

MONEYGRAM INTERNATIONAL INC
Form 10-K/A
November 13, 2014
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A
Amendment No. 1
(Mark One)

- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2013.
- Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number: 001-31950

MONEYGRAM INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)
Delaware
(State or other jurisdiction of incorporation or organization)

16-1690064
(I.R.S. Employer Identification No.)

2828 N. Harwood St., 15th Floor
Dallas, Texas
(Address of principal executive offices)
Registrant's telephone number, including area code
(214) 999-7552

75201
(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, \$0.01 par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Smaller reporting company
(Do not check if a 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

The aggregate market value of voting and nonvoting common stock held by non-affiliates of the registrant, computed by reference to the last sales price as reported on the NASDAQ Stock Market LLC as of June 30, 2013, the last business day of the registrant's most recently completed second fiscal quarter, was \$483.5 million.

53,960,929 shares of common stock were outstanding as of November 11, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part III of this report is incorporated by reference from the registrant's proxy statement for the 2014 Annual Meeting of Stockholders.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Explanatory Note</u>	<u>3</u>
PART II.	
Item 8. <u>Financial Statements and Supplementary Data</u>	<u>3</u>
Item 9A. <u>Controls and Procedures</u>	<u>3</u>
PART IV.	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	<u>6</u>
<u>Signatures</u>	<u>7</u>
<u>Exhibit Index</u>	<u>8</u>

Table of Contents

EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 10-K/A (this “Amended Filing”) to our Annual Report on Form 10-K for the year ended December 31, 2013 (the “Original Filing”), to: (i) reissue the Reports of Independent Registered Public Accounting Firm to update the firm’s opinion regarding the effectiveness of our internal control over financial reporting as of December 31, 2013; and (ii) revise management’s conclusions regarding internal control over financial reporting and disclosure controls and procedures as of December 31, 2013. Accordingly, we hereby amend and replace in their entirety Items 8, 9A and 15 in the Original Filing.

In connection with the Original Filing, the Company's management included Management's Responsibility Statement therein, which expressed a conclusion that the Company's internal control over financial reporting was effective as of December 31, 2013. Subsequent to the Original Filing, the Company has been undertaking a re-evaluation of its prior accounting policies and procedures related to global unclaimed property matters, which are extremely complex and subject to varying interpretations, and whether there was a deficiency in internal control over financial reporting (“ICFR”) (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) such that there was a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements would not be prevented or detected on a timely basis. Specifically, management determined that controls over the accumulation and review of information with respect to unclaimed property regulations to determine appropriate accounting treatment for amounts that were unclaimed for an extended period of time were not operating effectively. Following the completion of this re-evaluation, and extensive consultation with Deloitte & Touche LLP (“Deloitte”) and other outside advisers, the Company’s management concluded that a material weakness existed in that area and that, therefore, ICFR and disclosure controls and procedures (“DCP”) (as defined in Rule 13a-15(e) under the Exchange Act) were not effective as of December 31, 2013. Based upon an evaluation and enhancements in specific controls, management has concluded that as of November 11, 2014 it has effectively remediated the above described material weakness. Our management has determined that there were no material misstatements in the Company’s consolidated financial statements included in this Amended Filing and that this material weakness therefore does not require any adjustments to those financial statements.

As required by Rule 12b-15, our principal executive officer and principal financial officer are providing updated certifications. In addition, we are filing a new consent of Deloitte & Touche LLP. Accordingly, we hereby amend Item 15 in the Original Filing to reflect the filing of the new certifications and the consent.

Except as indicated above, this Amended Filing does not purport to reflect any information or events subsequent to the filing date of the Original Filing. As such, this Amended Filing speaks only as of the date the Original Filing was filed, and we have not undertaken herein to amend, supplement or update any information contained in the Original Filing to give effect to any subsequent events. Accordingly, this Amended Filing should be read in conjunction with the Original Filing and any documents filed by us with the Securities and Exchange Commission (SEC) subsequent to the Original Filing, including our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014.

PART II

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by Item 8 is found in a separate section of this Amended Filing on pages F-1 through F-59. See the “Index to Financial Statements” on page F-1. The only changes from the financial statements filed with the Company’s Original Filing are changes to Management's Responsibility Statement on Page F-2 and the Reports of Independent Registered Public Accounting Firm on Page F-3 and Page F-4.

Item 9A. CONTROLS AND PROCEDURES (REVISED)

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in the Company's 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Table of Contents

In connection with the Original Filing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's DCP were effective at a reasonable assurance level as of December 31, 2013 (the Evaluation Date). Subsequent to the Original Filing, the Company has been undertaking a re-evaluation of its prior accounting policies and procedures related to global unclaimed property matters, which are extremely complex and subject to varying interpretations, and whether there was a deficiency in ICFR such that there was a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis.

The Company's management re-evaluated the design and operation of its past control practices regarding such accounting policies and procedures related to global unclaimed property matters and whether, in the past, such controls were sufficiently robust to prevent or detect a potential material error with regard to these policies.

Specifically, management determined that controls over the accumulation and review of information with respect to unclaimed property regulations to determine appropriate accounting treatment for amounts that were unclaimed for an extended period of time were not operating effectively. Following the completion of this re-evaluation, and extensive consultation with Deloitte and other outside advisers, the Company's management concluded that a material weakness existed in that area and that, therefore, ICFR and DCP were not effective as of December 31, 2013.

Our management has determined that there were no material misstatements in the Company's consolidated financial statements included in this Annual Report on Form 10-K/A and that this material weakness therefore does not require any adjustments to those financial statements.

In response to the identified material weakness, the Company's management carried out remediation procedures to November 11, 2014 and has taken specific actions to address such material weakness. The enhancements to the design and operation of the controls include the following:

- Refreshed its documentation of global unclaimed property laws and regulations throughout the world so as to maintain a more comprehensive repository of information available to the Company's management regarding these laws and regulations, focusing particularly on the largest markets in which the Company does business; in performing this refresh management revalidated its controls over identifying new laws and regulations and added additional required research if country volume exceeds a certain limit;

- Reviewed relevant accounting policies and procedures to validate their consistency across global jurisdictions, relying on the enhanced control over documentation to conduct this review;

- Enhanced control over the preparation of schedules which summarize unclaimed property balances to enable the review of these balances against jurisdictional rules and accounting policies to ensure consistency; and

- Increased coordination by various departments of the Company in the review of information with respect to unclaimed property matters in determining whether any financial statement exposures exist.

Based upon that evaluation and the enhancements in specific controls, management has concluded that, at November 11, 2014, it had effectively remediated the above described material weakness.

Management's annual report on ICFR is provided on page F-2 of this Annual Report on Form 10-K/A. The attestation report of the Company's independent registered public accounting firm, Deloitte & Touche LLP, regarding the Company's ICFR is provided on page F-3 of this Annual Report on Form 10-K/A.

Table of Contents

PART IV

5

Table of Contents

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) (1) The financial statements listed in the “Index to Financial Statements and Schedules” are filed as part of this Annual Report on Form 10-K.
- (2) All financial statement schedules are omitted because they are not applicable or the required information is included in the Consolidated Financial Statements or notes thereto listed in the “Index to Financial Statements.”
- (3) Exhibits are filed with this Annual Report on Form 10-K or incorporated herein by reference as listed in the accompanying Exhibit Index.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MoneyGram International, Inc.
(Registrant)

Date: November 12, 2014

By: /s/ Pamela H. Patsley
Pamela H. Patsley
Chairman and Chief Executive Officer
(Principal Executive Officer)

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
2.1	Separation and Distribution Agreement, dated as of June 30, 2004, by and among Viad Corporation, MoneyGram International, Inc., MGI Merger Sub, Inc. and Travelers Express Company, Inc. (Incorporated by reference from Exhibit 2.1 to Registrant’s Quarterly Report on Form 10-Q filed on August 13, 2004).
2.2	Recapitalization Agreement, dated as of March 7, 2011, among MoneyGram International, Inc., certain affiliates and co-investors of Thomas H. Lee Partners, L.P. and Goldman, Sachs & Co. and certain of its affiliates (including “Annex A-Form of Certificate of Amendment of Certificate of Designations, Preferences and Rights of Series D Participating Convertible Preferred Stock of MoneyGram International, Inc.) (Incorporated by reference from Exhibit 2.1 to Registrant’s Current Report on Form 8-K filed March 9, 2011).
2.3	Amendment No. 1 to Recapitalization Agreement, dated as of May 4, 2011, among MoneyGram International, Inc., certain affiliates and co-investors of Thomas H. Lee Partners, L.P. and Goldman, Sachs & Co. and certain of its affiliates (Incorporated by reference from Exhibit 2.1 to Registrant’s Current Report on Form 8-K filed May 6, 2011).
3.1	Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., as amended (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 18, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant’s Current Report on Form 8-K filed May 23, 2011).
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., filed with the Secretary of State of the State of Delaware on November 14, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant’s Current Report on Form 8-K filed November 14, 2011).
3.4	Bylaws of MoneyGram International, Inc., as amended and restated September 10, 2009 (Incorporated by reference from Exhibit 3.01 to Registrant’s Current Report on Form 8-K filed on September 16, 2009).
3.5	Amendment to Bylaws of MoneyGram International, Inc., dated as of January 25, 2012 (Incorporated by reference from Exhibit 3.1 to Registrant’s Current Report on Form 8-K filed January 27, 2012).
3.6	Amendment to Bylaws of MoneyGram International, Inc., dated as of December 10, 2013 (Incorporated by reference from Exhibit 3.1 to Registrant’s Current Report on Form 8-K filed December 16, 2013).
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).
4.1	Form of Specimen Certificate for MoneyGram Common Stock (Incorporated by reference from Exhibit 4.1 to Amendment No. 4 to Registrant’s Form 10 filed on June 14, 2004).
4.2	Indenture, dated as of March 25, 2008, by and among MoneyGram International, Inc., MoneyGram Payment Systems Worldwide, Inc., the other guarantors party thereto and Deutsche Bank Trust Company Americas, a New York banking corporation, as trustee and collateral agent (Incorporated by reference from Exhibit 4.1 to Registrant’s Current Report on Form 8-K filed on March 28, 2008).
4.3	First Supplemental Indenture relating to the 13.25% Senior Secured Second Lien Notes due 2018, dated as of August 6, 2009, among MoneyGram Payment Systems Worldwide, Inc., as issuer, MoneyGram International, Inc. and the other guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and collateral agent (Incorporated by reference from Exhibit 4.3 to Registrant’s Annual Report on Form 10-K filed March 9, 2012).
4.4	Second Supplemental Indenture relating to the 13.25% Senior Secured Second Lien Notes due 2018, dated as of July 29, 2010, among MoneyGram Payment Systems Worldwide, Inc., as issuer, MoneyGram

International, Inc. and the other guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and collateral agent (Incorporated by reference from Exhibit 4.4 to Registrant's Annual Report on Form 10-K filed March 9, 2012).

4.5 Third Supplemental Indenture relating to the 13.25% Senior Secured Second Lien Notes due 2018, dated as of April 19, 2011, among MoneyGram Payment Systems Worldwide, Inc., as issuer, MoneyGram International, Inc. and the other guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and collateral agent (Incorporated by reference from Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on April 21, 2011).

4.6 Fourth Supplemental Indenture relating to the 13.25% Senior Secured Second Lien Notes due 2018, dated as of September 29, 2011, among MoneyGram Payment Systems Worldwide, Inc., as issuer, MoneyGram International, Inc. and the other guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and collateral agent (Incorporated by reference from Exhibit 4.1 to Registrant's Current Report on Form 8-K filed September 30, 2011).

4.7 Fifth Supplemental Indenture relating to the 13.25% Senior Secured Second Lien Notes due 2018, dated as of November 15, 2011, among MoneyGram Payment Systems Worldwide, Inc., as issuer, MoneyGram International, Inc. and the other guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and collateral agent (Incorporated by reference from Exhibit 4.1 to Registrant's Current Report on Form 8-K filed November 16, 2011).

Table of Contents

4.8	Sixth Supplemental Indenture relating to the 13.25% Senior Secured Second Lien Notes due 2018, dated as of November 21, 2011, among MoneyGram Payment Systems Worldwide, Inc., as issuer, MoneyGram International, Inc. and the other guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and collateral agent (Incorporated by reference from Exhibit 4.1 to Registrant's Current Report on Form 8-K filed November 22, 2011).
4.9	Seventh Supplemental Indenture relating to the 13.25% Senior Secured Second Lien Notes due 2018, dated as of February 15, 2013, among MoneyGram Payment Systems Worldwide, Inc., as issuer, MoneyGram International, Inc. and the other guarantors named therein and Deutsche Bank Trust Company Americas, as trustee and collateral agent (Incorporated by reference from Exhibit 4.1 to Registrant's Current Report on Form 8-K filed February 20, 2013).
4.10	Registration Rights Agreement, dated as of March 25, 2008, by and among the several Investor parties named therein and MoneyGram International, Inc. (Incorporated by reference from Exhibit 4.5 to Registrant's Current Report on Form 8-K filed on March 28, 2008).
4.11	Amendment No. 1 to Registration Rights Agreement, dated as of May 18, 2011, by and among MoneyGram International, Inc., certain affiliates and co-investors of Thomas H. Lee Partners, L.P., and certain affiliates of Goldman, Sachs & Co. (Incorporated by reference from Exhibit 4.1 to Registrant's Current Report on Form 8-K filed May 23, 2011).
10.1	Employee Benefits Agreement, dated as of June 30, 2004, by and among Viad Corporation, MoneyGram International, Inc. and Travelers Express Company, Inc. (Incorporated by reference from Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q filed on August 13, 2004).
10.2	Tax Sharing Agreement, dated as of June 30, 2004, by and between Viad Corporation and MoneyGram International, Inc. (Incorporated by reference from Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q filed on August 13, 2004).
†10.3	MoneyGram International, Inc. 2004 Omnibus Incentive Plan, as amended February 17, 2005 (Incorporated by reference from Exhibit 99.1 to Registrant's Current Report on Form 8-K filed on February 23, 2005).
†10.4	Form of Amended and Restated Non-Employee Director Indemnification Agreement between MoneyGram International, Inc. and Non-Employee Directors of MoneyGram International, Inc. (Incorporated by reference from Exhibit 10.02 to Registrant's Current Report on Form 8-K filed on February 13, 2009).
†10.5	Form of Employee Director Indemnification Agreement between MoneyGram International, Inc. and Employee Directors of MoneyGram International, Inc. (Incorporated by reference from Exhibit 10.03 to Registrant's Current Report on Form 8-K filed on February 13, 2009).
†10.6	MoneyGram International, Inc. Performance Bonus Plan, as amended and restated February 17, 2010 (formerly known as the MoneyGram International, Inc. Management and Line of Business Incentive Plan) (Incorporated by reference from Exhibit 10.02 to Registrant's Current Report on Form 8-K filed on February 22, 2010).
†10.10	Deferred Compensation Plan for Directors of Viad Corp, as amended August 19, 2004 (Incorporated by reference from Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q filed on November 12, 2004).
†10.11	MoneyGram International, Inc. Executive Severance Plan (Tier II), as amended and restated August 16, 2007 (Incorporated by reference from Exhibit 99.04 to Registrant's Current Report on Form 8-K filed on August 22, 2007).
†10.12	First Amendment of the Amended and Restated MoneyGram International, Inc. Executive Severance Plan (Tier II) (Incorporated by reference from Exhibit 10.21 to Registrant's Current Report on Form 8-K filed on March 28, 2008).
†10.13	MoneyGram Supplemental Pension Plan, as amended and restated December 28, 2007 (Incorporated by reference from Exhibit 99.01 to Registrant's Current Report on Form 8-K filed on January 4, 2008).
†10.14	First Amendment of MoneyGram Supplemental Pension Plan (Incorporated by reference from Exhibit 10.28 to Amendment No. 1 to Registrant's Annual Report on Form 10-K/A filed on August 9, 2010).
†10.15	

- †10.16 Description of MoneyGram International, Inc. Director's Charitable Matching Program (Incorporated by reference from Exhibit 10.13 to Registrant's Quarterly Report on Form 10-Q filed on August 13, 2004).
Viad Corporation Director's Charitable Award Program (Incorporated by reference from Exhibit 10.14 to Amendment No. 3 to Registrant's Form 10 filed on June 3, 2004).
- 10.19 Amended and Restated Purchase Agreement, dated as of March 17, 2008, among MoneyGram International, Inc. and the several Investor parties named therein (Incorporated by reference from Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on March 18, 2008).
- 10.20 Amended and Restated Fee Arrangement Letter, dated March 17, 2008, between THL Managers VI, LLC and MoneyGram International, Inc. (Incorporated by reference from Exhibit 10.2 to Registrant's Current Report on Form 8-K filed March 18, 2008).
- 10.21 Amended and Restated Fee Arrangement Letter, dated March 17, 2008, between Goldman, Sachs & Co. and MoneyGram International, Inc. (Incorporated by reference from Exhibit 10.3 to Registrant's Current Report on Form 8-K filed on March 18, 2008).
- 10.22 Fee Arrangement Letter, dated as of March 25, 2008, by and between the Investor parties named therein, Goldman, Sachs & Co. and MoneyGram International, Inc. (Incorporated by reference from Exhibit 10.3 to Registrant's Current Report on Form 8-K filed on March 28, 2008).

Table of Contents

- 10.23 Subscription Agreement, dated as of March 25, 2008, by and between MoneyGram International, Inc. and The Goldman Sachs Group, Inc. (Incorporated by reference from Exhibit 10.4 to Registrant’s Current Report on Form 8-K filed on March 28, 2008).
- 10.24 Amended and Restated Fee Letter, dated March 17, 2008, among MoneyGram Payment Systems Worldwide, Inc., GSMP V Onshore US, Ltd., GSMP V Offshore US, Ltd., GSMP V Institutional US, Ltd., GS Capital Partners VI Fund, L.P., GS Capital Partners VI Offshore Fund, L.P., GS Capital Partners VI GmbH & Co. KG, GS Capital Partners VI Parallel, L.P., and THL Managers VI, LLC (Incorporated by reference from Exhibit 10.4 to Registrant’s Current Report on Form 8-K filed on March 18, 2008).
- †10.26 Form of MoneyGram International, Inc. 2004 Omnibus Incentive Plan Restricted Stock Agreement, as amended February 16, 2005 (Incorporated by reference from Exhibit 99.5 to Registrant’s Current Report on Form 8-K filed on February 23, 2005).
- †10.27 Form of MoneyGram International, Inc. 2004 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, as amended February 16, 2005 (Incorporated by reference from Exhibit 99.6 to Registrant’s Current Report on Form 8-K filed on February 23, 2005).
- †10.28 Form of MoneyGram International, Inc. 2004 Omnibus Incentive Plan Non-Qualified Stock Option Agreement for Directors (Incorporated by reference from Exhibit 99.7 to Registrant’s Current Report on Form 8-K filed on February 23, 2005).
- †10.29 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Restricted Stock Agreement, effective June 30, 2005 (Incorporated by reference from Exhibit 99.2 to Registrant’s Current Report on Form 8-K filed on July 5, 2005).
- †10.30 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Restricted Stock Agreement, effective August 17, 2005 (US Version) (Incorporated by reference from Exhibit 99.7 to Registrant’s Current Report on Form 8-K filed on August 23, 2005).
- †10.31 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Restricted Stock Agreement, effective August 17, 2005 (UK Version) (Incorporated by reference from Exhibit 99.9 to Registrant’s Current Report on Form 8-K filed on August 23, 2005).
- †10.32 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, effective August 17, 2005 (US Version) (Incorporated by reference from Exhibit 99.6 to Registrant’s Current Report on Form 8-K filed on August 23, 2005).
- †10.33 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, effective August 17, 2005 (UK Version) (Incorporated by reference from Exhibit 99.8 to Registrant’s Current Report on Form 8-K filed on August 23, 2005).
- †10.34 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, effective February 15, 2006 (US version) (Incorporated by reference from Exhibit 10.41 to Registrant’s Annual Report on Form 10-K filed on March 1, 2006).
- †10.35 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, effective February 15, 2006 (UK Version) (Incorporated by reference from Exhibit 10.42 to Registrant’s Annual Report on Form 10-K filed on March 1, 2006).
- †10.36 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, effective May 8, 2007 (Incorporated by reference from Exhibit 99.04 to Registrant’s Current Report on Form 8-K filed on May 14, 2007).
- †10.37 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, effective August 11, 2009 (version 1) (Incorporated by reference from Exhibit 10.8 to Registrant’s Quarterly Report on Form 10-Q filed on November 9, 2009).
- †10.38 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement, effective August 11, 2009 (version 2) (Incorporated by reference from Exhibit 10.9 to Registrant’s Quarterly Report on Form 10-Q filed on November 9, 2009).
- †10.39 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement for Directors, effective August 17, 2005 (Incorporated by reference from Exhibit 99.4 to

Registrant's Current Report on Form 8-K filed on August 23, 2005).

†10.40 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Non-Qualified Stock Option Agreement for Directors, effective February 15, 2006 (Incorporated by reference from Exhibit 10.43 to Registrant's Annual Report on Form 10-K filed on March 1, 2006).

†10.41 Non-Qualified Stock Option Agreement, dated January 21, 2009, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.02 to Registrant's Current Report on Form 8-K filed on January 22, 2009).

†10.42 Non-Qualified Stock Option Agreement, dated May 12, 2009, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.02 to Registrant's Current Report on Form 8-K filed on May 18, 2009).

Table of Contents

- †10.43 Non-Qualified Stock Option Agreement, dated August 31, 2009, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.01 to Registrant’s Current Report on Form 8-K filed on September 4, 2009).
- †10.44 Amendment to Non-Qualified Stock Option Agreements, dated August 31, 2009, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.03 to Registrant’s Current Report on Form 8-K filed on September 4, 2009).
- †10.45 MoneyGram International, Inc. Performance Unit Incentive Plan, as amended and restated May 9, 2007 (Incorporated by reference from Exhibit 99.02 to Registrant’s Current Report on Form 8-K filed on May 14, 2007).
- †10.46 Form of MoneyGram International, Inc. Executive Compensation Trust Agreement (Incorporated by reference from Exhibit 99.01 to Registrant’s Current Report on Form 8-K filed on November 22, 2005).
- †10.47 First Amendment to the MoneyGram International, Inc. Executive Compensation Trust Agreement (Incorporated by reference from Exhibit 99.01 to Registrant’s Current Report on Form 8-K filed on August 22, 2006).
- †10.48 The MoneyGram International, Inc. Outside Directors’ Deferred Compensation Trust (Incorporated by reference from Exhibit 99.05 to Registrant’s Current Report on Form 8-K filed on November 22, 2005).
- 10.49 Money Services Agreement between Wal-Mart Stores, Inc. and MoneyGram Payment Systems, Inc. dated February 1, 2005 as amended (Incorporated by reference from Exhibit 10.71 to Registrant’s Annual Report on Form 10-K filed on March 25, 2008).
- 10.50 Letter Agreement, effective as of July 27, 2012, amending that certain Money Services Agreement, effective February 1, 2005, as amended, by and between MoneyGram Payment Systems, Inc. and Wal-Mart Stores, Inc. (Incorporated by reference from Exhibit 10.3 to Registrant’s Quarterly Report on Form 10-Q filed November 9, 2012).
- †10.51 Form of Employee Trade Secret, Confidential Information and Post-Employment Restriction Agreement (Incorporated by reference from Exhibit 10.27 to Registrant’s Quarterly Report on Form 10-Q filed on May 12, 2008).
- †10.52 MoneyGram International, Inc. Severance Plan (Incorporated by reference from Exhibit 10.03 to Registrant’s Current Report on Form 8-K/A filed November 22, 2010).
- †10.53 Non-Employee Director Compensation Arrangements, revised to be effective as of January 1, 2014. (Incorporated by reference from Exhibit 10.53 to Registrant’s Annual Report on Form 10-K filed March 3, 2014).
- †10.54 Form of MoneyGram International, Inc. Restricted Stock Unit Award Agreement (Incorporated by reference from Exhibit 10.11 to Registrant’s Quarterly Report on Form 10-Q filed August 9, 2010).
- †10.55 MoneyGram International, Inc. Deferred Compensation Plan, as amended and restated February 16, 2011 (Incorporated by reference from Exhibit 10.01 to Registrant’s Current Report on Form 8-K filed February 23, 2011).
- 10.56 Consent Agreement, dated as of March 7, 2011, among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc. and certain affiliates of Goldman, Sachs & Co. (Incorporated by reference from Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed March 9, 2011).
- †10.57 MoneyGram International, Inc. 2005 Omnibus Incentive Plan, as amended and restated (Incorporated by reference from Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed May 14, 2013).
- +10.58 Amended and Restated Credit Agreement, dated as of March 28, 2013, by and among MoneyGram International, Inc., Bank of America, N.A., as administrative agent, the financial institutions party thereto as lenders and the other agents party thereto (Incorporated by reference from Exhibit 10.3 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2013).
- 10.59 Guaranty, dated as of May 18, 2011, among MoneyGram International, Inc., MoneyGram Payment Systems, Inc., MoneyGram of New York LLC, and Bank of America, N.A., as administrative agent (Incorporated by reference from Exhibit 10.2 to Registrant’s Current Report on Form 8-K filed May 23, 2011).

