MONEYGRAM INTERNATIONAL INC

FORM 10-Q
(Quarterly Report)

Filed 10/31/16 for the Period Ending 09/30/16

Address	2828 N. HARWOOD STREET, 15TH FLOOR DALLAS, TX 75201
Telephone	2149997640
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Sector	Industrials
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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 September 30, 2016

☐ **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	**16-1690064**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2828 N. Harwood St., 15 th Floor Dallas, Texas	**75201**
(Address of principal executive offices)	**(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐		Accelerated filer	☒
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

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 October 28, 2016 , 53,074,238 shares of common stock, $0.01 par value, were outstanding.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(Amounts in millions, except share data)	September 30, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	$ 173.1	$ 164.5
Settlement assets	3,440.4	3,505.6
Property and equipment, net	201.3	199.7
Goodwill	442.2	442.2
Other assets	169.1	193.2
Total assets	$ 4,426.1	$ 4,505.2
LIABILITIES		
Payment service obligations	$ 3,440.4	$ 3,505.6
Debt	937.3	942.6
Pension and other postretirement benefits	86.5	96.3
Accounts payable and other liabilities	170.4	183.5
Total liabilities	4,634.6	4,728.0
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 September 30, 2016 and December 31, 2015	183.9	183.9
Common stock, $0.01 par value, 162,500,000 shares authorized, 58,823,567 shares issued at September 30, 2016 and December 31, 2015	0.6	0.6
Additional paid-in capital	1,016.1	1,002.4
Retained loss	(1,251.7)	(1,226.8)
Accumulated other comprehensive loss	(47.1)	(48.7)
Treasury stock: 5,757,015 and 5,612,188 shares at September 30, 2016 and December 31, 2015, respectively	(110.3)	(134.2)
Total stockholders' deficit	(208.5)	(222.8)
Total liabilities and stockholders' deficit	$ 4,426.1	$ 4,505.2

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

(Amounts in millions, except per share data)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
REVENUE				
Fee and other revenue	$ 378.5	$ 365.8	$ 1,112.5	$ 1,049.5
Investment revenue	4.6	2.8	12.7	8.5
Total revenue	383.1	368.6	1,125.2	1,058.0
EXPENSES				
Fee and other commissions expense	170.2	168.7	505.4	485.3
Investment commissions expense	0.6	0.2	1.7	0.5
Total commissions expense	170.8	168.9	507.1	485.8
Compensation and benefits	72.4	73.1	218.5	235.6
Transaction and operations support	79.5	78.2	227.1	238.9
Occupancy, equipment and supplies	15.6	15.0	46.8	46.3
Depreciation and amortization	18.6	16.8	60.2	48.8
Total operating expenses	356.9	352.0	1,059.7	1,055.4
OPERATING INCOME	26.2	16.6	65.5	2.6
Other expense				
Interest expense	11.3	11.2	33.8	33.7
Total other expense	11.3	11.2	33.8	33.7
Income (loss) before income taxes	14.9	5.4	31.7	(31.1)
Income tax expense	4.7	0.5	22.6	48.4
NET INCOME (LOSS)	$ 10.2	$ 4.9	$ 9.1	$ (79.5)
INCOME (LOSS) PER COMMON SHARE				
Basic	$ 0.16	$ 0.08	$ 0.15	$ (1.28)
Diluted	$ 0.15	$ 0.08	$ 0.14	$ (1.28)
Weighted-average outstanding common shares and equivalents used in computing income (loss) per common share				
Basic	62.2	62.1	62.4	62.1
Diluted	66.4	63.8	66.2	62.1

See Notes to the Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
NET INCOME (LOSS)	$ 10.2	$ 4.9	$ 9.1	$ (79.5)
OTHER COMPREHENSIVE INCOME (LOSS)				
Net change in unrealized holding gains on available-for-sale securities arising during the period, net of tax benefit of $0.0 and $0.1 for the three months ended September 30, 2016 and 2015, respectively, and $0.1 and $0.0 for the nine months ended September 30, 2016 and 2015, respectively	—	(0.2)	(0.2)	(0.2)
Net change in pension liability due to amortization of prior service cost and net actuarial losses, net of tax benefit of $0.4 and $0.6 for the three months ended September 30, 2016 and 2015, respectively, and $1.4 and $2.2 for the nine months ended September 30, 2016 and 2015, respectively	0.9	1.2	2.5	4.0
Valuation adjustment for pension and postretirement benefits, net of tax (benefit) expense of $0.0 and ($2.1) for the three months ended September 30, 2016 and 2015, respectively, and $0.0 and $1.6 for the nine months ended September 30, 2016 and 2015, respectively	—	(3.6)	—	2.7
Pension settlement charge, net of tax benefit of $0.0 for both the three months ended September 30, 2016 and 2015, and $0.0 and $5.0 for the nine months ended September 30, 2016 and 2015, respectively	—	—	—	8.8
Unrealized foreign currency translation adjustments, net of tax expense (benefit) of $0.2 and ($1.4) for the three months ended September 30, 2016 and 2015, respectively, and $2.0 and ($5.9) for the nine months ended September 30, 2016 and 2015, respectively	0.4	(2.4)	(0.7)	(10.2)
Other comprehensive income (loss)	1.3	(5.0)	1.6	5.1
COMPREHENSIVE INCOME (LOSS)	$ 11.5	$ (0.1)	$ 10.7	$ (74.4)

See Notes to the Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30,	
(Amounts in millions)	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 9.1	$ (79.5)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	60.2	48.8
Signing bonus amortization	41.0	45.3
Signing bonus payments	(17.2)	(71.3)
Amortization of debt issuance costs and debt discount	2.5	2.2
Non-cash compensation and pension expense	18.7	37.7
Change in other assets	2.7	52.9
Change in accounts payable and other liabilities	(32.0)	(38.7)
Other non-cash items, net	(0.5)	0.1
Net cash provided by (used in) operating activities	84.5	(2.5)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(60.4)	(88.8)
Proceeds from disposal of assets	—	0.1
Net cash used in investing activities	(60.4)	(88.7)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on debt	(7.3)	(7.4)
Stock repurchases	(7.5)	(0.4)
Payment for contingent consideration	(0.7)	—
Net cash used in financing activities	(15.5)	(7.8)
NET CHANGE IN CASH AND CASH EQUIVALENTS	8.6	(99.0)
CASH AND CASH EQUIVALENTS—Beginning of period	164.5	250.6
CASH AND CASH EQUIVALENTS—End of period	$ 173.1	$ 151.6
Supplemental cash flow information:		
Cash payments for interest	$ 31.4	$ 31.6
Cash taxes, net	$ 7.1	$ 67.2

See Notes to the Condensed Consolidated Financial Statements

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

(Amounts in millions)	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
January 1, 2016	$ 183.9	$ 0.6	$ 1,002.4	$ (1,226.8)	$ (48.7)	$ (134.2)	$ (222.8)
Net income	—	—	—	9.1	—	—	9.1
Stock-based compensation activity	—	—	13.7	(34.0)	—	31.4	11.1
Stock repurchases	—	—	—	—	—	(7.5)	(7.5)
Other comprehensive income	—	—	—	—	1.6	—	1.6
September 30, 2016	$ 183.9	$ 0.6	$ 1,016.1	$ (1,251.7)	$ (47.1)	$ (110.3)	$ (208.5)

(Amounts in millions)	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
January 1, 2015	$ 183.9	$ 0.6	$ 982.8	$ (1,144.6)	$ (67.1)	$ (138.3)	$ (182.7)
Net loss	—	—	—	(79.5)	—	—	(79.5)
Stock-based compensation activity	—	—	13.9	(4.9)	—	4.3	13.3
Stock repurchases	—	—	—	—	—	(0.4)	(0.4)
Other comprehensive income	—	—	—	—	5.1	—	5.1
September 30, 2015	$ 183.9	$ 0.6	$ 996.7	$ (1,229.0)	$ (62.0)	$ (134.4)	$ (244.2)

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 Company-operated retail locations in the U.S. and Western Europe. 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 and nine months ended September 30, 2016 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, 2015 .

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 Developmen ts — In May 2014, the Financial Accounting Standards Board ("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*

These ASUs are effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted, but not before interim and annual reporting periods beginning after December 15, 2016. The Company will not be early adopting these standards and will use the cumulative effect transition method upon adoption. The Company continues to evaluate the impact these standards will have on the consolidated financial statements.

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. The Company is currently evaluating the impact this standard will have on the consolidated financial statements.

In April 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.* This standard makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation and the financial statement presentation of excess tax benefits or deficiencies. Under the new ASU, companies are allowed to withhold up to the employees' maximum statutory tax rates in the applicable jurisdictions without resulting in liability classification. Further, the ASU requires that cash payments to tax authorities in connection with shares withheld to meet statutory tax withholding requirements be presented as a financing activity in the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016 and early adoption of the amendment is permitted. The Company currently presents cash payments to tax authorities in connection with shares withheld to meet statutory tax withholdings requirements as an operating activity in its statement of cash flows and upon adoption of this ASU we will present these payments as a financing activity, which will be applied retrospectively. The Company does not expect this ASU to have significant impact on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit impairment standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking expected loss model that generally will result in the earlier recognition of allowances for credit losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than as reductions in the amortized cost of the securities. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019 and early adoption of the amendment is permitted. The adoption of ASU 2016-13 will not have a significant impact on our consolidated financial statements.

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.

Note 2 — Reorganization and Restructuring Costs

In the first quarter of 2014, the Company announced the implementation of a global transformation program (the "2014 Global Transformation Program"), which included certain reorganization and restructuring activities centered around facilities and headcount rationalization, system efficiencies and headcount right-shoring and outsourcing. The Company completed these reorganization and restructuring activities as of June 30, 2016. In the third quarter of 2015, the Company initiated other reorganization and restructuring activities to further improve operational efficiencies and concluded these activities as of June 30, 2016.

The following table is a roll-forward of the restructuring costs accrual as of September 30, 2016 :

	2014 Global Transformation Program		Other Restructuring	
(Amounts in millions)	Severance, Outplacement and Related Benefits	Other [1]	Severance, Outplacement and Related Benefits	Total
Balance, December 31, 2015	$ 3.8	$ —	$ 0.2	$ 4.0
Expenses	0.2	0.1	—	0.3
Cash payments	(4.0)	(0.1)	(0.2)	(4.3)
Balance, September 30, 2016	$ —	$ —	$ —	$ —

[1] Other primarily relates to expenses for facilities relocation and professional fees. Such costs are expensed as incurred.

The following table is a summary of the cumulative restructuring costs incurred to date in operating expenses as of September 30, 2016 :

	2014 Global Transformation Program		Other Restructuring	
(Amounts in millions)	Severance, Outplacement and Related Benefits	Other [1]	Severance, Outplacement and Related Benefits	Total
Restructuring costs				
Cumulative restructuring costs incurred to date in operating expenses	$ 17.9	$ 3.1	$ 0.6	$ 21.6

[1] Other primarily relates to expenses for facilities relocation and professional fees. Such costs are expensed as incurred.

The following table summarizes the reorganization and restructuring costs recorded:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
Restructuring costs in operating expenses:				
Compensation and benefits	$ —	$ 0.7	$ 0.2	$ 3.4
Transaction and operations support	—	0.3	0.1	0.9
Total restructuring costs in operating expenses	—	1.0	0.3	4.3
Reorganization costs in operating expenses:				
Compensation and benefits	—	0.5	—	6.4
Transaction and operations support	—	0.9	0.1	5.2
Occupancy, equipment and supplies	—	0.5	0.1	1.5
Total reorganization costs in operating expenses	—	1.9	0.2	13.1
Total reorganization and restructuring costs	$ —	$ 2.9	$ 0.5	$ 17.4

The following table is a summary of the total cumulative restructuring costs incurred to date in operating expenses by reportable segment as of September 30, 2016 :

(Amounts in millions)	Global Funds Transfer	Financial Paper Products	Other	Total
2014 Global Transformation Program				
Balance, December 31, 2015	$ 17.8	$ 2.2	$ 0.7	$ 20.7
First quarter 2016	0.3	—	—	0.3
Total cumulative restructuring costs incurred to date in operating expenses	18.1	2.2	0.7	21.0
Other Restructuring				
Total cumulative restructuring costs incurred to date in operating expenses	0.6	—	—	0.6
Total restructuring costs incurred	$ 18.7	$ 2.2	$ 0.7	$ 21.6

Note 3 — Settlement Assets and Payment Service Obligations

Settlement assets represent funds received or to be received from agents for unsettled money transfers, money orders and consumer payments. The Company records corresponding 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 transactions occur.

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

(Amounts in millions)	September 30, 2016	December 31, 2015
Settlement assets:		
Settlement cash and cash equivalents	$ 1,373.3	$ 1,560.7
Receivables, net	847.4	861.4
Interest-bearing investments	1,201.4	1,062.4
Available-for-sale investments	18.3	21.1
	$ 3,440.4	$ 3,505.6
Payment service obligations	$ (3,440.4)	$ (3,505.6)

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 tables summarize the Company's financial assets and liabilities measured at fair value by hierarchy level on a recurring basis:

(Amounts in millions)	Level 2	Level 3	Total
September 30, 2016			
Financial assets:			
Available-for-sale investments:			
Residential mortgage-backed securities	$ 7.7	$ —	$ 7.7
Other asset-backed securities	—	10.6	10.6
Forward contracts	0.3	—	0.3
Total financial assets	$ 8.0	$ 10.6	$ 18.6
Financial liabilities:			
Forward contracts	$ 0.2	$ —	$ 0.2
December 31, 2015			
Financial assets:			
Available-for-sale investments:			
Residential mortgage-backed securities	$ 9.5	$ —	$ 9.5
Other asset-backed securities	—	11.6	11.6
Forward contracts	0.8	—	0.8
Total financial assets	$ 10.3	$ 11.6	$ 21.9
Financial liabilities:			
Forward contracts	$ 0.1	$ —	$ 0.1

The following table is a summary of the unobservable inputs used in the valuation of other asset-backed securities classified as Level 3:

			September 30, 2016		December 31, 2015	
(Amounts in millions, except net average price)	Unobservable Input	Pricing Source	Market Value	Net Average Price [1]	Market Value	Net Average Price [1]
Alt-A	Price	Third-party pricing service	$ 0.1	$ 79.05	$ 0.1	$ 79.19
Home equity	Price	Third-party pricing service	0.1	33.50	0.1	29.40
Indirect exposure — high grade	Price	Third-party pricing service	8.4	21.87	8.3	21.65
Indirect exposure — mezzanine	Price	Third-party pricing service	0.7	0.68	0.8	0.75
Indirect exposure — mezzanine	Price	Broker	0.9	1.31	1.1	1.58
Other	Net asset value	Third-party pricing service	0.4	2.04	1.2	6.34
Total			$ 10.6		$ 11.6	

[1] Net average price is per $100.00

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
Beginning balance	$ 11.0	$ 12.2	$ 11.6	$ 12.6
Principal paydowns	(0.3)	(0.6)	(1.1)	(0.8)
Change in unrealized gains	0.2	0.2	0.3	—
Net realized losses	(0.3)	—	(0.2)	—
Ending balance	$ 10.6	$ 11.8	$ 10.6	$ 11.8

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:

	Fair Value		Carrying Value	
(Amounts in millions)	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Senior secured credit facility	$ 916.2	$ 858.9	$ 947.0	$ 954.3

The carrying amounts for the Company's cash and cash equivalents, settlement cash and cash equivalents and interest-bearing investments approximate fair value as of September 30, 2016 and December 31, 2015 .

