant RSUs or other equity awards or administer or maintain such Awards. Therefore, the Participant understands that refusing or withdrawing his consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he may contact his local human resources representative.

(i) Reservation of Shares. The Company shall at all times during the term of the RSU award reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Agreement.

(j) Securities Matters. The Company shall not be required to deliver any Shares until the requirements of any securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(k) Assignment. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(l) Successors and Assigns; No Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(m) Headings. Headings are given to the sections and subsections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

(n) Governing Law; Arbitration. The internal law, and not the law of conflicts, of the State of Texas will govern all questions concerning the validity, construction and effect of this Agreement. Any controversy, dispute or claim arising under or in connection with this Agreement (including, without limitation, the existence, validity, interpretation or breach hereof and any claim based on contract, tort or statute) shall be resolved by a binding arbitration, to be held in Dallas, Texas pursuant to the U.S. Federal Arbitration Act and in accordance with the then-prevailing National Rules of Resolution of Employment Disputes of the American Arbitration Association (the "AAA"). The AAA shall select a sole arbitrator. Each party shall bear its own expenses incurred in connection with arbitration and the fees and expenses of the arbitrator shall be shared equally by the parties involved in the dispute and advanced by them from time to time as required. It is the mutual intention and desire of the parties that the arbitrator be chosen as expeditiously as possible following the submission of the dispute to arbitration. Once such arbitrator is chosen, and except as may otherwise be agreed in writing by the parties involved in such dispute or as ordered by the arbitrator upon substantial justification shown, the hearing for the dispute will be held within sixty (60) days of submission of the dispute to arbitration. The arbitrator shall render his or her final award within sixty (60) days, subject to extension by the arbitrator upon substantial justification shown of extraordinary circumstances, following conclusion of the hearing and any required post-hearing briefing or other proceedings ordered by the arbitrator. Any discovery in connection with arbitration hereunder shall be limited to information directly relevant to the controversy or claim

in arbitration. The arbitrator will state the factual and legal basis for the award. The decision of the arbitrator in any such proceeding will be final and binding and not subject to judicial review and final judgment may be entered upon such an award in any court of competent jurisdiction, but entry of such judgment will not be required to make such award effective. Any action against any party hereto ancillary to arbitration, including any action for provisional or conservatory measures or action to enforce an arbitration award or any judgment entered by any court in respect thereof may be brought in any federal or state court of competent jurisdiction located within the State of Texas, and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of Texas over any such action. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such action brought in such court or any defense of inconvenient forum for the maintenance of such action. Each of the parties hereto agrees that a judgment in any such action may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(o) Notices. The Participant should send all written notices regarding this Agreement or the Plan to the Company at the following address:

MoneyGram International, Inc.
EVP, General Counsel & Secretary
2828 North Harwood Street, 15th Floor
Dallas, TX 75201

(p) Amendments. The Company may amend this Agreement at any time; provided that, subject to Section 8(c) above, this Section 8(p) and Section 7 of the Plan, no such amendment, alteration, suspension, discontinuation or termination shall be made without the Participant's consent, if such action would materially diminish any of the Participant's rights under this Agreement. The Company reserves the right to impose other requirements on the RSUs and the Shares acquired upon vesting of the RSUs, to the extent the Company determines it is necessary or advisable under the laws of the country in which the Participant resides pertaining to the issuance or sale of Shares or to facilitate the administration of the Plan.

(q) Entire Agreement. This Agreement, including the Appendix, and the Plan and the other agreements referred to herein and therein and any schedules, exhibits and other documents referred to herein and therein constitute the entire agreement and understanding among the parties hereto in respect of the subject matter hereof and thereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, among the parties hereto, or between any of them, with respect to the subject matter hereof and thereof.

(r) Severability. If any provision of this Agreement is invalid, illegal, or incapable of being enforced by any law, all other provisions of this Agreement shall remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. If any provision of this Agreement is held to be invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

(s) Participant Undertaking. The Participant agrees to take such additional action and execute such additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed either on the Participant or upon this RSU award pursuant to the provisions of this Agreement.

(t) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(u) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(v) Waiver. The Participant acknowledges that a waiver by the Company of any provision of this Agreement or of a breach by the Participant shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by the Participant.

(w) No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary and the Participant or any other person.

(x) Section 409A Provisions. The payment of Shares under this Agreement is intended to be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption set forth in Treasury Regulation §1.409A-1(b)(4). Notwithstanding anything in the Plan or this Agreement to the contrary, to the extent that any amount or benefit hereunder that constitutes “deferred compensation” to the Participant under Section 409A is otherwise payable or distributable to the Participant under the Plan or this Agreement solely by reason of the occurrence of a Change in Control or due to the Participant’s Disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet the definition of a change in ownership or control, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise (including, but not limited to, a payment made pursuant to an involuntary separation arrangement that is exempt from Section 409A under the “short-term deferral” exception). Any payment or distribution that constitutes deferred compensation subject to Code Section 409A and that otherwise would be made to a Participant who is a specified employee as defined in Section 409A(a)(2)(B) of the Code on account of separation from service instead shall be made on the earlier of the date that is six months and one day after the date of the specified employee’s separation from service and the specified employee’s death.

IN WITNESS WHEREOF, the Company and the Participant have executed this Agreement as of the date set forth in the first paragraph.

MONEYGRAM INTERNATIONAL, INC.
2005 OMNIBUS INCENTIVE PLAN,
AS AMENDED AND RESTATED EFFECTIVE MAY 8, 2015

GLOBAL PERFORMANCE-BASED RESTRICTED STOCK UNIT

AWARD AGREEMENT

This **GLOBAL PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT** (the "*Agreement*") is made by and between **MoneyGram International, Inc.**, a Delaware corporation (the "*Company*"), and Alexander Holmes (the "*Participant*"). The grant date of this award is March 1, 2018 (the "*Grant Date*").

1. Award.

The Company hereby grants to the Participant a performance-based Restricted Stock Unit (a "*Unit*") award covering 97,380 shares (the "*Shares*") of Common Stock, \$.01 par value per share, of the Company according to the terms and conditions as provided in this Agreement, including any country-specific appendix thereto (the "*Appendix*"), in the Employment Agreement dated March 2, 2018 by and among the Company and the Participant (the "*Employment Agreement*"), and in the Company's 2005 Omnibus Incentive Plan, as amended and restated, effective May 8, 2015 (the "*Plan*"). Each Unit represents the right to receive one Share, subject to the vesting requirements of this Agreement and the terms of the Plan. The Units are granted under Section 6(c) of the Plan. The Units are subject to appropriate adjustment as may be determined by the Committee from time to time in accordance with Section 8(c) of this Agreement. A copy of the Plan will be furnished upon request of the Participant. Each capitalized term used but not defined in this Agreement shall have the meaning assigned to that term in the Plan.

The Units granted under this Agreement to Covered Employees are intended to qualify as "qualified performance-based compensation" as described in Code Section 162(m)(4)(C) ("*Qualified Performance-Based Compensation*").

2. Vesting.

(a) Unless otherwise provided in this Agreement, the Units granted under this Agreement shall vest and become payable in Shares as of each of the Vesting Dates (specified in the attached Schedule A, Section 6), (i) to the extent the performance goals (the "*Performance Goals*") applicable to the performance period (the "*Performance Period*") (specified in the attached Schedule A, Sections 2 and 3) are attained, as determined in accordance with Section 2(b) below and (ii) as long as the Participant remains continuously employed by the Company or a Subsidiary from the Grant Date through each of the Vesting Dates. The number of Units that shall be eligible to vest on each of the Vesting Dates shall be equal to (i) the total number of Units that are determined to be eligible to vest based on the level of attainment of the Performance Goals in accordance with Section 2(b) hereof, divided by (ii) the number of Vesting Dates.

(b) As soon as reasonably practicable after the completion of the Performance Period and no later than the first Vesting Date, the Committee shall determine the actual level of attainment of the Performance Goals; provided, however, that in the case of Units intended to constitute Qualified Performance-Based Compensation, the determination of the level of attainment of Performance Goals shall be certified in writing in accordance with the requirements of Code Section 162(m) by the Committee, which shall be comprised solely of “outside directors” within the meaning of Code Section 162(m). On the basis of the determination or certified level of attainment of the Performance Goals, the number of Units that are eligible to vest on each of the Vesting Dates shall be calculated as described in Section 2(a). In the case of Units that are intended to constitute Qualified Performance-Based Compensation, the Committee may not increase the number of Units that may be eligible to vest to a number that is greater than the number of Units determined in accordance with the foregoing sentence, but it retains the sole discretion to reduce the number of Units that would otherwise be eligible to vest based on the attainment level of the Performance Goals. For Units that are intended to constitute Qualified Performance-Based Compensation, the Performance Goals may not be adjusted except as specified in the attached Schedule A, Section 4 in accordance with the requirements of Code Section 162(m). For Units that are not intended to constitute Qualified Performance-Based Compensation, the Committee may make such adjustments to the Performance Goals as the Committee in its sole discretion deems appropriate.

(c) The Participant shall have no rights to the Shares until the Units have vested. Prior to settlement, the Units represent an unfunded and unsecured obligation of the Company.

(d) For purposes of this Agreement, “Subsidiary” shall mean any present or future “subsidiary corporation” of the Company, as defined in Section 424(f) of the Code.

(e) In the event the Participant would otherwise become vested in a fractional portion of a Unit (a “*Fractional Unit*”) based on the vesting terms set forth in Section 2(a) and on Schedule A, the Fractional Unit shall instead remain unvested until the final Vesting Date; provided, however, that if the Participant would otherwise vest in a subsequent Fractional Unit prior to the final Vesting Date for the Units and such Fractional Unit taken together with a previous Fractional Unit that remained unvested would equal a whole Unit, then such Fractional Units shall vest to the extent they equal a whole Unit. Upon the final Vesting Date, the value of any remaining Fractional Units shall be rounded up to the nearest whole Unit.

3. Settlement of Units. Any Units that vest shall be paid to the Participant solely in whole Shares on, or as soon as practicable after, the date the Units vest in accordance with Section 2 above (or, if sooner, Sections 5 or 6 below), but in any event, no later than March 15 of the calendar year following the calendar year of vesting.