- 10.60 Pledge Agreement, dated as of May 18, 2011, among MoneyGram International, Inc., MoneyGram Payment Systems Worldwide, Inc., MoneyGram Payment Systems, Inc., MoneyGram of New York LLC, and Bank of America, N.A., as collateral agent (Incorporated by reference from Exhibit 10.3 to Registrant's Current Report on Form 8-K filed May 23, 2011).
- 10.61 Security Agreement, dated as of May 18, 2011, among MoneyGram International, Inc., MoneyGram Payment Systems Worldwide, Inc., MoneyGram Payment Systems, Inc., MoneyGram of New York LLC, and Bank of America, N.A., as collateral agent (Incorporated by reference from Exhibit 10.4 to Registrant's Current Report on Form 8-K filed May 23, 2011).
- 10.62 Intercreditor Agreement, dated as of May 18, 2011, among MoneyGram Payment Systems Worldwide, Inc., the First Priority Secured Parties as defined therein, the Second Priority Secured Parties as defined therein, and Deutsche Bank Trust Company Americas, as Trustee and Collateral Agent (Incorporated by reference from Exhibit 10.5 to Registrant's Current Report on Form 8-K filed May 23, 2011).
- 10.63 Patent Security Agreement, dated as of May 18, 2011, between MoneyGram International, Inc. and Bank of America, N.A., as Collateral Agent (Incorporated by reference from Exhibit 10.6 to Registrant's Current Report on Form 8-K filed May 23, 2011).

Table of Contents

- 10.64 Patent Security Agreement, dated as of May 18, 2011, between MoneyGram Payment Systems, Inc. and Bank of America, N.A., as Collateral Agent (Incorporated by reference from Exhibit 10.7 to Registrant's Current Report on Form 8-K filed May 23, 2011).
- 10.65 Trademark Security Agreement, dated as of May 18, 2011, between MoneyGram International, Inc. and Bank of America, N.A., as Collateral Agent (Incorporated by reference from Exhibit 10.8 to Registrant's Current Report on Form 8-K filed May 23, 2011).
- 10.66 Trademark Security Agreement, dated as of May 18, 2011, between MoneyGram Payment Systems, Inc. and Bank of America, N.A., as Collateral Agent (Incorporated by reference from Exhibit 10.9 to Registrant's Current Report on Form 8-K filed May 23, 2011).
- 10.67 Copyright Security Agreement, dated as of May 18, 2011, between MoneyGram International, Inc. and Bank of America, N.A., as Collateral Agent (Incorporated by reference from Exhibit 10.10 to Registrant's Current Report on Form 8-K filed May 23, 2011).
- †10.68 Relocation Assistance Repayment Agreement, by and between MoneyGram Payment Systems, Inc. and J. Lucas Wimer, dated July 15, 2011 (Incorporated by reference from Exhibit 10.01 to Registrant's Current Report on Form 8-K filed July 15, 2011).
- 10.69 Consent Agreement, dated as of August 12, 2011, by and among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc., and certain affiliates of Goldman, Sachs & Co. (Incorporated by reference From Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q filed November 3, 2011).
- 10.70 Consent Agreement, dated as of August 12, 2011, by and among MoneyGram International, Inc., and certain affiliates and co-investors of Thomas H. Lee Partners, L.P. and certain affiliates of Goldman, Sachs & Co. (Incorporated by reference From Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q filed November 3, 2011).
- 10.71 Consent Agreement, dated as of October 24, 2011, by and among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc., and certain affiliates of Goldman, Sachs & Co. (Incorporated by reference from Exhibit 10.85 to Registrant's Annual Report on Form 10-K filed on March 9, 2012).
- 10.73 Consent Agreement, dated as of November 15, 2011, by and among MoneyGram International, Inc., and certain affiliates and co-investors of Thomas H. Lee Partners, L.P. and affiliates of Goldman, Sachs & Co. (Incorporated by reference from Exhibit 10.3 to Registrant's Current Report on Form 8-K filed November 16, 2011).
- 10.74 Consent Agreement, dated as of November 17, 2011, by and among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc. and certain affiliates of Goldman, Sachs & Co. (Incorporated by reference from Exhibit 4.1 to Registrant's Current Report on Form 8-K filed November 18, 2011).
- 10.75 First Incremental Amendment and Joinder Agreement, dated as of November 21, 2011, among MoneyGram International, Inc., MoneyGram Payment Systems Worldwide, Inc., MoneyGram Payment Systems, Inc., MoneyGram of New York LLC, the Lenders and Bank of America, N.A., as administrative agent (Incorporated by reference from Exhibit 10.1 to Registrant's Current Report on Form 8-K filed November 22, 2011)
- †10.76 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Performance Restricted Stock Unit Award Agreement (Incorporated by reference from Exhibit 99.1 to Registrant's Current Report on Form 8-K filed November 23, 2011).
- †10.77 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Stock Option Agreement (Incorporated by reference from Exhibit 99.2 to Registrant's Current Report on Form 8-K filed November 23, 2011).
- †10.78 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Stock Appreciation Right Agreement (Incorporated by reference from Exhibit 10.92 to Registrant's Annual Report on Form 10-K filed March 9, 2012).

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- †10.79 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Performance Restricted Stock Unit Award Agreement (For Participants in France) (Incorporated by reference from Exhibit 10.93 to Registrant's Annual Report on Form 10-K filed March 9, 2012).
- †10.80 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Stock Option Agreement (For Optionees in France) (Incorporated by reference from Exhibit 10.94 to Registrant's Annual Report on Form 10-K filed March 9, 2012).
- †10.81 Form of Severance Agreement (Incorporated by reference from Exhibit 10.95 to Registrant's Annual Report on Form 10-K filed March 9, 2012).
- 10.82 Stipulation and Agreement of Compromise and Settlement, dated as of July 19, 2012, by and among the plaintiffs and class representatives party thereto, MoneyGram International, Inc., Thomas H. Lee Partners, L.P., The Goldman Sachs Group, Inc. and certain individual defendants party thereto (Incorporated by reference from Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q filed November 9, 2012).
- 10.83 Supplemental Agreement Regarding Settlement, dated as of July 20, 2012, by and among MoneyGram International, Inc., Thomas H. Lee Partners, L.P., The Goldman Sachs Group, Inc., certain individual defendants party thereto, and Federal Insurance Company (Incorporated by reference from Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q filed November 9, 2012).
- 10.84 Master Trust Agreement dated September 30, 2012 by and between MoneyGram Payment Systems, Inc. and Wal-Mart Stores, Inc. (Incorporated by reference from Exhibit 10.1 to Registrant's Current Report on Form 8-K filed October 1, 2012).

Table of Contents

†10.85	Separation Agreement and Release, dated as of March 20, 2012, by and between MoneyGram International, Inc. and James E. Shields (Incorporated by reference from Exhibit 10.2 to Registrant’s Quarterly Report on Form 10-Q filed May 4, 2012).
†10.86	Service Agreement, dated March 16, 2012, by and between MoneyGram International Limited and Carl Scheible (Incorporated by reference from Exhibit 10.3 to Registrant’s Quarterly Report on Form 10-Q filed May 4, 2012).
†10.87	Employment Agreement, dated as of March 27, 2013, by and between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed March 28, 2013).
10.88	Note Purchase Agreement, dated as of March 27, 2013, by and among MoneyGram Payment Systems Worldwide, Inc., GSMP V Onshore US, Ltd., GSMP V Offshore US, Ltd. and GSMP V Institutional US, Ltd. (Incorporated by reference from Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed March 28, 2013).
†10.89	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Performance Restricted Stock Unit Award Agreement (Incorporated by reference from Exhibit 10.4 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2013).
†10.90	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Stock Option Agreement (Incorporated by reference from Exhibit 10.5 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2013).
†10.91	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Stock Appreciation Right Agreement (Incorporated by reference from Exhibit 10.6 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2013).
†10.92	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Long-Term Incentive Cash Performance Award Agreement (for one-time contingent performance awards) (Incorporated by reference from Exhibit 10.7 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2013).
†10.93	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Performance Restricted Stock Unit Award Agreement (for one-time contingent performance awards) (Incorporated by reference from Exhibit 10.8 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2013).
†10.94	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Stock Option Agreement (For Optionees in France) (Incorporated by reference from Exhibit 10.9 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2013).
18	Preferability Letter from Deloitte & Touche LLP Regarding Change in Annual Goodwill Impairment Date (Incorporated by reference from Exhibit 18 to Registrant’s Annual Report on Form 10-K filed March 3, 2014).
21	Subsidiaries of the Registrant (Incorporated by reference from Exhibit 21 to Registrant’s Annual Report on Form 10-K filed March 3, 2014).
*23	Consent of Deloitte & Touche LLP
*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) Consolidated Balance Sheets as of December 31, 2013 and December 31, 2012; (ii) Consolidated Statements of Operations for the years ended December 31, 2013, 2012 and 2011; (iii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2013, 2012 and 2011; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011; (v) Consolidated Statements of Stockholders’ Deficit as of December 31, 2013, 2012 and 2011; and (vi) Notes to the Consolidated Financial Statements.

* Filed herewith.

- † Indicates management contract or compensatory plan or arrangement required to be filed as an exhibit to this report.
- + 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.

Table of Contents

MoneyGram International, Inc.
Annual Report on Form 10-K
Items 8 and 15(a)
Index to Financial Statements

<u>Management's Responsibility Statement</u>	<u>F-2</u>
<u>Reports of Independent Registered Public Accounting Firm</u>	<u>F-3</u>
<u>Consolidated Balance Sheets as of December 31, 2013 and 2012</u>	<u>F-6</u>
<u>Consolidated Statements of Operations for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-7</u>
<u>Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-8</u>
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-9</u>
<u>Consolidated Statements of Stockholders' Deficit for the years ended December 31, 2013, 2012 and 2011</u>	<u>F-10</u>
<u>Notes to the Consolidated Financial Statements</u>	<u>F-11</u>

F-1

Table of Contents

Management's Responsibility Statement (Revised)

The management of MoneyGram International, Inc. is responsible for the integrity, objectivity and accuracy of the consolidated financial statements of the Company. The consolidated financial statements are prepared by the Company in accordance with accounting principles generally accepted in the United States of America using, where appropriate, management's best estimates and judgments. The financial information presented throughout the Annual Report is consistent with that in the consolidated financial statements.

Management is also responsible for maintaining a system of internal controls and procedures over financial reporting designed to provide reasonable assurance that the books and records reflect the transactions of the Company and that assets are protected against loss from unauthorized use or disposition. Such a system is maintained through accounting policies and procedures administered by trained Company personnel and updated on a continuing basis to ensure their adequacy to meet the changing requirements of our business. The Company requires that all of its affairs, as reflected by the actions of its employees, be conducted according to the highest standards of personal and business conduct. This responsibility is reflected in our Code of Ethics.

To test compliance with the Company's system of internal controls and procedures over financial reporting, the Company carries out an extensive audit program. This program includes a review for compliance with written policies and procedures and a comprehensive review of the adequacy and effectiveness of the internal control system.

Although control procedures are designed and tested, it must be recognized that there are limits inherent in all systems of internal control and, therefore, errors and irregularities may nevertheless occur. Also, estimates and judgments are required to assess and balance the relative cost and expected benefits of the controls. Projection of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Board of Directors, which is composed solely of outside directors, meets quarterly with management, internal audit and the independent registered public accounting firm to discuss internal accounting control, auditing and financial reporting matters, as well as to determine that the respective parties are properly discharging their responsibilities. Both our independent registered public accounting firm and internal auditors have had and continue to have unrestricted access to the Audit Committee without the presence of management.

In connection with the Original Filing, the Company's management included Management's Responsibility Statement therein, which expressed a conclusion that the Company's internal control over financial reporting ("ICFR") (as defined in Rules 13a-15(f) of the Exchange Act) was effective as of December 31, 2013. Subsequent to the Original Filing, the Company has been undertaking a re-evaluation of its prior accounting policies and procedures related to global unclaimed property matters, which are extremely complex and subject to varying interpretations, and whether there was a deficiency in ICFR such that there was a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis. In making this assessment, management used the criteria set forth in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Specifically, management determined that controls over the accumulation and review of information with respect to unclaimed property regulations to determine appropriate accounting treatment for amounts that were unclaimed for an extended period of time were not operating effectively. Following the completion of this re-evaluation and extensive consultation with Deloitte & Touche LLP and other outside advisers, and based on the criteria in the COSO framework, the Company's management concluded that a material weakness existed in that area and that, therefore, ICFR and disclosure controls and procedures were not effective as of December 31, 2013.

As disclosed in the Original Filing, there were no changes in the Company's ICFR during the fiscal quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. Management carried out remediation procedures described in Item 9A of this Annual Report on Form 10-K/A. Based upon such procedures, management has concluded that, at November 11, 2014, it had effectively remediated the above described material weakness.

/s/ PAMELA H. PATSLEY

Pamela H. Patsley
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ W. ALEXANDER HOLMES

W. Alexander Holmes
Executive Vice President, Chief Financial Officer and
Chief Operating Officer
(Principal Financial Officer)

F-2

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
MoneyGram International, Inc.
Dallas, Texas

We have audited the internal control over financial reporting of MoneyGram International, Inc. and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Responsibility Statement (Revised). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated March 3, 2014, we expressed an unqualified opinion on internal control over financial reporting. As described in the following paragraph, a material weakness was subsequently identified that adversely affects the effectiveness of internal control as of December 31, 2013. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting and our present opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial

statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: the controls over the accumulation and review of information with respect to unclaimed property regulations to determine appropriate accounting treatment for amounts that were unclaimed for an extended period of time were not operating effectively. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' deficit for each of the three years in the period ended December 31, 2013, of the Company and this report does not affect our report on such financial statements.

In our opinion, because of the effect of the material weakness identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

F-3

Table of Contents

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated March 3, 2014 expressed as an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas

March 3, 2014 (November 12, 2014 as to the effects of the material weakness described in Management's Responsibility Statement (Revised))

F-4

Table of Contents

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders of
MoneyGram International, Inc.
Dallas, Texas

We have audited the accompanying consolidated balance sheets of MoneyGram International, Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' deficit for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of MoneyGram International, Inc. and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting. On November 12, 2014 we revised our report to express an adverse opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas

March 3, 2014 (November 12, 2014 as to our revised report expressing an adverse opinion on the Company's internal control over financial reporting)

Table of ContentsMONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31, (Amounts in millions, except share data)	2013	2012
ASSETS		
Cash and cash equivalents	\$—	\$—
Cash and cash equivalents (substantially restricted)	2,228.5	2,683.2
Receivables, net (substantially restricted)	767.7	1,206.5
Interest-bearing investments (substantially restricted)	1,011.6	450.1
Available-for-sale investments (substantially restricted)	48.1	63.5
Property and equipment, net	134.8	127.9
Goodwill	435.2	428.7
Other assets	161.0	190.7
Total assets	\$4,786.9	\$5,150.6
LIABILITIES		
Payment service obligations	\$3,737.1	\$4,175.4
Debt	842.9	809.9
Pension and other postretirement benefits	98.4	126.8
Accounts payable and other liabilities	185.5	199.9
Total liabilities	4,863.9	5,312.0
COMMITMENTS AND CONTINGENCIES (NOTE 14)		
STOCKHOLDERS' DEFICIT		
Participating Convertible Preferred Stock - Series D, \$0.01 par value, 200,000 shares authorized, 109,239 issued at December 31, 2013 and December 31, 2012, respectively	281.9	281.9
Common stock, \$0.01 par value, 162,500,000 shares authorized, 62,263,963 shares issued at December 31, 2013 and December 31, 2012, respectively	0.6	0.6
Additional paid-in capital	1,011.8	1,001.0
Retained loss	(1,214.4	) (1,265.9
Accumulated other comprehensive loss	(33.0	) (52.3
Treasury stock: 4,300,782 and 4,407,038 shares at December 31, 2013 and December 31, 2012, respectively	(123.9	) (126.7
Total stockholders' deficit	(77.0	) (161.4
Total liabilities and stockholders' deficit	\$4,786.9	\$5,150.6
See Notes to the Consolidated Financial Statements		

Table of ContentsMONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, (Amounts in millions, except per share data)	2013	2012	2011
REVENUE			
Fee and other revenue	\$1,456.8	\$1,328.6	\$1,230.9
Investment revenue	17.6	12.6	16.9
Total revenue	1,474.4	1,341.2	1,247.8
EXPENSES			
Fee and other commissions expense	677.8	599.2	547.6
Investment commissions expense	0.4	0.3	0.4
Total commissions expense	678.2	599.5	548.0
Compensation and benefits	264.9	241.6	235.7
Transaction and operations support	253.7	355.7	227.8
Occupancy, equipment and supplies	49.0	47.7	47.7
Depreciation and amortization	50.7	44.3	46.0
Total operating expenses	1,296.5	1,288.8	1,105.2
OPERATING INCOME	177.9	52.4	142.6
Other (income) expense			
Net securities gains	—	(10.0)	(32.8)
Interest expense	47.3	70.9	86.2
Debt extinguishment costs	45.3	—	37.5
Other costs	—	0.4	11.9
Total other expenses, net	92.6	61.3	102.8
Income (loss) before income taxes	85.3	(8.9)	39.8
Income tax expense (benefit)	32.9	40.4	(19.6)
NET INCOME (LOSS)	\$52.4	\$(49.3)	\$59.4
BASIC INCOME (LOSS) PER COMMON SHARE	\$0.73	\$(0.69)	\$(9.03)
DILUTED INCOME (LOSS) PER COMMON SHARE	\$0.73	\$(0.69)	\$(9.03)
Net income (loss) available to common stockholders:			
Net income (loss) as reported	\$52.4	\$(49.3)	\$59.4
Accrued dividends on mezzanine equity	—	—	(30.9)
Accretion on mezzanine equity	—	—	(80.0)
Additional consideration issued in connection with conversion of mezzanine equity	—	—	(366.8)
Cash dividends paid on mezzanine equity	—	—	(20.5)
Net income (loss) available to common stockholders	\$52.4	\$(49.3)	\$(438.8)
Weighted-average outstanding common shares and equivalents — basic	71.6	71.5	48.6
Weighted-average outstanding common shares and equivalents — diluted	71.9	71.5	48.6
See Notes to the Consolidated Financial Statements			

Table of ContentsMONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, (Amounts in millions)	2013	2012	2011
NET INCOME (LOSS)	\$52.4	\$(49.3)	\$59.4
OTHER COMPREHENSIVE INCOME (LOSS)			
Net unrealized gains on available-for-sale securities:			
Net holding gains arising during the period, net of tax expense of \$3.1, \$1.4 and \$0.6	5.1	4.8	0.3
Reclassification of net realized gains included in net income (loss), net of tax expense of \$1.6, \$0.0 and \$0.0	(4.1)	(10.0)	—
Pension and postretirement benefit plans:			
Amortization of prior service credit for pension and postretirement benefit plans recorded to net income (loss), net of tax expense of \$0.2, \$0.2 and \$0.2	(0.4)	(0.4)	(0.4)
Amortization of net actuarial loss for pension and postretirement benefit plans recorded to net income (loss), net of tax benefit of \$2.9, \$2.4 and \$2.5	5.2	3.9	4.0
Valuation adjustment for pension and postretirement benefit plans, net of tax expense (benefit) of \$7.4, (\$8.7) and (\$3.6)	12.6	(14.2)	(5.8)
Unrealized foreign currency translation gains (losses), net of tax expense (benefit) of \$0.5, \$1.0 and (\$2.6)	0.9	1.6	(4.2)
Other comprehensive income (loss)	19.3	(14.3)	(6.1)
COMPREHENSIVE INCOME (LOSS)	\$71.7	\$(63.6)	\$53.3
See Notes to the Consolidated Financial Statements			

Table of ContentsMONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, (Amounts in millions)	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$52.4	\$(49.3)	) \$59.4
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	50.7	44.3	46.0
Signing bonus amortization	42.8	33.6	32.6
Net securities gains	—	(10.0)	) (32.8)
Asset impairments and net losses upon disposal	(0.4)	) 0.5	6.9
Provision for deferred income taxes	12.0	29.8	(72.8)
Loss on debt extinguishment	45.3	—	37.5
Amortization of debt discount and deferred financing costs	3.3	5.7	7.4
Provision for uncollectible receivables	9.6	7.5	6.6
Non-cash compensation and pension expense	20.3	17.4	25.8
Changes in foreign currency translation adjustments	0.9	1.6	(4.2)
Signing bonus payments	(45.0)	) (36.2)	) (33.0)
Change in other assets	29.2	3.6	4.5
Change in accounts payable and other liabilities	(58.4)	) 31.5	33.2
Other non-cash items, net	2.2	(1.1)	) 3.9
Total adjustments	112.5	128.2	61.6
Change in cash and cash equivalents (substantially restricted)	454.7	(111.0)	) 291.8
Change in receivables (substantially restricted)	429.2	6.0	(245.3)
Change in payment service obligations	(438.3)	) (30.0)	) 20.6
Net cash provided by (used in) operating activities	610.5	(56.1)	) 188.1
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investment classified as available-for-sale (substantially restricted)	—	10.0	—
Proceeds from maturities of investments classified as available-for-sale (substantially restricted)	16.5	31.6	56.3
Proceeds from settlement of investments (substantially restricted)	—	—	32.8
Purchases of interest-bearing investments (substantially restricted)	(1,098.7)	) (473.5)	) (540.3)
Proceeds from maturities of interest-bearing investments (substantially restricted)	536.9	548.1	422.5
Purchases of property and equipment	(48.8)	) (59.6)	) (44.2)
Cash paid for acquisitions, net of cash acquired	(15.4)	) —	(0.1)
Proceeds from disposal of assets and businesses	0.7	1.0	2.7
Net cash (used in) provided by investing activities	(608.8)	) 57.6	(70.3)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	850.0	—	536.0
Transaction costs for issuance and amendment of debt	(11.8)	) —	(17.1)
Payments on debt	(819.5)	) (1.5)	) (366.6)
Prepayment penalty	(21.5)	) —	(23.2)
Proceeds from exercise of stock options	1.1	—	0.7
Additional consideration issued in connection with conversion of mezzanine equity	—	—	(218.3)