Note 5 — Investment Portfolio

The following table shows the components of the investment portfolio:

(Amounts in millions)	September 30, 2016	December 31, 2015
Cash	$ 1,538.7	$ 1,717.3
Money market securities	7.7	7.9
Cash and cash equivalents [1]	1,546.4	1,725.2
Interest-bearing investments	1,201.4	1,062.4
Available-for-sale investments	18.3	21.1
Total investment portfolio	$ 2,766.1	$ 2,808.7

[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:

(Amounts in millions)	Amortized Cost	Gross Unrealized Gains	Fair Value
September 30, 2016			
Residential mortgage-backed securities	$ 6.9	$ 0.8	$ 7.7
Other asset-backed securities	1.0	9.6	10.6
Total	$ 7.9	$ 10.4	$ 18.3
December 31, 2015			
Residential mortgage-backed securities	$ 8.7	$ 0.8	$ 9.5
Other asset-backed securities	1.7	9.9	11.6
Total	$ 10.4	$ 10.7	$ 21.1

As of September 30, 2016 and December 31, 2015 , 42% and 45% , respectively, of the available-for-sale portfolio were invested in U.S. government agency residential mortgage-backed securities. 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 and nine months ended September 30, 2016 and 2015 , the Company had nominal net realized losses. The Company had no unrealized losses in its available-for-sale portfolio as of September 30, 2016 and December 31, 2015 . 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 other asset-backed securities depend on the repayment characteristics and experience of the underlying obligations.

Note 6 — Derivative Financial Instruments

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 used in operating activities" line in the Condensed Consolidated Statements of Cash Flows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
Net realized foreign currency gains (losses)	$ 0.9	$ (0.6)	$ 5.5	$ (19.4)
Net gains from the related forward contracts	0.7	4.9	10.6	26.0
Net gains from foreign currency transactions and related forward contracts	$ 1.6	$ 4.3	$ 16.1	$ 6.6

As of September 30, 2016 and December 31, 2015 , the Company had $354.9 million and $295.8 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:

		Gross Amount of Recognized Assets		Gross Amount of Offset		Net Amount of Assets Presented in the Condensed Consolidated Balance Sheets	
(Amounts in millions)	Balance Sheet Location	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Forward contracts	Other assets	$ 0.5	$ 1.0	$ (0.2)	$ (0.2)	$ 0.3	$ 0.8

		Gross Amount of Recognized Liabilities		Gross Amount of Offset		Net Amount of Liabilities Presented in the Condensed Consolidated Balance Sheets	
(Amounts in millions)	Balance Sheet Location	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Forward contracts	Accounts payable and other liabilities	$ 0.4	$ 0.3	$ (0.2)	$ (0.2)	$ 0.2	$ 0.1

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:

(Amounts in millions, except percentages)	Effective Interest Rate	September 30, 2016	December 31, 2015
Senior secured credit facility due 2020	4.25%	$ 947.0	$ 954.3
Unamortized debt issuance costs and debt discount		(9.7)	(11.7)
Total debt, net		$ 937.3	$ 942.6

Revolving Credit Facility — As of September 30, 2016 , the Company had no outstanding letters of credit and no borrowings under its revolving credit facility, leaving $150.0 million of availability thereunder.

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 following table shows the components of our assets in excess of payment service obligations used for the asset coverage calculation:

(Amounts in millions)	September 30, 2016	December 31, 2015
Cash and cash equivalents	$ 173.1	$ 164.5
Settlement assets	3,440.4	3,505.6
Total cash and cash equivalents and settlement assets	3,613.5	3,670.1
Payment service obligations	(3,440.4)	(3,505.6)
Assets in excess of payment service obligations	$ 173.1	$ 164.5

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, 2016 through December 31, 2016	2.25:1	4.250:1
January 1, 2017 through December 31, 2017	2.25:1	3.750:1
January 1, 2018 through maturity	2.25:1	3.500:1

As of September 30, 2016 , the Company was in compliance with its financial covenants: our interest coverage ratio was 6.55 to 1.00 and our secured leverage ratio was 3.448 to 1.00. We continuously monitor our compliance with our debt covenants.

Subsequent Event — On October 28, 2016, the Company made a principal payment on its senior secured credit facility of $10.0 million and repurchased $0.5 million of its senior secured credit facility in the open market.

Note 8 — Pensions and Other Benefits

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
Pension settlement charge	$ —	$ —	$ —	$ 13.8
Interest cost	1.6	2.2	4.9	7.2
Expected return on plan assets	(1.2)	(1.2)	(3.8)	(4.5)
Amortization of net actuarial losses	1.4	1.9	4.2	6.5
Net periodic benefit expense	$ 1.8	$ 2.9	$ 5.3	$ 23.0

The Company made contributions to the Pension Plan of $4.0 million and $8.0 million for the three and nine months ended September 30, 2016 and 2015 , respectively. Contributions made to the SERPs were $1.2 million and $2.9 million for the three and nine months ended September 30, 2016 , respectively, and $1.3 million and $3.2 million for the three and nine months ended September 30, 2015 , respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
Amortization of prior service credits	$ (0.1)	$ (0.2)	$ (0.4)	$ (0.5)
Amortization of net actuarial losses	—	0.1	0.1	0.2
Net periodic benefit income	$ (0.1)	$ (0.1)	$ (0.3)	$ (0.3)

Note 9 — Stockholders' Deficit

Common Stock — No dividends were paid during the three or nine months ended September 30, 2016 or September 30, 2015 .

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

(Amounts in millions)	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 Adjustment, Net of Tax	Total
December 31, 2015	$ 11.1	$ (13.5)	$ (46.3)	$ (48.7)
Other comprehensive loss before reclassification	—	(0.7)	—	(0.7)
Amounts reclassified from accumulated other comprehensive loss	(0.2)	—	2.5	2.3
Net current period other comprehensive (loss) income	(0.2)	(0.7)	2.5	1.6
September 30, 2016	$ 10.9	$ (14.2)	$ (43.8)	$ (47.1)
December 31, 2014	$ 11.2	$ (5.4)	$ (72.9)	$ (67.1)
Other comprehensive income (loss) before reclassification	0.4	(10.2)	2.7	(7.1)
Amounts reclassified from accumulated other comprehensive loss	(0.6)	—	12.8	12.2
Net current period other comprehensive (loss) income	(0.2)	(10.2)	15.5	5.1
September 30, 2015	$ 11.0	$ (15.6)	$ (57.4)	$ (62.0)

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

	Three Months Ended September 30,		Nine Months Ended September 30,		
(Amounts in millions)	2016	2015	2016	2015	Statement of Operations Location
Change in unrealized gains on securities classified as available-for-sale, before tax	$ (0.2)	$ (0.1)	$ (0.3)	$ (0.6)	"Investment revenue"
Tax expense	0.1	0.1	0.1	—	
Total, net of tax	(0.1)	—	(0.2)	(0.6)	
Pension and Postretirement Benefits adjustments:					
Amortization of prior service credits	(0.1)	(0.2)	(0.4)	(0.5)	"Compensation and benefits"
Amortization of net actuarial losses	1.4	2.0	4.3	6.7	"Compensation and benefits"
Settlement charges	—	—	—	13.8	"Compensation and benefits"
Total before tax	1.3	1.8	3.9	20.0	
Tax benefit	(0.4)	(0.6)	(1.4)	(7.2)	
Total, net of tax	0.9	1.2	2.5	12.8	
Total reclassified for the period, net of tax	$ 0.8	$ 1.2	$ 2.3	$ 12.2	

Note 10 — Stock-Based Compensation

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

(Amounts in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Expense recognized related to stock options	$ 0.6	$ 0.9	$ 2.2	$ 3.4
Expense recognized related to restricted stock units	3.6	4.0	11.5	10.5
Stock-based compensation expense	$ 4.2	$ 4.9	$ 13.7	$ 13.9

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, 2015	3,092,581	$ 19.20	5.2 years	$ —
Forfeited/Expired	(545,816)	24.73		
Options outstanding at September 30, 2016	2,546,765	$ 18.01	4.4 years	$ —
Vested or expected to vest at September 30, 2016	2,541,534	$ 18.01	4.4 years	$ —
Options exercisable at September 30, 2016	2,265,967	$ 18.15	4.0 years	$ —

As of September 30, 2016 , the unrecognized stock option expense related to outstanding options was $1.3 million with a remaining weighted-average vesting period of 0.5 years .

Restricted Stock Units — In February 2016, 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, up to 50% of such awards become eligible to vest over such three year period if a target level of Adjusted EBITDA is achieved for the year ended December 31, 2016. Adjusted EBITDA is EBITDA (earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization) adjusted for certain significant items. The other 50% of the performance-based restricted stock units become eligible to vest over such three year period if a target level of Digital revenue is achieved for the year ended December 31, 2016. The performance-based restricted stock units have a threshold level of performance for each of the target levels. Achievement of the threshold level will result in vesting of 50% of the target levels discussed above. The number of performance-based restricted stock units that will vest for performance achievement between the threshold and target will be determined based on a straight-line interpolation. 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, 2015	4,162,568	$ 10.68	1.0 year	$ 26.1
Granted	3,030,548	5.13		
Vested and converted to shares	(1,531,734)	9.59		
Forfeited	(630,935)	10.97		
Restricted stock units outstanding at September 30, 2016	5,030,447	$ 7.63	1.1 years	$ 35.7

As of September 30, 2016 , the Company’s outstanding restricted stock units had unrecognized compensation expense of $19.8 million . 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 was $0.8 million and $14.7 million for the three and nine months ended September 30, 2016 , respectively, and $0.1 million and $3.9 million for the three and nine months ended September 30, 2015 , respectively.

Note 11 — Income Taxes

For the three months ended September 30, 2016 , the Company recognized income tax expense of $4.7 million on pre-tax income of $14.9 million . The recorded income tax differs from the taxes calculated at the statutory rate primarily due to a favorable change in estimate for certain tax credits generated in both 2016 and 2015 . For the nine months ended September 30, 2016 , the Company recognized income tax expense of $22.6 million on a pre-tax income of $31.7 million . The recorded income tax expense for the nine months ended September 30, 2016 differs from taxes calculated at the statutory rate primarily due to tax expense of $7.7 million from the settlement reached with the Internal Revenue Service (the "IRS") on the matter discussed below related to the deduction of payments previously made by the Company to the Asset Forfeiture and Money Laundering Section of the Department of Justice ("U.S. DOJ") pursuant to the Deferred Prosecution Agreement with the U.S. Attorney's Office for the Middle District of Pennsylvania and the U.S. DOJ (the "Deferred Prosecution Agreement"), the reversal of tax benefits of $3.6 million on share-based compensation and a tax expense of $1.6 million related to non-deductible executive compensation, offset by $1.7 million of tax benefit related to the Company's increase in estimate for certain tax credits.

For the three months ended September 30, 2015 , the Company recognized an income tax expense of $0.5 million on a pre-tax income of $5.4 million . The recorded income tax differed from taxes calculated at the statutory rate primarily due to a favorable change in the valuation allowance related to capital gains realized on the sale of an investment and discrete tax benefits recognized on certain tax credits claimed on the Company's 2014 federal return. For the nine months ended September 30, 2015 , although the Company recognized a pre-tax loss of $31.1 million , an income tax expense of $48.4 million was recorded primarily as a result of the U.S. Tax Court decision related to the IRS matter discussed below.

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 deductions on securities losses in the 2007, 2008 and 2009 tax returns. 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. On July 27, 2015, the Company filed a notice of appeal with the U.S. Tax Court. The U.S. Tax Court has transferred jurisdiction over the case to the U.S. Court of Appeals for the Fifth Circuit. All appellate briefs were filed by the end of January 2016, and oral arguments were held before the Fifth Circuit on June 7, 2016.

The Tax Court's 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 Condensed 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. Pending the outcome of the appeal, the Company may be required to file amended state returns and make additional cash payments of up to $17.0 million on amounts that have previously been accrued.

The IRS completed its examination of the Company’s consolidated income tax returns for the tax years 2011 through 2013 and issued a Revenue Agent Report (“RAR”) in the first quarter of 2015 that included disallowing $100.0 million of deductions related to payments the Company made to the U.S. DOJ pursuant to the Deferred Prosecution Agreement. In April 2016, the Company entered into a settlement agreement with the IRS allowing a deduction of $39.3 million . As of December 31, 2015, the Company had recognized a cumulative benefit of approximately $23.3 million related to this matter. “Income tax expense” in the Condensed Consolidated Statements of Operations for the nine months ended September 30, 2016 increased by $7.7 million as a result of the settlement.

Unrecognized tax benefits are recorded in “Accounts payable and other liabilities” in the Condensed Consolidated Balance Sheets. As of September 30, 2016 and December 31, 2015 , the liability for unrecognized tax benefits was $17.4 million and $30.5 million , respectively, all of which could impact the effective tax rate if recognized. The decrease in unrecognized tax benefits was driven by $21.2 million relating to the settlement of the U.S. DOJ tax matter discussed above. The Company accrues interest and penalties for unrecognized tax benefits through “Income tax expense” in the Condensed Consolidated Statements of Operations. For the nine months ended September 30, 2016 , interest and penalties increased by $1.0 million , offset by $0.5 million from the settlement of the U.S. DOJ tax matter. For the nine months ended September 30, 2015 , the Company's accrual for interest and penalties decreased by $1.2 million . As of September 30, 2016 and December 31, 2015 , the Company had a liability of $5.0 million and $4.5 million , respectively, for interest and penalties related to its unrecognized tax benefits. As a result of the Company's appeal with the U.S. Court of Appeals 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. As of September 30, 2016 , 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 $1.5 million and $16.3 million of liability recorded in the “Accounts payable and other liabilities” line in the Condensed Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015 , respectively. A nominal charge was recorded for legal proceedings during the three and nine months ended September 30, 2016 compared to a nominal and a $2.2 million charge recorded for the three and nine months ended September 30, 2015 , respectively, in the "Transaction and operations support" line in the Condensed Consolidated Statements of Operations.

Litigation Commenced Against the Company:

Class Action Securities Litigation — On April 15, 2015, a securities class action lawsuit was filed in the Superior Court of the State of Delaware, County of New Castle, against MoneyGram, all of its directors, certain of its executive officers, Thomas H. Lee Partners, Goldman Sachs & Co., Inc. and the underwriters of the secondary public offering of the Company’s common stock that closed on April 2, 2014 (the “2014 Offering”). The lawsuit was brought by the Iron Workers District Council of New England Pension Fund seeking to represent a class consisting of all purchasers of the Company’s common stock issued pursuant and/or traceable to the Company’s registration statement and prospectus, and all documents incorporated by reference therein, for the 2014 Offering. The lawsuit alleges violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, due to allegedly false and misleading statements in connection with the 2014 Offering and seeks unspecified damages and other relief. In May 2015, MoneyGram and the other defendants filed a notice of removal to the federal district court of the District of Delaware. In September 2016, the court denied plaintiffs' motion to remand. The Company believes that the claims are without merit and intends to vigorously defend against the lawsuit. The Company is unable to predict the outcome, or the possible loss or range of loss, if any, related to this matter.