4. Restrictions on Transfer.

(a) Except as otherwise provided by the Plan or by the Committee, the Units shall not be transferable other than by will or by the laws of descent and distribution. The Units may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance of the Units shall be void and unenforceable against the Company or any Subsidiaries.

(b) None of the Shares acquired pursuant to the Unit award shall be assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether

voluntarily or by operation of law, unless such transfer is in compliance with all applicable securities laws (including, without limitation, the United States Securities Act of 1933, as amended).

5. Effect of Involuntary Termination Following Change in Control. Notwithstanding the vesting provisions contained in Section 2 above or Section 6 below, but subject to the other terms and conditions contained in this Agreement, from and after a Change in Control (as defined in Section 5(c) below) the following provisions shall apply:

(a) Notwithstanding the other provisions of this Section 5, if the Units are assumed or otherwise replaced in connection with a Change in Control and the Participant's employment is terminated by the Company or any of its Subsidiaries without Cause (as defined in Section 5(d) below) or the Participant terminates his employment for Good Reason (as defined in Section 5(b) below) in each case within 24 months following the occurrence of such Change in Control but prior to the final Vesting Date, then the Units subject to this award will immediately vest upon such termination of employment as follows: (i) if the termination occurs on or prior to the last day of the Performance Period, with respect to a number of Units that is the number of Target Units specified in the attached Schedule A, Section 1, and (ii) if the termination occurs following the last day of the Performance Period but prior to a Vesting Date, with respect to all Units that are subject to any unvested installments for any subsequent Vesting Date(s).

(b) For purposes of this Agreement, "Good Reason" shall mean, without the Participant's consent: (i) any material reduction in the Participant's position or responsibilities, excluding an isolated, insubstantial or inadvertent action not taken in bad faith; (ii) a material reduction of the Participant's Base Salary or Target Bonus (as those terms are defined in the Employment Agreement) opportunity then in effect, except in connection with an across-the-board reduction of not more than 10% applicable to senior executives of the Company; or (iii) the reassignment of the Participant's place of work to a location more than 50 miles from the Participant's place of work on the Grant Date; provided, that none of the events described in clauses (i), (ii), and (iii) shall constitute Good Reason unless (x) the Participant shall have given written notice to the Company of the Participant's intent to terminate his employment with Good Reason within sixty (60) days following the occurrence of any such event and (y) the Company shall have failed to remedy such event within thirty (30) days of the Company's receipt of such notice. Failing such cure, a termination of employment by the Participant for Good Reason shall be effective on the day following the expiration of such cure period.

Notwithstanding anything else to the contrary contained in this Agreement or the Employment Agreement, if the Company temporarily suspends the Participant from his duties but retains the Participant as an employee pending or during an investigation of whether an act or omission by the Participant constitutes Cause, and the Participant tenders his resignation based on Good Reason with respect to the suspension of duties within the required period for resigning for Good Reason, the Company may delay treating such resignation as for Good Reason until the completion of the investigation and need not treat the resignation as based on Good Reason at such date if it can then establish Cause; provided, however, that the Participant shall retain his right to terminate employment for Good Reason based on other factors, if applicable.

(c) For purposes of this Agreement, notwithstanding the definition of Change in Control in any other agreement or plan that may be applicable to the Participant, "Change in Control" shall mean: (i) a sale, transfer or other conveyance or disposition, in any single transaction or series of

transactions, of all or substantially all of the Company's assets; (ii) the transfer of more than 50% of the outstanding securities of the Company, calculated on a fully-diluted basis, to an entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")); or (iii) the merger, consolidation, reorganization, recapitalization or share exchange of the Company with another entity, in each case in clauses (ii) and (iii) above under circumstances in which the holders of the voting power of the outstanding securities of the Company, as the case may be, immediately prior to such transaction, together with such holders' affiliates and related parties, hold less than 50% in voting power of the outstanding securities of the Company or the surviving entity or resulting entity, as the case may be, immediately following such transaction; provided, however, that the issuance of securities by the Company shall not, in any event, constitute a Change in Control, and for the avoidance of doubt a sale or other transfer or series of transfers of all or any portion of the securities of the Company held by the Investors and their affiliates and related parties shall not constitute a Change in Control unless such sale or transfer or series of transfers results in an entity or group (as defined in the Exchange Act) other than the Investors and their affiliates and related parties holding more than 50% in voting power of the outstanding securities of the Company.

For purposes hereof, "Investors" shall mean the "Investors" as defined in that certain Amended and Restated Purchase Agreement, dated March 17, 2008, by and between the Company and the other parties thereto, and their respective affiliates (not including the Company).

(d) For purposes of this Agreement, "Cause" shall mean a good faith finding by the Board of: (i) the Participant's willful refusal to carry out, in all material respects, the reasonable and lawful directions of the Board that are within the Participant's control and consistent with the Participant's status as the Chief Executive Officer and his duties and responsibilities as set forth in the Employment Agreement (except for a failure that is attributable to the Participant's illness, injury or Disability (as defined in Section 6(e) below)) for a period of 10 days following written notice by the Company to the Participant of such failure; (ii) fraud or material dishonesty in the performance of the Participant's duties under the Employment Agreement; (iii) an act or acts on the Participant's part constituting (x) a felony under the laws of the United States or any state thereof, (y) a misdemeanor involving moral turpitude, or (z) a material violation of federal or state securities laws; (iv) an indictment of the Participant for a felony under the laws of the United States or any state thereof; (v) the Participant's willful misconduct or gross negligence in connection with the Participant's duties under the Employment Agreement, which is materially injurious to the financial condition or business reputation of the Company; (vi) the Participant's material breach of the Company's Code of Conduct and Ethics or any other code of conduct in effect from time to time to the extent applicable to the Participant, and which breach has a material adverse effect on the Company; or (vii) the Participant's breach of the provisions of Sections 8.1, 8.2, 8.3 or 8.4 of the Employment Agreement which breach has a material adverse effect on the Company. No act or failure to act on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant in bad faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company.

6. Effect of Termination of Employment. Except as provided in this Section 6 and in Section 5 above or as otherwise may be determined by the Committee, if the Participant ceases to be an employee of the Company prior to the final Vesting Date, the following actions shall occur:

(a) Termination for Cause; Resignation without Good Reason. If the Participant's employment with the Company is terminated for Cause or the Participant resigns other than for Good Reason, any Units that are not vested pursuant to Section 2 above as of the date of the Participant's termination of employment shall be immediately forfeited.

(b) Termination without Cause or for Good Reason. If the Participant's employment with the Company is terminated by the Company without Cause or by the Participant for Good Reason:

(i) prior to the completion of the Performance Period, then a pro rata portion of the Units, determined by multiplying (A) the total number of Units subject to this award by (B) a fraction, the numerator of which is the number of days during the Performance Period that the Participant is employed with the Company and the denominator of which is the total number of days in the Performance Period, shall remain outstanding and eligible to vest following such termination of employment, subject only to the level of attainment of the Performance Goals determined after completion of the Performance Period in accordance with Section 2 above, and, after giving effect to the foregoing and to the extent the Performance Goals are not achieved, the applicable portion of this award shall be immediately forfeited for no consideration; provided, however, that if the Participant breaches his obligations pursuant to Section 8 of the Employment Agreement, any unvested Units shall be immediately forfeited without consideration; or

(ii) following the last day of the Performance Period but prior to the final Vesting Date, then all Units that are subject to any unvested installments for any subsequent Vesting Date(s) that are not otherwise vested pursuant to Section 2 as of the date of the Participant's termination of employment shall become immediately vested on the date of termination.

(c) Termination Due to Death or Disability Prior to Mid-Point of Performance Period. If the Participant's employment with the Company is terminated due to death or Disability (as defined in Section 6(e) below) prior to the completion of the first six months of the Performance Period, all Units subject to this award shall be immediately forfeited as of the date of the Participant's termination of employment.

(d) Termination Due to Death or Disability Following Mid-Point of the Performance Period. If the Participant's employment with the Company is terminated due to death or Disability:

(i) after the completion of the first six months of the Performance Period but on or prior to the last day of the Performance Period, then (A) the total number of Units subject to this award shall remain outstanding subject to the level of attainment of the Performance Goals determined after completion of the Performance Period in accordance with Section 2 above; and (B) a number of Units equal to (1) the total number of Units that are determined to be eligible to vest based on the level of attainment of the Performance Goals in accordance with Section 2(b) hereof, divided by (2) three, shall become vested as of the end of the Performance Period upon such determination, and any unvested Units shall be immediately forfeited for no consideration; or

(ii) following the last day of the Performance Period but prior to the final Vesting Date, the Units subject to the installment for the next subsequent Vesting Date that are not otherwise vested pursuant to Section 2 as of the date of the Participant's termination of employment shall become immediately vested on the date of termination; provided, however, that the Units subject to an installment for any remaining Vesting Dates that are not vested as of the date of the Participant's termination of employment after giving effect to the foregoing shall be automatically forfeited as of the date of the Participant's termination of employment.

(e) For purposes of this Section 6, "*Disability*" shall mean a determination by a qualified independent physician mutually acceptable to the Participant and the Company that the Participant is unable to perform his duties under the Employment Agreement and in all reasonable medical likelihood such inability will continue for a period of 120 consecutive days or 180 days in any 365 day period. The Participant shall fully cooperate in connection with the determination of whether Disability exists. If the Participant and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Participant shall be final and conclusive for all purposes of the Agreement.

(f) For purposes of this Agreement, the Participant shall cease to be continuously employed (whether or not later found to be invalid or in breach of any local employment law in the country where the Participant resides and/or is employed or the terms of the Employment Agreement) as of the date that the Participant is no longer actively providing services and will not be continuously employed for purposes of the Plan through any notice period mandated under an employment law or practice in the country where the Participant resides and/or is employed, even if otherwise applicable to the Participant's employment benefits (*e.g.*, continuous employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdictions where the Participant resides and/or is employed or the terms of the Employment Agreement); the Committee shall have the exclusive discretion to determine when the Participant is no longer continuously employed for purposes of the Unit award, and such determination shall be made in accordance with Code Section 409A.