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Transaction costs for the conversion and issuance of stock	—	—	(5.4)
Cash dividends paid on mezzanine equity	—	—	(20.5)
Transaction costs for secondary offering	—	—	(3.4)
Net cash used in financing activities	(1.7)	(1.5)	(117.8)
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	—	—
CASH AND CASH EQUIVALENTS—Beginning of period	\$—	\$—	\$—
CASH AND CASH EQUIVALENTS—End of period	\$—	\$—	\$—
Supplemental cash flow information:			
Cash payments for interest	\$43.9	\$64.4	\$78.5
Cash payments for income taxes	\$8.0	\$2.9	\$3.7
See Notes to the Consolidated Financial Statements			

F-9

Table of ContentsMONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

(Amounts in millions)	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
January 1, 2011	\$—	\$ 0.9	\$—	\$(771.5)	\$ (31.9)	\$(139.9)	\$(942.4)
Net income	—	—	—	59.4	—	—	59.4
Accrued dividends on mezzanine equity	—	—	(2.1)	(28.8)	—	—	(30.9)
Accretion on mezzanine equity	—	—	(1.6)	(77.0)	—	—	(78.6)
Cash dividends paid on mezzanine equity	—	—	—	(20.5)	—	—	(20.5)
Conversion of mezzanine equity	394.2	2.9	713.2	—	—	—	1,110.3
Additional consideration in connection with conversion of mezzanine equity	52.7	0.2	95.6	(366.8)	—	—	(218.3)
1 for 8 reverse stock split	—	(3.5)	3.5	—	—	—	—
Conversion of D Stock to common stock	(165.0)	0.1	164.9	—	—	—	—
Stock-based compensation	—	—	15.7	(11.4)	—	12.6	16.9
Net unrealized gain on available-for-sale securities, net of tax	—	—	—	—	0.3	—	0.3
Amortization of prior service credit for pension and postretirement benefits, net of tax	—	—	—	—	(0.4)	—	(0.4)
Amortization of net actuarial loss for pension and postretirement benefits, net of tax	—	—	—	—	4.0	—	4.0
Valuation adjustment for pension and postretirement benefit plans, net of tax	—	—	—	—	(5.8)	—	(5.8)
Unrealized foreign currency translation adjustment, net of tax	—	—	—	—	(4.2)	—	(4.2)
December 31, 2011	281.9	0.6	989.2	(1,216.6)	(38.0)	(127.3)	(110.2)
Net loss	—	—	—	(49.3)	—	—	(49.3)
Stock-based compensation	—	—	8.6	—	—	0.6	9.2
Capital contribution from investors	—	—	3.2	—	—	—	3.2
Net unrealized gain on available-for-sale securities, net of tax	—	—	—	—	(5.2)	—	(5.2)
Amortization of prior service credit for pension and postretirement benefits, net of tax	—	—	—	—	(0.4)	—	(0.4)
Amortization of net actuarial loss for pension and postretirement benefits, net of tax	—	—	—	—	3.9	—	3.9
	—	—	—	—	(14.2)	—	(14.2)

Valuation adjustment for pension and postretirement benefit plans, net of tax							
Unrealized foreign currency translation adjustment, net of tax	—	—	—	—	1.6	—	1.6
December 31, 2012	281.9	0.6	1,001.0	(1,265.9)	(52.3)	(126.7)	(161.4)
Net income	—	—	—	52.4	—	—	52.4
Stock-based compensation	—	—	10.5	(0.9)	—	2.8	12.4
Capital contribution from investors	—	—	0.3	—	—	—	0.3
Net unrealized gain on available-for-sale securities, net of tax	—	—	—	—	1.0	—	1.0
Amortization of prior service credit for pension and postretirement benefits, net of tax	—	—	—	—	(0.4)	—	(0.4)
Amortization of net actuarial loss for pension and postretirement benefits, net of tax	—	—	—	—	5.2	—	5.2
Valuation adjustment for pension and postretirement benefit plans, net of tax	—	—	—	—	12.6	—	12.6
Unrealized foreign currency translation adjustment, net of tax	—	—	—	—	0.9	—	0.9
December 31, 2013	\$281.9	\$0.6	\$1,011.8	\$(1,214.4)	\$(33.0)	\$(123.9)	\$(77.0)
See Notes to the Consolidated Financial Statements							

Table of Contents

MONEYGRAM INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Description of the Business and Basis of Presentation

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

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 through a network of agents. The Financial Paper Products segment provides official check outsourcing services and money orders through financial institutions and agents.

Basis of Presentation — The consolidated financial statements of MoneyGram are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Consolidated Balance Sheets are unclassified due to the timing uncertainty surrounding the payment of settlement obligations.

Use of Estimates — The process of preparing financial statements in conformity with U.S. GAAP requires the use of estimates and judgments that affect the reported amount of assets, liabilities, revenue and expenses. These estimates and judgments are based on historical experience, future expectations and other factors and assumptions the Company believes to be reasonable under the circumstances. These estimates and judgments 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.

Principles of Consolidation — The consolidated financial statements include the accounts of MoneyGram International, Inc. and its subsidiaries. Intercompany profits, transactions and account balances have been eliminated in consolidation.

The Company participates in various trust arrangements (special purpose entities or “SPEs”) related to official check processing agreements with financial institutions and structured investments within the investment portfolio. Working in cooperation with certain financial institutions, the Company historically established separate consolidated SPEs that provided these financial institutions with additional assurance of its ability to clear their official checks. The Company maintains control of the assets of the SPEs and receives all investment revenue generated by the assets. The Company remains liable to satisfy the obligations of the SPEs, both contractually and by operation of the Uniform Commercial Code, as issuer and drawer of the official checks. As the Company is the primary beneficiary and bears the primary burden of any losses, the SPEs are consolidated in the consolidated financial statements. The assets of the SPEs are recorded in the Consolidated Balance Sheets in a manner consistent with the assets of the Company based on the nature of the asset. Accordingly, the obligations have been recorded in the Consolidated Balance Sheets under “Payment service obligations.” The investment revenue generated by the assets of the SPEs is allocated to the Financial Paper Products segment in the Consolidated Statements of Operations. For the years ending December 31, 2013 and 2012, the Company’s SPEs had cash and cash equivalents of \$8.7 million and \$29.9 million, respectively, and payment service obligations of \$7.2 million and \$24.0 million, respectively.

In connection with the SPEs, the Company must maintain certain specified ratios of greater than 100 percent of segregated assets to outstanding payment instruments. These specified ratios require the Company to contribute additional assets if the fair value of the segregated assets is less than the outstanding payment instruments at any time. The segregated assets consist solely of cash and cash equivalents; therefore, the Company does not anticipate a need to contribute additional assets in the future to maintain the specified ratios as required by the SPEs. Under certain limited circumstances, the related financial institution customers have the right to either demand liquidation of the segregated assets or to replace the Company as the administrator of the SPE. Such limited circumstances consist of material (and in most cases continued) failure of MoneyGram to uphold its warranties and obligations pursuant to its underlying agreements with the financial institution customers.

Certain structured investments owned by the Company represent beneficial interests in grantor trusts or other similar entities. These trusts typically contain an investment grade security, generally a U.S. Treasury strip, and an investment

in the residual interest in a collateralized debt obligation, or in some cases, a limited partnership interest. For certain of these trusts, the Company owns a percentage of the beneficial interests that results in the Company absorbing a majority of the expected losses. Therefore, the Company consolidates these trusts by recording and accounting for the assets of the trust separately in the consolidated financial statements.

F-11

Table of Contents

Note 2 — Summary of Significant Accounting Policies

Substantially Restricted — The Company’s licensed entity MoneyGram Payment Systems, Inc. (“MPSI”) is regulated by various U.S. state agencies that generally require the Company to maintain a pool of assets with an investment rating of A or higher (“permissible investments”) in an amount equal to the payment service obligations, as defined by each state, for those regulated payment instruments, namely teller checks, agent checks, money orders and money transfers. The regulatory payment service assets measure varies by state, but in all cases excludes investments rated below A-. The most restrictive states may also exclude assets held at banks that do not belong to a national insurance program, varying amounts of accounts receivable balances and/or assets held in one of the SPEs. The regulatory payment service obligations measure varies by state, but in all cases is substantially lower than the Company’s payment service obligations as disclosed in the Consolidated Balance Sheets as the Company is not regulated by state agencies for payment service obligations resulting from outstanding cashier’s checks or for amounts payable to agents and brokers. In connection with the SPEs, the Company also has certain financial covenants that require it to maintain pre-defined ratios of certain assets to payment service obligations. The financial covenants under the credit agreement are described in Note 9 — Debt. Financial covenants related to the SPEs include the maintenance of specified ratios of cash, cash equivalents and investments held in the SPE to the outstanding payment instruments issued by the related financial institution customer.

The regulatory and contractual requirements do not require the Company to specify individual assets held to meet its payment service obligations, nor is the Company required to deposit specific assets into a trust, escrow or other special account. Rather, the Company must maintain a pool of liquid assets sufficient to comply with the requirements. No third party places limitations, legal or otherwise, on the Company regarding the use of its individual liquid assets. The Company is able to withdraw, deposit or sell its individual liquid assets at will, with no prior notice or penalty, provided the Company maintains a total pool of liquid assets sufficient to meet the regulatory and contractual requirements.

The Company is not regulated by state agencies for payment service obligations resulting from outstanding cashier’s checks; however, the Company restricts a portion of the funds related to these payment instruments due to contractual arrangements and Company policy. Assets restricted for regulatory or contractual reasons are not available to satisfy working capital or other financing requirements. Consequently, the Company considers a significant amount of cash and cash equivalents, receivables and investments to be restricted to satisfy the liability to pay the principal amount of regulated payment service obligations upon presentment. Cash and cash equivalents, receivables and investments exceeding payment service obligations are generally available; however, management considers a portion of these amounts as providing additional assurance that business needs and regulatory requirements are maintained during the normal fluctuations in the value of the Company’s payment service assets and obligations. The following table summarizes the amount of assets in excess of payment service obligations as of December 31:

(Amounts in millions)	2013	2012
Cash and cash equivalents (substantially restricted)	\$2,228.5	\$2,683.2
Receivables, net (substantially restricted)	767.7	1,206.5
Interest-bearing investments (substantially restricted)	1,011.6	450.1
Available-for-sale investments (substantially restricted)	48.1	63.5
	4,055.9	4,403.3
Payment service obligations	(3,737.1	) (4,175.4
Assets in excess of payment service obligations	\$318.8	\$227.9

Regulatory requirements also require MPSI to maintain positive net worth, with certain states requiring that MPSI maintain positive tangible net worth. The Company was in compliance with its contractual and financial regulatory requirements as of December 31, 2013.

Cash and Cash Equivalents (substantially restricted) — The Company defines cash and cash equivalents as cash on hand and all highly liquid debt instruments with original maturities of three months or less at the purchase date.

Receivables, net (substantially restricted) — The Company has receivables due from financial institutions and agents for payment instruments sold and amounts advanced by the Company to certain agents for operational and local regulatory compliance purposes. These receivables are outstanding from the day of the sale of the payment instrument until the financial institution or agent remits the funds to the Company. The Company provides an allowance for the portion of the receivable estimated to become uncollectible as determined based on known delinquent accounts and historical trends. Receivables are generally considered past due one day after the contractual remittance schedule, which is typically one to three days after the sale of the underlying payment instrument. Receivables are evaluated for collectability by examining the facts and circumstances surrounding each customer when an account

F-12

Table of Contents

is delinquent and a loss is deemed possible. Receivables are generally written off against the allowance one year after becoming past due. The following summary details the activity within the allowance for credit losses for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Beginning balance	\$11.7	\$10.5	\$20.0
Charged to expense	9.6	7.5	6.6
Write-offs, net of recoveries	(10.6	) (6.3	) (16.1
Ending balance	\$10.7	\$11.7	\$10.5

Investments (substantially restricted) — The Company classifies securities as interest-bearing or available-for-sale in its Consolidated Balance Sheets. The Company has no securities classified as trading or held-to-maturity. Time deposits and certificates of deposits with original maturities of up to twenty-four months are classified as interest-bearing investments and recorded at amortized cost. Securities held for indefinite periods of time, including any securities that may be sold to assist in the clearing of payment service obligations or in the management of the investment portfolio, are classified as available-for-sale securities. These securities are recorded at fair value, with the net after-tax unrealized gain or loss recorded as a separate component of stockholders' deficit. Realized gains and losses and other-than-temporary impairments are recorded in the Consolidated Statements of Operations.

Interest income on residential mortgage-backed securities for which risk of credit loss is deemed remote is recorded utilizing the level yield method. Changes in estimated cash flows, both positive and negative, are accounted for with retrospective changes to the carrying value of investments in order to maintain a level yield over the life of the investment. Interest income on mortgage-backed securities for which risk of credit loss is not deemed remote is recorded under the prospective method as adjustments of yield.

The Company applies the cost recovery method of accounting for interest to its investments categorized as other asset-backed securities. The cost recovery method accounts for interest on a cash basis and deems any interest payments received as a recovery of principal, which reduces the book value of the related security. When the book value of the related security is reduced to zero, interest payments are then recognized as investment income upon receipt. The Company applies the cost recovery method of accounting as it believes it is probable that the Company will not recover all, or substantially all, of its principal investment and interest for its other asset-backed securities given the sustained deterioration in the investment and securities market, the collapse of many asset-backed securities and the low levels to which the securities have been written down.

Securities with gross unrealized losses as of the balance sheet date, are subject to a process for identifying other-than-temporary impairments. Securities that the Company deems to be other-than-temporarily impaired are written down to fair value in the period the impairment occurs. The assessment of whether such impairment has occurred is based on management's evaluation of the underlying reasons for the decline in fair value on an individual security basis. The Company considers a wide range of factors about the security and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and the prospects for recovery. The Company considers an investment to be other-than-temporarily impaired when it is deemed probable that the Company will not receive all of the cash flows contractually stipulated for the investment. The Company evaluates mortgage-backed and other asset-backed investments rated A and below for which risk of credit loss is deemed more than remote for impairment. When an adverse change in expected cash flows occurs, and if the fair value of a security is less than its carrying value, the investment is written down to fair value through a permanent reduction to its amortized cost. Securities gains and losses are recognized upon the sale, call or maturity of securities using the specific identification method to determine the cost basis of securities sold. Any impairment charges and other securities gains and losses are included in the Consolidated Statements of Operations under "Net securities gains."

Payment Service Obligations — Payment service obligations primarily consist of: outstanding payment instruments; amounts owed to financial institutions for funds paid to the Company to cover clearings of official check payment instruments, remittances and clearing adjustments; amounts owed to agents for funds paid to consumers on behalf of the Company; commissions owed to financial institution customers and agents for instruments sold; amounts owed to investment brokers for purchased securities; and unclaimed instruments owed to various states. These obligations are recognized by the Company at the time the underlying transactions occur.

Fair Value of Financial Instruments — Financial instruments consist of cash and cash equivalents, investments, derivatives, deferred compensation and debt. The carrying values of cash and cash equivalents and interest-bearing investments approximate fair value. The carrying value of debt is stated at amortized cost; however, for disclosure purposes the fair value is estimated. See Note 4 — Fair Value Measurement for information regarding the principles and processes used to estimate the fair value of financial instruments.

Derivative Financial Instruments — The Company recognizes derivative financial instruments in the Consolidated Balance Sheets at fair value. The accounting for changes in the fair value is recognized through the “Transaction and operations support” line in

F-13

Table of Contents

the Consolidated Statements of Operations in the period of change. See Note 6 — Derivative Financial Instruments for additional disclosure.

Property and Equipment — Property and equipment includes equipment at agent locations, communication equipment, computer hardware, computer software, leasehold improvements, office furniture and equipment, land and signs, and is stated at cost net of accumulated depreciation. Property and equipment, with the exception of land, is depreciated using a straight-line method over the useful life or term of the lease or license. Land is not depreciated. The cost and related accumulated depreciation of assets sold or disposed of are removed from the financial statements, with the resulting gain or loss, if any, recognized in “Occupancy, equipment and supplies” in the Consolidated Statements of Operations. See Note 7 — Property and Equipment for additional disclosure. The following table summarizes the estimated useful lives by major asset category:

Type of Asset	Useful Life
Equipment at agent locations	3 - 7 years
Communication equipment	5 years
Computer hardware	3 years
Computer software	5 - 7 years
Leasehold improvements	10 years
Office furniture and equipment	7 years
Signage	3 years

Tenant allowances for leasehold improvements are capitalized as leasehold improvements upon completion of the improvement and depreciated over the shorter of the remaining term of the lease or 10 years.

For the years ended December 31, 2013 and 2012, software development costs of \$14.1 million and \$18.9 million, respectively, were capitalized. At December 31, 2013 and 2012, there was \$50.3 million and \$48.7 million, respectively, of unamortized software development costs included in property and equipment.

Fixed assets and capitalized software are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable by comparing the carrying value of the assets to the estimated future undiscounted cash flows to be generated by the asset. If an impairment is determined to exist for fixed assets or capitalized software, the carrying value of the asset is reduced to the estimated fair value.

Goodwill and Intangible Assets — Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations and is assigned to the reporting unit in which the acquired business will operate. Intangible assets are recorded at their estimated fair value at the date of acquisition or at cost if internally developed. In the year following the period in which identified intangible assets become fully amortized, the fully amortized balances are removed from the gross asset and accumulated amortization amounts. Goodwill and intangible assets with indefinite lives are not amortized, but are instead subject to impairment testing. Intangible assets with finite lives are amortized using a straight-line method over their respective useful lives as follows:

Type of Intangible Asset	Useful Life
Agent rights and consumer relationships	4-15 years
Patents	15 years
Non-compete agreements	3-5 years
Trademarks and licenses	36-40 years
Developed technology	5 years

Goodwill is tested for impairment using a fair-value based approach, and is assessed at the reporting unit level. The carrying value of the reporting unit is compared to its estimated fair value, with any excess of carrying value over fair value deemed to be an indicator of potential impairment, in which case a second step is performed comparing the recorded amount of goodwill to its implied fair value. Intangible assets with finite lives and other long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable by comparing the carrying value of the assets to the estimated future undiscounted cash flows to be generated by the asset. If an impairment is determined to exist for goodwill or intangible assets, the carrying value of the asset is reduced to the estimated fair value.

The Company has historically evaluated its goodwill and other indefinite-lived intangible assets for impairment annually as of November 30 or more frequently if impairment indicators arose in accordance with Accounting Standards Codification (“ASC”) Topic 350, “Intangibles - Goodwill and Other.” In the fourth quarter of 2013, the Company changed the date of its annual assessment

F-14

Table of Contents

of goodwill to October 1 of each year. The change in testing date for goodwill is a change in accounting principle, which management believes is preferable as the new date of the assessment, while remaining in the fourth quarter, will create a more efficient and timely process surrounding the impairment tests and better align with the Company's annual planning and budgeting process. The change in the assessment date does not delay, accelerate or avoid a potential impairment charge. The Company has determined that it is impracticable to objectively determine projected cash flows and related valuation estimates that would have been used as of each October 1 of prior reporting periods without the use of hindsight. As such, the Company prospectively applied the change in annual goodwill impairment testing date from October 1, 2013. No impairment was recognized as a result of the October 1, 2013 testing.

Payments on Long-Term Contracts — The Company makes payments to certain agents and financial institution customers as an incentive to enter into long-term contracts. The payments, or signing bonuses, are generally required to be refunded pro rata in the event of nonperformance under, or cancellation of, the contract by the customer. All signing bonuses are capitalized and amortized over the life of the related contract. Amortization of signing bonuses on long-term contracts is recorded in "Fee and other commissions expense" in the Consolidated Statements of Operations. The carrying values of the signing bonuses are reviewed annually or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Income Taxes — The provision for income taxes is computed based on the pre-tax income (loss) included in the Consolidated Statements of Operations. Deferred tax assets and liabilities are recorded based on the future tax consequences attributable to temporary differences that exist between the financial statement carrying value of assets and liabilities and their respective tax basis, and operating loss and tax credit carry-backs and carry-forwards on a taxing jurisdiction basis. The Company measures deferred tax assets and liabilities using enacted statutory tax rates that will apply in the years in which the Company expects the temporary differences to be recovered or paid. The Company's ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carry-back or carry-forward periods provided for in the tax law. The Company established valuation allowances for the Company's deferred tax assets based on a more-likely-than-not threshold. To the extent management believes that recovery is not likely, a valuation allowance is established in the period in which the determination is made. The liability for unrecognized tax benefits is recorded as a non-cash item in "Accounts payable and other liabilities" in the Consolidated Balance Sheets. The Company records interest and penalties for unrecognized tax benefits in "Income tax expense (benefit)" in the Consolidated Statements of Operations. See Note 13 — Income Taxes for additional disclosure.

Treasury Stock — Repurchased common stock is stated at cost and is presented as a separate component of stockholders' deficit. See Note 11 — Stockholders' Deficit for additional disclosure.

Foreign Currency Translation — The Company converts assets and liabilities of foreign operations to their U.S. dollar equivalents at rates in effect at the balance sheet dates, recording the translation adjustments in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. Income statements of foreign operations are translated from the operation's functional currency to U.S. dollar equivalents at the average exchange rate for the month. Foreign currency exchange transaction gains and losses are reported in "Transaction and operations support" in the Consolidated Statements of Operations.

Revenue Recognition — The Company derives revenue primarily through service fees charged to consumers and through its investing activity. A description of these revenues and revenue recognition policies is as follows:

Fee and other revenue consists of transaction fees, service revenue, foreign exchange revenue and other revenue. Transaction fees consist primarily of fees earned on money transfer, money order, bill payment and official check transactions. The money transfer transaction fees vary based on the principal value of the transaction and the locations in which these money transfers originate and to which they are sent. The official check, money order and bill payment transaction fees are fixed fees charged on a per item basis. Transaction fees are recognized at the time of the transaction or sale of the product.

Service revenue primarily consists of service charges on aged outstanding money orders and money order dispenser fees.

Foreign exchange revenue is derived from the management of currency exchange spreads on money transfer transactions involving different "send" and "receive" currencies. Foreign exchange revenue is recognized at the time the

exchange in funds occurs.

Investment revenue is derived from the investment of funds generated from the sale of payment instruments, primarily official checks and money orders, and consists of interest income, dividend income, income received on our cost recovery securities and amortization of premiums and discounts.

Customer Loyalty Program — The MoneyGram Rewards loyalty program, introduced in January 2012, allowed enrolled members to earn points based on the face value of their send transactions, along with opportunities for points earned from promotional activities. Points were redeemable for various denominations of gift cards. The Company estimated the cost of the rewards and

F-15

Table of Contents

recorded this expense and the associated liability as points were accumulated by loyalty program members. The cost was recognized in “Transaction and operational support” within the Consolidated Statements of Operations, and the associated liability was included in “Accounts payable and other liabilities” in the Consolidated Balance Sheets.

In October 2013, the Company began to transition its MoneyGram Rewards loyalty program to a convenience card program, which does not feature points. The Company provided participants in the MoneyGram Rewards program until December 7, 2013 to redeem any outstanding program points, after which all points were canceled. As a result of the point cancellation, the Company had a reduction of marketing expense of \$3.9 million in 2013. As of December 31, 2013, the Company has no remaining liability related to the loyalty program.

Fee and Other Commissions Expense — The Company incurs fee commissions primarily related to our Global Funds Transfer products. In a money transfer transaction, both the agent initiating the transaction and the receiving agent earn a commission that is generally based on a percentage of the fee charged to the consumer. In a bill payment transaction, the agent initiating the transaction receives a commission that is generally based on a percentage of the fee charged to the consumer and, in limited circumstances, the biller receives a commission that is based on a percentage of the fee charged to the consumer. The Company generally does not pay commissions to agents on the sale of money orders, except, in certain limited circumstances, for large agents where we may pay a fixed commission based on total money order transactions. Other commissions expense includes the amortization of capitalized agent signing bonus payments.