Other Matters — The Company is involved in various other 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 and cash flows.

Government Investigations:

State Civil Investigative Demands — MoneyGram received Civil Investigative Demands from a working group of nine state attorneys general who initiated an investigation into whether the Company took adequate steps to prevent consumer fraud during the period from 2007 to 2014. On February 11, 2016, the Company entered into a settlement agreement with 49 states and the District of Columbia to settle any civil or administrative claims such attorneys general may have asserted under their consumer protection laws through the date of the settlement agreement in connection with the investigation. Under the settlement agreement, the Company made a non-refundable payment of $13.0 million to the participating states in March 2016 to be used by the states to provide restitution to consumers. The Company also agreed to implement certain enhancements to its compliance program and provide periodic reports to the states party to the settlement agreement.

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 and cash flows.

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 have notified OFAC of the ongoing internal investigation, which is being conducted in conjunction with the Company's outside counsel. If any violations are confirmed as part of our investigation, we could be subject to fines or penalties.

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. On July 27, 2015, the Company filed a notice of appeal with the U.S. Tax Court. The U.S. Tax Court has transferred jurisdiction over the case to the U.S. Court of Appeals for the Fifth Circuit. All appellate briefs were filed by the end of January 2016, and oral arguments were held before the Fifth Circuit on June 7, 2016.

The Tax Court's 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 Condensed 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. Pending the outcome of the appeal, the Company may be required to file amended state returns and make additional cash payments of up to $17.0 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 (loss) per common share because the D Stock is deemed a common stock equivalent. Diluted earnings (loss) 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 (loss) 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 (loss) per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
Basic common shares outstanding	62.2	62.1	62.4	62.1
Shares related to stock options and restricted stock units	4.2	1.7	3.8	—
Diluted common shares outstanding	66.4	63.8	66.2	62.1

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 and restricted stock units are anti-dilutive if they are subject to performance conditions that have not been met. The following table summarizes the weighted-average potential common shares excluded from diluted earnings (loss) per common share, as their effect would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in millions)	2016	2015	2016	2015
Shares related to stock options	2.7	3.3	2.8	3.5
Shares related to restricted stock units	0.8	2.6	0.8	3.7
Shares excluded from the computation	3.5	5.9	3.6	7.2

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 both the Global Funds Transfer segment and the Financial Paper Products segment accounted for 19 percent of total revenue for the three and nine months ended September 30, 2016 and 2015 .

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

(Amounts in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Global Funds Transfer revenue:				
Money transfer revenue	$ 339.6	$ 326.6	$ 997.3	$ 930.0
Bill payment revenue	24.6	24.4	71.9	74.0
Total Global Funds Transfer revenue	364.2	351.0	1,069.2	1,004.0
Financial Paper Products revenue:				
Money order revenue	12.6	12.5	38.2	38.4
Official check revenue	6.3	5.1	17.8	15.6
Total Financial Paper Products revenue	18.9	17.6	56.0	54.0
Total revenue	$ 383.1	$ 368.6	$ 1,125.2	$ 1,058.0

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

(Amounts in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Global Funds Transfer operating income	$ 26.6	$ 18.9	$ 70.0	$ 19.5
Financial Paper Products operating income	4.5	3.4	13.6	12.8
Total segment operating income	31.1	22.3	83.6	32.3
Other operating loss	(4.9)	(5.7)	(18.1)	(29.7)
Total operating income	26.2	16.6	65.5	2.6
Interest expense	11.3	11.2	33.8	33.7
Income (loss) before income taxes	$ 14.9	$ 5.4	$ 31.7	$ (31.1)

The following table sets forth the assets by segment:

(Amounts in millions)	September 30, 2016	December 31, 2015
Global Funds Transfer	$ 2,162.2	$ 1,982.0
Financial Paper Products	2,064.0	2,326.4
Other	199.9	196.8
Total assets	$ 4,426.1	$ 4,505.2

Note 15 — Condensed Consolidating Financial Statements

In the event the Company offers debt securities pursuant to an effective registration statement on Form S-3, these debt securities may be guaranteed by certain of its subsidiaries. Accordingly, the Company is providing condensed consolidating financial information in accordance with the 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 September 30, 2016 and December 31, 2015 , Condensed Consolidating Statements of Operations for the three and nine months ended September 30, 2016 and 2015 and Condensed Statements of Cash Flows for the nine months ended September 30, 2016 and 2015 . 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 SHEETS
AS OF SEPTEMBER 30, 2016

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ —	$ 102.7	$ 70.4	$ —	$ 173.1
Settlement assets	—	3,350.9	89.5	—	3,440.4
Property and equipment, net	—	182.1	19.2	—	201.3
Goodwill	—	315.3	126.9	—	442.2
Other assets	29.0	126.6	30.7	(17.2)	169.1
Equity investments in subsidiaries	903.2	230.5	—	(1,133.7)	—
Intercompany receivables	—	213.6	17.1	(230.7)	—
Total assets	$ 932.2	$ 4,521.7	$ 353.8	$ (1,381.6)	$ 4,426.1
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
Payment service obligations	$ —	$ 3,373.7	$ 66.7	$ —	$ 3,440.4
Debt	937.3	—	—	—	937.3
Pension and other postretirement benefits	—	86.5	—	—	86.5
Accounts payable and other liabilities	1.7	158.3	27.6	(17.2)	170.4
Intercompany liabilities	201.7	—	29.0	(230.7)	—
Total liabilities	1,140.7	3,618.5	123.3	(247.9)	4,634.6
Total stockholders’ (deficit) equity	(208.5)	903.2	230.5	(1,133.7)	(208.5)
Total liabilities and stockholders’ (deficit) equity	$ 932.2	$ 4,521.7	$ 353.8	$ (1,381.6)	$ 4,426.1

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING BALANCE SHEETS
AS OF DECEMBER 31, 2015

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 2.1	$ 88.2	$ 74.2	$ —	$ 164.5
Settlement assets	—	3,424.1	81.5	—	3,505.6
Property and equipment, net	—	179.0	20.7	—	199.7
Goodwill	—	315.3	126.9	—	442.2
Other assets	27.0	168.5	36.4	(38.7)	193.2
Equity investments in subsidiaries	885.5	215.8	—	(1,101.3)	—
Intercompany receivables	6.3	201.2	—	(207.5)	—
Total assets	$ 920.9	$ 4,592.1	$ 339.7	$ (1,347.5)	$ 4,505.2
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
Payment service obligations	$ —	$ 3,462.3	$ 43.3	$ —	$ 3,505.6
Debt	942.6	—	—	—	942.6
Pension and other postretirement benefits	—	96.3	—	—	96.3
Accounts payable and other liabilities	1.0	148.0	73.2	(38.7)	183.5
Intercompany liabilities	200.1	—	7.4	(207.5)	—
Total liabilities	1,143.7	3,706.6	123.9	(246.2)	4,728.0
Total stockholders' (deficit) equity	(222.8)	885.5	215.8	(1,101.3)	(222.8)
Total liabilities and stockholders' (deficit) equity	$ 920.9	$ 4,592.1	$ 339.7	$ (1,347.5)	$ 4,505.2

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2016

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	$ —	$ 365.4	$ 104.0	$ (90.9)	$ 378.5
Investment revenue	—	4.6	—	—	4.6
Total revenue	—	370.0	104.0	(90.9)	383.1
EXPENSES					
Fee and other commissions expense	—	166.4	49.8	(46.0)	170.2
Investment commissions expense	—	0.6	—	—	0.6
Total commissions expense	—	167.0	49.8	(46.0)	170.8
Compensation and benefits	—	47.7	24.7	—	72.4
Transaction and operations support	0.4	110.4	13.6	(44.9)	79.5
Occupancy, equipment and supplies	—	11.5	4.1	—	15.6
Depreciation and amortization	—	15.6	3.0	—	18.6
Total operating expenses	0.4	352.2	95.2	(90.9)	356.9
OPERATING (LOSS) INCOME	(0.4)	17.8	8.8	—	26.2
Other expense					
Interest expense	11.3	—	—	—	11.3
Total other expense	11.3	—	—	—	11.3
(Loss) income before income taxes	(11.7)	17.8	8.8	—	14.9
Income tax (benefit) expense	(4.3)	7.6	1.4	—	4.7
(Loss) income after income taxes	(7.4)	10.2	7.4	—	10.2
Equity income in subsidiaries	17.6	7.4	—	(25.0)	—
NET INCOME	10.2	17.6	7.4	(25.0)	10.2
TOTAL OTHER COMPREHENSIVE INCOME	1.3	1.3	0.6	(1.9)	1.3
COMPREHENSIVE INCOME	$ 11.5	$ 18.9	$ 8.0	$ (26.9)	$ 11.5

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	$ —	$ 1,089.2	$ 307.9	$ (284.6)	$ 1,112.5
Investment revenue	—	12.7	—	—	12.7
Total revenue	—	1,101.9	307.9	(284.6)	1,125.2
EXPENSES					
Fee and other commissions expense	—	493.7	157.2	(145.5)	505.4
Investment commissions expense	—	1.7	—	—	1.7
Total commissions expense	—	495.4	157.2	(145.5)	507.1
Compensation and benefits	—	145.9	72.6	—	218.5
Transaction and operations support	1.3	322.7	42.2	(139.1)	227.1
Occupancy, equipment and supplies	—	34.7	12.1	—	46.8
Depreciation and amortization	—	50.7	9.5	—	60.2
Total operating expenses	1.3	1,049.4	293.6	(284.6)	1,059.7
OPERATING (LOSS) INCOME	(1.3)	52.5	14.3	—	65.5
Other expense					
Interest expense	33.8	—	—	—	33.8
Total other expense	33.8	—	—	—	33.8
(Loss) income before income taxes	(35.1)	52.5	14.3	—	31.7
Income tax (benefit) expense	(12.8)	37.8	(2.4)	—	22.6
(Loss) income after income taxes	(22.3)	14.7	16.7	—	9.1
Equity income in subsidiaries	31.4	16.7	—	(48.1)	—
NET INCOME	9.1	31.4	16.7	(48.1)	9.1
TOTAL OTHER COMPREHENSIVE INCOME	1.6	1.6	0.9	(2.5)	1.6
COMPREHENSIVE INCOME	$ 10.7	$ 33.0	$ 17.6	$ (50.6)	$ 10.7

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	$ —	$ 354.1	$ 92.1	$ (80.4)	$ 365.8
Investment revenue	—	2.8	—	—	2.8
Total revenue	—	356.9	92.1	(80.4)	368.6
OPERATING EXPENSES					
Fee and other commissions expense	—	164.7	45.6	(41.6)	168.7
Investment commissions expense	—	0.2	—	—	0.2
Total commissions expense	—	164.9	45.6	(41.6)	168.9
Compensation and benefits	—	49.1	24.0	—	73.1
Transaction and operations support	0.4	107.0	9.6	(38.8)	78.2
Occupancy, equipment and supplies	—	10.9	5.8	(1.7)	15.0
Depreciation and amortization	—	14.1	2.7	—	16.8
Total operating expenses	0.4	346.0	87.7	(82.1)	352.0
OPERATING (LOSS) INCOME	(0.4)	10.9	4.4	1.7	16.6
Other expense (income)					
Interest expense	11.2	—	—	—	11.2
Other income	—	—	(1.7)	1.7	—
Total other expense (income)	11.2	—	(1.7)	1.7	11.2
(Loss) income before income taxes	(11.6)	10.9	6.1	—	5.4
Income tax (benefit) expense	(4.1)	4.7	(0.1)	—	0.5
(Loss) income after income taxes	(7.5)	6.2	6.2	—	4.9
Equity income in subsidiaries	12.4	6.2	—	(18.6)	—
NET INCOME	4.9	12.4	6.2	(18.6)	4.9
TOTAL OTHER COMPREHENSIVE LOSS	(5.0)	(5.0)	(2.1)	7.1	(5.0)
COMPREHENSIVE (LOSS) INCOME	$ (0.1)	$ 7.4	$ 4.1	$ (11.5)	$ (0.1)

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	$ —	$ 1,027.8	$ 307.4	$ (285.7)	$ 1,049.5
Investment revenue	—	8.4	0.1	—	8.5
Total revenue	—	1,036.2	307.5	(285.7)	1,058.0
OPERATING EXPENSES					
Fee and other commissions expense	—	472.3	168.2	(155.2)	485.3
Investment commissions expense	—	0.5	—	—	0.5
Total commissions expense	—	472.8	168.2	(155.2)	485.8
Compensation and benefits	—	162.6	73.0	—	235.6
Transaction and operations support	1.2	329.7	38.5	(130.5)	238.9
Occupancy, equipment and supplies	—	42.8	14.1	(10.6)	46.3
Depreciation and amortization	—	39.9	8.9	—	48.8
Total operating expenses	1.2	1,047.8	302.7	(296.3)	1,055.4
OPERATING (LOSS) INCOME	(1.2)	(11.6)	4.8	10.6	2.6
Other expense (income)					
Interest expense	33.7	—	—	—	33.7
Other income	—	—	(10.6)	10.6	—
Total other expense (income)	33.7	—	(10.6)	10.6	33.7
(Loss) income before income taxes	(34.9)	(11.6)	15.4	—	(31.1)
Income tax (benefit) expense	(12.1)	60.0	0.5	—	48.4
(Loss) income after income taxes	(22.8)	(71.6)	14.9	—	(79.5)
Equity (loss) income in subsidiaries	(56.7)	14.9	—	41.8	—
NET (LOSS) INCOME	(79.5)	(56.7)	14.9	41.8	(79.5)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	5.1	5.1	(13.0)	7.9	5.1
COMPREHENSIVE (LOSS) INCOME	$ (74.4)	$ (51.6)	$ 1.9	$ 49.7	$ (74.4)

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (34.1)	$ 120.5	$ (1.9)	$ —	$ 84.5
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(54.0)	(6.4)	—	(60.4)
Dividend from subsidiary guarantors	38.9	—	—	(38.9)	—
Intercompany investments	—	(12.4)	—	12.4	—
Net cash provided by (used in) investing activities	38.9	(66.4)	(6.4)	(26.5)	(60.4)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments on debt	(7.3)	—	—	—	(7.3)
Stock repurchase	(7.5)	—	—	—	(7.5)
Dividend to parent	—	(38.9)	—	38.9	—
Intercompany financings	7.9	—	4.5	(12.4)	—
Payment of contingent consideration	—	(0.7)	—	—	(0.7)
Net cash (used in) provided by financing activities	(6.9)	(39.6)	4.5	26.5	(15.5)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2.1)	14.5	(3.8)	—	8.6
CASH AND CASH EQUIVALENTS—Beginning of period	2.1	88.2	74.2	—	164.5
CASH AND CASH EQUIVALENTS—End of period	$ —	$ 102.7	$ 70.4	$ —	$ 173.1

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (23.9)	$ 67.9	$ (46.5)	$ —	$ (2.5)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(79.5)	(9.3)	—	(88.8)
Proceeds from disposal of assets	—	0.1	—	—	0.1
Dividend from subsidiary guarantors	39.1	—	—	(39.1)	—
Intercompany investments	(7.4)	34.4	—	(27.0)	—
Net cash provided by (used in) investing activities	31.7	(45.0)	(9.3)	(66.1)	(88.7)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments on debt	(7.4)	—	—	—	(7.4)
Stock repurchase	(0.4)	—	—	—	(0.4)
Dividend to parent	—	(39.1)	—	39.1	—
Intercompany financings	—	7.3	(34.3)	27.0	—
Net cash used in financing activities	(7.8)	(31.8)	(34.3)	66.1	(7.8)
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	(8.9)	(90.1)	—	(99.0)
CASH AND CASH EQUIVALENTS—Beginning of period	2.1	92.0	156.5	—	250.6
CASH AND CASH EQUIVALENTS—End of period	$ 2.1	$ 83.1	$ 66.4	$ —	$ 151.6

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, or 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, 2015 . 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 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 other financial institutions. We have Company-operated retail locations in the U.S. and Western Europe. Our Digital solutions include moneygram.com, mobile solutions, account deposit and kiosk-based services.