(g) The vesting benefits provided in Sections 5 and 6 are subject to satisfaction of the conditions set forth in Section 6.6 of the Employment Agreement.

(h) Notwithstanding any provision herein to the contrary, in the event of any inconsistency between Section 6 of the Employment Agreement and Section 5 or 6 of this Agreement, the provision that is more favorable to the Participant shall control, subject to compliance with Section 409A of the Code.

7. Forfeiture and Repayment Provisions.

(a) Failure to properly execute the Agreement (and each other document required to be executed by the Participant in connection with the Participant's receipt of the Units) in a timely manner following the Grant Date may result in the forfeiture of the Units, as determined in the sole discretion of the Company.

(b) The right to vest in the Units shall be conditional upon the fact that the Participant has read and understood the forfeiture and repayment provisions set forth in this Section 7, that the Participant has not engaged in any misconduct or acts contrary to the Company as described below,

and that the Participant has no intent to leave employment with the Company or any of its Subsidiaries for the purpose of engaging in any activity or providing any services which are contrary to the spirit and intent of Sections 8.1, 8.2, 8.3 or 8.4 of the Employment Agreement.

(c) The Company is authorized to suspend or terminate this Unit award prior to or after termination of employment if the Company reasonably determines that:

(i) The Participant engaged in any conduct agreed to be avoided pursuant to the Post-Employment Restriction Agreement; or

(ii) During the Participant's employment with the Company or any of its Subsidiaries, the Participant knowingly participated in misconduct that causes a misstatement of the financial statements of the Company or any of its Subsidiaries or misconduct which represents a material violation of any code of ethics of the Company applicable to the Participant or of the Code of Conduct or similar program of the Company; or

(iii) During the Participant's employment with the Company or any of its Subsidiaries, the Participant was aware of and failed to report, as required by any code of ethics of the Company applicable to the Participant or by the Code of Conduct or similar program of the Company, misconduct that causes a misstatement of the financial statements of the Company or any of its Subsidiaries or misconduct which represents a material violation of any code of ethics of the Company applicable to the Participant or of the Code of Conduct or similar program of the Company; or

(iv) Such suspension or termination is permitted or required by any written clawback or recoupment policies that the Company, with the approval of the Board, may adopt, either prior to or following the Grant Date, and determine should apply to this Agreement, including any policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission.

(d) If, at any time after the Units have vested or have been settled, in whole or in part, the Company reasonably determines that any of the actions or inactions contemplated under Sections 7(c)(i) through 7(c)(iii) have occurred, then any gain (without regard to tax effects) realized by the Participant from such vesting shall be paid by the Participant to the Company. The Participant consents to the deduction from any amounts the Company or any of its Subsidiaries owes to the Participant to the extent of the amounts the Participant owes the Company under this Section 7(d), provided, that no such deduction shall be made to the extent it would result in additional taxes under Section 409A of the Code.

8. Miscellaneous.

(a) Issuance of Shares. Upon any vesting of the Units, and subject to the payment of any Tax-Related Items (as defined in Section 8(d) below), the Company shall deliver the Shares in book entry form at the times specified in Section 3 above. The Shares acquired shall be registered in the name of the Participant, the Participant's transferee, or if the Participant so requests, in writing at the time of vesting, jointly in the name of the Participant and another person with rights of survivorship. If the Participant dies, the Shares acquired shall be registered in the name of the person entitled to receive the Shares in accordance with the Plan.

(b) Rights as Shareholder. Units are not actual Shares, but rather, represent a right to receive Shares according to the terms and conditions set forth herein and the terms of the Plan. Accordingly, the issuance of a Unit shall not entitle the Participant to any of the rights or benefits generally accorded to stockholders unless and until a Share is actually issued under Section 8(a) hereof.

(c) Adjustments to Award.

(i) In the event that the Company engages in a transaction such that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares covered by the Units, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Agreement, the terms of this Unit award (including, without limitation, the number and kind of Shares subject to this Unit award) shall be adjusted as set forth in Section 4(c) of the Plan.

(ii) Upon a Change in Control, the Committee may, in its sole discretion, adjust the terms of this Unit award (including, without limitation, the number and kind of Shares subject to this Unit award) by taking any of the actions permitted under this Agreement and in accordance with Section 4(c) of the Plan.

(d) Responsibility for Taxes.

(i) Regardless of any action the Company or the Participant's employer (the "*Employer*") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("*Tax-Related Items*"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Units, including, but not limited to, the grant, vesting or settlement of the Units, the issuance of Shares upon settlement of the Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any Dividend Equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant has become subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(ii) In this regard, the Participant authorizes the Company or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding in Shares to be issued upon vesting/settlement of the Units. In the event that such withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences, by the Participant's acceptance of the Units, the Participant authorizes and directs the Company and/or its agent to sell on the Participant's behalf a whole number of Shares from those Shares issued to the

Participant at vesting/settlement of the Units as the Company determines to be appropriate, to generate cash proceeds sufficient to satisfy the obligation for Tax-Related Items.

(iii) To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum withholding rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

(iv) Finally, the Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

(e) Interpretations. This Agreement is subject in all respects to the terms of the Plan. A copy of the Plan is available upon the Participant's request. Terms used herein which are defined in the Plan shall have the respective meanings given to such terms in the Plan, unless otherwise defined herein. In the event that any provision of this Agreement is inconsistent with the terms of the Plan, the terms of the Plan shall govern. Any question of administration or interpretation arising under this Agreement shall be determined by the Committee, and such determination shall be final, conclusive and binding upon all parties in interest.

(f) Nature of Grant. In accepting the grant, the Participant acknowledges, understands and agrees that:

(i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(ii) the grant of the Units is voluntary and occasional and does not create any contractual or other right to receive future grants of units, or benefits in lieu of units, even if units have been granted repeatedly in the past;

(iii) all decisions with respect to future Unit grants, if any, will be at the sole discretion of the Company;

(iv) the Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Participant's employment or service relationship (if any) at any time;

(v) the Participant is voluntarily participating in the Plan;

(vi) the Units and the Shares subject to the Units are not intended to replace any pension rights or compensation;

(vii) unless otherwise agreed with the Company, the Units and the Shares subject to the Units, and the income and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary of the Company;

(viii) the Units and the Shares subject to the Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(ix) the future value of the underlying Shares is unknown and cannot be predicted with certainty; and

(x) no claim or entitlement to compensation or damages shall arise from forfeiture of the Units resulting from the Participant's termination of continuous employment by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the Employment Agreement or of any employment law in the country where the Participant resides and/or is employed, even if otherwise applicable to the Participant's employment benefits from the Employer), and in consideration of the grant of the Units to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or the Employer, waives his ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

(g) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

(h) Data Privacy.

(i) ***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other Unit grant materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

(ii) ***The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.***

(iii) *The Participant understands that Data will be transferred to E*Trade Financial Services, or such other stock plan service provider as may be selected by the Company in the future or other stock plan service provider that is selected by the Participant to the extent permitted by the Company in its sole discretion, in each case, that is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Participant's country. The Participant understands that he may request a list with the names and addresses of any potential recipients of the Data by contacting his local human resources representative. The Participant authorizes the Company, E*Trade Financial Services and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. The Participant understands that he may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. Further, the Participant understands that he is providing the consents herein on a purely voluntary basis. If the Participant does not consent or if the Participant later seeks to revoke his consent, his status as an employee and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing his consent is that the Company would not be able to grant Units or other equity awards or administer or maintain such Awards. Therefore, the Participant understands that refusing or withdrawing his consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he may contact his local human resources representative.*

(i) Reservation of Shares. The Company shall at all times during the term of the Unit award reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Agreement.

(j) Securities Matters. The Company shall not be required to deliver any Shares until the requirements of any securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(k) Assignment. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(l) Successors and Assigns; No Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(m) Headings. Headings are given to the sections and subsections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

(n) Governing Law; Arbitration. The internal law, and not the law of conflicts, of the State of Texas will govern all questions concerning the validity, construction and effect of this Agreement. Any controversy, dispute or claim arising under or in connection with this Agreement (including, without limitation, the existence, validity, interpretation or breach hereof and any claim based on contract, tort or statute) shall be resolved by a binding arbitration, to be held in Dallas, Texas pursuant to the U.S. Federal Arbitration Act and in accordance with the then-prevailing National Rules of Resolution of Employment Disputes of the American Arbitration Association (the "AAA"). The AAA shall select a sole arbitrator. Each party shall bear its own expenses incurred in connection with arbitration and the fees and expenses of the arbitrator shall be shared equally by the parties involved in the dispute and advanced by them from time to time as required. It is the mutual intention and desire of the parties that the arbitrator be chosen as expeditiously as possible following the submission of the dispute to arbitration. Once such arbitrator is chosen, and except as may otherwise be agreed in writing by the parties involved in such dispute or as ordered by the arbitrator upon substantial justification shown, the hearing for the dispute will be held within sixty (60) days of submission of the dispute to arbitration. The arbitrator shall render his or her final award within sixty (60) days, subject to extension by the arbitrator upon substantial justification shown of extraordinary circumstances, following conclusion of the hearing and any required post-hearing briefing or other proceedings ordered by the arbitrator. Any discovery in connection with arbitration hereunder shall be limited to information directly relevant to the controversy or claim in arbitration. The arbitrator will state the factual and legal basis for the award. The decision of the arbitrator in any such proceeding will be final and binding and not subject to judicial review and final judgment may be entered upon such an award in any court of competent jurisdiction, but entry of such judgment will not be required to make such award effective. Any action against any party hereto ancillary to arbitration, including any action for provisional or conservatory measures or action to enforce an arbitration award or any judgment entered by any court in respect thereof may be brought in any federal or state court of competent jurisdiction located within the State of Texas, and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of Texas over any such action. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such action brought in such court or any defense of inconvenient forum for the maintenance of such action. Each of the parties hereto agrees that a judgment in any such action may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(o) Notices. The Participant should send all written notices regarding this Agreement or the Plan to the Company at the following address:

MoneyGram International, Inc.
EVP, General Counsel & Secretary
2828 North Harwood Street, 15th Floor
Dallas, TX 75201

(p) Amendments. The Company may amend this Agreement at any time; provided that, subject to Section 8(c) above, this Section 8(p) and Section 7 of the Plan, no such amendment, alteration, suspension, discontinuation or termination shall be made without the Participant's consent, if such action would materially diminish any of the Participant's rights under this Agreement. The Company reserves the right to impose other requirements on the Units and the Shares acquired upon vesting of the Units, to the extent the Company determines it is necessary or advisable under the laws of the country in which the Participant resides pertaining to the issuance or sale of Shares or to facilitate the administration of the Plan.