Investment Commissions Expense — Investment commissions expense consists of amounts paid to financial institution customers based on short-term interest rate indices times the average outstanding cash balances of official checks sold by the financial institution. Investment commissions are recognized each month based on the average outstanding balances of each financial institution customer and their contractual variable rate for that month.

Marketing and Advertising Expense — Marketing and advertising costs are expensed as incurred or at the time the advertising first takes place and are recorded in the “Transaction and operations support” line in the Consolidated Statements of Operations. Marketing and advertising expense was \$57.4 million, \$59.7 million and \$57.5 million for 2013, 2012 and 2011, respectively.

Stock-Based Compensation — Stock-based compensation awards are measured at fair value at the date of grant and expensed over their vesting or service periods. The expense, net of estimated forfeitures, is recognized using the straight-line method. See Note 12 — Stock-Based Compensation for additional disclosure of the Company’s stock-based compensation.

Reorganization and Restructuring Expenses — Reorganization and restructuring expenses consist of direct and incremental costs associated with reorganization, restructuring and related activities, including technology; process improvement efforts; consulting and contractors; severance; outplacement and other employee related benefits; facility closures, cease-use or related charges; asset impairments or accelerated depreciation; and other expenses related to relocation of various operations to existing or new Company facilities and third-party providers, including hiring, training, relocation, travel and professional fees. The Company records severance-related expenses once they are both probable and estimable related to severance provided under an on-going benefit arrangement. One-time, involuntary benefit arrangements and other exit costs are generally recognized when the liability is incurred. The Company evaluates impairment issues associated with reorganization activities when the carrying amount of the assets may not be fully recoverable, and also reviews the appropriateness of the remaining useful lives of impacted fixed assets.

The following table summarizes the reorganization and restructuring costs recorded for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Reorganization costs in operating expenses:			
Compensation and benefits	\$1.2	\$6.8	\$2.9
Transaction and operations support	0.7	10.2	13.7
Occupancy, equipment and supplies	1.3	1.9	2.7
Depreciation and amortization	—	0.5	—
Reorganization costs in non-operating expenses:			
Other	—	0.1	2.4

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Total reorganization costs	3.2	19.5	21.7
Restructuring costs in operating expenses:			
Compensation and benefits	—	0.3	1.8
Total restructuring costs	—	0.3	1.8
Total reorganization and restructuring costs	\$3.2	\$19.8	\$23.5

In connection with reorganization and restructuring activities during 2013, 2012 and 2011, the Company recorded total expenses of \$3.2 million, \$19.8 million and \$23.5 million, respectively, which have all been paid as of December 31, 2013. Reorganization and restructuring activities consisted of severance costs recorded in the “Compensation and benefits” line, general reorganization

F-16

Table of Contents

and restructuring costs recorded in the “Transaction and operations support” line and facilities and certain related asset write-off charges recorded in the “Occupancy, equipment and supplies” line in the operating expense section of the Consolidated Statements of Operations. During 2011, the Company recognized an impairment charge of \$2.4 million for reorganization-related efforts to dispose of land held for non-operating purposes.

Other (Income) Expense — Other (income) expense is recorded in a separate section below operating income and includes items based on management’s assessment of their nature as these are not directly related to operating activities. Included in other (income) expense are securities gains, interest expense, debt extinguishment costs and other costs. The following is a summary of other costs for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Capital transaction costs	\$—	\$—	\$6.4
Disposal loss from asset dispositions	—	0.1	1.0
Impairment loss from asset dispositions	—	—	4.5
Contribution from investors	—	0.3	—
Total other costs	\$—	\$0.4	\$11.9

Earnings Per Share — For discrete periods from January 1, 2008 through June 30, 2011, the Company utilized the two-class method for computing basic earnings per common share, which reflects the amount of undistributed earnings allocated to the common stockholders using the participation percentage of each class of stock. Undistributed earnings were determined as the Company’s net income less dividends declared, accumulated, deemed or paid on preferred stock. The undistributed earnings allocated to the common stockholders were divided by the weighted-average number of common shares outstanding during the period to compute basic earnings per common share.

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

Effective for discrete periods beginning after June 30, 2011, the Company no longer applies the two-class method of calculating basic earnings per share because the Series B Stock is no longer outstanding and the D Stock is deemed a common stock equivalent.

The following table is a reconciliation of the weighted-average amounts used in calculating earnings per share for the period ended December 31:

(Amounts in millions)	2013	2012	2011
Basic common shares outstanding	71.6	71.5	48.6
Shares related to stock options	0.2	—	—
Shares related to restricted stock and stock units	0.1	—	—
Diluted common shares outstanding	71.9	71.5	48.6

Potential common shares are excluded from the computation of diluted earnings per common share when the effect would be anti-dilutive. All potential common shares are anti-dilutive in periods of net loss available to common stockholders. Stock options are anti-dilutive when the exercise price of these instruments is greater than the average market price of the Company’s common stock for the period. The Series B Stock was anti-dilutive when the incremental earnings per share of Series B Stock on an if-converted basis is greater than the basic income (loss) per common share. The following table summarizes the weighted-average potential common shares excluded from diluted income (loss) per common share as their effect would be anti-dilutive or their performance conditions are not met for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Shares related to stock options	3.6	4.9	5.1
Shares related to restricted stock and stock units	0.8	0.5	0.1

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Shares related to preferred stock	—	—	21.0
Shares excluded from the computation	4.4	5.4	26.2
Recent Accounting Pronouncements and Related Developments — In December 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting			

F-17

Table of Contents

Assets and Liabilities, (“ASU 2011-11”) and in January 2013, a clarification ASU No. 2013-01 Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, (“ASU 2013-01”) was issued. ASU 2011-11 provides for additional disclosures of both gross and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. ASU 2013-01 clarifies that ASU 2011-11 should apply only to derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset. The Company adopted ASU 2011-11 and ASU 2013-01 on January 1, 2013, which resulted in additional disclosures on offsetting derivative contract assets and liabilities. See Note 6 — Derivative Financial Instruments for additional disclosure.

In February 2013, the FASB issued ASU No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, (“ASU 2013-02”). ASU 2013-02 requires presentation (either on the face of the statement where net income is presented or in the notes) of the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income, but only if the item reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. The Company adopted ASU 2013-02 on January 1, 2013, which resulted in additional disclosures on movements in "Other comprehensive income." See Note 11 — Stockholders' Deficit for additional disclosure.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (EITF Issue 13-C; "ASC 740"). These changes to ASC 740 require an entity to present an unrecognized tax benefit as a liability in the financial statements if (i) a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or (ii) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset to settle any additional income taxes that would result from the disallowance of a tax position. Otherwise, an unrecognized tax benefit is required to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. Previously, there was diversity in practice as no explicit guidance existed. Management has determined that the adoption of these changes will not have a significant impact on the Consolidated Financial Statements.

Note 3 — Acquisitions and Disposals

Acquisitions — During 2013, the Company completed four acquisitions for total cash payments, net of cash acquired, of \$15.4 million. The Company entered into an asset purchase agreement with Nexxo Financial, acquiring approximately 200 kiosks primarily located in California, Illinois and Texas. The Company also entered into a share purchase agreement with Advanced ChronoCash Services S.A., a super-agent which had been an agent of the Company. The Company entered into an agreement to acquire the shares of MoneyGlobe Payment Institution S.A., a provider of cash-to-account money transfers from Greece to Bangladesh. Also, the Company acquired the assets of Latino Services, a funds transfer agent with 10 locations based in Atlanta, Georgia, which prior to the acquisition was a non-exclusive agent of the Company.

Disposition — After evaluating the Company’s market opportunity for certain of its electronic payment services, the Company received approval from its Board of Directors and began to actively pursue the sale of certain assets of PropertyBridge, Inc. (“PropertyBridge”) in 2011. In connection with this decision, the Company recorded an impairment charge of \$2.3 million. In October 2011, certain assets and liabilities associated with PropertyBridge were sold, resulting in a loss on disposal of \$0.3 million. The impairment charge and loss on disposal are recorded in the “Other costs” line in the Consolidated Statements of Operations. A tax benefit of \$9.7 million was recorded in the "Income tax expense (benefit)" line of the Consolidated Statements of Operations upon disposition of the remaining assets. The assets, liabilities and loss on disposal related to the PropertyBridge transaction were immaterial to the Consolidated Balance Sheets as of December 31, 2011 and the Consolidated Statements of Operations for the year

ended December 31, 2011.

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. A three-level hierarchy is used for fair value measurements based upon the observability of the inputs to the valuation of an asset or liability as of the measurement date. Under the hierarchy, the highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), followed by observable inputs (Level 2) and unobservable inputs (Level 3). A financial instrument's level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Following is a description of the Company's valuation methodologies used to estimate the fair value for assets and liabilities:

F-18

Table of Contents

Assets and liabilities that are measured at fair value on a recurring basis —

Available-for-sale investments — For U.S. government agencies and residential mortgage-backed securities collateralized by U.S. government agency securities, fair value measures are generally obtained from independent sources, including a pricing service. Because market quotes are generally not readily available or accessible for these specific securities, the pricing service generally measures fair value through the use of pricing models and observable inputs for similar assets and market data. Accordingly, these securities are classified as Level 2 financial instruments. The Company periodically corroborates the valuations provided by the pricing service through internal valuations utilizing externally developed cash flow models, comparison to actual transaction prices for any sold securities and any broker quotes received on the same security.

For other asset-backed securities and investments in limited partnerships, market quotes are generally not available. If available, the Company will utilize a fair value measurement from a pricing service. The pricing service utilizes a pricing model based on market observable data and indices, such as quotes for comparable securities, yield curves, default indices, interest rates and historical prepayment speeds. If a fair value measurement is not available from the pricing service, the Company will utilize a broker quote, if available. Because the inputs and assumptions that brokers use to develop prices are unknown, most valuations that are based on brokers' quotes are classified as Level 3. If no broker quote is available, or if such quote cannot be corroborated by market data or internal valuations, the Company may perform internal valuations utilizing externally developed cash flow models. These pricing models are based on market observable spreads and, when available, observable market indices. The pricing models also use inputs such as the rate of future prepayments and expected default rates on the principal, which are derived by the Company based on the characteristics of the underlying structure and historical prepayment speeds experienced at the interest rate levels projected for the underlying collateral. The pricing models for certain asset-backed securities also include significant non-observable inputs such as internally assessed credit ratings for non-rated securities combined with externally provided credit spreads. Observability of market inputs to the valuation models used for pricing certain of the Company's investments has deteriorated with the disruption to the credit markets as overall liquidity and trading activity in these sectors has been substantially reduced. Accordingly, securities valued using a pricing model are classified as Level 3 financial instruments.

Derivative financial instruments — Derivatives consist of forward contracts to manage income statement exposure to foreign currency exchange risk arising from the Company's assets and liabilities denominated in foreign currencies. The Company's forward contracts are well-established products, allowing the use of standardized models with market-based inputs. These models do not contain a high level of subjectivity and the inputs are readily observable. Accordingly, the Company has classified its forward contracts as Level 2 financial instruments. See Note 6 — Derivative Financial Instruments for additional disclosure on the Company's forward contracts.

Deferred compensation — The assets associated with the deferred compensation plan that are funded through voluntary contributions by the Company consist of investments in money market securities and mutual funds. These investments were classified as Level 1 as there are quoted market prices for these funds.

Table of Contents

The following tables summarize the Company's financial assets and liabilities measured at fair value by hierarchy level as of December 31:

(Amounts in millions)	2013			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Available-for-sale investments (substantially restricted):				
U.S. government agencies	\$—	\$8.0	\$—	\$8.0
Residential mortgage-backed securities — agencies	—	19.5	—	19.5
Other asset-backed securities	—	—	20.6	20.6
Investment related to deferred compensation trust	9.6	—	—	9.6
Forward contracts	—	0.2	—	0.2
Total financial assets	\$9.6	\$27.7	\$20.6	\$57.9
Financial liabilities:				
Forward contracts	\$—	\$0.6	\$—	\$0.6
2012				
(Amounts in millions)	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale investments (substantially restricted):				
U.S. government agencies	\$—	\$8.9	\$—	\$8.9
Residential mortgage-backed securities — agencies	—	36.6	—	36.6
Other asset-backed securities	—	—	18.0	18.0
Investment related to deferred compensation trust	8.6	—	—	8.6
Forward contracts	—	0.6	—	0.6
Total financial assets	\$8.6	\$46.1	\$18.0	\$72.7

The following table is a summary of the unobservable inputs used in other asset-backed securities classified as Level 3 as of December 31:

(Amounts in millions)	Unobservable Input	Pricing Source	2013	2012		
			Market Value	Net Average Price ⁽¹⁾	Market Value	Net Average Price ⁽¹⁾
Alt-A	Price	Third party pricing service	\$0.1	\$ 17.01	\$0.1	\$ 12.50
Home Equity	Price	Third party pricing service	0.2	51.87	0.2	47.30
Indirect Exposure — High Grade ⁽²⁾	Price	Third party pricing service	8.2	7.90	3.9	3.46
Indirect Exposure — Mezzanine ⁽³⁾	Price	Third party pricing service	2.6	2.12	—	—
Indirect Exposure — Mezzanine	Price	Broker	5.0	6.01	7.9	3.71
Other	Discount margin	Manual	4.5	23.85	5.9	31.69
Total			\$20.6	\$ 5.24	\$18.0	\$ 4.39

⁽¹⁾ Net average price per \$100.00

⁽²⁾ Converted to a third party pricing service as of September 30, 2013; utilized a manual pricing process as of December 31, 2012

⁽³⁾ Converted to a third party pricing service as of September 30, 2013; utilized a broker pricing process as of December 31, 2012

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, for the years ended December 31:

(Amounts in millions)	2013	2012
Beginning balance	\$18.0	\$24.2

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Realized gains	—	(10.0)
Principal paydowns	(3.7) (0.3)
Unrealized gains	8.5	6.8	
Unrealized losses	(2.2) (2.7)
Ending balance	\$20.6	\$18.0	

F-20

Table of Contents

Realized gains and losses and other-than-temporary impairments related to these available-for-sale investment securities are reported in the "Net securities gains" line in the Consolidated Statements of Operations while unrealized gains and losses related to available-for-sale securities are recorded in "Accumulated other comprehensive loss" in the stockholders' deficit section of the Consolidated Balance Sheets. There were no other-than-temporary impairments during the years of December 31, 2013 and 2012.

Assets and liabilities that are disclosed at fair value — Debt and interest-bearing investments (substantially restricted) 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 market quotations, where available, credit ratings, observable market indices and other market data (Level 2). The following table is a summary of the fair value and carrying value of the debt as of December 31:

(Amounts in millions)	Fair Value		Carrying Value	
	2013	2012	2013	2012
Senior secured credit facility and incremental term loan	\$849.2	\$487.1	\$842.9	\$484.9
Second lien notes	—	337.6	—	325.0

The carrying amounts for the Company's cash and cash equivalents (substantially restricted) and the interest-bearing investments (substantially restricted) approximate fair value as of December 31, 2013 and 2012.

Assets and liabilities measured at fair value on a non-recurring basis — Assets and liabilities that are measured at fair value on a non-recurring basis relate primarily to the Company's tangible fixed assets, goodwill and other intangible assets, which are re-measured only in the event of an impairment. No impairments of fixed assets, goodwill and other intangible assets were recorded during the years ended December 31, 2013 and 2012.

Fair value re-measurements are normally based on significant unobservable inputs (Level 3). Tangible and intangible fixed asset fair values are normally derived using a discounted cash flow model based on expected future cash flows discounted using a weighted-average cost of capital rate. If it is determined an impairment has occurred, the carrying value of the asset is reduced to fair value with a corresponding charge to the "Other expense" line in the Consolidated Statements of Operations.

The Company also records the investments in its defined benefit pension plan, or the Pension Plan, trust at fair value. The majority of the Pension Plan's investments are common collective trusts held by the Pension Plan's trustee. The fair values of the Pension Plan's investments are determined by the trustee based on the current market values of the underlying assets. In instances where market prices are not available, market values are determined by using bid quotations obtained from major market makers or security exchanges or bid quotations for identical or similar obligations. See Note 10 — Pension and Other Benefits for further description of investments held by the Pension Plan.

Note 5 — Investment Portfolio

The Company's portfolio is invested in cash and cash equivalents, interest-bearing investments and available-for-sale investments, all of which are substantially restricted as described in Note 2 — Summary of Significant Accounting Policies. The following table is a summary of the components of the investment portfolio as of December 31:

(Amounts in millions)	2013	2012
Cash	\$2,204.5	\$2,112.1
Money markets	24.0	571.1
Cash and cash equivalents (substantially restricted)	2,228.5	2,683.2
Interest-bearing investments (substantially restricted)	1,011.6	450.1
Available-for-sale investments (substantially restricted)	48.1	63.5
Total investment portfolio	\$3,288.2	\$3,196.8

Cash and Cash Equivalents (substantially restricted) — Cash and cash equivalents consist of interest-bearing deposit accounts, non-interest bearing transaction accounts and money market securities. The Company's money market securities are invested in four funds, all of which are AAA rated and consist of U.S. Treasury bills, notes or other obligations issued or guaranteed by the U.S. government and its agencies, as well as repurchase agreements secured

by such instruments.

Interest-bearing Investments (substantially restricted) — Interest-bearing investments consist of time deposits and certificates of deposit with original maturities of up to 24 months, and are issued from financial institutions rated A- or better as of December 31, 2013.

F-21

Table of Contents

Available-for-sale Investments (substantially restricted) — Available-for-sale investments consist of mortgage-backed securities, other asset-backed securities and agency debenture securities. The following is a summary of the amortized cost and fair value of available-for-sale investments as of December 31:

2013					
(Amounts in millions, except net average price)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Net ⁽¹⁾ Average Price
Residential mortgage-backed securities — agencies	\$ 17.8	\$ 1.7	\$—	\$ 19.5	\$ 110.45
Other asset-backed securities	5.9	14.7	—	20.6	5.24
U.S. government agencies	7.7	0.3	—	8.0	99.87
Total	\$ 31.4	\$ 16.7	\$—	\$ 48.1	\$ 11.50
2012					
(Amounts in millions, except net average price)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Net ⁽¹⁾ Average Price
Residential mortgage-backed securities — agencies	\$ 33.5	\$ 3.1	\$—	\$ 36.6	\$ 110.02
Other asset-backed securities	7.6	10.4	—	18.0	4.39
U.S. government agencies	8.2	0.7	—	8.9	99.39
Total	\$ 49.3	\$ 14.2	\$—	\$ 63.5	\$ 14.06

⁽¹⁾ Net average price is per \$100.00

At December 31, 2013 and 2012, approximately 57 percent and 71 percent, respectively, of the available-for-sale portfolio were invested in debentures of U.S. government agencies or securities collateralized by U.S. government agency debentures. 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. Included in other asset-backed securities are collateralized debt obligations backed primarily by high-grade debt, mezzanine equity tranches of collateralized debt obligations and home equity loans, along with private equity investments, as summarized in Note 4 — Fair Value Measurement. The other asset-backed securities continue to have market exposure, and this risk is factored into the fair value estimates of the Company, with the average price of an asset-backed security at \$0.05 per dollar of par at December 31, 2013.

Gains and Losses and Other-Than-Temporary Impairments — At December 31, 2013 and 2012, net unrealized gains of \$17.3 million and \$16.3 million, respectively, are included in the Consolidated Balance Sheets in “Accumulated other comprehensive loss.”

The following is a summary of “Net securities gains” for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Realized gains from available-for-sale investments	\$—	\$(10.0)	\$(32.8)
Net securities gains	\$—	\$(10.0)	\$(32.8)

During 2012, the Company disposed of two securities classified as other asset-backed securities with a fair value of \$10.0 million. These securities had previously been written down to a nominal fair value, resulting in a realized gain of \$10.0 million in 2012 and were reclassified from “Accumulated other comprehensive loss” to “Net securities gains” in the Consolidated Statements of Operations. During 2011, the Company recognized settlements of \$32.8 million equal to all of the outstanding principal from two securities classified as other asset-backed securities. These securities had previously been written down to a nominal fair value, resulting in a realized gain of \$32.8 million in 2011 and were reclassified from “Accumulated other comprehensive loss” to “Net securities gains” in the Consolidated Statements of Operations.

Investment Ratings — In rating the securities in its investment portfolio, the Company uses ratings from Moody’s Investor Service (“Moody’s”), Standard & Poors (“S&P”) and Fitch Ratings (“Fitch”). If the rating agencies have split ratings, the Company uses the highest two out of three ratings across the rating agencies for disclosure purposes. If none of the rating agencies have the same rating, the Company uses the lowest rating across the agencies for disclosure purposes. Securities issued, or backed by U.S. government agencies, are included in the AAA rating

category. Investment grade is defined as a security having a Moody's equivalent rating of Aaa, Aa, A or Baa or an S&P or Fitch equivalent rating of AAA, AA, A or BBB. The Company's investments consisted of the following ratings as of December 31:

F-22

Table of Contents

(Dollars in millions)	2013				2012			
	Number of Securities	Fair Value	Percent of Investments	%	Number of Securities	Fair Value	Percent of Investments	%
Investment grade	16	\$30.8	64	%	20	\$45.3	71	%
Below investment grade	50	17.3	36	%	54	18.2	29	%
Total	66	\$48.1	100	%	74	\$63.5	100	%

Had the Company used the lowest rating from the rating agencies in the information presented above, there would be \$3.4 million and a nominal change to investments rated A or better as of December 31, 2013 and 2012, respectively. 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 mortgage-backed and other asset-backed securities depend on the repayment characteristics and experience of the underlying obligations. The following is a summary of amortized cost and fair value of available-for-sale of securities by contractual maturity as of December 31:

(Amounts in millions)	2013		2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
After one year through five years	\$7.7	\$8.0	\$8.2	\$8.9
Mortgage-backed and other asset-backed securities	23.7	40.1	41.1	54.6
Total	\$31.4	\$48.1	\$49.3	\$63.5

Fair Value Determination — The Company uses various sources of pricing for its fair value estimates of its available-for-sale portfolio. The percentage of the portfolio for which the various pricing sources were used is as follows at December 31, 2013 and 2012: 64 percent and 60 percent, respectively, used a third party pricing service; 10 percent and 12 percent, respectively, used broker pricing; and 26 percent and 28 percent, respectively, used internal pricing.

Assessment of Unrealized Losses — The Company had no unrealized losses in its available-for-sale portfolio at December 31, 2013 and 2012.