We manage our revenue and related commissions expenses through two reporting segments: Global Funds Transfer and Financial Paper Products. The Global Funds Transfer segment provides global money transfer services in over 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 and nine months ended September 30, 2016 . 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 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. Excluded from operating income for Global Funds Transfer and Financial Paper Products segments are corporate expenses that are not related to our segments' performance.

Business Environment

During the nine months ended September 30, 2016 , worldwide political and economic conditions continued to remain unstable, as evidenced by high unemployment rates in key markets, lower oil prices, lower currency reserves and currency controls, restricted lending activity, weak currencies and low consumer confidence, among other factors. Specifically, there is continued political and economic unrest in parts of the Middle East and Africa that contributed to the volatility. Historically, the remittance industry has generally been resilient during times of economic softness as money transfers are deemed essential to many, with the funds used by the receiving party for food, housing and other basic needs. 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 fluctuate by corridor and country during the three and nine months ended September 30, 2016 .

The June 23, 2016 referendum by British voters to exit the European Union (referred to as Brexit) introduced additional volatility and uncertainty in global markets and currency exchange rates. So far the primary impact of Brexit has been the weakening of the British Pound compared to the US Dollar which has negatively impacted our reported revenue in the three and nine months ended September 30, 2016 . However, our restructuring efforts and the diversification of our employment base outside of the U.S. better aligned the currency exposure of our expenses with our revenues, which lessens the currency impact.

Our financial results were positively impacted year-over-year primarily by money transfer revenue growth for the three and nine months ended September 30, 2016 , specifically in the Non-U.S. and U.S. Outbound channels, continued growth in the Digital channel and the conclusion of the global transformation program (the "2014 Global Transformation Program") reorganization and restructuring activities in the second quarter of 2016 . The positive impact was partially offset in the third quarter by the geopolitical and economic challenges in the Middle East and parts of Africa and the discontinuation of our full-service kiosk offerings in the second quarter of 2016 .

We believe that our investment in innovative products and services, particularly Digital solutions such as moneygram.com, mobile solutions, account deposit and kiosk-based services, positions the Company to enhance revenue growth and diversify our product and service offerings. During the third quarter of 2016 , the Company introduced two new products: MoneyGram Mobile Pass and MoneyGram Kameleon. MoneyGram Mobile Pass allows customers to stage a transaction on a mobile device or online and pay for the transaction at any one of our U.S. locations. MoneyGram Kameleon provides a customized website for our agents and improves money transfers to any one of our agent locations, as well as bank accounts around the world. Digital solutions represented 13% of money transfer revenue for the three and nine months ended September 30, 2016 and we are anticipating it to reach 15% to 20% by the end of 2017. For the three and nine months ended September 30, 2016 , Digital revenue was $45.4 million and $130.1 million , respectively.

Anticipated Trends

This discussion of trends expected to impact our business through the remainder of 2016 and going into 2017 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 Part I, Item 1A, “Risk Factors" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 for additional factors that could cause results to differ materially from those contemplated by the following forward-looking statements.

We see increased opportunities to capitalize on growth and expansion both geographically and through product and service offerings. However, we continue to have challenges in countries that restrict our ability to transact, such as Libya and Angola. Additionally, the low oil prices, the strengthened U.S. dollar and political instability have led to increased currency volatility, liquidity pressure on central banks and pressure on labor markets in certain countries. These challenges may continue to impact our business through the end of 2016 and into 2017.

We continue to review markets in which we may have an opportunity to increase prices based on increased brand awareness, loyalty and competitive positioning. We are monitoring consumer behavior to ensure that we continue our revenue growth. We also continue to monitor pricing actions from our competitors, which may result in pricing changes for our products and services. In October of 2016 , Walmart announced the expansion of their U.S. to U.S. white label product into higher transaction bands up to $2,500 and the Company is adjusting its pricing structure for all money transfers between $900 and $2,500 originated at Walmart. Additionally, in October of 2016 , the Company and Walmart announced the Walmart2Walmart Mexico product, which is a new cross border money transfer product for customers sending from any U.S. Walmart location to any Walmart Mexico location.

During the first half of 2016 , we realized a positive impact from certain currency purchases due to favorable market conditions which were not sustained during the three months ended September 30, 2016 and we cannot predict these market conditions for the remainder of the year.

We are currently unable to determine the long term impact, if any, that Brexit will have on us and the global economic environment, as any impact will depend, in part, on the outcome of tariff, trade, regulatory and other negotiations. In the near term, we expect a weaker British pound to cause local currency results of our U.K. business to be translated into fewer U.S. dollars, partially offset by the Company's foreign currency forward contracts and lower pound sterling operating costs in the United Kingdom.

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. We expect the underlying balances to remain stable or move commensurate with the transaction volume.

We continue to see a trend among state, federal and international regulators towards 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.

Our compliance enhancement program is focused on improving our services for consumers and completing the programs recommended in adherence with our settlement with the U.S. Attorney’s Office for the Middle District of Pennsylvania ("MDPA") and the Asset Forfeiture and Money Laundering Section of the Criminal Division of the Department of Justice ("U.S. DOJ"). The Company made total investments of approximately $23.8 million for the nine months ended September 30, 2016 , which include $15.8 million of capital expenditures and $8.0 million of expenses incurred.

In the first quarter of 2013, a compliance monitor was selected pursuant to a requirement of our settlement with the MDPA and U.S. DOJ. We have received three annual reports from the compliance monitor, which have resulted in us continuing to make investments in our compliance systems and operations. We incurred $2.6 million and $7.3 million of expense directly related to the compliance monitor for the three and nine months ended September 30, 2016 , respectively.

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 payment service 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 is typically calculated as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior 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:

(Amounts in millions, except percentages)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
REVENUE						
Fee and other revenue	$ 378.5	$ 365.8	3 %	$ 1,112.5	$ 1,049.5	6 %
Investment revenue	4.6	2.8	64 %	12.7	8.5	49 %
Total revenue	383.1	368.6	4 %	1,125.2	1,058.0	6 %
EXPENSES						
Fee and other commissions expense	170.2	168.7	1 %	505.4	485.3	4 %
Investment commissions expense	0.6	0.2	NM	1.7	0.5	NM
Total commissions expense	170.8	168.9	1 %	507.1	485.8	4 %
Compensation and benefits	72.4	73.1	(1)%	218.5	235.6	(7)%
Transaction and operations support	79.5	78.2	2 %	227.1	238.9	(5)%
Occupancy, equipment and supplies	15.6	15.0	4 %	46.8	46.3	1 %
Depreciation and amortization	18.6	16.8	11 %	60.2	48.8	23 %
Total operating expenses	356.9	352.0	1 %	1,059.7	1,055.4	— %
OPERATING INCOME	26.2	16.6	58 %	65.5	2.6	NM
Other expense						
Interest expense	11.3	11.2	1 %	33.8	33.7	— %
Total other expense	11.3	11.2	1 %	33.8	33.7	— %
Income (loss) before income taxes	14.9	5.4	NM	31.7	(31.1)	NM
Income tax expense	4.7	0.5	NM	22.6	48.4	(53)%
NET INCOME (LOSS)	$ 10.2	$ 4.9	NM	$ 9.1	$ (79.5)	NM

NM=Not meaningful

Global Funds Transfer

The following discussion provides a summary of fee and other revenue and fee and other commissions expense for the Global Funds Transfer segment for the three and nine months ended September 30, 2016 and 2015 . Investment revenue is not included in the analysis below. For further detail, see "Investment Revenue Analysis" included below.

(Amounts in millions, except percentages)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Money transfer fee and other revenue	$ 339.6	$ 326.6	4%	$ 997.3	$ 929.9	7 %
Bill payment fee and other revenue	24.6	24.4	1%	71.9	74.0	(3)%
Global Funds Transfer fee and other revenue	$ 364.2	$ 351.0	4%	$ 1,069.2	$ 1,003.9	7 %
Fee and other commissions expense	$ 169.8	$ 168.5	1%	$ 504.6	$ 485.0	4 %

Money Transfer Fee and Other Revenue

The following table details the changes in money transfer fee and other revenue from 2015 to 2016 :

(Amounts in millions)	Three Months Ended	Nine Months Ended
For the period ended September 30, 2015	$ 326.6	$ 929.9
Change resulting from:		
Money transfer volume	11.3	50.3
Corridor mix	3.8	40.3
Impact from changes in exchange rates	(3.3)	(8.1)
Average face value per transaction and pricing	0.6	(12.1)
Other	0.6	(3.0)
For the period ended September 30, 2016	$ 339.6	$ 997.3

For the three and nine months ended September 30, 2016 , the increase in money transfer fee and other revenue was primarily driven by increased Non-U.S. and U.S. outbound money transfer volume discussed further below and a positive change in corridor mix, partially offset by the stronger U.S. dollar compared to prior year. For the nine months ended September 30, 2016 , the increase in money transfer fee and other revenue was also partially offset by a decline in average face value per transaction and pricing of non-U.S. transactions.

The following table displays year-over-year money transfer fee and other revenue growth by geographic channel (the region originating the transaction):

	Three Months Ended September 30,	Nine Months Ended September 30,
	2016 vs 2015	2016 vs 2015
Total money transfer fee and other revenue	4%	7%
U.S. Outbound	8%	9%
Non-U.S.	4%	9%
U.S. to U.S.	(7)%	(4)%

Money Transfer Transactions

The following table displays the percentage distribution of total money transfer transactions by geographic channel (the region originating the transaction):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
U.S. Outbound	43%	42%	44%	42%
Non-U.S.	42%	41%	41%	40%
U.S. to U.S.	15%	17%	15%	18%

The following table displays year-over-year money transfer transaction growth by geographic channel (the region originating the transaction):

	Three Months Ended September 30,	Nine Months Ended September 30,
	2016 vs 2015	2016 vs 2015
Total transactions	3%	5%
U.S. Outbound	6%	8%
Non-U.S.	8%	11%
U.S. to U.S.	(14)%	(12)%

For the three and nine months ended September 30, 2016 , total money transfer fee and other revenue grew by 4% and 7% , respectively, and total money transfer transactions grew by 3% and 5% , respectively. The U.S. Outbound channel generated 8% and 9% revenue growth for three and nine months ended September 30, 2016 , respectively, and 6% and 8% transaction growth for the same periods. The revenue and transaction growth was primarily driven by sends to Latin America, parts of Asia Pacific and Africa, which was partially offset by the discontinuation of our full-service kiosk offerings. The U.S. Outbound channel accounted for 43% and 44% of our total money transfer transactions, respectively, for the three and nine months ended September 30, 2016 .

For the three and nine months ended September 30, 2016 , the Non-U.S. channel money transfer fee and other revenue growth was 4% and 9% , respectively, and the transaction growth was 8% and 11% for the same periods. The revenue and transaction growth was primarily driven by sends from Europe, partially offset by lower transaction volume caused by geopolitical and economic challenges in the Middle East and parts of Africa. The Non-U.S. channel accounted for 42% and 41% of total money transfer transactions, respectively, for the three and nine months ended September 30, 2016 .

For the three and nine months ended September 30, 2016 , the U.S. to U.S. channel money transfer fee and other revenue declined by 7% and 4% , respectively, and transactions declined by 14% and 12% for the same periods. The decline was primarily due to lower volume of transactions under $200. The U.S. to U.S. channel accounted for 15% of total money transfer transactions for the three and nine months ended September 30, 2016 .

Bill Payment Fee and Other Revenue

For the three months ended September 30, 2016 , bill payment fee and other revenue remained relatively flat and decreased by $2.1 million for the nine months ended September 30, 2016 , as a result of lower transactions and lower average fees resulting from shifts in industry mix. Bill payment transactions increased by 1% for the three months ended September 30, 2016 and decreased by 2% for the nine months ended September 30, 2016 .

Fee and Other Commissions Expense

The following table details the changes in fee and other commissions for the Global Funds Transfer segment from 2015 to 2016 :

(Amounts in millions)	**Three Months Ended**	**Nine Months Ended**
For the period ended September 30, 2015	$ 168.5	$ 485.0
Change resulting from:		
Money transfer revenue	7.1	33.3
Amortization of agent signing bonuses	(2.5)	(3.6)
Money transfer corridor and agent mix	(2.4)	(6.6)
Impact from changes in exchange rates	(1.3)	(3.6)
Other	0.4	0.1
For the period ended September 30, 2016	$ 169.8	$ 504.6

For the three and nine months ended September 30, 2016 , fee and other commissions expense increased by $1.3 million and $19.6 million , respectively. The increase in commissions expense was primarily driven by the increase in money transfer revenue, partially offset by a decrease in signing bonus amortization, changes in money transfer corridor and agent mix and the impact from a stronger U.S. dollar compared to prior year. Fee and other commissions expense as a percentage of fee and other revenue decreased to 47% for the three and nine months ended September 30, 2016 , from 48% for the same periods in 2015 .

Financial Paper Products

The following discussion provides a summary of fee and other revenue and fee and other commissions expense for the Financial Paper Product segment for the three and nine months ended September 30, 2016 and 2015 . Investment revenue and investment commissions expense are not included in the analysis below. For further detail, see "Investment Revenue Analysis" included below.

(Amounts in millions, except percentages)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Money order fee and other revenue	$ 11.2	$ 11.7	(4)%	$ 34.3	$ 36.0	(5)%
Official check fee and other revenue	3.1	3.1	— %	9.0	9.6	(6)%
Financial Paper Product fee and other revenue	$ 14.3	$ 14.8	(3)%	$ 43.3	$ 45.6	(5)%
Fee and other commissions expense	$ 0.4	$ 0.1	NM	$ 0.8	$ 0.3	NM

NM=Not meaningful

For the three and nine months ended September 30, 2016 , Financial Paper Product fee and other revenue decreased primarily due to transaction declines attributed to the migration by consumers to other payment methods.

Investment Revenue Analysis

The following discussion provides a summary of the Company's investment revenue and investment commissions expense:

(Amounts in millions, except percentages)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Investment revenue	$ 4.6	$ 2.8	64%	$ 12.7	$ 8.5	49%
Investment commissions expense [(1)]	0.6	0.2	NM	1.7	0.5	NM

[(1)] Commissions are generated from the average outstanding cash balances of official checks sold.

NM=Not meaningful

Investment Revenue

Investment revenue consists primarily of interest income generated through the investment of cash balances received from the sale of official checks and money orders. These cash balances are available to us for investment until the payment instrument is cleared. Investment revenue varies depending on the level of investment balances and the yield on our investments.

Investment revenue increased for the three and nine months ended September 30, 2016 when compared to the same periods in 2015, primarily due to higher yields earned on investment balances.