(q) Entire Agreement. This Agreement, including the Appendix, and the Plan and the other agreements referred to herein and therein and any schedules, exhibits and other documents referred to herein and therein constitute the entire agreement and understanding among the parties hereto in respect of the subject matter hereof and thereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, among the parties hereto, or between any of them, with respect to the subject matter hereof and thereof.

(r) Severability. If any provision of this Agreement is invalid, illegal, or incapable of being enforced by any law, all other provisions of this Agreement shall remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. If any provision of this Agreement is held to be invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

(s) Participant Undertaking. The Participant agrees to take such additional action and execute such additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed either on the Participant or upon this Unit award pursuant to the provisions of this Agreement.

(t) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(u) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(v) Waiver. The Participant acknowledges that a waiver by the Company of any provision of this Agreement or of a breach by the Participant shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by the Participant.

(w) No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary and the Participant or any other person.

(x) Section 409A Provisions. The payment of Shares under this Agreement is intended to be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption set forth in Treasury Regulation §1.409A-1(b)(4). Notwithstanding anything in the Plan or this Agreement to the contrary, to the extent that any amount or benefit hereunder that constitutes “deferred compensation” to the Participant under Section 409A is otherwise payable or distributable to the Participant under the Plan or this Agreement solely by reason of the occurrence of a Change in Control or due to the Participant’s Disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet the definition of a change in ownership or control, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise (including, but not limited to, a payment made pursuant to an involuntary separation arrangement that is exempt from Section 409A under the “short-term deferral” exception). Any payment or distribution that constitutes deferred compensation subject to Code Section 409A and that otherwise would be made to a Participant who is a specified employee as defined in Section 409A(a)(2)(B) of the Code on account of separation from service instead shall be made on the earlier of the date that is six months and one day after the date of the specified employee’s separation from service and the specified employee’s death.

IN WITNESS WHEREOF, the Company and the Participant have executed this Agreement as of the date set forth in the first paragraph.

SCHEDULE A

1. **Target Number of Restricted Stock Units (“Target Units”):**

97,380

The actual number of Units that are eligible to vest in accordance with Section 2 of the Agreement shall be based on the attainment level of the Performance Goals, in accordance with the following formula:

The sum of (a) the Target Units x 25% x Total Constant Currency Revenue Attainment Factor (as set forth below), **plus** (b) the Target Units x 75% x Adjusted EBITDA Attainment Factor (as set forth below). Combined achievement cannot exceed 100%.

2. **Performance Period:** January 1, 2018 - December 31, 2018.

3. **Performance Goals:**

The two Performance Goals applicable to the Units shall consist of (A) Total Constant Currency Revenue generated during the Performance Period as set forth in the table below and (B) Adjusted EBITDA over the Performance Period as set forth in the table below.

Total Constant Currency Revenue Performance Goal:	
Attainment Level	Attainment Factor
Threshold: []	[]
Target: []	[]

Adjusted EBITDA Performance Goal:	
Attainment Level	Attainment Factor
Threshold: []	[]
Target: []	[]

Attainment between the Threshold and Target Performance Goals (for each Performance Goal) shall be subject to straight-line interpolation.

4. **Performance Goal Adjustments:**

[]

5. **Performance Criteria:**

[]

6. **Vesting Dates (assuming Performance Goals are attained):**

First Vesting Date: First anniversary of the Grant Date.

Second Vesting Date: Second anniversary of the Grant Date.

Third Vesting Date: Third anniversary of the Grant Date.

SCHEDULE A-2

MONEYGRAM INTERNATIONAL, INC.
2005 OMNIBUS INCENTIVE PLAN,
AS AMENDED AND RESTATED EFFECTIVE MAY 8, 2015

GLOBAL PERFORMANCE-BASED cash

AWARD AGREEMENT

This **GLOBAL PERFORMANCE-BASED CASH AWARD AGREEMENT** (the “*Agreement*”) is made by and between **MoneyGram International, Inc.**, a Delaware corporation (the “*Company*”), and W. Alexander Holmes (the “*Participant*”). The grant date of this award is March 1, 2018 (the “*Grant Date*”).

1. Award.

The Company hereby grants to the Participant a cash-settled performance award (the “*Award*”) according to the terms and conditions as provided in this Agreement, including any country-specific appendix thereto (the “*Appendix*”), in the Employment Agreement dated March 2, 2018 by and among the Company and the Participant (the “*Employment Agreement*”), and in the Company’s 2005 Omnibus Incentive Plan, as amended and restated, effective May 8, 2015 (the “*Plan*”). The Award represents the opportunity to receive a maximum of \$1,031,250.00, subject to the vesting requirements of this Agreement and the terms of the Plan. The Award is granted as a Performance Award under Section 6(e) of the Plan. The Award is subject to appropriate adjustment as may be determined by the Committee from time to time in accordance with Section 8(b) of this Agreement. A copy of the Plan will be furnished upon request of the Participant. Each capitalized term used but not defined in this Agreement shall have the meaning assigned to that term in the Plan.

The Awards granted under this Agreement to Covered Employees are intended to qualify as “qualified performance-based compensation” as described in Code Section 162(m)(4)(C) (“*Qualified Performance-Based Compensation*”).

2. Vesting.

(a) Unless otherwise provided in this Agreement, the Award granted under this Agreement shall vest and become payable in cash as of each of the Vesting Dates (specified in the attached Schedule A, Section 6): (i) to the extent the performance goals (the “*Performance Goals*”) applicable to the performance period (the “*Performance Period*”) (specified in the attached Schedule A, Sections 2 and 3) are attained, as determined in accordance with Section 2(b) below; and (ii) as long as the Participant remains continuously employed by the Company or a Subsidiary from the Grant Date through each of the Vesting Dates. The amount of the Award that shall be eligible to vest on each of the Vesting Dates shall be equal to (x) the total amount of the Award that is determined to be eligible to vest based on the level of attainment of the Performance Goals in accordance with Section 2(b) hereof, divided by (y) the number of Vesting Dates.

(b) As soon as reasonably practicable after the completion of the Performance Period and no later than the first Vesting Date, the Committee shall determine the actual level of attainment of the Performance Goals; provided, however, that in the case of an Award intended to constitute Qualified Performance-Based Compensation, the determination of the level of attainment of Performance Goals shall be certified in writing in accordance with the requirements of Code Section 162(m) by the Committee, which shall be comprised solely of “outside directors” within the meaning of Code Section 162(m). On the basis of the determination or certified level of attainment of the Performance Goals, the amount of the Award that is eligible to vest on each of the Vesting Dates shall be calculated as described in Section 2(a). In the case of an Award that is intended to constitute Qualified Performance-Based Compensation, the Committee may not increase the amount of the Award that becomes payable or pay any amount of the Award if the Performance Goals for the Performance Period are not attained, but it retains the sole discretion to reduce the amount of the Award that would otherwise be eligible to vest based on the attainment level of the Performance Goals. For Awards that are intended to constitute Qualified Performance-Based Compensation, the Performance Goals may not be adjusted except as specified in the attached Schedule A, Section 4 in accordance with the requirements of Code Section 162(m). If this Award is not intended to constitute Qualified Performance-Based Compensation, the Committee may make such adjustments to the Performance Goals or the amount of the Award as the Committee in its sole discretion deems appropriate.

(c) The Participant shall have no rights to payment of the Award until the Committee determines and certifies in writing that the applicable Performance Goals have been attained and that the Award has vested. Prior to settlement, the Award represents an unfunded and unsecured obligation of the Company.

(d) For purposes of this Agreement, “Subsidiary” shall mean any present or future “subsidiary corporation” of the Company, as defined in Section 424(f) of the Code.

3. Settlement of Award. If the Award (or a portion thereof) vests, the applicable Award payment amount will be paid to the Participant in cash on, or as soon as practicable after, the date the Award (or a portion thereof) vests in accordance with Section 2 above (or, if sooner, Sections 5 or 6 below), but in any event, no later than March 15 of the calendar year following the calendar year of vesting.

4. Restrictions on Transfer. Except as otherwise provided by the Plan or by the Committee, the Award shall not be transferable other than by will or by the laws of descent and distribution. The Award may not be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance of the Award shall be void and unenforceable against the Company or any Subsidiaries.

5. Effect of Involuntary Termination Following Change in Control. Notwithstanding the vesting provisions contained in Section 2 above or Section 6 below, but subject to the other terms and conditions contained in this Agreement, from and after a Change in Control (as defined in Section 5(c) below) the following provisions shall apply:

(a) Notwithstanding the other provisions of this Section 5, if the Participant’s employment is terminated by the Company or any of its Subsidiaries without Cause (as defined in Section 5(d) below) or the Participant terminates his employment for Good Reason (as defined in

Section 5(b) below) in each case within 24 months following the occurrence of such Change in Control but prior to the final Vesting Date, then the Award will immediately vest upon such termination of employment as follows: (i) if the termination occurs on or prior to the last day of the Performance Period, with respect to the amount of the Award equal to the Target Award that is specified in the attached Schedule A, Section 1, and (ii) if the termination occurs following the last day of the Performance Period but prior to a Vesting Date, with respect to the amount of the Award that is subject to any unvested installments for any subsequent Vesting Date(s).