Note 6 — Derivative Financial Instruments

The Company uses forward contracts to manage its foreign currency needs and foreign currency exchange risk arising from its assets and liabilities denominated in foreign currencies. While these contracts may mitigate certain foreign currency risk, they are not designated as hedges for accounting purposes. The "Transaction and operations support" line in the Consolidated Statements of Operations and the "Net cash provided by (used in) operating activities" line in the Consolidated Statements of Cash Flows include the following (gains) losses related to assets and liabilities denominated in foreign currencies, for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Net realized foreign currency (gains) losses	\$(3.3)	\$(2.8)	\$2.9
Net losses from the related forward contracts	5.3	5.8	5.8
Net losses from foreign currency transactions and related forward contracts	\$2.0	\$3.0	\$8.7

Table of Contents

As of December 31, 2013 and 2012, the Company had \$129.0 million and \$173.0 million, respectively, of outstanding notional amounts relating to its forward contracts. As of December 31, 2013 and 2012, the Company reflected the following fair values of derivative forward contract instruments in its Consolidated Balance Sheets:

		Gross Amount of Recognized Assets		Gross Amount of Offset		Net Amount of Assets Presented in the Consolidated Balance Sheets	
(Amounts in millions)	Balance Sheet Location	2013	2012	2013	2012	2013	2012
Forward contracts	Other assets	\$0.4	\$0.7	\$(0.2)	\$(0.1)	\$0.2	\$0.6
		Gross Amount of Recognized Liabilities		Gross Amount of Offset		Net Amount of Liabilities Presented in the Consolidated Balance Sheets	
(Amounts in millions)	Balance Sheet Location	2013	2012	2013	2012	2013	2012
Forward contracts	Accounts payable and other liabilities	\$(0.8)	\$(0.1)	\$0.2	\$0.1	\$(0.6)	\$—

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

The Company is exposed to credit loss in the event of non-performance by counterparties to its derivative contracts. The Company actively monitors its exposure to credit risk through the use of credit approvals and credit limits, and by selecting major international banks and financial institutions as counterparties. Collateral generally is not required of the counterparties or of the Company. 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 — Property and Equipment

The following table is a summary of property and equipment as of December 31:

(Amounts in millions)	2013	2012
Computer hardware and software	\$215.8	\$204.5
Signage	90.6	94.5
Equipment at agent locations	74.8	72.1
Office furniture and equipment	33.0	37.5
Leasehold improvements	28.5	26.4
Total property and equipment	442.7	435.0
Accumulated depreciation	(307.9)	(307.1)
Total property and equipment, net	\$134.8	\$127.9

The following table is a summary of depreciation expense for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Computer hardware and software	\$23.2	\$20.8	\$21.1
Signage	14.9	12.1	9.6
Equipment at agent locations	4.6	4.3	6.5
Office furniture and equipment	3.8	3.7	4.0

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Leasehold improvements	3.5	2.5	3.7
Total depreciation expense	\$50.0	\$43.4	\$44.9

At December 31, 2013 and 2012, there was \$14.9 million and \$7.0 million, respectively, of property and equipment that had been received by the Company and included in "Accounts payable and other liabilities" in the Consolidated Balance Sheets.

F-24

Table of Contents

During 2013, the Company recognized a loss of \$0.1 million on furniture and equipment related to the closing of an office location and disposal of equipment at agent locations and signage. During 2012, the Company recognized losses of \$0.9 million, primarily related to disposal of furniture and equipment related to the closing of two office locations. Losses on disposals in 2011 were nominal. The losses were recorded in the “Occupancy, equipment and supplies” line in the Consolidated Statements of Operations.

In 2011, the Company recognized a \$2.4 million impairment charge on the sale of land. During 2011, the Company also recognized a \$0.7 million capitalized software impairment charge, primarily in connection with the disposition of assets in the Global Funds Transfer segment. The impairment charges recorded in 2011 were included in the “Other costs” line in the Consolidated Statements of Operations.

Note 8 — Goodwill and Intangible Assets

The following table is a roll-forward of goodwill by reporting segment:

(Amounts in millions)	Global Funds Transfer	Financial Paper Products	Total
Balance as of December 31, 2011	\$428.7	\$ —	\$428.7
Balance as of December 31, 2012	\$428.7	\$ —	\$428.7
Acquisitions	\$6.5	\$ —	\$6.5
Balance as of December 31, 2013	\$435.2	\$ —	\$435.2

The Company performed an annual assessment of goodwill during the fourth quarter of 2013, 2012 and 2011. No impairments of goodwill were recorded in 2013, 2012 and 2011.

The following table is a summary of the gross goodwill balances and accumulated impairments as of December 31, 2013 and 2012:

(Amounts in millions)	2013		2012	
	Gross Goodwill	Accumulated Impairments	Gross Goodwill	Accumulated Impairments
Global Funds Transfer	\$438.4	\$ (3.2)	\$431.9	\$ (3.2)
Financial Paper Products	2.5	(2.5)	2.5	(2.5)
Other	15.7	(15.7)	15.7	(15.7)
Total	\$456.6	\$ (21.4)	\$450.1	\$ (21.4)

The following table is a summary of intangible assets included in “Other assets” in the Consolidated Balance Sheets as of December 31:

(Amounts in millions)	2013			2012		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Agent rights and consumer relationships	\$8.5	\$ (1.1)	\$7.4	\$7.3	\$ (6.4)	\$0.9
Non-compete agreements	1.0	(0.1)	0.9	0.2	(0.2)	—
Trademarks and licenses	—	—	—	0.6	(0.6)	—
Developed technology	—	—	—	0.1	(0.1)	—
Total intangible assets	\$9.5	\$ (1.2)	\$8.3	\$8.2	\$ (7.3)	\$0.9

In 2013, the Company completed four acquisitions. As a result of the acquisitions, the Company acquired agent contracts valued at \$7.1 million, which are amortized over a life of five years, and entered into non-compete agreements valued at \$1.0 million, which are amortized over lives ranging between three to five years. The acquisition of these agent contracts provided the Company with further network expansion in its money transfer business in its Global Funds Transfer segment. See Note 3 — Acquisitions and Disposals for additional disclosure.

In 2011, the Company acquired the agent contracts of a former super-agent in Spain for a purchase price of \$1.0 million, which are amortized over a life of four years. The acquisition of these agent contracts provided the Company

with further network expansion in its money transfer business in its Global Funds Transfer segment.

F-25

Table of Contents

The Company recognized an impairment charge of \$2.0 million in 2011, primarily due to a disposition of assets and acquisition activity, for certain agent contracts utilized in the Global Funds Transfer segment. The impairment charge was recorded in the "Other costs" line in the Consolidated Statements of Operations.

Intangible asset amortization expense for 2013, 2012 and 2011 was \$0.7 million, \$0.9 million and \$1.1 million, respectively. The estimated future intangible asset amortization expense is \$2.0 million, \$1.9 million, \$1.8 million, \$1.4 million and \$1.2 million for 2014, 2015, 2016, 2017 and 2018, respectively.

Note 9 — Debt

The following is a summary of the Company's outstanding debt at December 31, 2013 and activity since December 31, 2011:

(Amounts in millions)	2011 Credit Agreement			2013 Credit Agreement	
	Senior secured credit facility due 2017	Senior secured incremental loan due 2017	Second lien term notes due 2018	Senior secured credit facility due 2020	Total debt
Balance at December 31, 2011	\$339.2	\$146.7	\$325.0	\$—	\$810.9
Payments	—	(1.5)	—	—	(1.5)
Amortization of discount	0.2	0.3	—	—	0.5
Balance at December 31, 2012	339.4	145.5	325.0	—	809.9
Borrowings, gross	—	—	—	850.0	850.0
Discount on borrowings ⁽¹⁾	—	0.8	—	(0.8)	—
Amortization of discount	—	0.1	—	0.1	0.2
Write-off of discount upon prepayment	0.6	1.7	—	—	2.3
Payments	(340.0)	(148.1)	(325.0)	(6.4)	(819.5)
Balance at December 31, 2013	\$—	\$—	\$—	\$842.9	\$842.9
Weighted average interest rate	4.25	% 4.25	% 13.25	% 4.25	%

⁽¹⁾As a result of the 2013 Credit Agreement, the entire debt discount was transferred from the 2011 Credit Agreement to the 2013 Credit Agreement.

2011 Credit Agreement — On May 18, 2011, MoneyGram Payment Systems Worldwide, Inc. ("Worldwide") entered into a \$540.0 million Credit Agreement with Bank of America, N.A. ("BOA"), as Administrative Agent, and the lenders party thereto (the "2011 Credit Agreement"). The 2011 Credit Agreement was comprised of a \$390.0 million six-and-one-half-year term loan maturing the earlier of November 2017 and 180 days prior to the scheduled maturity of Worldwide's 13.25% senior secured second lien notes due 2018 (the "second lien notes"), and a \$150.0 million five-year revolving credit facility, maturing May 2016. The term loan was issued to Worldwide at 99.75% of par. On November 21, 2011, Worldwide entered into an amendment related to the 2011 Credit Agreement and obtained an incremental term loan in an aggregate principal amount of \$150.0 million. The incremental term loan was issued to Worldwide at 98.00% of par.

The 2011 Credit Agreement permitted Worldwide to elect an interest rate at each reset period based on the BOA prime bank rate or the Eurodollar rate. Worldwide elected the Eurodollar rate as its primary interest basis, and elected for a minimal amount of the term debt to accrue interest at the interest rate based on the BOA prime bank rate. The 2011 Credit Agreement was amended, restated and replaced in its entirety with the 2013 Credit Agreement (as defined below).

Second Lien Notes — As part of the Company's recapitalization transaction in March 2008 (the "2008 Recapitalization"), Worldwide issued \$500.0 million of second lien notes to Goldman, Sachs & Co. ("Goldman Sachs"), which were scheduled to mature in March 2018. The indenture governing the second lien notes was amended in March 2011 to permit the 2011 Recapitalization. In August 2011, following the downgrade of U.S. government debt, the indenture was amended to update the definition of highly rated investments. On November 21, 2011, the indenture was further

amended to allow Worldwide the ability to redeem a portion of its second lien notes after the completion of a qualified equity offering of its common stock. On November 23, 2011, Worldwide exercised under this right and incurred a prepayment penalty totaling \$23.2 million, which is recognized in the "Debt extinguishment costs" line in the Consolidated Statements of Operations.

2013 Credit Agreement — On March 28, 2013, the Company, as borrower, entered into an Amended and Restated Credit Agreement (the "2013 Credit Agreement") with BOA, as administrative agent, the financial institutions party thereto as lenders and the other agents party thereto. The 2013 Credit Agreement provides 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 (the "Term Credit Facility"). The proceeds of the Term Credit Facility were used to repay in full all outstanding indebtedness under the 2011 Credit Agreement, to purchase all of the outstanding second lien notes and also have been and will be used to pay certain costs, fees and expenses relating to the 2013 Credit Agreement and the purchase of the second

F-26

Table of Contents

lien notes and for general corporate purposes. 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.

The 2013 Credit Agreement is secured by substantially all of the non-financial assets of the Company and its material domestic subsidiaries that guarantee the payment and performance of the Company's obligations under the 2013 Credit Agreement.

The Company may elect an interest rate under the 2013 Credit Agreement at each reset period based on the BOA prime bank rate or the Eurodollar rate. The interest rate election may be made individually for the Term Credit Facility and each draw under the Revolving Credit Facility. The interest rate will be either the "alternate base rate" (calculated in part based on the BOA prime rate) plus either 200 or 225 basis points (depending on the Company's secured leverage ratio or total leverage ratio, as applicable, at such time) or the Eurodollar rate plus either 300 or 325 basis points (depending on the Company's secured leverage ratio or total leverage ratio, as applicable, at such time). In connection with the initial funding under the 2013 Credit Agreement, the Company elected the Eurodollar rate as its primary interest basis. Under the terms of the 2013 Credit Agreement, the minimum interest rate applicable to Eurodollar borrowings under the Term Credit Facility is 100 basis points plus the applicable margins previously referred to in this paragraph.

Fees on the daily unused availability under the Revolving Credit Facility are 50 basis points. As of December 31, 2013, the Company had \$0.4 million of outstanding letters of credit and no borrowings under the Revolving Credit Facility, leaving \$124.6 million of availability thereunder.

2013 Note Repurchase — In connection with the Company's entry into the 2013 Credit Agreement, the Company purchased all \$325.0 million of the outstanding second lien notes for a purchase price equal to 106.625 percent of the principal amount purchased, plus accrued and unpaid interest, which was funded with a portion of the net proceeds from the 2013 Credit Agreement described above. Following the closing of the transaction, the second lien notes were canceled, and no second lien notes remain outstanding.

The entry into the 2013 Credit Agreement and the purchase of the second lien notes was accounted for principally as a debt extinguishment with a partial modification of debt, in accordance with ASC 470 — Debt. Under debt extinguishment accounting, the Company expensed the pro-rata portion of deferred financing costs and debt discount costs related to the extinguished debt balance. For the debt balance classified as a modification, the Company was required to amortize the pro-rata portion of the deferred financing costs and unamortized debt discount from the 2011 Credit Agreement over the terms of the 2013 Credit Agreement. Additionally, the Company expensed the pro-rata portion of the financing costs related to the 2013 Credit Agreement as third party costs in connection with the modification of debt.

Debt Covenants and Other Restrictions — Borrowings under the 2013 Credit Agreement 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 cash dividends and other restricted payments; and effect loans, advances and certain other transactions with affiliates. The terms of our debt agreements place significant limitations on the amount of restricted payments we may make, including dividends on our common stock. With certain exceptions, we may only make restricted payments in an aggregate amount not to exceed \$50.0 million, subject to an incremental build-up based on our consolidated net income in future periods.

The 2013 Credit Agreement contains various financial and non-financial covenants. A violation of these covenants could negatively impact the Company's liquidity by restricting the Company's ability to borrow under the revolving credit facility and/or causing acceleration of amounts due under the credit facilities. The financial covenants in the 2013 Credit Agreement measure leverage, interest coverage and liquidity. Leverage is measured through a senior secured debt ratio calculated as consolidated indebtedness to consolidated EBITDA, adjusted for certain items such as net securities gains, stock-based compensation expense, certain legal settlements and asset impairments, among other items, also referred to as adjusted EBITDA. This measure is similar, but not identical, to the measure discussed under EBITDA and Adjusted EBITDA. Interest coverage is calculated as adjusted EBITDA to net cash interest expense.

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, cash and cash equivalents (substantially restricted), receivables, net (substantially restricted), interest-bearing investments (substantially restricted) and available-for-sale investments (substantially restricted). The Asset Coverage is the same calculation used for the Assets in Excess of Payment Service Obligations. See Note 2 — Summary of Significant Accounting Policies for details of the Assets in Excess of Payment Service Obligations calculation as of December 31, 2013.

F-27

Table of Contents

The 2013 Credit Agreement also has quarterly financial covenants to maintain the following interest coverage and total secured leverage ratios:

	Interest Coverage Minimum Ratio	Total Secured Leverage Not to Exceed
December 31, 2013 through September 30, 2014	2.15:1	4.375:1
December 31, 2014 through September 30, 2015	2.25:1	4.000:1
December 31, 2015 through September 30, 2016	2.25:1	3.750:1
December 31, 2016 through maturity	2.25:1	3.500:1

We continuously monitor our compliance with our debt covenants. At December 31, 2013, the Company was in compliance with its financial covenants: our Interest Coverage ratio was 6.90 and our Total Secured Leverage ratio was 2.781.

Debt Discount — The amortization of the debt discount for 2011 includes a pro-rata write-off of the term debt. For the year ended December 31, 2011, the Company recorded a \$1.1 million write off of debt discount related to debt extinguishment, which is recorded in "Other costs" in the Consolidated Statements of Operations. The following is the debt discount amortization, recorded in "Interest expense," and the write-off of the debt discount, recorded in "Debt extinguishment costs," in the Consolidated Statements of Operations for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Amortization of debt discount	\$0.2	\$0.5	\$0.4
Write-off of debt discount upon prepayments	2.3	—	0.1
Total amortization of discount	\$2.5	\$0.5	\$0.5

Table of Contents

Deferred Financing Costs —The Company capitalized financing costs in “Other assets” in the Consolidated Balance Sheets and amortizes them over the term of the related debt using the effective interest method. Expense of the deferred financing costs during 2013, 2012 and 2011 include the write-off of a pro-rata portion of deferred financing costs in connection with the extinguishment of the 2011 Credit Agreement, as well as payments on the second lien notes, the incremental term loan and the term debt. Amortization is recorded in “Interest expense” in the Consolidated Statements of Operations. The following table is a summary of the deferred financing costs at December 31:

(Amounts in millions)	2008 Senior Facility		2011 Credit Agreement			2013 Credit Agreement		Total Deferred Financing Costs
	Senior Tranche B Loan	Senior revolving credit facility	Senior secured credit facility	Senior secured incremental term	Second lien notes	Senior secured revolving credit facility	Senior secured credit facility	
Balance at January 1, 2011	\$ 5.8	\$—	\$—	\$—	\$24.3	\$—	\$—	\$30.1
Capitalized deferred financing costs	—	3.3	8.7	3.2	5.0	—	—	20.2
Amortization of deferred financing costs	(1.0)	(0.5)	(0.7)	(0.1)	(3.6)	—	—	(5.9)
Transfer of deferred financing costs	(0.7)	0.7	—	—	—	—	—	—
Write-off of deferred financing costs	(4.1)	—	(1.1)	—	(9.1)	—	—	(14.3)
Balance at December 31, 2011	—	3.5	6.9	3.1	16.6	—	—	30.1
Amortization of deferred financing costs	—	(0.8)	(1.2)	(0.6)	(2.6)	—	—	(5.2)
Balance at December 31, 2012	—	2.7	5.7	2.5	14.0	—	—	24.9
Capitalized deferred financing costs	—	—	—	—	—	0.6	10.7	11.3
Amortization of deferred financing costs	—	(0.2)	(0.3)	(0.1)	(0.6)	(0.4)	(1.3)	(2.9)
Transfer of deferred financing costs ⁽²⁾	—	(2.0)	(1.1)	(0.6)	—	2.0	1.7	—
Write-off of deferred financing costs	—	(0.5)	(4.3)	(1.8)	(13.4)	—	—	(20.0)
Balance at December 31, 2013	\$ —	\$—	\$—	\$—	\$—	\$2.2	\$11.1	\$13.3

⁽¹⁾ As a result of the 2011 Recapitalization, a portion of the deferred financing costs were transferred from the 2008 Senior Facility to the 2011 Credit Agreement.

⁽²⁾ As a result of the 2013 Credit Agreement, a portion of the deferred financing costs were transferred from the 2011 Credit Agreement to the 2013 Credit Agreement.

Debt Extinguishment Costs — In 2013, the Company recognized debt extinguishment costs of \$45.3 million in connection with the 2013 Credit Agreement, which included a prepayment penalty for the Company's purchase of the second lien notes and debt modification costs for the 2013 Credit Agreement. The Company recognized debt extinguishment costs of \$37.5 million in connection with the 2011 Recapitalization and partial redemption of the second lien notes in November 2011. The following is a summary of the debt extinguishment costs at December 31:

(Amounts in millions)	2013	2012	2011
Prepayment penalty	\$21.5	\$—	\$23.2

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Write-off of unamortized deferred financing costs	20.0	—	14.3
Write-off of debt discount upon prepayments	2.3	—	—
Debt modification costs	1.5	—	—
Debt extinguishment costs	\$45.3	\$—	\$37.5

Interest Paid in Cash — The Company paid \$43.9 million, \$64.4 million and \$78.5 million of interest in 2013, 2012 and 2011, respectively.

Maturities — At December 31, 2013, borrowings under the \$125.0 million Revolving Credit Facility will mature in 2018 and the \$790.5 million balance on the Term Credit Facility will mature in 2020, while debt principal totaling \$53.1 million will be paid in increments of \$2.1 million quarterly through 2020.

F-29

Table of Contents

Note 10 — Pension and Other Benefits

Pension Benefits — The Pension Plan is a frozen non-contributory funded defined benefit pension plan under which no new service or compensation credits are accrued by the plan participants. Cash accumulation accounts continue to be credited with interest credits until participants withdraw their money from the Pension Plan. It is the Company's policy to fund at least the minimum required contribution each year plus additional discretionary amounts as available and necessary to minimize expenses of the plan.

Supplemental Executive Retirement Plans — The Company has obligations under various Supplemental Executive Retirement Plans ("SERPs"), which are unfunded non-qualified defined benefit pension plans providing postretirement income to their participants. As of December 31, 2013, all benefit accruals under the SERPs are frozen with the exception of one plan for which service is frozen but future pay increases are reflected for active participants. It is the Company's policy to fund the SERPs as benefits are paid.

Postretirement Benefits Other Than Pensions — The Company has unfunded defined benefit postretirement plans that provide medical and life insurance for its participants. The Company amended the postretirement benefit plan to close it to new participants as of December 31, 2009. Effective July 1, 2011, the plan was amended to eliminate eligibility for participants eligible for Medicare coverage. As a result of this plan amendment, the Company no longer receives the Medicare retiree drug subsidy. The Company's funding policy is to make contributions to the postretirement benefits plans as benefits are paid.

Actuarial Valuation Assumptions — The measurement date for the Company's defined benefit pension plan, SERPs and postretirement benefit plans is December 31. The following table is a summary of the weighted-average actuarial assumptions used in calculating the benefit obligation and net benefit cost as of and for the years ended December 31:

	Pension			SERPs			Postretirement Benefits		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Net periodic benefit cost:									
Discount rate	4.04 %	4.90 %	5.30 %	3.99 %	4.80 %	5.30 %	4.09 %	4.90 %	5.30 %
Expected return on plan assets	6.20 %	7.00 %	8.00 %	—	—	—	—	—	—
Rate of compensation increase	—	—	—	5.75 %	5.75 %	5.75 %	—	—	—
Initial healthcare cost trend rate	—	—	—	—	—	—	8.00 %	8.50 %	9.00 %
Ultimate healthcare cost trend rate	—	—	—	—	—	—	5.00 %	5.00 %	5.00 %
Year ultimate healthcare cost trend rate is reached	—	—	—	—	—	—	2019	2019	2019
Projected benefit obligation:									
Discount rate	4.81 %	4.04 %	4.90 %	4.78 %	3.99 %	4.80 %	4.82 %	4.09 %	4.90 %
Rate of compensation increase	—	—	—	5.75 %	5.75 %	5.75 %	—	—	—
Initial healthcare cost trend rate	—	—	—	—	—	—	7.00 %	8.00 %	8.50 %
Ultimate healthcare cost trend rate	—	—	—	—	—	—	4.50 %	5.00 %	5.00 %
Year ultimate healthcare cost trend rate is reached	—	—	—	—	—	—	2023	2019	2019

The Company utilizes a building-block approach in determining the long-term expected rate of return on plan assets. Historical markets are studied and long-term historical relationships between equity securities and fixed income

securities are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors, such as inflation and interest rates, are evaluated before long-term capital market assumptions are determined. The long-term portfolio return also takes proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed for reasonableness and appropriateness.

Pension Assets — The Company employs a total return investment approach whereby a mix of equity and fixed income securities are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income securities. Furthermore, equity securities are diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large capitalizations. Other assets, such as real estate and short-term investment funds, are used on a limited basis. The Company strives to maintain an equity and fixed income securities allocation mix appropriate to its funded status. As of December 31, 2013, the funding mix was approximately 47 percent equity and 53 percent fixed income. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews and annual liability measurements.

F-30

Table of Contents

The following table is a summary of the Company's weighted-average asset allocation for the Pension Plan by asset category at the measurement date for the years ended December 31:

	2013		2012	
Equity securities	45.0	%	56.9	%
Fixed income securities	50.8	%	38.4	%
Real estate	3.5	%	4.0	%
Other	0.7	%	0.7	%
Total	100.0	%	100.0	%

The Company records its pension assets at fair value as described in Note 4 — Fair Value Measurement. The following is a description of the Pension Plan's investments at fair value and valuation methodologies:

• **Short-term investment funds** — These securities are valued at historical cost, which approximates fair value.

• **Common collective trusts issued and held by the trustee** — The fair values of the underlying funds in the common/collective trusts are valued based on the net asset value established for each fund at each valuation date. The net asset value of a collective investment fund is calculated by dividing the fund's net asset value on the calculation date by the number of units of the fund that are outstanding on the calculation date, which is derived from observable purchase and redemption activity in the collective investment fund.

• **Mutual Funds** — The fair value of the mutual fund issued by registered investment companies is determined using quoted market prices on the day of valuation.

• **Real estate** — The Pension Plan trust holds an investment in a real estate development project. The fair value of this investment represents the estimated fair value of the plan's related ownership percentage in the project based upon an appraisal of the underlying real property as of each balance sheet date. The fund investment strategy for this asset is long-term capital appreciation.