Operating Expenses

The following table is a summary of operating expenses, excluding commissions expense:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016		2015		2016		2015	
(Amounts in millions, except percentages)	Dollars	Percent of Total Revenue	Dollars	Percent of Total Revenue	Dollars	Percent of Total Revenue	Dollars	Percent of Total Revenue
Compensation and benefits	$ 72.4	19%	$ 73.1	20%	$ 218.5	19%	$ 235.6	22%
Transaction and operations support	79.5	21%	78.2	21%	227.1	20%	238.9	23%
Occupancy, equipment and supplies	15.6	4%	15.0	4%	46.8	4%	46.3	4%
Depreciation and amortization	18.6	5%	16.8	5%	60.2	5%	48.8	5%
Total operating expenses	$ 186.1	49%	$ 183.1	50%	$ 552.6	49%	$ 569.6	54%

For the three and nine months ended September 30, 2016 , total operating expenses as a percentage of total revenue decreased as compared to the same periods in 2015 , mainly due to an increase in total revenue, lower expense related to the 2014 Global Transformation Program and a decrease in pension expense, partially offset by an increase in depreciation and amortization and an increase in outsourcing, independent contractor and consultant costs, all of which are discussed in more detail below.

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 2015 to 2016 :

(Amounts in millions)	Three Months Ended	Nine Months Ended
For the period ended September 30, 2015	$ 73.1	$ 235.6
Change resulting from:		
Salaries and related payroll taxes	3.0	13.2
Reorganization and restructuring costs	(1.2)	(9.6)
Pension expense	(1.1)	(17.7)
Impact from changes in exchange rates	(0.2)	(1.5)
Other	(1.2)	(1.5)
For the period ended September 30, 2016	$ 72.4	$ 218.5

For the three and nine months ended September 30, 2016 , compensation and benefits expense decreased primarily due to the conclusion of the 2014 Global Transformation Program reorganization and restructuring activities and lower pension expense, partially offset by an increase in salaries and related payroll taxes driven by higher headcount. For the nine months ended September 30, 2016 , pension expense decreased primarily as a result of a pension settlement charge of $13.8 million recorded in 2015 from a voluntary pension buyout.

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 is a summary of the change in transaction and operations support from 2015 to 2016 :

(Amounts in millions)	Three Months Ended	Nine Months Ended
For the period ended September 30, 2015	$ 78.2	$ 238.9
Change resulting from:		
Provision for loss	(5.8)	(4.7)
Outsourcing, independent contractor and consultant costs	4.7	17.6
Marketing costs	3.5	5.4
Net realized foreign exchange gains	2.7	(9.5)
Compliance enhancement program	(1.9)	(10.8)
Reorganization and restructuring costs	(1.2)	(5.9)
Legal expenses	(0.6)	(3.9)
Other	(0.1)	—
For the period ended September 30, 2016	$ 79.5	$ 227.1

Transaction and operations support expense increased for the three months ended September 30, 2016 , primarily due to an increase in outsourcing, independent contractor and consultant costs as a result of continued investment in our compliance systems and call centers, increases in our marketing costs and change in net realized foreign exchange gains. The increase was offset by a higher provision for loss related to our ACH product in the third quarter of 2015 and a decline in expenses related to the 2014 Global Transformation Program.

For the nine months ended September 30, 2016 , transaction and operations support expense decreased primarily due to the decline in expenses related to the 2014 Global Transformation Program, net realized foreign exchange gains related to the favorable execution of the purchase of certain currencies which traded outside of their historical norms and reduction in our provision for loss and legal expenses. The decrease was partially offset by an increase in costs for outsourcing, independent contractor and consultant costs and an increase in marketing costs.

Occupancy, Equipment and Supplies
Occupancy, equipment and supplies expense includes facilities rent and maintenance costs, software and equipment maintenance costs, freight and delivery costs and supplies.

For the three and nine months ended September 30, 2016 , occupancy, equipment and supplies expense remained relatively flat when compared to the same periods in 2015 .

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.

For the three months ended September 30, 2016 , depreciation and amortization increased $1.8 million , or 11% , primarily driven by higher depreciation expense associated with increased investments in computer hardware and software as compared to the same period in 2015 . For the nine months ended September 30, 2016 , depreciation and amortization increased $11.4 million , or 23% , primarily driven by accelerated depreciation expense on non-core assets.

Other Expenses

Interest Expense

Interest expense remained relatively flat for the three and nine months ended September 30, 2016 , when compared to the same periods in 2015 .

Income Taxes

For the three months ended September 30, 2016 , the Company recognized an income tax expense of $4.7 million on pre-tax income of $14.9 million . The recorded income tax differs from taxes calculated at the statutory rate primarily due to a favorable change in estimate for certain tax credits generated in both 2016 and 2015 . For the nine months ended September 30, 2016 , the Company recognized income tax expense of $22.6 million on pre-tax income of $31.7 million . The recorded income tax expense for the nine months ended September 30, 2016 differs from taxes calculated at the statutory rate primarily due to an increase in tax expense of $7.7 million due to the settlement reached with the Internal Revenue Service (the "IRS") on the matter related to the deduction of payments previously made by the Company to the U.S. DOJ pursuant to the Deferred Prosecution Agreement with the MDPA and the U.S. DOJ (the "Deferred Prosecution Agreement"), the reversal of tax benefits of $3.6 million on share-based compensation and a tax expense of $1.6 million related to non-deductible executive compensation, offset by $1.7 million of tax benefit related to the Company's increase in estimate for certain tax credits. See Note 11 — *Income Taxes* of the Notes to the Condensed Consolidated Financial Statements for additional disclosure on this tax matter.

For the three months ended September 30, 2015 , the Company recognized an income tax expense of $0.5 million on a pre-tax income of $5.4 million . For the nine months ended September 30, 2015 , although the Company recognized a pre-tax loss of $31.1 million , an income tax expense of $48.4 million was recorded primarily as a result of the court decision related to the IRS matter further discussed in Note 12 — *Commitments and Contingencies* of the Notes to the Condensed Consolidated Financial Statements.

Operating Income and Operating Margin

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Amounts in millions, except percentages)	2016	2015	Change	2016	2015	Change
Operating income:						
Global Funds Transfer	$ 26.6	$ 18.9	$ 7.7	$ 70.0	$ 19.5	$ 50.5
Financial Paper Products	4.5	3.4	1.1	13.6	12.8	0.8
Total segment operating income	31.1	22.3	8.8	83.6	32.3	51.3
Other	(4.9)	(5.7)	0.8	(18.1)	(29.7)	11.6
Total operating income	$ 26.2	$ 16.6	$ 9.6	$ 65.5	$ 2.6	$ 62.9
Total operating margin	6.8%	4.5%		5.8%	0.2%	
Global Funds Transfer	7.3%	5.4%		6.5%	1.9%	
Financial Paper Products	23.8%	19.3%		24.3%	23.7%	

For the three and nine months ended September 30, 2016 , the Company experienced an increase in total operating income and operating margin when compared to the same periods in 2015 , primarily due to an increase in money transfer fee and other revenue of $13.0 million and $67.4 million , respectively. In addition, for the same periods, total operating expenses as a percent of total revenue declined mainly due to the lower expenses related to the 2014 Global Transformation Program and the reduction in pension expense, partially offset by an increase in commissions expense and depreciation and amortization as previously discussed.

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

We believe that EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and constant currency measures 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:

(Amounts in millions, except percentages)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Change
Income (loss) before income taxes	$ 14.9	$ 5.4	$ 9.5	$ 31.7	$ (31.1)	$ 62.8
Interest expense	11.3	11.2	0.1	33.8	33.7	0.1
Depreciation and amortization	18.6	16.8	1.8	60.2	48.8	11.4
Amortization of agent signing bonuses	13.3	16.2	(2.9)	41.0	45.3	(4.3)
EBITDA	58.1	49.6	8.5	166.7	96.7	70.0
Significant items impacting EBITDA:						
Stock-based, contingent and incentive compensation	4.2	6.8	(2.6)	14.9	19.6	(4.7)
Compliance enhancement program	3.1	5.8	(2.7)	8.0	21.5	(13.5)
Direct monitor costs	2.6	2.8	(0.2)	7.3	7.5	(0.2)
Legal and contingent matters (1)	0.7	(2.3)	3.0	1.4	1.4	—
Severance and related costs (2)	—	—	—	1.4	—	1.4
Reorganization and restructuring costs (3)	—	2.9	(2.9)	—	17.4	(17.4)
Pension settlement charge	—	—	—	—	13.8	(13.8)
Adjusted EBITDA	$ 68.7	$ 65.6	$ 3.1	$ 199.7	$ 177.9	$ 21.8
Adjusted EBITDA growth, as reported	5%			12%		
Adjusted EBITDA growth, constant currency adjusted	8%			14%		
Adjusted EBITDA	$ 68.7	$ 65.6	$ 3.1	$ 199.7	$ 177.9	$ 21.8
Cash payments for interest	(10.5)	(10.6)	0.1	(31.4)	(31.6)	0.2
Cash taxes, net	(2.5)	(1.9)	(0.6)	(7.1)	(67.2)	60.1
Payments related to IRS tax matter	—	—	—	—	61.0	(61.0)
Cash payments for capital expenditures	(22.3)	(29.1)	6.8	(60.4)	(88.8)	28.4
Cash payments for agent signing bonuses	(2.6)	(7.5)	4.9	(17.2)	(71.3)	54.1
Adjusted Free Cash Flow	$ 30.8	$ 16.5	$ 14.3	$ 83.6	$ (20.0)	$ 103.6

(1) Third quarter of 2015 includes reversal of a previously accrued contingent matter.

(2) Severance and related costs from organizational alignment.

(3) Reorganization and restructuring costs are no longer being adjusted effective January 1, 2016.

For the three and nine months ended September 30, 2016 , the Company generated EBITDA of $ 58.1 million and $166.7 million , respectively, and Adjusted EBITDA of $68.7 million and $199.7 million , respectively. When compared to the same periods in 2015 , EBITDA and Adjusted EBITDA increased primarily due to an increase in money transfer fee and other revenue. Additionally, for the three and nine months ended September 30, 2016 , EBITDA was positively impacted by a decrease in total operating expenses as a percentage of revenue, which was primarily caused by lower expenses related to the 2014 Global Transformation Program. For the nine months ended September 30, 2016 , EBITDA was also positively impacted from the absence of a pension settlement charge.

For the three and nine months ended September 30, 2016 , Adjusted Free Cash Flow increased by $14.3 million and $103.6 million , respectively, when compared to the same periods in 2015 . The increase was a result of improved profitability, a decrease in cash payments for agent signing bonuses and a decrease in capital expenditures related to the 2014 Global Transformation Program.

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:

(Amounts in millions)	September 30, 2016	December 31, 2015
Cash and cash equivalents	$ 173.1	$ 164.5
Settlement assets:		
Settlement cash and cash equivalents	1,373.3	1,560.7
Receivables, net	847.4	861.4
Interest-bearing investments	1,201.4	1,062.4
Available-for-sale investments	18.3	21.1
	$ 3,440.4	$ 3,505.6
Payment service obligations	$ (3,440.4)	$ (3,505.6)

Our primary sources of liquidity include cash flows generated by the sale of our payment instruments, our cash and cash equivalent 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 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 seek to 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 operating needs 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, Standard & Poor's, and Fitch Ratings, Inc.; and in AAA rated U.S. government money market funds. If the rating agencies have split ratings, the Company uses the highest two out of three ratings across the agencies for disclosure purposes. If none of the three rating agencies have the same rating, the Company uses the lowest rating across the agencies for disclosure purposes. As of September 30, 2016 , cash and cash equivalents (including unrestricted and settlement cash and cash equivalents) and interest-bearing investments totaled $2.7 billion . Cash equivalents and interest-bearing investments consist of time deposits, certificates of deposit and money market funds that invest in U.S. government and government agency securities.

Available-for-sale Investments

Our investment portfolio includes $18.3 million of available-for-sale investments as of September 30, 2016 . U.S. government agency residential mortgage-backed securities compose $7.7 million of our available-for-sale investments, while other asset-backed securities compose the remaining $10.6 million .

Credit Facilities

On March 28, 2013, we entered into the Amended and Restated Credit Agreement ("2013 Credit Agreement") with Bank of America, N.A. ("BOA"), as administrative agent, the financial institutions party thereto, as lenders, and the other agents party thereto. The 2013 Credit Agreement provided for (i) a senior secured five-year revolving credit facility up to an aggregate principal amount of $125.0 million (the "Revolving Credit Facility") and (ii) a senior secured seven-year term loan facility of $850.0 million (“Term Credit Facility”). The Revolving Credit Facility includes a sub-facility that permits the Company to request the issuance of letters of credit up to an aggregate amount of $50.0 million , with borrowings available for general corporate purposes and which would reduce the amount available under the Revolving Credit Facility.

On April 2, 2014, we entered into a First Incremental Amendment and Joinder Agreement with BOA, as administrative agent, and various lenders, which provided for (i) a tranche under the Term Credit Facility in an aggregate principal amount of $130.0 million , (ii) an increase in the aggregate revolving loan commitments under the 2013 Credit Agreement from $125.0 million to $150.0 million , and (iii) certain other amendments to the 2013 Credit Agreement.

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

(Amounts in millions, except percentages)	Effective Interest Rate	September 30, 2016	December 31, 2015
Senior secured credit facility due 2020	4.25%	$ 947.0	$ 954.3
Unamortized debt issuance costs and debt discount		(9.7)	(11.7)
Total debt, net		$ 937.3	$ 942.6

As of September 30, 2016 , the Company had no outstanding letters of credit or borrowings under the Revolving Credit Facility, leaving $150.0 million of borrowing capacity thereunder.

The 2013 Credit Agreement contains various financial and non-financial covenants. We continuously monitor our compliance with our debt covenants. At September 30, 2016 , the Company was in compliance with its financial covenants. See Note 7 — *Debt* of the Notes to Condensed Consolidated Financial Statements for additional disclosure related to the Company's credit facilities and financial covenants.

Subsequent Event — On October 28, 2016, the Company made a principal payment on its senior secured credit facility of $10.0 million and repurchased $0.5 million of its senior secured credit facility in the open market.

Credit Ratings

As of September 30, 2016 , our credit ratings from Moody’s and S&P were B1 with a stable outlook and B+ with a negative outlook, respectively. Our credit facilities, regulatory capital requirements and other obligations will not be impacted by a future change in our credit ratings.

Regulatory Capital Requirements

We were in compliance with all financial regulatory requirements as of September 30, 2016 . We believe that our liquidity and capital resources will remain sufficient to ensure ongoing compliance with all financial regulatory requirements.

Analysis of Cash Flows

(Amounts in millions)	Nine Months Ended September 30, 2016	2015
Net cash provided by (used in) operating activities	$ 84.5	$ (2.5)
Net cash used in investing activities	(60.4)	(88.7)
Net cash used in financing activities	(15.5)	(7.8)
Net change in cash and cash equivalents	$ 8.6	$ (99.0)

Cash Flows Provided by (Used in) Operating Activities

For the nine months ended September 30, 2016 and 2015 , operating activities generated net cash of $84.5 million and used net cash of $2.5 million , respectively. The increase in cash provided by operating activities was due to an increase in net income and a decrease in signing bonus payments of $54.1 million driven by the timing of agent expansion and retention efforts. This increase was partially offset by increased payments for employee performance bonuses and a payment of $13.0 million related to the State Civil Investigative Demands matter in March 2016. See Note 12 — *Commitments and Contingencies* of the Notes to Condensed Consolidated Financial Statements for additional disclosure related to this matter.