(b) For purposes of this Agreement, “*Good Reason*” shall mean, without the Participant’s consent, (i) any material reduction in the Participant’s position or responsibilities, excluding an isolated, insubstantial or inadvertent action not taken in bad faith; (ii) a material reduction of the Participant’s Base Salary or Target Bonus (as those terms are defined in the Employment Agreement) opportunity then in effect, except in connection with an across-the-board reduction of not more than 10% applicable to senior executives of the Company; or (iii) the reassignment of the Participant’s place of work to a location more than 50 miles from the Participant’s place of work on the Grant Date; provided, that none of the events described in clauses (i), (ii), and (iii) shall constitute Good Reason unless (x) the Participant shall have given written notice to the Company of the Participant’s intent to terminate his employment with Good Reason within sixty (60) days following the occurrence of any such event and (y) the Company shall have failed to remedy such event within thirty (30) days of the Company’s receipt of such notice. Failing such cure, a termination of employment by the Participant for Good Reason shall be effective on the day following the expiration of such cure period.

Notwithstanding anything else to the contrary contained in this Agreement or the Employment Agreement, if the Company temporarily suspends the Participant from his duties but retains the Participant as an employee pending or during an investigation of whether an act or omission by the Participant constitutes Cause, and the Participant tenders his resignation based on Good Reason with respect to the suspension of duties within the required period for resigning for Good Reason, the Company may delay treating such resignation as for Good Reason until the completion of the investigation and need not treat the resignation as based on Good Reason at such date if it can then establish Cause; provided, however, that the Participant shall retain his right to terminate employment for Good Reason based on other factors, if applicable.

(c) For purposes of this Agreement, notwithstanding the definition of Change in Control in any other agreement or plan that may be applicable to the Participant, “*Change in Control*” shall mean: (i) a sale, transfer or other conveyance or disposition, in any single transaction or series of transactions, of all or substantially all of the Company’s assets, (ii) the transfer of more than 50% of the outstanding securities of the Company, calculated on a fully-diluted basis, to an entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the United States Securities Exchange Act of 1934, as amended (the “*Exchange Act*”)), or (iii) the merger, consolidation, reorganization, recapitalization or share exchange of the Company with another entity, in each case in clauses (ii) and (iii) above under circumstances in which the holders of the voting power of the outstanding securities of the Company, as the case may be, immediately prior to such transaction, together with such holders’ affiliates and related parties, hold less than 50% in voting power of the outstanding securities of the Company or the surviving entity or resulting entity, as the case may be, immediately following such transaction; provided, however, that the issuance of securities by the Company shall not, in any event, constitute a Change in Control, and for the avoidance of doubt a sale or other

transfer or series of transfers of all or any portion of the securities of the Company held by the Investors and their affiliates and related parties shall not constitute a Change in Control unless such sale or transfer or series of transfers results in an entity or group (as defined in the Exchange Act) other than the Investors and their affiliates and related parties holding more than 50% in voting power of the outstanding securities of the Company.

For purposes hereof, "Investors" shall mean the "Investors" as defined in that certain Amended and Restated Purchase Agreement, dated March 17, 2008, by and between the Company and the other parties thereto, and their respective affiliates (not including the Company).

(d) For purposes of this Agreement, "Cause" shall mean a good faith finding by the Board of: (i) the Participant's willful refusal to carry out, in all material respects, the reasonable and lawful directions of the Board that are within the Participant's control and consistent with the Participant's status as the Chief Executive Officer and his duties and responsibilities as set forth in the Employment Agreement (except for a failure that is attributable to the Participant's illness, injury or Disability (as defined in Section 6(e) below)) for a period of 10 days following written notice by the Company to the Participant of such failure; (ii) fraud or material dishonesty in the performance of the Participant's duties under the Employment Agreement; (iii) an act or acts on the Participant's part constituting (x) a felony under the laws of the United States or any state thereof, (y) a misdemeanor involving moral turpitude, or (z) a material violation of federal or state securities laws; (iv) an indictment of the Participant for a felony under the laws of the United States or any state thereof; (v) the Participant's willful misconduct or gross negligence in connection with the Participant's duties under the Employment Agreement which is materially injurious to the financial condition or business reputation of the Company; (vi) the Participant's material breach of the Company's Code of Conduct and Ethics or any other code of conduct in effect from time to time to the extent applicable to the Participant, and which breach has a material adverse effect on the Company; or (vii) the Participant's breach of the provisions of Sections 8.1, 8.2, 8.3 or 8.4 of the Employment Agreement, which breach has a material adverse effect on the Company. No act or failure to act on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant in bad faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company.

6. Effect of Termination of Employment. Except as provided in this Section 6 and in Section 5 above or as otherwise may be determined by the Committee, if the Participant ceases to be an employee of the Company prior to the final Vesting Date, the following actions shall occur:

(a) Termination for Cause; Resignation without Good Reason. If the Participant's employment with the Company is terminated for Cause or the Participant resigns other than for Good Reason, any portion of the Award that is not vested pursuant to Section 2 above as of the date of the Participant's termination of employment shall be immediately forfeited.

(b) Termination without Cause or for Good Reason Prior to Mid-Point of Performance Period. If the Participant's employment with the Company is terminated by the Company without Cause or by the Participant for Good Reason prior to the completion of the first six months of the Performance Period, then (i) the total amount of the Award granted under this Agreement shall remain outstanding subject to the level of attainment of the Performance Goals determined after completion of the Performance Period in accordance with Section 2 above; and (ii) an amount of the Award equal to (A) the total amount of the Award that is determined to be eligible to vest based

on the level of attainment of the Performance Goals in accordance with Section 2(b), multiplied by (B) a fraction, the numerator of which is the number of days during the Performance Period that the Participant is employed by the Company and the denominator of which is the total number of days in the Performance Period, shall become vested as of the end of the Performance Period upon such determination, and any unvested amount of the Award after giving effect to the foregoing shall be immediately forfeited for no consideration; provided, however, that if the Participant breaches his obligations pursuant to Section 8 of the Employment Agreement, any unvested amount of the Award shall be immediately forfeited without consideration.

(c) Termination Due to Death or Disability Prior to Mid-Point of Performance Period. If the Participant's employment with the Company is terminated due to death or Disability (as defined in Section 6(e) below) prior to the completion of the first six months of the Performance Period, this Award in its totality shall be immediately forfeited as of the date of the Participant's termination of employment.

(d) Involuntary Termination/Disability/Death/Resignation for Good Reason Following Mid-Point of the Performance Period. If the Participant's employment with the Company is terminated by the Company without Cause, by the Participant for Good Reason, or due to death or Disability:

(i) after the completion of the first six months of the Performance Period but on or prior to the last day of the Performance Period, then (A) the Award shall remain outstanding subject to the level of attainment of the Performance Goals determined after completion of the Performance Period in accordance with Section 2 above; and (B) an amount of the Award equal to (1) the total amount of the Award that is determined to be eligible to vest based on the level of attainment of the Performance Goals in accordance with Section 2(b) hereof, divided by (2) the number three, shall become vested as of the end of the Performance Period upon such determination, and any unvested amount of the Award after giving effect to the foregoing shall be immediately forfeited for no consideration; or

(ii) following the last day of the Performance Period but prior to the final Vesting Date, the portion of the Award subject to the installment for the next subsequent Vesting Date that is not otherwise vested pursuant to Section 2 as of the date of the Participant's termination of employment shall become immediately vested on the date of termination; provided, however, that any portion of the Award subject to an installment for any remaining Vesting Date(s) that is not vested as of the date of the Participant's termination of employment after giving effect to the foregoing shall be automatically forfeited as of the date of the Participant's termination of employment.

(e) For purposes of this Section 6, "*Disability*" shall mean a determination by a qualified independent physician mutually acceptable to the Participant and the Company that the Participant is unable to perform his duties under the Employment Agreement and in all reasonable medical likelihood such inability will continue for a period of 120 consecutive days or 180 days in any 365 day period. The Participant shall fully cooperate in connection with the determination of whether Disability exists. If the Participant and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Participant shall be final and conclusive for all purposes of the Agreement.

(f) For purposes of this Agreement, the Participant shall cease to be continuously employed (whether or not later found to be invalid or in breach of any local employment law in the country where the Participant resides and/or is employed or the terms of the Employment Agreement) as of the date that the Participant is no longer actively providing services and will not be continuously employed for purposes of the Plan through any notice period mandated under an employment law or practice in the country where the Participant resides and/or is employed, even if otherwise applicable to the Participant's employment benefits (e.g., continuous employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdictions where the Participant resides and/or is employed or the terms of the Employment Agreement); the Committee shall have the exclusive discretion to determine when the Participant is no longer continuously employed for purposes of the Award, and such determination shall be made in accordance with Code Section 409A.

(g) The vesting benefits provided in Sections 5 and 6 are subject to satisfaction of the conditions set forth in Section 6.6 of the Employment Agreement.

(h) Notwithstanding any provision herein to the contrary, in the event of any inconsistency between Section 6 of the Employment Agreement and Section 5 or 6 of this Agreement, the provision that is more favorable to the Participant shall control, subject to compliance with Section 409A of the Code.

7. Forfeiture and Repayment Provisions.

(a) Failure to properly execute the Agreement (and each other document required to be executed by the Participant in connection with the Participant's receipt of the Award) in a timely manner following the Grant Date may result in the forfeiture of the Award, as determined in the sole discretion of the Company.

(b) The right to vest in the Award shall be conditional upon the fact that the Participant has read and understood the forfeiture and repayment provisions set forth in this Section 7, that the Participant has not engaged in any misconduct or acts contrary to the Company as described below, and that the Participant has no intent to leave employment with the Company or any of its Subsidiaries for the purpose of engaging in any activity or providing any services which are contrary to the spirit and intent of Sections 8.1, 8.2, 8.3 or 8.4 of the Employment Agreement.