The following tables are a summary of the Pension Plan's financial assets recorded at fair value, by hierarchy level, as of December 31:

(Amounts in millions)	2013			
	Level 1	Level 2	Level 3	Total
Short-term investment fund	\$—	\$0.9	\$—	\$0.9
Common collective trust — equity securities				
Large Cap securities	—	32.8	—	32.8
Small Cap securities	—	8.5	—	8.5
International securities	—	16.8	—	16.8
Emerging markets	—	3.4	—	3.4
Common collective trust — fixed income securities				
Core fixed income	—	69.4	—	69.4
Real estate	—	—	4.8	4.8
Total financial assets	\$—	\$131.8	\$4.8	\$136.6
	2012			
(Amounts in millions)	Level 1	Level 2	Level 3	Total
Short-term investment fund	\$—	\$0.9	\$—	\$0.9
Common collective trust — equity securities				
Large Cap securities	—	46.1	—	46.1
Small Cap securities	—	11.7	—	11.7
International securities	—	11.2	—	11.2
Common collective trust — fixed income securities				
Core fixed income	—	46.7	—	46.7
Real estate	—	—	4.8	4.8
Total financial assets	\$—	\$116.6	\$4.8	\$121.4

The Company's pension plan assets include one security that the Company considers to be a Level 3 asset for valuation purposes. This security is an investment in a real estate joint venture and requires the use of unobservable inputs in its

fair value measurement. The fair value of this asset as of December 31, 2013 and 2012 was \$4.8 million. The change in reported net asset value for this asset resulted in a nominal unrealized gain for 2013 and 2012.

F-31

Table of Contents

The following table represents the Pension Plan's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the ranges of values for those inputs.

(Amounts in millions)

Instrument	Fair Value	Principal Valuation Technique
Real Estate	\$4.8	Appraisal of underlying asset

In estimating fair value of the investments in Level 3, the Company may use third party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, the Company evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

Plan Financial Information — Net periodic benefit expense (income) for the Pension Plan and SERPs and postretirement benefit plans includes the following components for the years ended December 31:

(Amounts in millions)	Pension and SERPs			Postretirement Benefits		
	2013	2012	2011	2013	2012	2011
Interest cost	\$9.6	\$10.6	\$11.4	\$0.1	\$0.1	\$0.1
Expected return on plan assets	(7.3)	(7.9)	(8.2)	—	—	—
Amortization of prior service credit	—	—	—	(0.6)	(0.6)	(0.6)
Recognized net actuarial loss	7.7	5.9	6.3	0.4	0.4	0.2
Net periodic benefit expense (income)	\$10.0	\$8.6	\$9.5	\$(0.1)	\$(0.1)	\$(0.3)

The postretirement benefits expense for 2011 was reduced by less than \$0.1 million due to subsidies received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The Company did not receive any subsidies in 2012 or 2013.

Table of Contents

The following tables are a summary of the amounts recognized in other comprehensive income (loss) and net periodic benefit expense (income) for the years ended December 31:

(Amounts in millions)	2013	
	Pension and SERPs	Postretirement Benefits
Net actuarial gain	\$(18.8)	\$(1.2)
Amortization of net actuarial gain	(7.7)	(0.4)
Amortization of prior service credit	—	0.6
Total recognized in other comprehensive income (loss)	\$(26.5)	\$(1.0)
Total recognized in net periodic benefit expense (income)	\$10.0	\$(0.1)
Total recognized in net periodic benefit expense (income) and other comprehensive income (loss)	\$(16.5)	\$(1.1)

(Amounts in millions)	2012	
	Pension and SERPs	Postretirement Benefits
Net actuarial loss	\$22.2	\$0.6
Amortization of net actuarial loss	(5.9)	(0.4)
Amortization of prior service credit	—	0.6
Total recognized in other comprehensive income (loss)	\$16.3	\$0.8
Total recognized in net periodic benefit expense (income)	\$8.6	\$(0.1)
Total recognized in net periodic benefit expense (income) and other comprehensive income (loss)	\$24.9	\$0.7

(Amounts in millions)	2011	
	Pension and SERPs	Postretirement Benefits
Net actuarial loss	\$7.6	\$1.8
Amortization of net actuarial loss	(6.3)	(0.2)
Amortization of prior service credit	—	0.6
Total recognized in other comprehensive income (loss)	\$1.3	\$2.2
Total recognized in net periodic benefit expense (income)	\$9.5	\$(0.3)
Total recognized in net periodic benefit expense (income) and other comprehensive income (loss)	\$10.8	\$1.9

The estimated net loss and prior service cost for the Pension Plan and SERPs that will be amortized from “Accumulated other comprehensive income (loss)” into “Net periodic benefit expense” during 2014 is \$6.9 million (\$4.4 million net of tax) and none, respectively. The estimated net loss and prior service credit for the postretirement benefit plans that will be amortized from “Accumulated other comprehensive income (loss)” into “Net periodic benefit expense (income)” during 2014 is \$0.3 million (\$0.2 million, net of tax) and \$0.6 million (\$0.4 million net of tax), respectively.

Table of Contents

The following tables are a summary of the benefit obligation and plan assets, changes to the benefit obligation and plan assets, and the funded status of the Pension Plan and SERPs and the postretirement benefit plans as of and for the years ended December 31:

(Amounts in millions)	Pension and SERPs		Postretirement Benefits	
	2013	2012	2013	2012
Change in benefit obligation:				
Benefit obligation at the beginning of the year	\$245.7	\$223.6	\$2.5	\$2.0
Interest cost	9.6	10.6	0.1	0.1
Actuarial (gain) loss	(7.7)	24.8	(1.2)	0.6
Benefits paid	(14.0)	(13.3)	—	(0.2)
Benefit obligation at the end of the year	\$233.6	\$245.7	\$1.4	\$2.5

(Amounts in millions)	Pension and SERPs		Postretirement Benefits	
	2013	2012	2013	2012
Change in plan assets:				
Fair value of plan assets at the beginning of the year	\$121.4	\$110.1	\$—	\$—
Actual return on plan assets	18.4	10.4	—	—
Employer contributions	10.8	14.2	—	0.2
Benefits paid	(14.0)	(13.3)	—	(0.2)
Fair value of plan assets at the end of the year	\$136.6	\$121.4	\$—	\$—
Unfunded status at the end of the year	\$(97.0)	\$(124.3)	\$(1.4)	\$(2.5)

The unfunded status of the pension and SERPs decreased by 22 percent as the benefit obligation decreased \$12.1 million and the fair value of the pension plan assets increased \$15.2 million during the year. The unfunded status of the Pension Plan was \$21.9 million and \$52.9 million at December 31, 2013 and 2012, respectively, and the unfunded status of the SERPs was \$75.1 million and \$71.4 million at December 31, 2013 and 2012, respectively.

The following table summarizes the components recognized in the Consolidated Balance Sheets relating to the Pension Plan and SERPs and the postretirement benefit plans as of December 31:

(Amounts in millions)	Pension and SERPs		Postretirement Benefits	
	2013	2012	2013	2012
Pension and other postretirement benefits liability	\$(97.0)	\$(124.3)	\$(1.4)	\$(2.5)
Accumulated other comprehensive loss:				
Unrealized losses for pension and postretirement benefits, net of tax	54.2	70.6	1.8	3.4
Prior service cost (credit) for pension and postretirement benefits, net of tax	0.1	0.1	(2.3)	(2.9)

The following table summarizes the projected benefit obligation and accumulated benefit obligation for the Pension Plan, SERPs and the postretirement benefit plans in excess of the fair value of plan assets as of December 31:

(Amounts in millions)	Pension Plan		SERPs		Postretirement Benefits	
	2013	2012	2013	2012	2013	2012
Projected benefit obligation	\$158.5	\$174.3	\$75.1	\$71.4	\$1.4	\$2.5
Accumulated benefit obligation	158.5	174.3	71.9	71.4	—	—
Fair value of plan assets	136.6	121.4	—	—	—	—

The following table summarizes the estimated future benefit payments for the Pension Plan and SERPs and the postretirement benefit plans for the years ended December 31:

(Amounts in millions)	2014	2015	2016	2017	2018	2019-2023
Pension and SERPs	\$17.1	\$22.7	\$15.0	\$15.0	\$16.1	\$75.4
Postretirement benefits	0.2	0.1	0.1	0.1	0.1	0.4

The Company has a minimum required contribution of approximately \$6.7 million for the Pension Plan in 2014, and will continue to make contributions to the SERPs and the postretirement benefit plans to the extent benefits are paid. Aggregate benefits paid for the unfunded plans are expected to be \$7.1 million in 2014.

Table of Contents

Employee Savings Plan — The Company has an employee savings plan that qualifies under Section 401(k) of the Internal Revenue Code of 1986, as amended. Contributions to, and costs of, the 401(k) defined contribution plan totaled \$4.1 million, \$3.8 million and \$3.5 million in 2013, 2012 and 2011, respectively. MoneyGram does not have an employee stock ownership plan.

International Benefit Plans — The Company's international subsidiaries have certain defined contribution benefit plans. Contributions to, and costs related to, international plans were \$1.9 million, \$1.9 million and \$1.2 million for 2013, 2012 and 2011, respectively.

Deferred Compensation Plans — The deferred compensation plans are unfunded and unsecured. The Company is not required to physically segregate any assets in connection with the deferred accounts. The Company has rabbi trusts associated with each deferred compensation plan, which are funded through voluntary contributions by the Company. At December 31, 2013 and 2012, the Company had a liability related to the deferred compensation plans of \$2.4 million and \$2.5 million, respectively, recorded in the "Accounts payable and other liabilities" line in the Consolidated Balance Sheets. The rabbi trust had a market value of \$9.7 million and \$8.6 million at December 31, 2013 and 2012, respectively, recorded in "Other assets" in the Consolidated Balance Sheets. The Company made payments relating to the deferred compensation plans totaling \$0.1 million and \$0.7 million in 2013 and 2012, respectively.

Note 11 — Stockholders' Deficit

Common Stock — The Company's Amended and Restated Certificate of Incorporation provides for the issuance of up to 162,500,000 shares of common stock with a par value of \$0.01. In connection with the spin-off from its former parent, Viad Corporation, MoneyGram was recapitalized such that there were 15,388,120 shares of MoneyGram common stock issued. On May 18, 2011, the Company issued an additional 39,325,154 shares of common stock in connection with the 2011 Recapitalization. See below for further information above. The holders of MoneyGram common stock are entitled to one vote per share on all matters to be voted upon by its stockholders. The holders of common stock have no preemptive, conversion or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. The determination to pay dividends on common stock will be at the discretion of the Board of Directors and will depend on applicable laws and the Company's financial condition, results of operations, cash requirements, prospects and such other factors as the Board of Directors may deem relevant. No dividends were paid in 2013 or 2012. The Company's ability to declare or pay dividends or distributions to the holders of the Company's common stock is restricted under the Company's 2013 Credit Agreement.

Preferred Stock — The Company's Amended and Restated Certificate of Incorporation provides for the issuance of up to 7,000,000 shares of preferred stock that may be issued in one or more series, with each series to have certain rights and preferences as shall be determined in the unlimited discretion of the Company's Board of Directors, including, without limitation, voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences.

Series D Participating Convertible Preferred Stock — In connection with the 2011 Recapitalization, the Company issued 173,189 shares of Series D Participating Convertible Preferred Stock, par value \$0.01 per share (the "D Stock"), to Goldman Sachs. Each share of D Stock has a liquidation preference of \$0.01 and is convertible into 125 shares of common stock by a stockholder other than Goldman Sachs which receives such shares by means of (i) a widespread public distribution, (ii) a transfer to an underwriter for the purpose of conducting a widespread public distribution, (iii) a transfer in which no transferee (or group of associated transferees) would receive two percent or more of any class of voting securities of the Company, or (iv) a transfer to a transferee that would control more than 50 percent of the voting securities of the Company without any transfer from such transferor or its affiliates as applicable (each of (i) — (iv), a "Widely Dispersed Offering"). The D Stock is non-voting while held by Goldman Sachs or any holder which receives such shares by any means other than a Widely Dispersed Offering (a "non-voting holder"). Holders of D Stock other than Goldman Sachs and non-voting holders vote as a single class with the holders of the common stock on an as-converted basis. The D Stock also participates in any dividends declared on the common stock on an as-converted basis.

Treasury Stock — The Board of Directors has authorized the repurchase of a total of 12,000,000 shares. As of

December 31, 2013, the Company has repurchased 6,795,017 shares of common stock under this authorization and has remaining authorization to repurchase up to 5,204,983 shares. In relation to the reverse stock split, the Company repurchased 17 shares in 2011.

F-35

Table of Contents

The following table is a summary of the activity of the Company's stock authorized, issued and outstanding as of December 31:

(Shares in thousands)	D Stock			Common Stock			Treasury
	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding	Stock
December 31, 2011	200	109	109	162,500	62,264	57,835	(4,429)
Stock option exercised and release of restricted stock units	—	—	—	—	—	22	22
December 31, 2012	200	109	109	162,500	62,264	57,857	(4,407)
Stock option exercised and release of restricted stock units	—	—	—	—	—	106	106
December 31, 2013	200	109	109	162,500	62,264	57,963	(4,301)

On September 27, 2011, the Company filed a Certificate of Elimination to eliminate the Company's Series A Junior Participating Preferred Stock, par value \$0.01 per share (the "Series A shares"), which results in the shares resuming their status as undesignated preferred stock of the Company. There were no Series A shares issued or outstanding in 2013, 2012 or 2011.

2011 Recapitalization — Following shareholder approval on May 18, 2011, the Company completed its recapitalization transaction in accordance with the Recapitalization Agreement (the "Recapitalization Agreement"), dated as of March 7, 2011, as amended, by and among the Company, affiliates and co-investors of Thomas H. Lee Partners, L.P. ("THL") and affiliates of Goldman Sachs (collectively with THL, the "Investors"). Pursuant to the Recapitalization Agreement, (i) THL converted all of its shares of Series B Participating Convertible Preferred Stock, par value \$0.01 per share (the "B Stock"), into 35.8 million shares of common stock and (ii) Goldman Sachs converted all of its shares of Series B-1 Participating Convertible Preferred Stock, par value \$0.01 per share (the "B-1 Stock," and collectively with the B Stock, the "Series B Stock"), into 157,686 shares of D Stock, and (iii) THL received 3.5 million additional shares of common stock and \$140.8 million in cash, and Goldman Sachs received 15,503 additional shares of D Stock and \$77.5 million in cash. Collectively, these transactions are referred to as the "2011 Recapitalization". Under the 2011 Recapitalization, the Investors received a cash dividend payment for amounts earned under the terms of the Series B Stock for the period from March 26, 2011 through May 18, 2011. As a result of the 2011 Recapitalization, all amounts included in mezzanine equity were converted into components of stockholders' equity. During 2011, the Company recognized \$5.4 million for transaction costs related to the 2011 Recapitalization, which are recorded in the "Other" line in the Consolidated Statements of Operations.

The following table is a summary of the transactional components of the 2011 Recapitalization and their corresponding impacts to Mezzanine Equity and the components of Stockholders' Deficit in the Consolidated Balance Sheets:

(Amounts in millions, except share data)	2011 Stockholders' Deficit					
	Mezzanine Equity	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Loss	Total Activity
Conversion of B Stock to common stock	\$(716.1)	\$—	\$2.9	\$713.2	\$—	\$—
Conversion of B-1 Stock to D Stock	(394.2)	394.2	—	—	—	—
Accretion of unamortized mezzanine equity discounts	76.1	—	—	—	(76.1)	—
Additional stock consideration paid	—	52.7	0.3	95.5	(148.5)	—
Non-cash activity	(1,034.2)	446.9	3.2	808.7	(224.6)	—
Additional cash consideration paid	—	—	—	—	(218.3)	(218.3)
Cash dividends paid on mezzanine equity	—	—	—	—	(20.5)	(20.5)
Cash activity	—	—	—	—	(238.8)	(238.8)
Total 2011 Recapitalization impact to Mezzanine Equity and Stockholders' Deficit	\$(1,034.2)	\$446.9	\$3.2	\$808.7	\$(463.4)	\$(238.8)
Shares issued upon conversion	—	157,686	35,804,796	—	—	—

Additional stock consideration paid	—	15,503	3,520,358
Total new shares issued under the 2011 Recapitalization	—	173,189	39,325,154

Participation Agreement between the Investors and Wal-Mart Stores, Inc. — The Investors have a Participation Agreement with Wal-Mart Stores, Inc. (“Walmart”), under which the Investors are obligated to pay Walmart certain percentages of any accumulated cash payments received by the Investors in excess of the Investors’ original investment in the Company. While the Company is not a party to, and has no obligations to Walmart or additional obligations to the Investors under, the Participation Agreement, the

F-36

Table of Contents

Company must recognize the Participation Agreement in its consolidated financial statements as the Company indirectly benefits from the agreement. A liability and the related expense associated with the Participation Agreement would be recognized by the Company in the period in which it becomes probable that a liquidity event will occur that would require the Investors to make a payment to Walmart (a “liquidity event”). Upon payment by the Investors to Walmart, the liability would be released through a credit to the Company’s additional paid-in capital.

In 2012, one of the Investors sold all of its common stock to an unrelated third-party, resulting in cumulative participation securities payments in excess of its original investment basis. The Investor paid \$0.3 million to Walmart for settlement in full of its obligation under the Participation Agreement and as a result, the Company recognized expense and a corresponding increase to additional paid-in capital in 2012. As of December 31, 2013, the performance condition for only this Investor has been achieved.

Any future payments by the Investors to Walmart may result in an expense that could be material to the Company’s financial position or results of operations, but would have no impact on the Company’s cash flows. As liquidity events are dependent on many external factors and uncertainties, the Company does not consider a liquidity event to be probable at this time for any other Investors, and has not recognized any further liability or expense related to the Participation Agreement.

Reverse Stock Split — On November 14, 2011, the Company filed a certificate of amendment to its Amended and Restated Certificate of Incorporation to effect a reverse stock split of the Company’s common stock at a reverse stock split ratio of 1-for-8 and to decrease the number of authorized shares of common stock from 1,300,000,000 to 162,500,000. As the par value of common stock was not affected, \$3.5 million was transferred from common stock to additional paid in capital. In connection with the reverse stock split, the conversion ratio of the D Stock to common stock decreased from 1,000 to 1 to 125 to 1. All share and per share amounts have been retroactively adjusted to reflect the stock split with the exception of the Company’s treasury stock, which was not a part of the reverse stock split.

Equity Registration Rights Agreement — In connection with the 2008 Recapitalization, the Company and the Investors entered into a Registration Rights Agreement (the “Equity Registration Rights Agreement”) on March 25, 2008, as amended on May 18, 2011, with respect to the Series B Stock and D Stock, and the common stock owned by the Investors and their affiliates (collectively, the “Registrable Securities”). Under the terms of the Equity Registration Rights Agreement, the Company is required, after a specified holding period, to use the Company’s reasonable best efforts to promptly file with the Securities and Exchange Commission (the “SEC”) a shelf registration statement relating to the offer and sale of the Registrable Securities. The Company is obligated to keep such shelf registration statement continuously effective under the Securities Act of 1933, as amended (the “Securities Act”), until the earlier of (1) the date as of which all of the Registrable Securities have been sold, (2) the date as of which each of the holders of the Registrable Securities is permitted to sell its Registrable Securities without registration pursuant to Rule 144 under the Securities Act and (3) fifteen years. The holders of the Registrable Securities are also entitled to six demand registrations and unlimited piggyback registrations during the term of the Equity Registration Rights Agreement. On December 14, 2010, the Company filed a shelf registration statement on Form S-3 with the SEC that permits the offer and sale of the Registrable Securities, as required by the terms of the Equity Registration Rights Agreement. The registration statement also permits the Company to offer and sell up to \$500 million of its common stock, preferred stock, debt securities or any combination of these, from time to time, subject to market conditions and the Company’s capital needs. The registration statement was declared effective by the SEC on July 7, 2011.

Secondary Offering — In November and December 2011, the Company completed a secondary offering pursuant to which the Investors sold an aggregate of 10,237,524 shares in an underwritten offering. In connection with the secondary offering, 63,950 shares of D Stock were converted to 7,993,762 shares of common stock, which resulted in a decrease to D Stock of \$165.0 million and an increase to common stock and additional paid in capital. The Company did not receive proceeds from the offering.

Accumulated Other Comprehensive Loss — The following table details the components of “Accumulated other comprehensive loss” as of December 31:

(Amounts in millions)	2013	2012
Net unrealized gains on securities classified as available-for-sale, net of tax	\$17.3	\$16.3

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Cumulative foreign currency translation adjustments, net of tax	3.5	2.6
Pension and postretirement benefits adjustments, net of tax	(53.8)	(71.2)
Accumulated other comprehensive loss	\$(33.0)	\$(52.3)

F-37

Table of Contents

The following table is a summary of the changes to "Accumulated other comprehensive loss" by component during 2013 and 2012:

(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, 2011	\$21.5	\$1.0	\$(60.5)	\$(38.0)
Other comprehensive (loss) income before amortization	4.8	1.6	(14.2)	(7.8)
Amounts reclassified/amortized from accumulated other comprehensive loss	(10.0)	—	3.5	(6.5)
Net current period other comprehensive (loss) income	(5.2)	1.6	(10.7)	(14.3)
December 31, 2012	\$16.3	\$2.6	\$(71.2)	\$(52.3)
Other comprehensive income before amortization	5.1	0.9	12.6	18.6
Amounts reclassified/amortized from accumulated other comprehensive loss	(4.1)	—	4.8	0.7
Net current period other comprehensive income	1.0	0.9	17.4	19.3
December 31, 2013	\$17.3	\$3.5	\$(53.8)	\$(33.0)

The following table is a summary of the significant amounts amortized out of each component of "Accumulated other comprehensive loss" during the years ended December 31:

(Amounts in millions)	2013	Statement of Operations Location
Unrealized gains on securities classified as available-for-sale, before tax	\$(5.7)	) "Investment revenue"
Tax expense, net	1.6	
Total gains, net of tax	\$(4.1))
Pension and postretirement benefits adjustments:		
Prior service credits	\$(0.6)	) "Compensation and benefits"
Net actuarial losses	8.1	"Compensation and benefits"
Total before tax	7.5	
Tax benefit, net	(2.7))
Total, net of tax	\$4.8	
Total amortization for the period, net of tax	\$0.7	

Note 12 — Stock-Based Compensation

The MoneyGram International, Inc. 2005 Omnibus Incentive Plan ("2005 Plan") provides for the granting of equity-based compensation awards, including stock options, stock appreciation rights, restricted stock units and restricted stock awards (collectively, "share-based awards") to officers, employees and directors. In May 2013, the Company's stockholders approved an amendment and restatement of the 2005 Plan increasing the aggregate number of shares that may be issued from 7,125,000 to 12,925,000 shares. As of December 31, 2013, the Company has

remaining authorization to issue future grants of up to 6,643,214 shares.

The calculated fair value of share-based awards is recognized as compensation cost using the straight-line method over the vesting or service period in the Company's financial statements. Stock-based compensation is recognized only for those options, restricted stock units and stock appreciation rights expected to vest, with forfeitures estimated at the date of grant and evaluated and adjusted periodically to reflect the Company's historical experience and future expectations. Any change in the forfeiture assumption will

F-38

Table of Contents

be accounted for as a change in estimate, with the cumulative effect of the change on periods previously reported being reflected in the financial statements of the period in which the change is made.

The following table is a summary of stock-based compensation expense for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Expense recognized related to stock options	\$6.7	\$7.4	\$15.6
Expense recognized related to restricted stock units	4.5	1.8	0.7
Stock-based compensation expense	\$11.2	\$9.2	\$16.3

Stock Options —Option awards are generally granted with an exercise price equal to the closing market price of the Company's common stock on the date of grant. All outstanding stock options contain certain forfeiture and non-compete provisions.

Pursuant to the terms of options granted in 2010 and prior to the fourth quarter 2011, 50 percent of the options awarded become exercisable through the passage of time (the "Time-based Tranche") and 50 percent of the options awarded become exercisable upon the achievement of certain market and performance conditions (the "Performance-based Tranche"). The Time-based Tranche generally becomes exercisable over a four-year period in an equal number of shares each year. The Performance-based Tranche becomes exercisable upon the achievement within five years of grant of the earlier of (a) a pre-defined common stock price for any period of 20 consecutive trading days, (b) a change in control of the Company resulting in a pre-defined per share consideration or (c) in the event the Company's common stock does not trade on a U.S. exchange or trading market, resulting in the Company's common stock meeting pre-defined equity values.