Cash Flows Used in Investing and Financing Activities

For the nine months ended September 30, 2016 and 2015 , investing activities used cash of $60.4 million and $88.7 million , respectively, for capital expenditures.

For the nine months ended September 30, 2016 , financing activities used cash of $15.5 million primarily for principal payments associated with the 2013 Credit Agreement and stock repurchases. For the nine months ended September 30, 2015 , financing activities used cash of $7.8 million for principal payments associated with the 2013 Credit Agreement.

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 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, 2015 .

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 September 30, 2016 . 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, 2015 .

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, 2015 , 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 the introduction by Walmart of a competing white label branded money transfer product 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 Deferred Prosecution Agreement;
- 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 offering of money transfer services through agents in regions that are politically volatile or, in a limited number of cases, that are subject to certain Office of Foreign Assets Control ("OFAC") restrictions;
- changes in tax laws or unfavorable outcomes of tax positions we take, or a failure by us to establish adequate reserves for tax events;
- our substantial debt service obligations, significant debt covenant requirements and credit rating and our ability to maintain sufficient capital;
- our ability to manage risks associated with our international sales and operations, including risks associated with the United Kingdom’s vote to withdraw from the European Union;
- 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;
- weakened consumer confidence in our business or money transfers generally;
- continued weakness in economic conditions, in both the U.S. and global markets;
- a significant change, material slow down or complete disruption of international migration patterns;
- the financial health of certain European countries, and the impact that those countries may have on the sustainability of the euro;
- our ability to manage credit risks from our retail 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 designees of Thomas H. Lee Partners 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, 2015 , 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, 2015 . 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, 2015 .

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 September 30, 2016 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:

Class Action Securities Litigation — On April 15, 2015, a securities class action lawsuit was filed in the Superior Court of the State of Delaware, County of New Castle, against MoneyGram, all of its directors, certain of its executive officers, Thomas H. Lee Partners, Goldman Sachs & Co., Inc. and the underwriters of the secondary public offering of the Company's common stock that closed on April 2, 2014 (the "2014 Offering"). The lawsuit was brought by the Iron Workers District Council of New England Pension Fund seeking to represent a class consisting of all purchasers of the Company's common stock issued pursuant and/or traceable to the Company's registration statement and prospectus, and all documents incorporated by reference therein, for the 2014 Offering. The lawsuit alleges violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, due to allegedly false and misleading statements in connection with the 2014 Offering and seeks unspecified damages and other relief. In May 2015, MoneyGram and the other defendants filed a notice of removal to the federal district court of the District of Delaware. In September 2016, the court denied plaintiffs' motion to remand. The Company believes that the claims are without merit and intends to vigorously defend against the lawsuit. The Company is unable to predict the outcome, or the possible loss or range of loss, if any, related to this matter.

Other Matters — The Company is involved in various other 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 and cash flows.

Government Investigations:

The Company is involved in various government inquiries and other matters that arise from time to time. 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 and cash flows.

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 OFAC sanctions regulations. We have notified OFAC of the ongoing internal investigation, which is being conducted in conjunction with the Company's outside counsel. If any violations are confirmed as part of our investigation, we could be subject to fines or penalties.

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. 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 and filed a notice of appeal with the U.S. Tax Court on July 27, 2015. The U.S. Tax Court has transferred jurisdiction over the case to the U.S. Court of Appeals for the Fifth Circuit. All appellate briefs were filed by the end of January 2016, and oral arguments were held before the Fifth Circuit on June 7, 2016. Pending the outcome of the appeal, the Company may be required to file amended state returns and make additional cash payments of up to $17.0 million on amounts that have previously been accrued.

ITEM 1A. RISK FACTORS

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, 2015 . 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, 2015 .

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company's Board of Directors has authorized the repurchase of a total of 12,000,000 common shares as announced in our press releases issued on November 18, 2004, August 18, 2005 and May 9, 2007. The repurchase authorization is effective until such time as the Company has repurchased 12,000,000 common shares. Common stock tendered to the Company in connection with the exercise of stock options or vesting of restricted stock are not considered repurchased shares under the terms of the repurchase authorization. As of September 30, 2016 , the Company had repurchased 9,447,968 common shares under the terms of the repurchase authorization and has remaining authorization to repurchase up to 2,552,032 shares. During the three months ended September 30, 2016 , the Company repurchased 418,819 common shares.

The following table presents a summary of share repurchases made by the Company during the three months ended September 30, 2016 under the repurchase authorization.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Programs
July 1, 2016 - July 31, 2016	—	—	—	2,970,851
August 1, 2016 - August 31, 2016	287,532	$ 7.07	287,532	2,683,319
September 1, 2016 - September 30, 2016	131,287	$ 7.05	131,287	2,552,032
Total	418,819		418,819	

ITEM 6. EXHIBITS

Exhibits are filed with this Quarterly Report on Form 10-Q as listed in the accompanying Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MoneyGram International, Inc.
(Registrant)

October 31, 2016	By:	/s/ JOHN D. STONEHAM
		John D. Stoneham
		Corporate Controller
		(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
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*+	Amendment No. 1 to Amended and Restated Master Trust Agreement, dated August 26, 2016, by and between MoneyGram Payment Systems, Inc. and Wal-Mart Stores, 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 September 30, 2016 and December 31, 2015; (ii) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2016 and 2015; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2016 and 2015; (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015; (v) Condensed Consolidated Statements of Stockholders' Deficit for the nine months ended September 30, 2016 and 2015; and (vi) Notes to Condensed Consolidated Financial Statements.
*	Filed herewith.
**	Furnished herewith.
+	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.

AMENDMENT NO. 1 TO AMENDED AND RESTATED MASTER TRUST AGREEMENT [1]

This AMENDMENT NO. 1 TO MASTER TRUST AGREEMENT ("Amendment No. 1") is made effective as of August 26, 2016 ("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 Wal-Mart Stores, Inc. ("Walmart"), a Delaware corporation, with a principal place of business at 702 SW 8 th Street, Bentonville, AR 72716. MoneyGram and Walmart are collectively referred to in this Amendment No. 1 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 ("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. 1;

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

2. Section 16(a) and 16(b) of the Agreement are deleted in their entirety and replaced by the following:

16. Indemnification.

(a) Walmart will reimburse, defend, indemnify and hold harmless MoneyGram against all third party losses, claims, demands, actions, suits, proceedings, judgments or government investigations, including costs, expenses, and reasonable attorneys' fees, with interest, incurred by MoneyGram as a result, in whole or part, of (i) Walmart's breach of the Agreement, including any noncompliance with Applicable Law by Walmart unless such noncompliance resulted from reliance on directions provided by MoneyGram or reliance on any policies of MoneyGram (including the MoneyGram Compliance Policies, the MoneyGram Fraud Policies and MoneyGram Anti-Corruption Policies) or unless such noncompliance relates to a claim that Walmart has failed or is failing to comply with any state provision of Applicable Law regarding the commingling of funds, (ii) Walmart's acts or omissions in performing the Services, and (iii) any infringement of any patent or other intellectual property right of any third party resulting from the use of the Walmart Technology or relating to the Walmart Content (as defined in Section 6 of the Attachment M - Co-Branded MTaaS Website Addendum). Walmart's indemnification obligations shall survive any termination of this Agreement.

[1] The appearance of [*] denotes confidential information that has been omitted from this Exhibit 10.1 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.

(b) MoneyGram will reimburse, defend, indemnify and hold harmless Walmart against all third party losses, claims, demands, actions, suits, proceedings, judgments or government investigations, including costs, expenses and reasonable attorneys' fees, with interest, incurred by Walmart as a result, in whole or in part, of (i) MoneyGram's breach of the Agreement, including any non-compliance with Applicable Law by MoneyGram in connection with the Services, the MoneyGram Services (as defined in Attachment M - Co-Branded MTaaS Website Addendum), or the MTaaS Co-Branded Services (as defined in Attachment M - Co-Branded MTaaS Website Addendum); (ii) MoneyGram's acts or omissions in performing the Services, the MoneyGram Services (as defined in Attachment M - Co-Branded MTaaS Website Addendum, or the MTaaS Co-Branded Services (as defined in Attachment M - Co-Branded MTaaS Website Addendum), including, without limitation, any marketing of or communications to consumers regarding any MTaaS Co-Branded Services; (iii) any claim that the MoneyGram Software or the MG Money Transfer System, or Walmart's use of the MoneyGram Software or MG Money Transfer System, as authorized by MoneyGram in connection with this Agreement and any Attachment, violates or infringes upon any patent or other intellectual property or proprietary rights of any third party, (iv) any claim that the MoneyGram Technology (as defined in Attachment M - Co-Branded MTaaS Website Addendum) or any modifications made by MoneyGram or its Affiliates to the MoneyGram Technology, any new technology created by MoneyGram or its Affiliates in connection with establishing, developing or administering the MTaaS Co-Branded Site (as defined in Attachment M - Co-Branded MTaaS Website Addendum), or the MoneyGram Content as defined in Attachment M - Co-Branded MTaaS Website Addendum) violates or infringes upon any patent or other intellectual property, proprietary rights or privacy rights of any third party; or (v) any claim that Walmart has failed or is failing to comply with any state provision of Applicable Law regarding the commingling of funds. MoneyGram's indemnification obligations shall survive the termination of this Agreement.

3. The "List of Attachments" page of the Agreement immediately following the signature page is amended to delete the description opposite "Attachment M" to "CO-BRANDED WEBSITE ADDENDUM" and to insert the following: "CO-BRANDED MTaaS WEBSITE ADDENDUM."

4. Attachment M, "CO-BRANDED WEBSITE ADDENDUM" of the Agreement is deleted in its entirety and replaced by the Attachment M, CO-BRANDED MTaaS WEBSITE ADDENDUM" that is attached to this Amendment No. 1 and incorporated into this Amendment No. 1 by this reference.

5. Each Party acknowledges and agrees that each and every provision of this Amendment No. 1, 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. 1, nothing in this Amendment No. 1 will modify, alter or amend any provision or term of the Agreement.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

IN WITNESS HEREOF, the Parties have caused this Amendment No. 1 to be executed by their fully authorized representatives as of the Amendment Effective Date.

WAL-MART STORES, INC.	**MONEYGRAM PAYMENT SYSTEMS, INC.**
By: /s/ Daniel J. Eckert______________	By: /s/ W. Alexander Holmes__________
Name: Daniel J. Eckert	Name: W. Alexander Holmes
Title: Senior Vice President, Walmart Services	Title: Chief Executive Officer
Date: August 26, 2016	Date: August 26, 2016

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

ATTACHMENT M

CO-BRANDED MTaaS WEBSITE ADDENDUM

THIS CO-BRANDED MTaaS WEBSITE ADDENDUM (this " **Addendum** "), is attached to and a part of that Amended and Restated Master Trust Agreement effective February 1, 2016 between the Parties (as amended, "Agreement").

RECITALS

WHEREAS, MoneyGram is a provider of money transfer services, including without limitation, through MoneyGram's website located at the Uniform Resource Locator (" **URL** ") www.moneygram.com and its subdomains (the " **MoneyGram Site** ");

WHEREAS, Walmart owns and operates the Internet-based retail website located at the URL www.Walmart.com and its subdomains (the " **Walmart.com Site** ");

WHEREAS, the Parties wish to maintain a co-branded website accessible from the Walmart.com Site through which MoneyGram can provide Walmart.com Site users with MTaaS Co-Branded Services (the " **MTaaS Co-Branded Site** ");

NOW, THEREFORE, the Parties agree that this Addendum supplements the Agreement to add the following:

1. Relation to Agreement .

(a) Except as provided in Sections 1(b) and 1(c) of this Addendum, this Addendum shall be subject to the terms and conditions of the Agreement, and (i) all references in the Agreement to the "Agreement" shall be deemed to include this Addendum; and (ii) all references in the Agreement to the "Services" shall include the MTaaS Co-Branded Services. In the event of any conflict between the terms of this Addendum and the terms of the Agreement, the terms of this Addendum shall apply.

(b) Notwithstanding any provision of the Agreement to the contrary, the Parties agree that Walmart is not authorized to act as, and shall not act as, MoneyGram's agent or authorized delegate for purposes of the MTaaS Co-Branded Services. Accordingly, all references in the Agreement to Walmart acting as an agent or an authorized delegate for MoneyGram shall not apply to this Addendum or the MTaaS Co- branded Services.

(c) In addition, and notwithstanding the generality of Section 1(b) of this Addendum, the following provisions of the Agreement shall not apply to this Addendum or the MTaaS Co-Branded Services: Sections 1(b), 1(c) (except for the definition of "Agent Location" therein), 2, 3(a)(i), 3(b), 3(c), 3(d), 3(e), 3(f), 5, 10, 14, and 17.

2. Definitions .

Capitalized terms used and not otherwise defined herein have the meaning provided in the Agreement.

" **ACH Service** " shall mean the Co-Branded MTaaS Services funded through the use of the customer's bank account through an Automated Clearing House (" **ACH** ") transaction offered to customers internally.

" **Addendum** " has the meaning provided in the introductory paragraph.

" **CAN-SPAM** " has the meaning provided in Section 10(b).

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

" **Co-branded Customer** " shall mean any customer that has made a Transaction through the MTaaS Co-branded Site.

" **Co-branded Privacy Policy** " has the meaning provided in Section 5(a).

" **Commission Report** " has the meaning provided in Section 12(e).

" **Completed Transaction** " shall mean a valid, fully funded and disbursed Transaction by a Co- branded Customer.

" **COPPA** " has the meaning provided in Section 10(b).

" **Customer Fee** " shall mean the service fee charged to Co-branded Customers for each Transaction.

" **Co-branded Customer Information** " has the meaning provided in Section 5(b).

" **Links** " has the meaning provided in Section 3(a).

" **Marketing Amount** " has the meaning provided in Section 12(f).

" **Marketing Fund** " has the meaning provided in Section 12(f).

" **MoneyGram Content** " has the meaning provided in Section 6(d).

" **MoneyGram Customer** " shall mean any customer that has made a transaction through the MoneyGram Site.

" **MoneyGram Location** " shall mean any location that serves as MoneyGram's authorized agent and delegate, including any Agent Location.

" **MoneyGram Services** " has the meaning provided in Section 3(a).

" **MoneyGram Site** " has the meaning provided in the Recitals.

" **MoneyGram Technology** " has the meaning provided in Section 6(f).

" **MTaaS Co-Branded Services** " shall have the meaning provided in Section 3(b)(ii).

" **MTaaS Co-Branded Site** " has the meaning provided in the Recitals.

" **Non-Transactional Emails** " shall mean any emails to Co-branded Customers that do not relate to a specific Transaction initiated by the customer, including without limitation, any emails related to marketing, promotions or special offers.

" **Offers** " has the meaning provided in Section 4(b).

" **Standard Service** " shall mean MTaaS Co-Branded Services funded by a credit card or debit card approved by MoneyGram.

" **Transaction** " shall mean a transaction by a Co-branded Customer using the MTaaS Co-Branded Services.