(c) The Company is authorized to suspend or terminate this Award prior to or after termination of employment if the Company reasonably determines that:

(i) The Participant engaged in any conduct agreed to be avoided pursuant to the Post-Employment Restriction Agreement; or

(ii) During the Participant's employment with the Company or any of its Subsidiaries, the Participant knowingly participated in misconduct that causes a misstatement of the financial statements of the Company or any of its Subsidiaries or misconduct which represents a material violation of any code of ethics of the Company applicable to the Participant or of the Code of Conduct or similar program of the Company; or

(iii) During the Participant's employment with the Company or any of its Subsidiaries, the Participant was aware of and failed to report, as required by any code of ethics of the Company applicable to the Participant or by the Code of Conduct or similar program of the

Company, misconduct that causes a misstatement of the financial statements of the Company or any of its Subsidiaries or misconduct which represents a material violation of any code of ethics of the Company applicable to the Participant or of the Code of Conduct or similar program of the Company; or

(iv) Such suspension or termination is permitted or required by any written clawback or recoupment policies that the Company, with the approval of the Board, may adopt, either prior to or following the Grant Date, and determine should apply to this Agreement, including any policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the Securities and Exchange Commission.

(d) If, at any time after the Award has vested or has been settled, in whole or in part, the Company reasonably determines that any of the actions or inactions contemplated under Sections 7(c)(i) through 7(c)(iii) have occurred, then any gain (without regard to tax effects) realized by the Participant from such vesting shall be paid by the Participant to the Company. The Participant consents to the deduction from any amounts the Company or any of its Subsidiaries owes to the Participant to the extent of the amounts the Participant owes the Company under this Section 7(d) , provided, that no such deduction shall be made to the extent it would result in additional taxes under Section 409A of the Code.

8. Miscellaneous.

(a) Treatment as Wages. Solely for tax purposes, amounts paid in settlement of a vested Award will be treated as wages subject to applicable tax withholding (as provided under Section 8(c) below).

(b) Adjustments to Award. Upon a Change in Control, the Committee may, in its sole discretion, adjust the terms of this Award by taking any of the actions permitted under this Agreement and in accordance with the Plan.

(c) Responsibility for Taxes.

(i) Regardless of any action the Company or the Participant's employer (the "*Employer*") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("*Tax-Related Items*"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, or the payment of cash upon settlement of the Award; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant has become subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(ii) In this regard, the Participant authorizes the Company or its agent to satisfy the obligations with regard to all Tax-Related Items by withholding cash amounts to be issued upon vesting/settlement of the Award. To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum withholding rates, in which case the Participant will receive a refund of any over-withheld amount in cash.

(iii) Finally, the Participant shall pay to the Company or the Employer, as applicable, any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to settle the award if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

(d) Interpretations. This Agreement is subject in all respects to the terms of the Plan. A copy of the Plan is available upon the Participant's request. Terms used herein which are defined in the Plan shall have the respective meanings given to such terms in the Plan, unless otherwise defined herein. In the event that any provision of this Agreement is inconsistent with the terms of the Plan, the terms of the Plan shall govern. Any question of administration or interpretation arising under this Agreement shall be determined by the Committee, and such determination shall be final, conclusive and binding upon all parties in interest.

(e) Nature of Grant. In accepting the grant, the Participant acknowledges, understands and agrees that:

(i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(ii) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future grants of awards, or benefits in lieu of awards, even if awards have been granted repeatedly in the past;

(iii) all decisions with respect to future award grants, if any, will be at the sole discretion of the Company;

(iv) the Participant's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Participant's employment or service relationship (if any) at any time;

(v) the Participant is voluntarily participating in the Plan;

(vi) the Award is not intended to replace any pension rights or compensation;

(vii) unless otherwise agreed with the Company, the Award, including the income and value of the Award, is not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary of the Company;

(viii) the Award, including the income and value of the Award, is not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(ix) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the Participant's termination of continuous employment by the Company or the Employer (for any reason whatsoever and whether or not later found to be invalid or in breach of the Employment Agreement, if any, or of any employment law in the country where the Participant resides and/or is employed, even if otherwise applicable to the Participant's employment benefits from the Employer), and in consideration of the grant of the Award to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or the Employer, waives his ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

(f) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan. The Participant is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.

(g) Data Privacy.

(i) ***The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other Award grant materials by and among, as applicable, the Employer, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.***

(ii) ***The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all awards or entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.***

(iii) ***The Participant understands that Data will be transferred to E*Trade Financial Services, or such other plan service provider as may be selected by the Company in the future or other plan service provider that is selected by the Participant to the extent permitted by the Company in its sole discretion, in each case, that is assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Participant's country. The Participant understands that he may request a list with the names and addresses of any potential recipients of the Data by contacting her local human resources representative. The Participant authorizes the Company, E*Trade Financial Services and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement,***

administer and manage Participant's participation in the Plan. The Participant understands that he may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. Further, the Participant understands that he is providing the consents herein on a purely voluntary basis. If the Participant does not consent or if the Participant later seeks to revoke his consent, his status as an employee and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing his consent is that the Company would not be able to grant certain awards or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing his consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he may contact his local human resources representative.

(h) Assignment. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Participant.

(i) Successors and Assigns; No Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the Company and the Participant and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(j) Headings. Headings are given to the sections and subsections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

(k) Governing Law; Arbitration. The internal law, and not the law of conflicts, of the State of Texas will govern all questions concerning the validity, construction and effect of this Agreement. Any controversy, dispute or claim arising under or in connection with this Agreement (including, without limitation, the existence, validity, interpretation or breach hereof and any claim based on contract, tort or statute) shall be resolved by a binding arbitration, to be held in Dallas, Texas pursuant to the U.S. Federal Arbitration Act and in accordance with the then-prevailing National Rules of Resolution of Employment Disputes of the American Arbitration Association (the "AAA"). The AAA shall select a sole arbitrator. Each party shall bear its own expenses incurred in connection with arbitration and the fees and expenses of the arbitrator shall be shared equally by the parties involved in the dispute and advanced by them from time to time as required. It is the mutual intention and desire of the parties that the arbitrator be chosen as expeditiously as possible following the submission of the dispute to arbitration. Once such arbitrator is chosen, and except as may otherwise be agreed in writing by the parties involved in such dispute or as ordered by the arbitrator upon substantial justification shown, the hearing for the dispute will be held within sixty (60) days of submission of the dispute to arbitration. The arbitrator shall render his or her final award within sixty (60) days, subject to extension by the arbitrator upon substantial justification shown of extraordinary circumstances, following conclusion of the hearing and any required post-hearing briefing or other proceedings ordered by the arbitrator. Any discovery in connection with arbitration hereunder shall be limited to information directly relevant to the controversy or claim

in arbitration. The arbitrator will state the factual and legal basis for the award. The decision of the arbitrator in any such proceeding will be final and binding and not subject to judicial review and final judgment may be entered upon such an award in any court of competent jurisdiction, but entry of such judgment will not be required to make such award effective. Any action against any party hereto ancillary to arbitration, including any action for provisional or conservatory measures or action to enforce an arbitration award or any judgment entered by any court in respect thereof may be brought in any federal or state court of competent jurisdiction located within the State of Texas, and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of Texas over any such action. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such action brought in such court or any defense of inconvenient forum for the maintenance of such action. Each of the parties hereto agrees that a judgment in any such action may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(l) Notices. The Participant should send all written notices regarding this Agreement or the Plan to the Company at the following address:

MoneyGram International, Inc.
EVP, General Counsel & Secretary
2828 North Harwood Street, 15th Floor
Dallas, TX 75201

(m) Amendments. The Company may amend this Agreement at any time; provided that, subject to Section 8(b) above, this Section 8(m) and Section 7 of the Plan, no such amendment, alteration, suspension, discontinuation or termination shall be made without the Participant's consent, if such action would materially diminish any of the Participant's rights under this Agreement. The Company reserves the right to impose other requirements on the Award and any payments acquired upon vesting of the Award, to the extent the Company determines it is necessary or advisable under the laws of the country in which the Participant resides to facilitate the administration of the Plan.

(n) Entire Agreement. This Agreement, including the Appendix, and the Plan and the other agreements referred to herein and therein and any schedules, exhibits and other documents referred to herein and therein constitute the entire agreement and understanding among the parties hereto in respect of the subject matter hereof and thereof and supersede all prior and contemporaneous arrangements, agreements and understandings, both oral and written, whether in term sheets, presentations or otherwise, among the parties hereto, or between any of them, with respect to the subject matter hereof and thereof.

(o) Severability. If any provision of this Agreement is invalid, illegal, or incapable of being enforced by any law, all other provisions of this Agreement shall remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby are not affected in any manner materially adverse to any party. If any provision of this Agreement is held to be invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in

order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

(p) Participant Undertaking. The Participant agrees to take such additional action and execute such additional documents the Company may deem necessary or advisable to carry out or effect one or more of the obligations or restrictions imposed either on the Participant or upon this Award pursuant to the provisions of this Agreement.

(q) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(r) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

(s) Waiver. The Participant acknowledges that a waiver by the Company of any provision of this Agreement or of a breach by the Participant shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by the Participant.

(t) No Trust or Fund Created. Neither the Plan nor the Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary and the Participant or any other person.

(u) Section 409A Provisions. The Award and the payment of cash in settlement of any portion of the Award under this Agreement are intended to be exempt from the application of Section 409A of the Code by reason of the short-term deferral exemption set forth in Treasury Regulation §1.409A-1(b)(4). Notwithstanding anything in the Plan or this Agreement to the contrary, to the extent that any amount or benefit hereunder that constitutes “deferred compensation” to the Participant under Section 409A is otherwise payable or distributable to the Participant under the Plan or this Agreement solely by reason of the occurrence of a Change in Control or due to the Participant’s Disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such Change in Control, Disability or separation from service meet the definition of a change in ownership or control, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise (including, but not limited to, a payment made pursuant to an involuntary separation arrangement that is exempt from Section 409A under the “short-term deferral” exception). Any payment or distribution that constitutes deferred compensation subject to Code Section 409A and that otherwise would be made to a Participant who is a specified employee as defined in Section 409A(a)(2)(B) of the Code on account of separation from service instead shall be made on the earlier of the date that is six months and one day after the date of the specified employee’s separation from service and the specified employee’s death.

IN WITNESS WHEREOF, the Company and the Participant have executed this Agreement as of the date set forth in the first paragraph.