All options granted in 2011, 2012 and 2013 have a term of 10 years. Beginning in the fourth quarter of 2011, all options issued are time-based and vest over a four-year period in an equal number of shares each year.

For purposes of determining the fair value of stock option awards, the Company uses the Black-Scholes single option pricing model for the Time-based Tranches and awards and a combination of Monte-Carlo simulation and the Black-Scholes single option pricing model for the Performance-based Tranches. The following table provides weighted-average grant-date fair value and assumptions utilized to estimate the grant-date fair value of the options granted during the years ended December 31:

	2013	2012	2011
Expected dividend yield ⁽¹⁾	0%	0%	0%
Expected volatility ⁽²⁾	68.2% - 69.0%	69.7%-71.8%	71.3%-72.9%
Risk-free interest rate ⁽³⁾	1.1% - 1.2%	0.9%-1.5%	1.3%-2.9%
Expected life ⁽⁴⁾	6.3 years	6.3 years	6.3-6.5 years
Weighted-average grant-date fair value per option	\$10.51	\$10.60	\$16.23

(1) Expected dividend yield represents the level of dividends expected to be paid on the Company's common stock over the expected term of the option. The Company does not anticipate declaring any dividends at this time.

(2) Expected volatility is the amount by which the Company's stock price has fluctuated or will fluctuate during the expected term of the option. The Company's expected volatility is calculated based on the historical volatility of the price of the Company's common stock since the spin-off from Viad Corporation on June 30, 2004. The Company also considers any known or anticipated factors that will likely impact future volatility.

(3) The risk-free interest rate for the Black-Scholes model is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the option.

Expected life represents the period of time that options are expected to be outstanding. The expected life was determined using the simplified method as the pattern of changes in the value of the Company's common stock and exercise activity since late 2007 has been inconsistent and substantially different from historical patterns.

(4) Additionally, there have been minimal stock option exercises which would be representative of the Company's normal exercise activity since 2007. Accordingly, the Company does not believe that historical terms are relevant to the assessment of the expected term of the grant. Based on these factors, the Company does not believe that it has the ability to make a more refined estimate than the use of the simplified method.

The following table is a summary of the Company's stock option activity for the year ended December 31, 2013:

Shares	Weighted-	Weighted-	Aggregate
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		Average Exercise Price	Average Remaining Contractual Term	Intrinsic Value (\$000,000)
Options outstanding at December 31, 2012	4,412,076	\$22.10		
Granted	1,012,805	16.84		
Exercised	(57,782)	18.44		
Forfeited/Expired	(575,095)	29.59		
Options outstanding at December 31, 2013	4,792,004	\$20.14	6.8 years	\$ 13.0
Vested or expected to vest at December 31, 2013	4,654,151	\$20.20	6.7 years	\$ 12.6
Options exercisable at December 31, 2013	1,707,410	\$21.01	5.8 years	\$ 5.6

F-39

Table of Contents

The following table is a summary of the Company's stock option compensation information for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Intrinsic value of options exercised	\$0.1	\$—	\$221.9
Cash received from option exercises	\$1.1	\$—	\$0.7
Unrecognized stock option expense	\$13.3		
Remaining weighted-average vesting period	1.5 years		

Restricted Stock Units — During 2013, the Company issued performance-based restricted stock units, which are subject to three-year cliff vesting, based on average annual adjusted EBITDA (defined as earnings before interest, taxes, depreciation and amortization and less certain non-recurring or other unexpected expenses) growth during the applicable performance period (2013 - 2015). Under the terms of the restricted stock units granted in 2013, the number of restricted stock units that will vest is determined based on the extent to which the performance goal is achieved. Under the terms of the grant, 50 percent of the restricted stock units granted will vest for threshold performance and 100 percent of the restricted stock units granted will vest for the achievement of average annual adjusted EBITDA at target. The number of restricted stock units that will vest for performance achievement between the performance threshold and target will be determined based on a straight-line interpolation. No restricted stock units will vest for performance achievement below the threshold.

During 2012 and in the fourth quarter of 2011, the Company issued grants of performance-based restricted stock units to certain employees which will vest and become payable in shares of common stock to the extent the Company attains the performance goals applicable to the performance period. The performance goal is based on the degree to which the Company's average annual adjusted EBITDA meets, exceeds or falls short of the target performance goal of achieving an average annual adjusted EBITDA increase of 10 percent over a three year period. Under the terms of the grants, 50 percent of the target restricted stock units may vest on the second anniversary and 50 percent may vest on the third anniversary if the performance goal is achieved as of that date. The number of restricted stock units that vest is determined on a pro rata basis by the extent to which the performance goal is met within a threshold minimum and maximum. In the event the target performance goal is not met, but the Company achieves a minimum performance goal of an average annual adjusted EBITDA growth of five percent, the participant will be entitled to 50 percent of the target number of restricted stock units. In the event the Company achieves its maximum performance goal of an average annual adjusted EBITDA growth of 20 percent, the participant will be entitled to 200 percent of the target number of restricted stock units.

The Company has granted time-based restricted stock units to members of the Board of Directors, excluding the Chairman of the Board, as compensation for services to be provided. The restricted stock units vest on the first anniversary of their issuance and may only be settled in the Company's common stock. Following the settlement of certain stockholders' litigation on July 20, 2012, THL agreed to waive any future compensation for its representatives on the Board of Directors, including the issuance of Director restricted stock units.

The fair value of restricted stock units is calculated based on the stock price at the time of grant. For performance based restricted stock units, expense is recognized if achievement of the performance goal is deemed probable, with the amount of expense recognized based on the Company's best estimate of the ultimate achievement level. For the performance based restricted stock units, the grant-date fair values at the threshold and target performance levels are \$8.7 million and \$17.3 million, respectively. As of December 31, 2013, the Company believes it is probable it will achieve the performance goal at the target level for the 2013 restricted stock units and between the threshold and target levels for the 2011 and 2012 restricted stock units on the third anniversary. For grants to employees, expense is recognized in the "Compensation and benefits" line and expense for grants to Directors is recorded in the "Transaction and operations support" line in the Consolidated Statements of Operations using the straight-line method over the vesting period.

The following table is a summary of the Company's restricted stock unit activity for the year ended December 31, 2013:

Total Shares	Weighted Average	Weighted-Average Remaining	Aggregate Intrinsic
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		Grant Date Fair Value	Vesting Period	Value (\$000,000)
Outstanding at December 31, 2012	532,224	\$16.80	1.7 years	\$7.1
Granted	793,172	16.71		
Vested and converted to shares	(48,474)	16.71		
Forfeited	(90,778)	17.08		
Outstanding at December 31, 2013	1,186,144	\$16.73	1.8 years	\$24.6
Vested and outstanding at December 31, 2013	62,100	\$16.74		\$1.3

F-40

Table of Contents

No vested restricted stock units were convertible as of December 31, 2013.

The following table is a summary of the Company's restricted stock and restricted stock unit compensation information for the years ended December 31:

(Dollars in millions)	2013	2012	2011
Market value of restricted stock units converted	\$0.8	\$0.6	\$0.6
Unrecognized restricted stock unit expense	\$9.5		

Unrecognized restricted stock unit expense and the remaining weighted-average vesting period are presented under the Company's current estimate of achievement of the performance goal on the third anniversary. Unrecognized restricted stock unit expense, as of December 31, 2013, under the minimum and maximum thresholds are \$2.4 million and \$14.1 million, respectively.

Stock Appreciation Rights — In November 2011, the Company issued a grant of stock appreciation rights to certain employees which entitle the holder to any per share appreciation from the price at issuance. The grants vest and become exercisable over a four-year period in an equal number of shares each year. Upon exercise, the employee will receive an amount that is equal to the excess of the closing sale price of the Company's common stock at the time of exercise over the grant price paid in cash up to a maximum of \$12.00.

The fair value of stock appreciation rights was calculated using a Black-Scholes single option pricing model and is recorded as a liability in the "Accounts payable and other liabilities" line in the Consolidated Balance Sheets. Expense for stock appreciation rights is recognized in the "Compensation and benefits" line in the Consolidated Statements of Operations using the straight-line method over the vesting period. Expense related to stock appreciation rights was nominal for 2013 and 2012.

The following table is a summary of the Company's stock appreciation rights activity for the year ended December 31, 2013:

	Total Shares	Weighted Average Price
Stock appreciation rights outstanding at December 31, 2012	8,600	\$17.03
Granted	4,743	17.00
Forfeited	(1,923)	17.03
Stock appreciation rights outstanding at December 31, 2013	11,420	\$17.02

Note 13 — Income Taxes

The following table is a summary of the components of income (loss) before income taxes for the years ended December 31:

(Amounts in millions)	2013	2012	2011
U.S.	\$69.9	\$(9.6)	\$39.7
Foreign	15.4	0.7	0.1
Income (loss) before income taxes	\$85.3	\$(8.9)	\$39.8

Foreign income consists of statutory income and losses from the Company's international subsidiaries. Most of the Company's wholly owned subsidiaries recognize revenue based solely on services agreements with the primary U.S. operating subsidiary. The following table is a summary of the income tax expense (benefit) for the years ended

December 31:

(Amounts in millions)	2013	2012	2011
Current:			
Federal	\$9.7	\$6.1	\$40.0
State	0.1	0.5	6.3
Foreign	11.1	4.0	6.9
Current income tax expense	20.9	10.6	53.2

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Deferred income tax expense (benefit)	12.0	29.8	(72.8)
Income tax expense (benefit)	\$32.9	\$40.4	\$(19.6)

As of December 31, 2013 and 2012, the Company had a net income tax payable of \$53.7 million and \$52.3 million, respectively, recorded in the "Accounts payable and other liabilities" line in the Consolidated Balance Sheets. Income taxes paid were \$8.0

F-41

Table of Contents

million, \$2.9 million and \$3.7 million for 2013, 2012 and 2011, respectively. Income tax refunds received were \$0.8 million in 2013; no refunds were received for 2012 or 2011.

The following table is a reconciliation of the expected federal income tax expense (benefit) at statutory rates to the actual tax expense (benefit) provided for the years ended in December 31:

(Amounts in millions)	2013	2012	2011
Income tax expense (benefit) at statutory federal income tax rate	\$29.8	\$(3.1)	\$13.9
Tax effect of:			
State income tax, net of federal income tax effect	1.7	0.9	1.9
Valuation allowance	(2.7)	0.6	(31.4)
International taxes	3.2	1.8	1.3
Net permanent difference	0.2	1.0	(6.0)
(Decrease) increase in tax reserve	(0.5)	37.1	(0.2)
Stock options	1.6	3.7	1.3
Other	(0.4)	(1.6)	(0.4)
Income tax expense (benefit)	\$32.9	\$40.4	\$(19.6)

In 2013, the Company recognized a tax expense of \$32.9 million on pre-tax income of \$85.3 million, benefiting from proceeds on securities that result in a release of valuation allowance, offset by international taxes and the reversal of tax benefits recorded on cancelled stock options for executive employee terminations. Changes in facts and circumstances may cause the Company to record additional tax expense or benefits in the future.

In 2012, the Company recognized a tax expense of \$40.4 million on pre-tax loss of \$8.9 million resulting from additions to uncertain tax positions and the reversal of tax benefits recorded on cancelled stock options for executive employee terminations.

In 2011, the Company recognized a tax benefit of \$19.6 million, reflecting benefits of \$34.0 million for the reversal of a portion of the valuation allowance on domestic deferred tax assets, partially offset by an increase in the valuation allowance on a portion of deferred tax assets as a result of losses in certain jurisdictions outside of the U.S. The effective tax rate for 2011 reflects the expected utilization of net operating loss carry-forwards based on the Company's review of current facts and circumstances, including the three year cumulative income position and expectations that the Company will maintain a cumulative income tax position in the future. Net permanent differences in 2011 include a benefit of \$9.7 million from the sale of assets, partially offset by the effect of non-deductible capital transaction costs and reorganization and restructuring expenses of \$2.1 million and \$0.9 million, respectively.

The following table is a summary of the Company's deferred tax assets and liabilities as of December 31:

(Amounts in millions)	2013	2012
Deferred tax assets:		
Postretirement benefits and other employee benefits	\$39.7	\$57.3
Tax loss carryovers	76.3	415.0
Tax credit carryovers	27.6	27.9
Basis difference in revalued investments	106.1	87.9
Bad debt and other reserves	3.5	3.6
Other	5.0	1.9
Valuation allowance	(174.8)	(477.0)
Total deferred tax asset	83.4	116.6
Deferred tax liabilities:		
Depreciation and amortization	(72.8)	(70.3)
Gross deferred tax liability	(72.8)	(70.3)
Net deferred tax asset	\$10.6	\$46.3

Net deferred tax asset positions are reflected in the "Other assets" line in the Consolidated Balance Sheets, while net deferred tax liability positions are included in the "Accounts payable and other liabilities" line in the Consolidated Balance Sheets. Substantially all of the deferred tax assets relate to the U.S. jurisdiction.

Table of Contents

At the end of 2013, capital losses on the 2008 security sales expired, resulting in offsetting decreases to tax loss carryover, deferred tax assets and valuation allowance. Changes in facts and circumstances in the future may cause the Company to record additional tax benefits as further deferred tax valuation allowances are released and carry-forwards are utilized.

The following table is a summary of the amounts and expiration dates of tax loss carry-forwards (not tax effected) and credit carry-forwards as of December 31, 2013:

(Amounts in millions)	Expiration Date	Amount
U.S. capital loss carry-forwards	2014 -2018	\$ 182.0
U.S. federal tax credit carry-forwards	Indefinite	\$ 27.6

The Company, or one of its subsidiaries, files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. With a few exceptions, the Company is no longer subject to foreign or U.S. federal, state and local income tax examinations for years prior to 2005. The Company is subject to foreign, U.S. federal and certain state income tax examinations for 2005 through 2012.

The IRS has completed its examination of the Company's consolidated income tax returns through 2009. The IRS issued a Notice of Deficiency for 2005-2007 in April 2012 and a Notice of Deficiency for 2009 in October 2012. The Company filed petitions with the U.S. Tax Court in May 2012 and December 2012 contesting adjustments in the 2005-2007 and 2009 Notices of Deficiency, respectively, related to the security losses. In August 2012, the IRS also issued an Examination Report for 2008. The IRS issued Notices of Deficiency disallowing among other items approximately \$900.0 million of deductions on securities losses in the 2007, 2008 and 2009 tax returns. As of December 31, 2013, the IRS and the Company have reached a partial settlement on \$186.9 million of deductions in dispute. The Company has recognized a cumulative benefit of \$139.9 million relating to these deductions as of December 31, 2013. The Company continues to believe that the amounts recorded in its consolidated financial statements reflect its best estimate of the ultimate outcome of this matter.

Unrecognized tax benefits are recorded in "Accounts payable and other liabilities" in the Consolidated Balance Sheets. The following table is a summary is a reconciliation of unrecognized tax benefits for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Beginning balance	\$51.6	\$9.6	\$10.2
Additions based on tax positions related to prior years	0.9	1.6	—
Additions based on tax positions related to current year	—	40.8	—
Lapse in statute of limitations	(0.5)	(0.4)	(0.5)
Reductions for tax positions of prior years	—	—	(0.1)
Ending balance	\$52.0	\$51.6	\$9.6

As of December 31, 2013, the liability for unrecognized tax benefits was \$52.0 million, all of which could impact the effective tax rate if recognized. The Company accrues interest and penalties for unrecognized tax benefits through "Income tax expense (benefit)" in the Consolidated Statements of Operations. For the years ended December 31, 2013, 2012 and 2011, the Company accrued approximately \$1.1 million, \$0.7 million and \$0.2 million, respectively, in interest and penalties in its Consolidated Statements of Operations, respectively. As of December 31, 2013 and 2012, the Company had a liability of \$2.1 million and \$2.0 million, respectively, for interest and penalties related to its unrecognized tax benefits. As of December 31, 2013, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax positions over the next 12 months.

The Company does not consider its earnings in its foreign entities to be permanently reinvested. As of December 31, 2013 and 2012, a deferred tax liability of \$7.6 million and \$5.6 million, respectively, was recognized for the unremitted earnings of its foreign entities.

Table of Contents

Note 14 — Commitments and Contingencies

Operating Leases — The Company has various non-cancelable operating leases for buildings and equipment that terminate through 2023. Certain of these leases contain rent holidays and rent escalation clauses based on pre-determined annual rate increases. The Company recognizes rent expense under the straight-line method over the term of the lease. Any difference between the straight-line rent amounts and amounts payable under the leases are recorded as deferred rent in “Accounts payable and other liabilities” in the Consolidated Balance Sheets. Cash or lease incentives received under certain leases are recorded as deferred rent when the incentive is received and amortized as a reduction to rent over the term of the lease using the straight-line method. Incentives received relating to tenant improvements are recognized as a reduction of rent expense under the straight-line method over the term of the lease. Tenant improvements are capitalized as leasehold improvements and depreciated over the shorter of the remaining term of the lease or 10 years. The deferred rent liability relating to these incentives was \$2.6 million at December 31, 2013 and 2012, respectively.

The following table is a summary of the minimum rental expense under operating leases for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Rent expense	\$16.2	\$15.6	\$16.6
Contingent rent	0.2	—	—
Sublease agreements	(1.0)	(0.7)	(0.3)
Minimum rent expense under operating leases	\$15.4	\$14.9	\$16.3

The following table is a summary of the minimum future rental payments for all non-cancelable operating leases with an initial term of more than one year at December 31, 2013 (amounts in millions):

2014	\$15.2
2015	12.0
2016	6.0
2017	5.4
2018	5.0
Thereafter	11.7
Total	\$55.3

Letters of Credit — At December 31, 2013, the Company had \$0.4 million of letters of credit. These letters of credit reduce the amount available under the Revolving Credit Facility.

Minimum Commission Guarantees — In limited circumstances, as an incentive to new or renewing agents, the Company may grant minimum commission guarantees for a specified period of time at a contractually specified amount. Under the guarantees, the Company will pay to the agent the difference between the contractually specified minimum commission and the actual commissions earned by the agent. Expense related to the guarantee is recognized in the “Fee and other commissions expense” line in the Consolidated Statements of Operations.

As of December 31, 2013, the liability for minimum commission guarantees is \$4.0 million and the maximum amount that could be paid under the minimum commission guarantees is \$13.3 million over a weighted average remaining term of 3.9 years. The maximum payment is calculated as the contractually guaranteed minimum commission multiplied by the remaining term of the contract and, therefore, assumes that the agent generates no money transfer transactions during the remainder of its contract. However, under the terms of certain agent contracts, the Company may terminate the contract if the projected or actual volume of transactions falls beneath a contractually specified amount. With respect to minimum commission guarantees expiring in 2013 and 2012, the Company paid \$1.5 million and \$0.5 million, respectively, or 56 percent and 22 percent, respectively, of the estimated maximum payment for the year.

Other Commitments — The Company has agreements with certain co-investors to provide funds related to investments in limited partnership interests. As of December 31, 2013, the total amount of unfunded commitments related to these

agreements was \$0.3 million.

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 alleged. In relation to various legal matters, including those described below, the Company had \$1.7 million and \$38.7 million of liability recorded in the “Accounts payable and other liabilities” line in the

F-44

Table of Contents

Consolidated Balance Sheets as of December 31, 2013 and 2012, respectively. A charge of \$0.2 million, \$108.8 million and \$1.9 million, net of insurance recoveries, were recorded in the “Transaction and operations support” line in the Consolidated Statements of Operations during 2013, 2012 and 2011, respectively, for legal proceedings.

Litigation Commenced Against the Company:

The Company is involved in various claims and litigation that arise from time to time in 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 has received Civil Investigative Demands from a working group of nine state attorneys general who have initiated an investigation into whether the Company took adequate steps to prevent consumer fraud during the period from 2007 to 2011. The Civil Investigative Demands seek information and documents relating to the Company's procedures to prevent fraudulent transfers and consumer complaint information. MoneyGram continues to cooperate fully with the states in this matter. MoneyGram has submitted the information and documents requested by the states. No claims have been filed against MoneyGram in connection with this investigation. Accordingly, we are unable to estimate the potential dollar amount of any loss in connection with this investigation or whether any loss in connection with this investigation could have a material adverse effect on our results of operations, cash flows or financial position. The Company does not believe there is a basis for any claim or recovery with respect to this matter and intends to vigorously defend itself if any claim is asserted.

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.

Actions Commenced by the Company

CDO Litigation — In March 2012, the Company initiated an arbitration proceeding before the Financial Industry Regulatory Authority against Goldman Sachs & Co., or Goldman Sachs. The arbitration relates to MoneyGram's purchase of Residential Mortgage Backed Securities and Collateral Debt Obligations that Goldman Sachs sold to MoneyGram during the 2005 through 2007 timeframe. The Company alleges, among other things, that Goldman Sachs made material misrepresentations and omissions in connection with the sale of these products, ultimately causing significant losses to the Company for which the Company is currently seeking damages. Goldman Sachs owns, together with certain of its affiliates, approximately 19 percent of the shares of the Company's common stock on a diluted basis, assuming conversion of the D Stock currently owned by Goldman Sachs and its affiliates.

Tax Litigation — On May 14, 2012 and December 17, 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively, pursuant to which the IRS determined that the Company owes additional corporate income taxes because certain deductions relating to securities losses were capital in nature, rather than ordinary losses. The Company asserts that it properly deducted its securities losses and that, consequently, no additional corporate income taxes are owed. The IRS filed its responses to the Company's petitions in July 2012 and February 2013 reasserting its original position relating to the years 2005-2007 and 2009. The cases have been consolidated before the U.S. Tax Court. In December 2013, the IRS filed a motion with the court for partial summary judgment in the case, and in February 2014 the Company filed its response to that motion which included the Company's request for partial summary judgment.

Note 15 — 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. The Global Funds Transfer segment provides global money transfers and, in the U.S., Canada, Puerto Rico, bill payment services to consumers through a network of agents and, in select markets, company-operated locations. The Financial Paper Products segment provides money orders to consumers through retail and financial institution locations in the U.S. and Puerto Rico, and provides official check services to financial institutions in the U.S. One of

the Company's agents of both the Global Funds Transfer segment and the Financial Paper Products segment accounted for 27 percent, 28 percent and 29 percent of total revenue in 2013, 2012 and 2011, respectively. Businesses that are not operated within these segments are categorized as "Other," and primarily relate to discontinued products and businesses. "Other" also contains corporate items. Segment pre-tax operating income and segment operating margin are used to review segment performance and to allocate resources.

Segment accounting policies are the same as those described in Note 2 — Summary of Significant Accounting Policies. The Company manages its investment portfolio on a consolidated level, with no specific investment security assigned to a particular segment. However, investment revenue is allocated to each segment based on the average investable balances generated by that

F-45

Table of Contents

segment's sale of payment instruments during the period. Net securities gains are not allocated to the segments as the investment portfolio is managed at a consolidated level. While the derivatives portfolio is also managed on a consolidated level, each derivative instrument is utilized in a manner that can be identified to a particular segment. Also excluded from net operating income for Global Funds Transfer and Financial Paper Products are interest and other expenses related to the Company's credit agreements, items related to the Company's preferred stock, operating income from businesses categorized as "Other," certain pension and benefit obligation expenses, director deferred compensation plan expenses, executive severance and related costs, certain legal and corporate costs not related to the performance of the segments.