" **Transaction Amount** " shall mean the amount in U.S. dollars transferred by a Co-branded Customer pursuant to a Transaction, excluding the amount of any Customer Fee.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

“ **Transactional Emails** ” shall mean emails related to a specific Transaction initiated by the customer (e.g., emails confirming the completion of a Transaction).

“ **URL** ” has the meaning provided in the Recitals.

“ **Walmart Commission** ” has the meaning provided in Section 12(a).

“ **Walmart Content** ” has the meaning provided in Section 6(c).

“ **Walmart Privacy Policy** ” has the meaning provided in Section 10(a).

“ **Walmart.com Site** ” has the meaning provided in the Recitals.

“ **Walmart Technology** ” has the meaning provided in Section 6(e).

3. <u>MTaaS Co-Branded Site; Links to the MTaaS Co-Branded Site.</u>

(a) In accordance with terms and conditions set forth in this Addendum, MoneyGram shall develop, host, maintain, and operate the MTaaS Co-Branded Site (the “ **MoneyGram Services** ”) that will be accessible to Walmart.com Site users through links on the Walmart.com Site (the “ **Links** ”).

(b) MoneyGram shall:

(i) provide products and services on the MTaaS Co-Branded Site that are mutually agreed upon by the Parties; provided, however, in the event Walmart requests certain products or services to be added on the MTaaS Co-Branded Site, MoneyGram shall promptly review and acknowledge receipt of any such request within thirty (30) business days, and following discussions with Walmart, the parties will cooperate in good faith to provide any such products or services on the MTaaS Co-Branded Site on a timely basis;

(ii) notify Walmart in writing of any products and services that may be initiated at the MTaaS Co-Branded Site to any MoneyGram Location through the MTaaS Co-Branded Site, including without limitation, money transfer services (collectively, the “ **MTaaS Co-Branded Services** ”);

(iii) provide customer service to users of the MTaaS Co-Branded Site 24 hours a day, 7 days a week, 365 days per year; and

(iv) comply with the Service Level Agreement, Attachment I of the Agreement, and the Information Security Addendum, Attachment L of the Agreement. MoneyGram shall notify Walmart in writing (which in this case shall include email) of any material changes to the template for each type of Transactional Email prior to the implementation of such changes. MoneyGram may make changes to the MTaaS Co-Branded Site without Walmart’s prior written consent (i) to comply with any Applicable Law or maintain the security of the MTaaS Co-Branded Site, provided that if any such change is a material change, MoneyGram shall provide Walmart with prior written notice of such change and if prior notice of such change is not possible, then MoneyGram shall provide Walmart with written notice of such change as soon as reasonably possible, and (ii) if such changes are not material changes to the content or functionality of the MTaaS Co-Branded Site (e.g., changes to fix errors in copy or functionality). Notwithstanding the foregoing sentence, without the prior written notice from MoneyGram to Walmart, MoneyGram shall not make any material modifications to existing services or a product. However, no consent will be required by Walmart if MoneyGram stops offering or changes a service or product, in each case, if required by Applicable Law, subject to MoneyGram providing Walmart with prior written notification (unless prohibited by Applicable Law) of the date the service or product will be stopped or modified and the Applicable Law necessitating the cessation of or changes to the product or service.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

(c) Walmart shall place an MTaaS Link or Links on the Walmart.com Site. Walmart shall have control of the Walmart.com Site and all content therein and may suspend or remove any Link or Links at any time in its reasonable discretion; provided that, the Parties agree that any such removal shall be deemed reasonable if made in response to MoneyGram's breach of the Service Level Agreement applicable to the MTaaS Co-Branded Site. Notwithstanding the above, MoneyGram may request via written notice to Walmart that Walmart suspend or remove any Link or Links, if it reasonably believes that such Links violates MoneyGram policies and procedures that MoneyGram has previously provided to Walmart in writing, the MoneyGram branding or is in violation of this Agreement. Any written request from MoneyGram will specify with reasonable particularity the reason for MoneyGram's request and shall identify measures that Walmart may take to remediate such alleged violation of MoneyGram policies and procedures, MoneyGram branding or this Agreement. All MoneyGram transactions shall be subject to MoneyGram's compliance and privacy policies and procedures. Walmart may request that MoneyGram suspend the accessibility of the MTaaS Co-Branded Site and/or remove any content from the MTaaS Co-Branded Site at any time upon Walmart's reasonable written request and MoneyGram shall suspend the accessibility of the MTaaS Co-Branded Site and/or remove such content as soon as reasonably possible, not to exceed five (5) business days from the receipt of such request; provided, however, that if MoneyGram is unable to suspend the accessibility of the MTaaS Co-Branded Site or remove content within five (5) business days of receipt of a request from Walmart, MoneyGram shall notify Walmart and shall use commercially reasonable efforts to suspend the accessibility of the MTaaS Co-Branded Site or remove such consent as soon as possible; further provided that, the Parties agree that any request by Walmart to suspend the accessibility of the MTaaS Co-Branded Site shall be deemed reasonable if made in response to MoneyGram's breach. Nothing in this Addendum shall restrict Walmart from providing any product or service through the Walmart.com Site.

(d) MoneyGram agrees that it shall be responsible for (i) hosting, operating, and maintaining the MTaaS Co-Branded Site; (ii) any MoneyGram Transactions taking place on the MTaaS Co-branded Site, (iii) any MoneyGram products and services on the MTaaS Co-Branded Site, (iv) posting on the MTaaS Co-Branded Site any notices or policies require to be posted on the MTaaS Co-Branded Site under any Applicable Law, (v) all costs associated with the MTaaS Co-Branded Site and the Co- Branded MTaaS Services and (vi) using commercially reasonable efforts to prevent fraudulent Transactions through the MTaaS Co-Branded Site, provided that all such efforts shall equal or exceed the efforts taken to prevent fraud on the MoneyGram Site. MoneyGram shall ensure the accuracy and appropriateness of materials posted on the MTaaS Co-Branded Site for MoneyGram transactions. Notwithstanding the foregoing, MoneyGram shall not be responsible for any Link or Links placed on the Walmart.com Site by Walmart pursuant to Section 3(c), or for the operation or maintenance of the Walmart.com Site.

(e) MoneyGram will be solely responsible for all aspects of Transaction processing on the MTaaS Co-Branded Site, including without limitation, whether to complete any proposed Transaction placed by customers through the MTaaS Co-Branded Site. MoneyGram shall determine whether a proposed Transaction complies with Applicable Law and MoneyGram reserves the right to reject any Transaction that does not comply with any requirements that it periodically may establish for Transactions through the MoneyGram Site; provided that MoneyGram shall not require users of the MTaaS Co-Branded Site to comply with any additional requirements not applied by MoneyGram to users of the MoneyGram Site. Walmart shall have no liabilities or obligations with respect to the MoneyGram Services, MTaaS Co-Branded Services, MTaaS Co-Branded Site, MoneyGram Content or MoneyGram Technology.

(f) MoneyGram shall be solely responsible for providing all customer support regarding the MTaaS Co-Branded Services and any products offered on the MTaaS Co-Branded Site that are MoneyGram properties. Walmart shall refer any customer inquiries regarding such products or services to the customer service area provided by MoneyGram and as specified on the MTaaS Co-Branded Site.

4. <u>MTaaS Co-Branded Services, Offers and Marketing to Customers</u>

(a) If a Co-branded Customer elects to use a MoneyGram Service, the pickup time for its recipients shall in no event be any longer than the pickup time for comparable money transfer services available through the MoneyGram Site or any third party co-branded site.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

(b) Upon completion of any additional development necessary to accommodate the following, all rewards and value programs and special offers and promotions, including but not limited to the MoneyGram Plus Program (collectively, the " **Offers** ") which are offered by MoneyGram on the MoneyGram Site only for the same or similar products or services offered on the MTaaS Co-Branded Site may be offered through the MTaaS Co-Branded Site unless otherwise specified by Walmart. MoneyGram shall provide Walmart with prior written reasonable notice of any such Offers, and MoneyGram shall obtain Walmart's written approval (which in this case may include email) for any Offer to be made through the MTaaS Co-Branded Site or to Co-branded Customers (as defined herein) prior to making such Offer available through the MTaaS Co-Branded Site or to Co-branded Customers. MoneyGram agrees to use commercially reasonable efforts to complete any development required to integrate the MoneyGram Plus program into the MTaaS Co-Branded Site.

(c) Except as set forth in this Addendum, neither Party shall bid on keywords or phrases containing the other Party's trademarks without the prior written agreement of the other Party. If either Party (the **"Non-Bidding Party** ") gives notice to the other Party (the " **Bidding Party** "), which notice may be by email, that the Bidding Party is bidding on such keywords or phrases containing the Non- Bidding Party's trademarks, the Bidding Party will use commercially reasonable efforts to cancel such bids within three (3) business days. Notwithstanding the foregoing, all online marketing activities related to MTaaS Co-Branded Site will be jointly agreed upon and day-to-day execution of such marketing activities shall be jointly managed by Walmart and MoneyGram in consultation with each other; provided that all such online marketing activities related to the MTaaS Co-Branded Site, as well as the associated marketing budget, must be mutually agreed upon by the Parties in advance of such activities occurring. Walmart will use reasonable commercial efforts to drive traffic from the Walmart.com platform. Walmart may utilize a marketing pixel, a.k.a. page tag, on http://Walmart.moneygram.com to track traffic from Walmart.com.

(d) Each Party may only promote and advertise the MTaaS Co-Branded Site as specifically approved in writing by the other Party (which may include email). MoneyGram may not provide any marketing materials, emails or other communications to Co-branded Customers for products or services not available through the MTaaS Co-Branded Site (unless such Co-branded Customers are already or become MoneyGram Customers). MoneyGram shall not send any Non-Transactional Emails to any Co-branded Customers (unless such Co-branded Customers are already or become MoneyGram Customers) without Walmart's prior written consent (which may include email). For clarity, nothing in this Addendum shall be deemed to prohibit, delay or otherwise interfere with MoneyGram's ability to communicate with MoneyGram Customers. Walmart shall not advertise a competing money transfer product, including but not limited to, Walmart2Walmart, on the MTaaS Co-Branded Site.

5. <u>Co-branded Customer Information and Privacy Policy</u> .

(a) MoneyGram shall post a privacy policy on the MTaaS Co-branded Site (the " **Co-branded Privacy Policy** ") and shall comply with the terms of such Co-branded Privacy Policy. MoneyGram and Walmart agree that Co-branded Customer Information shall only be used in accordance with the Co-branded Privacy Policy. MoneyGram shall notify Walmart of any changes to the Co-branded Privacy Policy via email.

(b) "Co-branded Customer Information" means information provided by customers or otherwise collected by MoneyGram in connection with the MTaaS Co-branded Site. Co-branded Customer Information shall ordinarily include information such as sender and recipient names, sender phone number, postal address, and email address, and recipient phone number, state and country. MoneyGram may use, maintain and disclose Co-branded Customer Information only to perform the MTaaS Co-Branded Services and as otherwise specifically permitted by this Addendum.

(c) The Parties recognize that the Co-branded Customers are customers of both Walmart and MoneyGram. To the extent permitted by Applicable Law and the Co-branded Privacy Policy, MoneyGram may share Co-branded Customer Information with Walmart from time to time. Walmart may use Co-branded Customer Information only as follows:

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

1. to conduct internal statistical analyses on a personally identifiable bases;
2. to perform internal business modeling;
3. to add dimensionality to Walmart's consumers and customer, including developing insights into consumer and customer behavior, consumer and customer needs and demographics and creating, maintaining and updating consumer and customer profiles; or
4. in compliance with Applicable Law.

6. <u>Walmart Content; MoneyGram Content; Licenses and Ownership</u> .

(a) As part of the MTaaS Service, MoneyGram shall provide Walmart with the capability, at Walmart's election, to publish content on the MTaaS Co-Branded Site without MoneyGram's pre-approval. Notwithstanding the above, Walmart shall not publish content that will directly or indirectly provide, sell, offer or permit any competitive services to the MoneyGram Services. Walmart shall be solely responsible for such content and the consequences of submitting and publishing such content on the MTaaS Co-Branded Site.

(b) MoneyGram reserves the right, to immediately and without the express approval from Walmart and at its option, remove the content from the MTaaS Co-Branded Site if MoneyGram reasonably determines the content published by Walmart constitutes pornography or hate speech, violates Applicable Law or is obscene, reasonably tends to disparage or harm the MoneyGram brand, or if the content interferes with the proper operation of the money transfer service.

(c) Walmart hereby grants to MoneyGram, for the term of this Addendum, a non-exclusive, royalty free, limited license, without the right to sublicense or assign, to utilize the Walmart trademarks, logos, name and other content specifically provided by Walmart for use on the MTaaS Co- branded Site pursuant to Section 6(a) above (collectively, " **Walmart Content** "). MoneyGram acknowledges and agrees that Walmart and its Affiliates shall retain all legal right, title and interest in and to the Walmart Content, and the Walmart Content is protected by patent, copyright and trademark laws. All goodwill associated with the use of the Walmart Content shall inure to Walmart. Except as expressly provided in this Addendum, Walmart Content may not be used, copied, reproduced, modified, published, uploaded, posted, transmitted, or distributed in any way.

(d) MoneyGram hereby grants to Walmart for the term of this Addendum, a non-exclusive, royalty free, limited license, without the right to assign, to utilize MoneyGram's trademarks, logos and name and other content specifically provided by MoneyGram for use on the MTaaS Co- branded Site (collectively, " **MoneyGram Content** ") in connection with the Links and any marketing or promotion of the MTaaS Co-Branded Site or the MTaaS Co-Branded Services. As between the Parties, MoneyGram shall own all MoneyGram Content. All goodwill associated with the use of the MoneyGram Content shall inure to MoneyGram. Except as expressly provided in this Addendum, MoneyGram Content may not be used, copied, reproduced, modified, published, uploaded, posted, transmitted, or distributed in any way.

(e) Walmart and its Affiliates shall own exclusively: (i) any and all technology owned by Walmart or any of its Affiliates at the time that such technology is provided for use in establishing, developing or administering the MTaaS Co-Branded Site (the " **Walmart Technology** "); (ii) any and all changes or other modifications made by Walmart or any of its Affiliates to the Walmart Technology; and (iii) any and all new technology created by Walmart or any of its Affiliates in connection with establishing, developing or administering the MTaaS Co-Branded Site.

(f) MoneyGram and its Affiliates shall own exclusively: (i) any and all technology owned by MoneyGram or any of its Affiliates at the time that such technology is used in establishing, developing or administering the MTaaS Co-Branded Site (the " **MoneyGram Technology** "); (ii) any and all changes or other modifications made by MoneyGram or any of its Affiliates to the MoneyGram Technology; and (iii) any and all new technology created by MoneyGram or any of its Affiliates in connection with establishing, developing or administering the MTaaS Co-Branded Site.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

7. Joint Development .

The Parties shall not be obligated to jointly develop any technology in connection with the MTaaS Co-Branded Site and agree that the MTaaS Co-Branded Site is not jointly developed. If the Parties, in their sole discretion, determine to jointly develop technology, the Parties shall enter into a written agreement confirming the scope of such joint development efforts and the respective rights of the Parties in any jointly developed technology, including without limitation, ownership of the intellectual property in any ideas, technology, designs, know-how, or processes jointly developed. No Party shall file or attempt to file any application for a patent, or register or attempt to register any mark or copyright, or claim any proprietary right or interest in any jointly developed technology without the prior written approval of the all Parties involved in such joint development. For purposes of this Section, technology shall not be considered jointly developed unless all of the Parties that are involved in such joint development expressly agree in advance in writing that such technology will be jointly developed by them and the respective rights of the Parties in such jointly developed technology are set out in such agreement.