SCHEDULE A

1. **Target Amount of Award (“Target Award”):** \$1,031,250.00

The actual amount of the Award that is eligible to vest in accordance with Section 2 of the Agreement shall be based on the attainment level of the Performance Goals, in accordance with the following formula:

The sum of (a) the Target Award x 25% x Total Constant Currency Revenue Attainment Factor (as set forth below), **plus** (b) the Target Award x 75% x Adjusted EBITDA Attainment Factor (as set forth below). Combined achievement cannot exceed 100%.

2. **Performance Period:** January 1, 2018 - December 31, 2018.

3. **Performance Goals:**

The two Performance Goals applicable to the Award shall consist of (A) Total Constant Currency Revenue generated during the Performance Period as set forth in the table below and (B) Adjusted EBITDA over the Performance Period as set forth in the table below.

Total Constant Currency Revenue Performance Goal:	
Attainment Level	Attainment Factor
Threshold: []	[]
Target: []	[]

Adjusted EBITDA Performance Goal:	
Attainment Level	Attainment Factor
Threshold: []	[]
Target: []	[]

Attainment between the Threshold and Target Performance Goals (for each Performance Goal) shall be subject to straight-line interpolation.

4. **Performance Goal Adjustments:**

[]

5. **Performance Criteria:**

[]

6. **Vesting Dates (assuming Performance Goals are attained):**

First Vesting Date: First anniversary of the Grant Date.

Second Vesting Date: Second anniversary of the Grant Date.

Third Vesting Date: Third anniversary of the Grant Date.

SCHEDULE A-2

**AMENDMENT NO. 8 TO THE AMENDED AND RESTATED
MASTER TRUST AGREEMENT¹**

This AMENDMENT NO. 8 TO AMENDED AND RESTATED MASTER TRUST AGREEMENT (“Amendment No. 8”) is made effective as of 30 March, 2018 (“Amendment Effective Date”) by and between MoneyGram Payment Systems, Inc. (“MoneyGram”), a Delaware corporation with a principal place of business at 2828 N. Harwood, Dallas, TX 75201 and Walmart Inc. f/k/a Wal-Mart Stores, Inc. (“Walmart”), a Delaware corporation, with a principal place of business at 702 SW 8th Street, Bentonville, AR 72716. MoneyGram and Walmart are collectively referred to in this Amendment No. 8 as the “Parties” and each individually as a “Party.

WHEREAS, MoneyGram and Walmart effective February 1, 2016 entered into that certain Amended and Restated Master Trust Agreement, as amended, (collectively the “Agreement”), pursuant to which, among other things, MoneyGram appointed Walmart as its limited agent and authorized delegate for the sole purpose of offering and selling Services;

WHEREAS, MoneyGram and Walmart now desire to amend the Agreement as of the Amendment Effective Date as set forth in this Amendment No. 8;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the Parties agree as follows:

1. Capitalized terms used in this Amendment No. 8 and not specifically defined in this Amendment No. 8 shall have the meaning set forth in the Agreement.

2. **Term.** The Parties agree to replace Section 9(a) of the Agreement in its entirety with the following Section:

9.(a). Term; Termination.

This Agreement shall commence at 12:01 a.m. on the “Effective Date” and shall continue for two (2) years from the Amendment Effective Date (the “Initial Term”). Upon expiration of the Initial Term, this Agreement shall be subject to automatic successive renewals of one (1) year terms (each a “Renewal Term”), unless either Party notifies the other of its election to terminate the Agreement at least one hundred eighty days prior to the expiration of the Initial Term or any Renewal Term. The Initial Term and any Renewal Term may also be collectively referred to as the “Term.”

3. **Marketing.** Notwithstanding anything to the contrary contained in the Agreement, the Parties agree the Marketing Allowance in Attachment C Money Transfer Attachment Section N (i), earned in Contract Year 2017 to be used in Contract Year 2018 will be used to market Walmart2World, as agreed to by the parties.

¹ The appearance of [*] denotes confidential information that has been omitted from this Exhibit 10.6 and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

4. **MGI IGD Allowance.** The Parties agree the IGD Allowance in Attachment C Money Transfer Attachment, Section N (ii) of the Agreement will be deleted and replaced with the following.

(ii) MoneyGram will provide an allowance to support innovation, growth and development of all MoneyGram services at Walmart. The allowance will be calculated on a [*] basis commencing as of February 1, 2018 and continuing for the Term of the Agreement. The [*] allowance will be an amount equal to [*] (the “MGI IGD Allowance”). The allowance fund shall not exceed [*] at any given point in time. The MGI IGD Allowance will be used as mutually agreed by the Parties. Both Parties will meet at the beginning of Walmart’s new fiscal each year to determine the overall budget and priority project roadmap for IGD fund expenditures for that year. During each quarterly business review both Parties will review the budget and roadmap for adjustments. [*] Upon termination of the Agreement any MGI IGD Allowance amounts not disbursed will remain with MoneyGram.

5. The “List of Attachments” page of the Agreement immediately following the signature page is amended to insert the following after “Attachment N, Walmart 2 Walmart Mexico MoneyGram Money Transfer Addendum:

ATTACHMENT O Walmart2WORLD MONEY TRANSFER ADDENDUM

6. The Agreement is amended by adding, immediately following Attachment N, “Attachment O, Walmart2World Money Transfer Addendum” that is attached to this Amendment No. 8 and incorporated into this Amendment No. 8 by this reference.
7. Each Party acknowledges and agrees that each and every provision of this Amendment No. 8, including the recitals and any “whereas” clauses, is contractual in nature and binding on the Parties. Except as expressly set forth in this Amendment No. 8, nothing in this Amendment No. 8 will modify, alter or amend any provision or term of the Agreement.

[*] Please refer to footnote 1 on page 1 of this Exhibit 10.6.

IN WITNESS HEREOF, the Parties have caused this Amendment No. 8 to be executed by their fully authorized representatives as of the Amendment Effective Date.

WALMART STORES, INC.

By: /s/ Daniel Eckert

Name: Daniel Eckert

Title: Senior Vice President, Walmart Services

Date:

**MONEYGRAM PAYMENT
SYSTEMS, INC.**

By: /s/ W. Alexander Holmes

Name: W. Alexander Holmes

Title: Chief Executive Officer

Date:

ATTACHMENT O
WALMART2WORLD MONEY TRANSFER ADDENDUM

MoneyGram

Walmart2World

MONEY TRANSFER ADDENDUM

to the Amended and Restated Master Trust Agreement

- A. **Incorporation; Authorization; Certain Definitions.** This **Walmart2World Money Transfer Addendum** (the “**Walmart2World Addendum**”) is entered into by and between MoneyGram Payment Systems, Inc. (“MoneyGram”) and Wal-Mart Stores, Inc. (“Walmart”) as of the Amendment Effective Date and is a part of, and incorporated into, that certain Amended and Restated Master Trust Agreement, effective February 1, 2016 by and between Walmart and MoneyGram (as amended, the “**Agreement**”). Pursuant to this Walmart2World Addendum, MoneyGram hereby authorizes Walmart to sell, and Walmart agrees to offer and sell, the Walmart2World Money Transfer Services at physical Agent Locations in the United States.
- B. Terms used herein which are not defined in this Walmart2World Addendum shall have the meaning set forth in the Agreement.
- C. **Certain Definitions.** The following capitalized terms shall have the meanings given below. Any other capitalized terms used but not defined in this Walmart2World Addendum shall have the meaning given to them in the Agreement.

“**Consumer Exchange Rate**” means the daily exchange rate specified by MoneyGram when providing the Money Transfer Services.

“**Currency Exchange Rate Provider**” means the provider of a Currency Exchange Rate, including without limitation, Reuters, the central bank of a country, a designated agent, or another provider of exchange rates as may be designated by MoneyGram from time to time.

“**Foreign Exchange Margin,**” (“FX Margin”), means the percentage difference between the Consumer Exchange Rate and the Wholesale Exchange Rate, expressed in the formula where the Consumer Exchange Rate is A, the Wholesale Exchange Rate is B, and the FX Margin is C: $((B-A)/B)*100 = C$

For illustration purposes only: An example of the FX Margin for the Mexican PESO is:
 $((18.1255 - 17.9080)/18.1255 * 100 = 1.2\%$

“**Transfer Amount**” means the funds collected from a consumer for purposes of being transferred to a recipient, excluding all fees.

“**Walmart2World Money Transfer Services**” means a money transmission service offered by Walmart under the name “Walmart2World,” herein after referred to as “Walmart2World,” with such service being initiated in whole or in part (1) at an Agent Location in the United States and (2) the resulting transactions being disbursed at a MoneyGram Agent Location outside of the United States or Puerto Rico.

“Wholesale Exchange Rate” means the daily exchange rate specified by MoneyGram’s Currency Exchange Rate Provider.

- D. **Forms.** The Money Transfer Form agreed upon by the Parties as of the Effective Date for use with respect to Walmart2World Money Transfer Services is attached to this Walmart2World Addendum as Attachment O-1. Any modifications or changes to the MoneyGram Transfer Form and Money Transfer Form are subject to the provisions and requirements of Section 6(e) of the Agreement; however, no modification or change will require an amendment to this Attachment O or the Agreement.
- E. **Money Transfer Procedures.** As with all other MoneyGram money transfer services offered and sold by Walmart, Walmart shall use various security measures, log-ins and passwords in connection with the Equipment and Interface to conduct the Walmart2World Money Transfer Services. Such security measures, log-ins and passwords may be referred to hereafter as the **“Walmart Security Measures.”** It is Walmart’s obligation to ensure that the Walmart Security Measures are kept confidential and secure. Walmart agrees to take all commercially reasonable precautions necessary to prevent disclosure of the Walmart Security Measures and access to the Walmart2World Money Transfer Services by unauthorized persons and will promptly notify MoneyGram if Walmart knows or suspects that the Walmart Security Measures have been compromised or otherwise disclosed. Walmart shall be liable for all use or misuse of the Walmart Security Measures, unless such misuse is the result of acts, errors or omissions of MoneyGram, its employees, agents or representatives. The Parties shall assist each other in investigating the circumstances of any misuse of the Walmart Security Measures. Walmart hereby acknowledges that MoneyGram will refuse to authorize transactions if the correct Walmart Security Measures are not provided. Walmart agrees that MoneyGram, in its reasonable discretion, shall have the right, at any time, to refuse any Walmart2World Money Transfer Services transaction request.
- F. **Transfer Send Transactions.**
- a. The Walmart2World Money Transfer Services may only be offered for transactions where the Transfer Amount is between US\$.01 (inclusive) and US\$2,500.00 (inclusive). For each such Transfer Send conducted at an Agent Location where the consumer chooses the Walmart2World Money Transfer Service for a Transfer Amount in the above-referenced range, such Agent Location shall collect from the consumer the Transfer Amount and the applicable Consumer Fee as defined in Section G below. As tender for the Walmart2World Money Transfer Services, Walmart shall accept from consumers either (1) cash, (2) PIN debit cards, or (3) such other forms of payment specifically approved by MoneyGram. Walmart’s acceptance of payment, regardless of payment type, is at Walmart’s sole and exclusive risk and Walmart shall be liable to MoneyGram for all amounts related to any Transfer Send initiated by Walmart, regardless of whether Walmart ultimately receives good funds from the consumer.
- G. **Walmart2World Consumer Fees.**