Unallocated expenses in 2013 include \$2.5 million of legal expenses for the settlement in connection with MDPA/U.S. DOJ investigation and the shareholder litigation, \$1.5 million of severance and related costs from executive terminations as well as other net corporate costs of \$11.6 million not allocated to the segments. Unallocated expenses in 2012 include \$119.2 million of legal expenses for the settlement in connection with MDPA/U.S. DOJ investigation and the shareholder litigation, \$1.0 million of severance and related costs from executive terminations as well as other net corporate costs of \$7.6 million not allocated to the segments. Unallocated expenses in 2011 include \$4.8 million of legal settlements and related costs for securities litigation associated with the Company's 2011 Recapitalization, \$0.3 million of asset impairments and other net corporate costs of \$4.8 million not allocated to the segments.

The following table is a summary of the total revenue by segment for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Global Funds Transfer revenue			
Money transfer revenue	\$1,287.8	\$1,149.1	\$1,040.1
Bill payment revenue	102.0	106.1	112.6
Total Global Funds Transfer revenue	1,389.8	1,255.2	1,152.7
Financial Paper Products revenue			
Money order revenue	55.1	57.5	60.4
Official check revenue	28.9	27.0	32.9
Total Financial Paper Products revenue	84.0	84.5	93.3
Other revenue	0.6	1.5	1.8
Total revenue	\$1,474.4	\$1,341.2	\$1,247.8

The following table is a summary of the operating income by segment and detail of income (loss) before income taxes for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Global Funds Transfer operating income	\$162.6	\$149.6	\$124.8
Financial Paper Products operating income	30.9	32.7	29.2
Total segment operating income	193.5	182.3	154.0
Other operating loss	(15.6)	(129.9)	(11.4)
Total operating income	177.9	52.4	142.6
Net securities gains	—	(10.0)	(32.8)
Interest expense	47.3	70.9	86.2
Debt extinguishment costs	45.3	—	37.5
Other costs	—	0.4	11.9
Income (loss) before income taxes	\$85.3	\$(8.9)	\$39.8

The following table is a summary of depreciation and amortization expense by segment for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Global Funds Transfer	\$46.5	\$40.7	\$40.5
Financial Paper Products	3.9	3.5	5.4
Other	0.3	0.1	0.1
Total depreciation and amortization	\$50.7	\$44.3	\$46.0

Table of Contents

The following table is a summary of capital expenditures by segment for the years ended December 31:

(Amounts in millions)	2013	2012	2011
Global Funds Transfer	\$49.3	\$50.6	\$44.3
Financial Paper Products	7.4	6.1	5.8
Total capital expenditures	\$56.7	\$56.7	\$50.1

The following table sets forth assets by segment as of December 31:

(Amounts in millions)	2013	2012
Global Funds Transfer	\$1,611.3	\$1,448.3
Financial Paper Products	2,800.0	3,395.1
Other	375.6	307.2
Total assets	\$4,786.9	\$5,150.6

Geographic areas — International revenues are defined as revenues generated from money transfer and bill payment transactions originating in a country other than the U.S. Long-lived assets are principally located in the U.S. The following table details total revenue by major geographic area for the years ended December 31:

(Amounts in millions)	2013	2012	2011
U.S.	\$891.6	\$822.5	\$768.7
International	582.8	518.7	479.1
Total revenue	\$1,474.4	\$1,341.2	\$1,247.8

Note 16 — Quarterly Financial Data (Unaudited)

The following tables are the summation of quarterly earnings per share and may not equate to the calculation for the full year as quarterly calculations are performed on a discrete basis.

2013 Fiscal Quarters:

(Amounts in millions, except per share data)	First ⁽¹⁾	Second	Third	Fourth
Total revenue	\$340.5	\$365.1	\$383.0	\$385.8
Total operating expenses	296.2	322.6	334.9	342.8
Operating income	44.3	42.5	48.1	43.0
Total other expense	62.7	9.9	10.0	10.0
(Loss) income before income taxes	\$(18.4)	\$32.6	\$38.1	\$33.0
Net (loss) income	\$(12.6)	\$19.1	\$22.5	\$23.4
(Loss) income per common share				
Basic	\$(0.18)	\$0.27	\$0.31	\$0.33
Diluted	\$(0.18)	\$0.27	\$0.31	\$0.33

F-47

Table of Contents

2012 Fiscal Quarters:

(Amounts in millions, except per share data)

	First ⁽²⁾	Second ⁽²⁾	Third ⁽²⁾	Fourth ⁽²⁾
Total revenue	\$318.1	\$330.1	\$338.6	\$354.4
Total operating expenses	282.2	326.9	366.0	313.7
Operating income (loss)	35.9	3.2	(27.4)	40.7
Total other expenses, net	17.9	18.0	17.7	7.7
Income (loss) before income taxes	\$18.0	\$(14.8)	\$(45.1)	\$33.0
Net income (loss)	\$10.3	\$(25.1)	\$(54.7)	\$20.2

Income (loss) per common share

Basic	\$0.14	\$(0.35)	\$(0.77)	\$0.28
Diluted	\$0.14	\$(0.35)	\$(0.77)	\$0.28

⁽¹⁾ Net loss in the first quarter of 2013 includes \$45.3 million for the debt extinguishment loss.

Operating expenses in the first, second, third and fourth quarter of 2012 include reorganization and restructuring costs of \$5.8 million, \$4.4 million, \$4.0 million and \$5.1 million, respectively. Operating expenses in the first,

⁽²⁾ second, third and fourth quarter of 2012 include legal expenses of \$3.6 million, \$39.6 million, \$72.3 million, and \$3.7 million, respectively. The Company expensed \$30.0 million and \$70.0 million in the second and third quarter, respectively, related to the forfeiture settlement entered into on November 9, 2012 between the Company and the MDPA and U.S. DOJ.

Note 17 — Subsequent Events

The Company has evaluated subsequent events through the date of issuance of the Company's Audited Consolidated Financial Statements.

On February 11, 2014, the Company announced a reorganization and restructuring program to enhance operating efficiencies and reduce the Company's cost structure. The Company currently estimates that it will incur cash outlays over the next two years of approximately \$30.0 million to \$40.0 million in connection with these actions and generate an annual estimated pre-tax cost savings of \$15.0 million to \$20.0 million.

Note 18 — 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 SEC 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 December 31, 2013 and 2012, along with condensed, consolidating Statements of Operations, Statements of Comprehensive Income (Loss) and Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011. 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.

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING BALANCE SHEETS
 FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$—	\$—	\$—	\$—	\$—
Cash and cash equivalents (substantially restricted)	1.7	2,134.6	92.2	—	2,228.5
Receivables, net (substantially restricted)	—	760.8	6.9	—	767.7
Interest-bearing investments (substantially restricted)	—	975.0	36.6	—	1,011.6
Available-for-sale investments (substantially restricted)	—	48.1	—	—	48.1
Property and equipment, net	—	109.5	25.3	—	134.8
Goodwill	—	313.0	122.2	—	435.2
Other assets	18.1	163.0	17.5	(37.6)	161.0
Equity investments in subsidiaries	81.0	194.7	—	(275.7)	—
Intercompany receivables	703.6	4.0	10.3	(717.9)	—
Total assets	\$804.4	\$4,702.7	\$311.0	\$(1,031.2)	\$4,786.9
LIABILITIES AND STOCKHOLDERS' (DEFICIT)					
EQUITY					
Payment service obligations	\$—	\$3,699.5	\$37.6	\$—	\$3,737.1
Debt	842.9	—	—	—	842.9
Pension and other postretirement benefits	—	98.4	—	—	98.4
Accounts payable and other liabilities	38.5	112.9	71.7	(37.6)	185.5
Intercompany liabilities	—	710.9	7.0	(717.9)	—
Total liabilities	881.4	4,621.7	116.3	(755.5)	4,863.9
Total stockholders' (deficit) equity	(77.0)	81.0	194.7	(275.7)	(77.0)
Total liabilities and stockholders' (deficit) equity	\$804.4	\$4,702.7	\$311.0	\$(1,031.2)	\$4,786.9

F-49

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$—	\$1,488.4	\$327.7	\$(359.3)	) \$1,456.8
Investment revenue	—	17.4	0.3	(0.1)	) 17.6
Total revenue	—	1,505.8	328.0	(359.4)	) 1,474.4
EXPENSES					
Fee and other commissions expense	—	730.5	167.0	(219.7)	) 677.8
Investment commissions expense	—	0.4	—	—	) 0.4
Total commissions expense	—	730.9	167.0	(219.7)	) 678.2
Compensation and benefits	—	196.0	68.9	—	) 264.9
Transaction and operations support	1.7	339.7	51.9	(139.6)	) 253.7
Occupancy, equipment and supplies	—	40.5	8.6	(0.1)	) 49.0
Depreciation and amortization	—	36.4	14.3	—	) 50.7
Total operating expenses	1.7	1,343.5	310.7	(359.4)	) 1,296.5
OPERATING INCOME	(1.7)	) 162.3	17.3	—	) 177.9
Other expense					
Interest expense	30.3	17.0	—	—	) 47.3
Debt extinguishment costs	—	45.3	—	—	) 45.3
Total other expense	30.3	62.3	—	—	) 92.6
(Loss) income before income taxes	(32.0)	) 100.0	17.3	—	) 85.3
Income tax (benefit) expense	(11.2)	) 36.6	7.5	—	) 32.9
(Loss) income after income taxes	(20.8)	) 63.4	9.8	—	) 52.4
Equity income (loss) in subsidiaries	73.2	9.8	—	(83.0)) —
NET INCOME (LOSS)	\$52.4	\$73.2	\$9.8	\$(83.0)	) \$52.4

F-50

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET INCOME (LOSS)	\$52.4	\$73.2	\$9.8	\$(83.0)	) \$ 52.4
OTHER COMPREHENSIVE INCOME (LOSS)					
Net unrealized gains on available-for-sale securities:					
Net holding gains arising during the period, net of tax expense of \$3.1	5.1	5.1	—	(5.1)	) 5.1
Reclassification of net realized gains included in net income (loss), net of tax expense of \$1.6	(4.1)	) (4.1)	) —	4.1	(4.1)
Pension and postretirement benefit plans:					
Amortization of prior service credit for pension and postretirement benefit plans recorded to net income (loss), net of tax expense of \$0.2	(0.4)	) (0.4)	) —	0.4	(0.4)
Amortization of net actuarial loss for pension and postretirement benefit plans recorded to net income (loss), net of tax expense of \$2.9	5.2	5.2	—	(5.2)	) 5.2
Valuation adjustment for pension and postretirement benefit plans, net of tax expense of \$7.4	12.6	12.6	—	(12.6)	) 12.6
Unrealized foreign currency translation gains, net of tax expense of \$0.5	0.9	0.9	0.3	(1.2)	) 0.9
Other comprehensive income (loss)	19.3	19.3	0.3	(19.6)	) 19.3
COMPREHENSIVE INCOME (LOSS)	\$71.7	\$92.5	\$10.1	\$(102.6)	) \$ 71.7

F-51

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$(47.4)	\$675.1	\$(17.2)	\$—	\$ 610.5
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from maturities of available-for-sale investments (substantially restricted)	—	16.5	—	—	16.5
Purchases of interest-bearing investments (substantially restricted)	—	(1,058.2)	(40.5)	—	(1,098.7)
Proceeds from maturities of interest-bearing investments (substantially restricted)	—	478.0	58.9	—	536.9
Purchases of property and equipment, net of disposals	—	(48.8)	—	—	(48.8)
Acquisition	—	(15.0)	(0.4)	—	(15.4)
Proceeds from disposal of assets and businesses	—	0.7	—	—	0.7
Intercompany financings	(841.4)	—	—	841.4	—
Dividend to parent/capital contribution from subsidiary guarantors	44.0	0.8	—	(44.8)	—
Net cash (used in) provided by investing activities	(797.4)	(626.0)	18.0	796.6	(608.8)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of debt	850.0	—	—	—	850.0
Transactions costs for issuance and amendment of debt	—	(11.8)	—	—	(11.8)
Prepayment penalty	—	(21.5)	—	—	(21.5)
Payment on debt	(6.3)	(813.2)	—	—	(819.5)
Proceeds from exercise of stock options	1.1	—	—	—	1.1
Intercompany financings	—	841.4	—	(841.4)	—
Dividend to parent	—	(44.0)	—	44.0	—
Capital contribution to non-guarantors	—	—	(0.8)	0.8	—
Net cash provided by (used in) financing activities	844.8	(49.1)	(0.8)	(796.6)	(1.7)
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	—	—	—	—
CASH AND CASH EQUIVALENTS—Beginning of period	—	—	—	—	—
CASH AND CASH EQUIVALENTS—End of period	\$—	\$—	\$—	\$—	\$—

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING BALANCE SHEETS
 FOR THE YEAR ENDED DECEMBER 31, 2012

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$—	\$—	\$—	\$—	\$—
Cash and cash equivalents (substantially restricted)	2.3	2,585.5	95.4	—	2,683.2
Receivables, net (substantially restricted)	—	1,190.8	15.7	—	1,206.5
Interest-bearing investments (substantially restricted)	—	425.0	25.1	—	450.1
Available-for-sale investments (substantially restricted)	—	63.5	—	—	63.5
Property and equipment, net	—	99.8	28.1	—	127.9
Goodwill	—	306.9	121.8	—	428.7
Other assets	7.5	181.6	19.4	(17.8)	190.7
Equity investments in subsidiaries	26.6	181.0	—	(207.6)	—
Intercompany receivables	—	165.9	—	(165.9)	—
Total assets	\$36.4	\$5,200.0	\$305.5	\$(391.3)	\$ 5,150.6
LIABILITIES AND STOCKHOLDERS' (DEFICIT)					
EQUITY					
Payment service obligations	\$—	\$4,127.0	\$48.4	\$—	\$ 4,175.4
Debt	—	809.9	—	—	809.9
Pension and other postretirement benefits	—	126.8	—	—	126.8
Accounts payable and other liabilities	60.0	109.7	48.0	(17.8)	199.9
Intercompany liabilities	137.8	—	28.1	(165.9)	—
Total liabilities	197.8	5,173.4	124.5	(183.7)	5,312.0
Total stockholders' (deficit) equity	(161.4)	26.6	181.0	(207.6)	(161.4)
Total liabilities and stockholders' (deficit) equity	\$36.4	\$5,200.0	\$305.5	\$(391.3)	\$ 5,150.6

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2012

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$—	\$1,432.7	\$300.6	\$(404.7)	\$1,328.6
Investment revenue	—	12.1	0.5	—	12.6
Total revenue	—	1,444.8	301.1	(404.7)	1,341.2
EXPENSES					
Fee and other commissions expense	—	756.0	161.3	(318.1)	599.2
Investment commissions expense	—	0.3	—	—	0.3
Total commissions expense	—	756.3	161.3	(318.1)	599.5
Compensation and benefits	—	175.5	66.1	—	241.6
Transaction and operations support	10.6	382.4	49.3	(86.6)	355.7
Occupancy, equipment and supplies	—	34.5	13.2	—	47.7
Depreciation and amortization	—	31.2	13.1	—	44.3
Total operating expenses	10.6	1,379.9	303.0	(404.7)	1,288.8
OPERATING (LOSS) INCOME	(10.6)	64.9	(1.9)	—	52.4
Other expense (income)					
Net security gains	—	(10.0)	—	—	(10.0)
Interest expense	—	70.9	—	—	70.9
Other costs	0.3	0.1	—	—	0.4
Total other expenses, net	0.3	61.0	—	—	61.3
(Loss) income before income taxes	(10.9)	3.9	(1.9)	—	(8.9)
Income tax (benefit) expense	(6.3)	42.5	4.2	—	40.4
(Loss) income after income taxes	(4.6)	(38.6)	(6.1)	—	(49.3)
Equity (loss) income in subsidiaries	(44.7)	(6.1)	—	50.8	—
NET (LOSS) INCOME	\$(49.3)	\$(44.7)	\$(6.1)	\$50.8	\$(49.3)

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2012

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET (LOSS) INCOME	\$(49.3)	\$(44.7)	\$(6.1)	\$ 50.8	\$(49.3)
OTHER COMPREHENSIVE (LOSS) INCOME					
Net unrealized gains on available-for-sale securities:					
Net holding (losses) gains arising during the period, net of tax expense of \$1.4	(5.2)	4.8	—	5.2	4.8
Reclassification adjustment for net realized gains included in net (loss) income, net of tax expense of \$0.0	—	(10.0)	—	—	(10.0)
Pension and postretirement benefit plans:					
Amortization of prior service credit for pension and postretirement benefit plans recorded to net (loss) income, net of tax benefit of \$0.2	(0.4)	(0.4)	—	0.4	(0.4)
Amortization of net actuarial loss for pension and postretirement benefit plans recorded to net (loss) income, net of tax expense of \$2.4	3.9	3.9	—	(3.9)	3.9
Valuation adjustment for pension and postretirement benefit plans, net of tax benefit of \$8.7	(14.2)	(14.2)	—	14.2	(14.2)
Unrealized foreign currency translation gains, net of tax expense of \$1.0	1.6	0.1	1.8	(1.9)	1.6
Other comprehensive (loss) income	(14.3)	(15.8)	1.8	14.0	(14.3)
COMPREHENSIVE (LOSS) INCOME	\$(63.6)	\$(60.5)	\$(4.3)	\$ 64.8	\$(63.6)

F-55

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2012

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$8.4	\$(71.7)	\$7.2	\$—	\$(56.1)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of investment classified as available-for-sale (substantially restricted)	—	10.0	—	—	10.0
Proceeds from maturities of available-for-sale (substantially restricted)	—	31.6	—	—	31.6
Purchases of interest-bearing investments (substantially restricted)	—	(425.0)	(48.5)	—	(473.5)
Proceeds from maturities of interest-bearing investments (substantially restricted)	—	500.0	48.1	—	548.1
Purchases of property and equipment, net of disposals	—	(44.9)	(14.7)	—	(59.6)
Proceeds from disposal of assets and businesses	—	1.0	—	—	1.0
Capital contribution from subsidiary guarantors	—	(7.9)	—	7.9	—
Net cash provided by provided by (used in) investing activities	—	64.8	(15.1)	7.9	57.6
CASH FLOWS FROM FINANCING ACTIVITIES:					
Payment on debt	—	(1.5)	—	—	(1.5)
Intercompany financings	(8.4)	8.4	—	—	—
Capital contribution to non-guarantors	—	—	7.9	(7.9)	—
Net cash (used in) provided by financing activities	(8.4)	6.9	7.9	(7.9)	(1.5)
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	—	—	—	—
CASH AND CASH EQUIVALENTS—Beginning of period	—	—	—	—	—
CASH AND CASH EQUIVALENTS—End of period	\$—	\$—	\$—	\$—	\$—

F-56

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2011

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$—	\$1,203.4	\$288.5	\$(261.0)	) \$1,230.9
Investment revenue	—	16.4	0.5	—	16.9
Total revenue	—	1,219.8	289.0	(261.0)	) 1,247.8
EXPENSES					
Fee and other commissions expense	—	576.5	148.4	(177.3)	) 547.6
Investment commissions expense	—	0.4	—	—	0.4
Total commissions expense	—	576.9	148.4	(177.3)	) 548.0
Compensation and benefits	—	173.6	62.1	—	235.7
Transaction and operations support	6.1	258.0	47.4	(83.7)	) 227.8
Occupancy, equipment and supplies	—	36.0	11.7	—	47.7
Depreciation and amortization	—	34.5	11.5	—	46.0
Total operating expenses	6.1	1,079.0	281.1	(261.0)	) 1,105.2
OPERATING (LOSS) INCOME	(6.1)	) 140.8	7.9	—	142.6
Other expense (income)					
Net securities gains	—	(32.8)	) —	—	(32.8)
Interest expense	—	86.2	—	—	86.2
Debt extinguishment costs	—	37.5	—	—	37.5
Other costs	6.5	5.1	0.3	—	11.9
Total other expenses, net	6.5	96.0	0.3	—	102.8
(Loss) income before income taxes	(12.6)	) 44.8	7.6	—	39.8
Income tax (benefit) expense	(4.4)	) (18.3)	) 3.1	—	(19.6)
(Loss) income after income taxes	(8.2)	) 63.1	4.5	—	59.4
Equity income (loss) in subsidiaries	67.6	4.5	—	(72.1)) —
NET INCOME (LOSS)	\$59.4	\$67.6	\$4.5	\$(72.1)	) \$59.4

F-57

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 FOR THE YEAR ENDED DECEMBER 31, 2011

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET INCOME (LOSS)	\$59.4	\$67.6	\$4.5	\$(72.1)	\$ 59.4
OTHER COMPREHENSIVE (LOSS) INCOME					
Net unrealized gains on available-for-sale securities:					
Net holding gains arising during the period, net of tax expense of \$0.6	0.3	0.3	—	(0.3)	0.3
Pension and postretirement benefit plans:					
Amortization of prior service credit for pension and postretirement benefit plans recorded to net income (loss), net of tax benefit of \$0.2	(0.4)	(0.4)	—	0.4	(0.4)
Amortization of net actuarial loss for pension and postretirement benefit plans recorded to net income (loss), net of tax expense of \$2.5	4.0	4.0	—	(4.0)	4.0
Valuation adjustment for pension and postretirement benefit plans, net of tax benefit of \$3.6	(5.8)	(5.8)	—	5.8	(5.8)
Unrealized foreign currency translation losses, net of tax benefit of \$2.6	(4.2)	(4.8)	(1.9)	6.7	(4.2)
Other comprehensive (loss) income	(6.1)	(6.7)	(1.9)	8.6	(6.1)
COMPREHENSIVE INCOME (LOSS)	\$53.3	\$60.9	\$2.6	\$(63.5)	\$ 53.3

F-58

Table of Contents

MONEYGRAM INTERNATIONAL, INC.
 CONDENSED, CONSOLIDATING STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2011

(Amounts in millions)	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$41.7	\$112.5	\$33.9	\$—	\$ 188.1
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from maturities of available-for-sale investments (substantially restricted)	—	56.3	—	—	56.3
Proceeds from settlement of investments (substantially restricted)	—	32.8	—	—	32.8
Purchases of interest-bearing investments (substantially restricted)	—	(494.1)	(46.2)	—	(540.3)
Proceeds from maturities of interest-bearing investments (substantially restricted)	—	400.5	22.0	—	422.5
Purchases of property and equipment, net of disposals	—	(28.2)	(16.0)	—	(44.2)
Proceeds from disposal of assets and businesses Acquisitions	—	2.7	—	—	2.7
Dividends to parent/capital contribution from subsidiary guarantors	—	—	(0.1)	—	(0.1)
Net cash provided by (used in) investing activities	241.9	(6.4)	—	(235.5)	—
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from issuance of debt	241.9	(36.4)	(40.3)	(235.5)	(70.3)
Transaction costs for issuance and amendment of debt	—	536.0	—	—	536.0
Payments on debt	—	(17.1)	—	—	(17.1)
Prepayment penalty	—	(366.6)	—	—	(366.6)
Additional consideration issued in connection with conversion of mezzanine equity	—	(23.2)	—	—	(23.2)
Transaction costs for the conversion and issuance of stock	(218.3)	—	—	—	(218.3)
Cash dividends paid on mezzanine equity	(5.4)	—	—	—	(5.4)
Transaction costs for secondary offering	(20.5)	—	—	—	(20.5)
Proceeds from exercise of stock options	—	(3.4)	—	—	(3.4)
Intercompany financings	0.7	—	—	—	0.7
Dividend to parent/capital contribution to non-guarantors	(40.1)	40.1	—	—	—
Net cash (used in) provided by financing activities	—	(241.9)	6.4	235.5	—
NET CHANGE IN CASH AND CASH EQUIVALENTS	(283.6)	(76.1)	6.4	235.5	(117.8)
CASH AND CASH EQUIVALENTS—Beginning of period	—	—	—	—	—
CASH AND CASH EQUIVALENTS—End of period	\$—	\$—	\$—	\$—	\$—