8. [Reserved].

9. Competitive Services Retained by Walmart .

Walmart makes no projections about the quantity of MoneyGram Services or MTaaS Co-Branded Services nor provides any minimum amount of business to MoneyGram under this Addendum, and MoneyGram may not rely in any way on any past or perceived projections or expectations of work from Walmart. Walmart shall not have any responsibility or liability in connection with any act or expenditure, including expenditures for equipment, materials, supplies, hiring or capital, by MoneyGram because of any actual or perceived projections or expectations as to work.

MoneyGram shall perform the MTaaS Co-Branded Services for Walmart on a non-exclusive basis. Nothing in this Addendum will limit Walmart's right to (i) contract with other providers; or (ii) develop or acquire materials or develop or offer programs that are similar to, or competitive with, the MTaaS Co-Branded Services.

10. Compliance With Policies, Rules and Regulations .

(a) In addition to MoneyGram's other compliance obligations set forth in this Addendum, in connection with the MTaaS Co-Branded Site, the MTaaS Co-Branded Services, the MoneyGram Services and this Addendum, MoneyGram shall comply with Walmart's applicable privacy policies that are made available to MoneyGram at http://Walmart.comstores.com/9243.aspx (the **"Walmart Privacy Policy** "),unless such policies conflict with Applicable Law.

(b) MoneyGram agrees to comply with all Applicable Law (both from the United States, as well as the rest of the world where applicable) to which it may be subject, including without limitation, laws concerning consumer data privacy, the transfer of funds, money order licensing, the prohibition of money laundering and laws otherwise related to the conduct of its business. In addition, MoneyGram agrees to act in compliance with (i) all applicable federal, state and local laws and regulations, including without limitation, the CAN-SPAM Act of 2003 (" **CAN-SPAM** ") and the Children's Online Privacy and Protection Act of 1998 (" **COPPA** ") and (ii) all applicable industry standards concerning privacy, data protection, confidentiality of information security, including without limitation, the Payment Card Industry (PCI) Data Security Standard.

(c) MoneyGram shall ensure that the MTaaS Co-Branded Site substantially complies with website accessibility standards set forth in Web Content Accessibility Guidelines (WCAG).

11. Personnel .

(a) MoneyGram shall, at MoneyGram's expense, (i) obtain all necessary permits, documentation, registrations, certifications or licenses that may be required, including without limitation, visas and green cards or any other document required to legally reside and work in the country the services are being performed, and (ii) ensu

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

re that all MoneyGram personnel and approved subcontract personnel will be properly registered, documented, licensed and/or certified.

(b) Walmart acknowledges that, for some MoneyGram Services MoneyGram may desire to contract with subcontractors. Prior to performing any MoneyGram Services, each subcontractor will execute a written agreement with MoneyGram containing confidentiality protections at least as protective as those in this Addendum. MoneyGram will (i) assure that any subcontractor complies with the requirements imposed upon MoneyGram pursuant to this Addendum to the extent that the subcontractor performs MoneyGram Services or MTaaS Co-Branded Services on behalf of MoneyGram, and (ii) remain primarily liable for such MoneyGram Services or MTaaS Co-Branded Services performed by the subcontractor and for any act or omission of the subcontractor.

12. Payment, Taxes and Reporting .

(a) In exchange for placing the Links on the Walmart.com Site and any other actions taken by Walmart pursuant to this Addendum, MoneyGram will pay Walmart a commission for each Completed Transaction by a Co-branded Customer (the " **Walmart Commission** ") as follows: [*]. In the event Walmart is able to assume full responsibility for funding and payment authentication/authorization, the Walmart Commission under this Section for each Completed Transaction by a Co-branded Customer shall be [*].

(b) If any Transaction is subsequently canceled for any reason (including without limitation for fraud, insufficient funds or cancellation by customer) and no fees are received or retained (as applicable) by MoneyGram from the customer, no Walmart Commission shall be payable thereon, provided that such cancellation must occur within 30 (thirty) days of the date that the Transaction is fully funded. To the extent MoneyGram has paid any Walmart Commission on any Transaction that is later canceled pursuant to the timeframe set forth in the foregoing sentence, MoneyGram shall deduct the amount of Walmart Commission applicable to such cancelled Transaction from Walmart Commission payments subsequently payable to Walmart, and will provide Walmart with reporting evidencing all such cancelled Transactions as part of the Commission Report (as defined below). If the amount of such payments is not sufficient to cover the refund of the applicable Walmart Commission, Walmart shall pay MoneyGram the deficiency.

(c) Within fifteen (15) days after the end of each calendar month, MoneyGram shall pay to Walmart the Walmart Commission due for such calendar month at the account designated by Walmart. Such payments shall be made to Walmart by MoneyGram's initiation of an Automated Clearing House (ACH) credit to Walmart at the bank accounts provided in writing by Walmart to MoneyGram.

(d) If MoneyGram is required to pay or collect any federal, state, local, value-added, goods- and-services or any other similar taxes or duties related to or arising from the MTaaS Co-Branded Services or MoneyGram Services provided under this Addendum, MoneyGram shall be solely responsible for such taxes and/or duties and MoneyGram shall pay all such taxes when due; provided, however, that MoneyGram shall not be required to pay any taxes based on Walmart's net income.

(e) MoneyGram will calculate the amount of Walmart Commissions earned during each calendar month, and will deliver with each payment of Walmart Commission a commission calculation report (the " **Commission Report** ") which shall describe the calculation of the Walmart Commission for the calendar month and include the information set forth in Section 6 of Exhibit A . In addition, MoneyGram shall provide Walmart with the information set forth in Section 6 of Exhibit A on a daily, weekly and monthly basis in the format specified by Walmart by email.

(f) During the term of this Addendum, each Party shall allocate an amount equal to [*] (the " **Marketing Amount** ") [*] for placement in a marketing fund for the promotion of the MTaaS Co-Branded Site (the " **Marketing Fund** "). For example, if [*], each Party shall be required to place [*] in the Marketing Fund. The funds shall be used as mutually agreed by the Parties for the promotion and marketing of the MTaaS Co-Branded Site and MTaaS Co-Branded Services. Day-to-day execution of marketing activities funded by Marketing Fund shall be jointly manage

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

d by Walmart and MoneyGram in consultation with each other. Within fifteen (15) days after the end of each calendar month, MoneyGram shall allocate the Marketing Amount for Transactions completed in such calendar month to the Marketing Fund. MoneyGram shall provide Walmart with reports in accordance with Section 6 of Exhibit A attached titled, "Reporting and Payment." If any amounts remain in the Marketing Fund upon termination or expiration of this Addendum, MoneyGram shall transfer such amount to Walmart on the effective date of termination or expiration.

13. **Term and Termination** .

(a) Subject to the termination rights specified below, this Addendum shall become effective as of the Effective Date and shall continue until the expiration or termination of the Agreement.

(b) If a Party breaches any provision of this Addendum and fails to remedy such breach within thirty (30) days of receipt of written notice from the non-breaching party, the non-breaching party may terminate this Addendum upon written notice. Termination of this Addendum under this Section shall not result in the termination of the Agreement, and does not limit either Party from pursuing any other remedies available to such Party, including, but not limited to, injunctive relief.

(c) All provisions of this Addendum whose meaning requires them to survive shall survive the expiration or termination of this Addendum.

(d) Upon termination of this Addendum for any reason, MoneyGram shall pay Walmart all Walmart Commissions for Transactions occurring prior to termination. Upon the effective date of any termination, MoneyGram shall immediately cease all use of Walmart Content. MoneyGram may continue to provide services to Co-branded Customers through the MoneyGram Website, provided that MoneyGram shall (i) send an email (pre-approved by Walmart in writing), to Co-branded Customers explaining the termination of the MTaaS Co-Branded Site and (ii) take such other actions reasonably requested by Walmart with respect to such transition. Except for this email, MoneyGram shall not market MoneyGram Services to Co-branded Customers; provided, however, that the foregoing is not intended to limit MoneyGram's rights in any way to market to MoneyGram Customers.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

EXHIBIT A SPECIFICATIONS

HIGH LEVEL REQUIREMENTS

<u>SITE AND USER EXPERIENCE</u>

1. **Functionality and Services** - In general, the functionality provided on the existing MoneyGram Site should be provided by MoneyGram on the MTaaS Co-Branded Site, including, without limitation, the flow for money transfers as well as the customer account interface.

    a. MoneyGram shall provide the flexibility to turn off certain services available on the MTaaS Co- Branded Site so that Walmart has the discretion to not offer certain services provided by MoneyGram.

    b. The MTaaS Co-Branded Site shall contain functionality for a Walmart agent locator, a unique agent ID, an online Customer Fee estimator, and unique program terms and conditions specified by Walmart.

    c. The ACH Service Transactions may only be funded through the customer's use of the customer's bank account and shall be an ACH transaction. The recipient of the ACH Service may pick up their funds at a MoneyGram Location after the reference number has been generated by MoneyGram.

    d. The Standard Service Transactions may only be funded by a credit card or debit card.
    The recipient of a Standard Service Transaction may pick up their funds at a MoneyGram Location after the reference number has been generated by MoneyGram.

2. **MTaaS Co-Branded Site Experience**

    a. MoneyGram shall develop the MTaaS Co-branded Site in accordance with the style guides provided by Walmart. Walmart's co-branding guidelines require the MTaaS Co-Branded Site experience to mirror the look and feel of the Walmart brand in terms of color palettes, buttons, fonts etc. in the overall customer experience. The exact requirements of co- branding will be determined by taking into account Walmart co-branding guidelines as well as resource/technology constraints at MoneyGram's end to support co-branding and the time to market.

    b. Customers shall also be permitted to navigate to the MTaaS Co-Branded Site independent of the Walmart.com Site (e.g. via search engines, typing in the URL of the website in the browser or via marketing/customer support emails).

    c. While on the MTaaS Co-Branded Site, all pages/links within the flow will be co-branded, unless the customer specifically clicks on an external link. For example, links like "help" and "privacy policy" will also be co-branded. No other external links will be placed on the MTaaS Co-Branded Site unless mutually agreed between the Parties or unless required by Applicable Law.

    d A prominent link and/or a design that redirects the consumer to the Walmart MoneyCenter will be included on the MTaaS Co-Branded Site as determined by Walmart. The terms and conditions, and disclaimers on the MTaaS Co-branded Site shall be approved by Walmart in writing prior to any posting to the MTaaS Co-Branded Site.

    e. **[Reserved].**

    f. MoneyGram will track site metrics for the MTaaS Co-Branded Site requested by Walmart using industry standard site analytics tools and share those with Walmart in the format requested by Walmart; provided, however, that it is in a format that is supported by MoneyGram.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

3. **[Reserved].**

4. **Domain Requirements** - In keeping with the Walmart Information Security policy, the domain of the customer facing MTaaS Co-Branded Site will be Walmart.com. For example, the URL of the MTaaS Co-Branded Site could be xxx.XYZ.Walmart.com which will be the URL that customers will access online. MoneyGram will host the MTaaS Co-Branded Site on its infrastructure, which implies that it will have a different URL such as www.ZZZ.moneygram.com. The URL redirect from www.ZZZ.moneygram.com to the www.XYZ.Walmart.com will be accomplished in the following way: the Walmart technology team will provide appropriate SSL certificates to the MoneyGram technology team.

5. **Language Support** - The MTaaS Co-Branded Site should support multiple languages on par with the languages supported on the MoneyGram Site. If additional languages are supported on the MoneyGram Site after the Launch Date, such languages shall be supported on the MTaaS Co-Branded Site.

<u>**REPORTING AND PAYMENT**</u>

6. **Reporting** - MoneyGram will provide Walmart with certain reporting relating to the Transactions. Such reporting shall be provided in excel format via email to a predefined distribution list. MoneyGram shall provide Walmart with the following reporting based on the applicable frequency noted:

<u>Reports to be provided on a weekly basis</u> :

- Total Transaction Amounts (as defined in the Agreement) of Transactions
- Total number of Transactions
- Estimated total Walmart Commission as a dollar value
- Total number of user visits to MTaaS Co-Branded Site
- Percentage of customer visits to the MTaaS Co-Branded Site that performed Transactions
- Percentage of Transactions by tender type (e.g., ACH, credit, debit)
- Average Transaction Amount as a dollar value
- The Parties agree to key conversion rates eg. % of sign-up, % of send successfully any other key reports and metrics that the Parties agree.

<u>Reports to be provided on a monthly basis (based on a calendar month)</u> :

- Monthly scorecard & actual commission reports
- Average Customer Fee for each Transaction on the MTaaS Co-Branded Site as a dollar value volume, if applicable
- Total Customer Fees as a dollar value
- The number of cancelled Transactions, the dollar amount of cancelled Transactions, any amounts deducted from Walmart Commissions due to cancelled Transactions and the reason for such cancellations
- Date and analytics on traffic on the MTaaS Co-Branded Site.

7. **[Reserved].**

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

8. **Payment** - MoneyGram shall accurately track the Walmart Commission due to Walmart for each Transaction.

MARKETING

9. **Loyalty Program.** MoneyGram will not automatically enroll Co-Branded Customers or promote any MoneyGram loyalty program on the MTaaS Co-Branded Site unless agreed to in writing by Walmart. If MoneyGram has or adds a loyalty program to its own platform, this feature should be suppressed on the MTaaS Co-Branded Site.

10. The MTaaS Co-branded Site will automatically opt customers into specific marketing or communications for MTaaS Co-Branded Services only that are sent via email and in compliance with the Co-branded Privacy Policy, allowing customers to opt-out via unsubscribe links or notification management. MoneyGram shall not send any communications to customers on MTaaS Co-Branded Site unless agreed to in writing by Walmart.

CUSTOMER SERVICE

11. **Customer Service** - MoneyGram will offer the full range of customer service for the MTaaS Co-Branded Site in line with the MoneyGram Site including service levels at least as favorable as those offered to users of the MoneyGram Site. MoneyGram shall provide customer call center support as specified in Attachment I of the Agreement.

12. **Customer Emails** - All email communications to Co-branded Customers should be co-branded. All links within the emails should direct customers back to the MTaaS Co-Branded Site. No links to the MoneyGram Site shall be contained in any email communications to any Co-branded Customer.

[*] Please refer to footnote on page 1 of this Exhibit 10.1.

Exhibit 31.1

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 September 30, 2016 ;
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: October 31, 2016

/s/ W. Alexander Holmes

W. Alexander Holmes

Director and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**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 September 30, 2016 ;
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: October 31, 2016

/s/ Lawrence Angelilli

Lawrence Angelilli

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

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 September 30, 2016 , as filed with the Securities and Exchange Commission on the date hereof I, W. Alexander Holmes, Director 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: October 31, 2016

/s/ W. Alexander Holmes

W. Alexander Holmes

Director and Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

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 September 30, 2016 , 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: October 31, 2016

/s/ Lawrence Angelilli

Lawrence Angelilli

Chief Financial Officer

(Principal Financial Officer)