- a. **“Walmart2World Consumer Fee”** shall be set by MoneyGram and may be modified from time to time by mutual agreement of the Parties. The Consumer Fees as of the Effective Date are:

Transfer Amount	W2W Consumer Fee
\$0 - \$50.00	\$4.00
\$50.01 - \$1,000.00	\$8.00
\$1,000.01 - \$2,500.00	\$16.00

- H. **Foreign Exchange Margin.** MoneyGram will establish the FX Margin for each currency in accordance with a mutually agreed upon FX Framework. Walmart is committed to saving customers money so they can live better through an Every Day Low Cost (EDLC), Every Day Low Price (EDLP) model. MoneyGram is equally committed to this goal and will offer FX rates that result in a total cost to consumers that is highly competitive to similar walk-in services offered in the region [*]. MoneyGram may adjust the FX Margin for a given country within agreed upon parameters of the FX Framework and [*]. [*] as compared to MoneyGram’s walk-in, cash to cash, branded money transfer business and other similar providers of money transfers where Consumer Exchange Rates are applicable, except that transactions conducted on the Co-Branded MtaaS Website will be excluded from such comparison. Further, MoneyGram agrees, where Consumer Exchange Rates are applicable, the blended FX Margin for Walmart2World will be [*] for MoneyGram’s walk-in, cash to cash, branded money transfer business at Walmart and [*] for MoneyGram’s walk-in, cash to cash, branded money transfer business outside Walmart in the U.S.

I. **Money Transfer Processing Fee**

For each Transfer Send transaction performed at an Agent Location under the Walmart2World Money Transfer Service, Walmart agrees [*] (the **“Walmart2World Money Transfer Processing Fee”**).

- J. **Remittances/Settlement.** Settlement of amounts due to MoneyGram for transactions performed under the Walmart2World Money Transfer Services shall be settled as part of the established settlement procedure for money transfers between MoneyGram and Walmart set forth in Attachment C to the Agreement

- K. **Term and Termination.** This Walmart2World Addendum shall commence on the Amendment Effective Date and continue for the Term of the Agreement, unless the Agreement is terminated prior to the end of the Term in accordance with Section 9 of the Agreement.

L. **Marketing; Innovation Growth and Development; Support and Assistance.**

[*] Please refer to footnote 1 on page 1 of this Exhibit 10.6.

To assist the Parties in the promotion of the Walmart2World Money Transfer Services, MoneyGram agrees to fund [*] during the 2018 Contract Year and [*] during the 2019 Contract Year of the Term (the “**Walmart2World Marketing Allowance**”). MoneyGram will hold the Walmart2World Marketing Allowance and will disburse funds to reimburse a party for mutually agreed upon promotions. Walmart may engage third parties to perform mutually agreed promotions; MoneyGram will provide reimbursement to Walmart, upon receiving appropriate documentation, from the Walmart2World Marketing Allowance for such expenses. The Walmart2World Marketing Allowance allocated per Contract Year will be used for mutually agreeable promotions each year, [*]. For the avoidance of doubt, The Walmart2World Marketing Allowance is in addition to the MGI IGD Allowance set forth in Attachment C Section N (ii).

M. **CO-BRANDED MTaaS WEBSITE**

MoneyGram agrees to offer the **Walmart2World Money Transfer Services** on the **Co-Branded MTaaS Website** as per Attachment M of Amendment No. 1 to the Agreement, with the following provisions:

- a. Transactions conducted via **Walmart2World** will be [*], both of Attachment M of Amendment No. 1.
- b. The consumer fee and FX margin offered for the **Walmart2World** service on the Co-Branded MTaaS Site will be the same as per section **G. Walmart2World Consumer Fee** and section **H. Foreign Exchange Margin** of this Amendment No. 8.
- c. MoneyGram and Walmart agree to review transactions for the Walmart2World service on the Co-Branded Website [*].

N. **Miscellaneous.** In the event of any conflict between the terms of this Walmart2World Addendum and the terms of the Agreement with respect to the subject matter hereof, the terms of this Walmart2World Addendum shall control.

[*] Please refer to footnote 1 on page 1 of this Exhibit 10.6.

**AMENDMENT NO. 9 TO THE AMENDED AND RESTATED
MASTER TRUST AGREEMENT ¹**

This AMENDMENT NO. 9 TO AMENDED AND RESTATED MASTER TRUST AGREEMENT (“Amendment No. 9”) is made effective as of April 13, 2018 (“Amendment No. 9 Effective Date”) by and between MoneyGram Payment Systems, Inc. (“MoneyGram”), a Delaware corporation with a principal place of business at 2929 N. Harwood, Dallas, TX 75201 and Walmart Inc. f/k/a Wal-Mart Stores, Inc. (“Walmart”), a Delaware corporation, with a principal place of business at 702 SW 8th Street, Bentonville, AR 72716. MoneyGram and Walmart are collectively referred to in this Amendment No. 9 as the “Parties” and each individually as a “Party.

WHEREAS, MoneyGram and Walmart effective February 1, 2016 entered into that certain Amended and Restated Master Trust Agreement, as amended, (collectively the “Agreement”), pursuant to which, among other things, MoneyGram appointed Walmart as its limited agent and authorized delegate for the sole purpose of offering and selling Services;

WHEREAS, MoneyGram and Walmart now desire to amend Attachment B of the Agreement as of the Amendment No. 9 Effective Date as set forth in this Amendment No. 9;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the Parties agree as follows:

1. Capitalized terms used in this Amendment No. 9 and not specifically defined in this Amendment No. 9 shall have the meaning set forth in the Agreement.
2. **Bill Payment Service Compensation.** The Parties agree to replace Section I of Attachment B of the Agreement in its entirety with the following Section:

I. Bill Payment Service Compensation.

- (i) Walmart shall be entitled to a Bill Payment commission (“BP Commission”) for each Bill Payment Service transaction performed by Walmart.
- (ii) For each Bill Payment Service transaction conducted by Walmart with any Billers in existence under the Agreement from February 1, 2016 until the date immediately preceding the Amendment No. 9 Effective Date (the “Existing Billers”), MoneyGram agrees to pay Walmart a BP Commission [*]. Attached hereto as Exhibit A is the list of Existing Billers.
- (iii) For each Bill Payment Service transaction conducted by Walmart with any new Billers, Billers not in existence prior to the Amendment No. 9 Effective Date, and continuing until the Term of the Agreement, MoneyGram agrees to pay Walmart the following BP Commission (the “New BP Commission”):

¹ The appearance of [*] denotes confidential information that has been omitted from this Exhibit 10.7 and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

BP Consumer Fee	New BP Commission
[*]	[*]
[*]	[*]
[*]	[*]

- (iv) Existing Billers may transition to the New BP Commission, upon mutual agreement by the Parties.
 - (v) MoneyGram and Walmart may agree from time to time to implement special initiatives for certain transactions. For those special initiatives, the Parties may agree to a modified BP Commission for such transaction.
 - (vi) No BP Consumer Fee will be charged to consumers and no BP Commissions or other compensation will be paid to Walmart for refunded transactions.
 - (vii) BP Commission and New BP Commission may be collectively referred to as the “BP Commission.
3. **Interpretation of Ninth Amendment.** In the event of any conflict between the Agreement and this Amendment No. 9, the terms of this Amendment No. 9 shall control. Except as expressly amended, supplemented or modified by this Amendment No. 9, all provisions of the Agreement shall continue in full force and effect. All capitalized terms contained in this Amendment No. 9, unless specifically defined herein, shall have the meaning ascribed to them in the Agreement.
 4. **Binding Effect.** Except as otherwise provided to the contrary, Amendment No. 9 shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns.

IN WITNESS HEREOF, the Parties have caused this Amendment No. 9 to be executed by their fully authorized representatives as of the Amendment No. 9 Effective Date.

WALMART, INC.

MONEYGRAM PAYMENT SYSTEMS, INC.

By: /s/ Kirsty Ward
Name: Kirsty Ward
Title: Vice President, Walmart Services
Date: 4/13/18

By: /s/ W. Alexander Holmes
Name: W. Alexander Holmes
Title: Chief Executive Officer
Date: 4/13/18

[*] Please refer to footnote 1 on page 1 of this Exhibit 10.7.

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, W. Alexander Holmes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoneyGram International, Inc. for the period ended March 31, 2018;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ W. Alexander Holmes

W. Alexander Holmes
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, Lawrence Angelilli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoneyGram International, Inc. for the period ended March 31, 2018;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Lawrence Angelilli

Lawrence Angelilli
Chief Financial Officer
(Principal Financial Officer)

**Certification Pursuant to 18 U.S.C. §1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q (the "Report") of MoneyGram International, Inc. (the "Company") for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, W. Alexander Holmes, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2018

/s/ W. Alexander Holmes

W. Alexander Holmes
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Certification Pursuant to 18 U.S.C. §1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q (the "Report") of MoneyGram International, Inc. (the "Company") for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, Lawrence Angelilli, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2018

/s/ Lawrence Angelilli

Lawrence Angelilli
Chief Financial Officer
(Principal Financial Officer)