

# MONEYGRAM INTERNATIONAL INC

## **FORM 10-K** (Annual Report)

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

**Form 10-K**

(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, 2016.**
- Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

Commission File Number: 001-31950

**MONEYGRAM INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(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)

**75201**  
(Zip Code)

**Registrant's telephone number, including area code  
(214) 999-7552**

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
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, 2016, the last business day of the registrant's most recently completed second fiscal quarter, was \$258.6 million

53,899,897 shares of common stock were outstanding as of March 15, 2017.

**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 2017 Annual Meeting of Stockholders.

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## PART I

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### Item 1. BUSINESS

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#### Overview

MoneyGram International, Inc. (together with our subsidiaries, “MoneyGram,” the “Company,” “we,” “us” and “our”) is a global provider of innovative money transfer services and is recognized worldwide as a financial connection to friends and family. Whether online, through a mobile device, at a kiosk or in a local store, we connect consumers in any way that is convenient for them. We also provide bill payment services, issue money orders and process official checks in select markets. Our primary customers are persons who may not be fully served by other financial institutions, which we refer to as unbanked or underbanked consumers. Unbanked consumers do not have a relationship with a traditional financial institution. Underbanked consumers are not fully served by traditional financial institutions. The World Bank, a key source of industry analysis for cross-border remittance data, estimates that 2 billion adults are unbanked, based on 2014 global data. As an alternative financial services provider, we provide these consumers with essential services to help them meet the financial demands of their daily lives. Many of our customers utilize traditional banking services but prefer to use our services based on convenience, quality of our service, trust of our brand, cost or to make urgent payments or transfers.

Our offerings include money transfers, bill payment services, money order services and official check processing. Our money transfer services are our primary revenue driver. Money transfers are movements of funds between consumers from the origination or “send” location and the designated “receive” location. MoneyGram earns revenue from the fees paid by the consumers sending the funds and from the management of currency exchange spreads on money transfer transactions involving different “send” and “receive” currencies. We share a significant portion of that fee with both the sending and receiving agents. We also earn bill payment services revenues primarily from transaction fees charged to consumers for each transaction completed. Additionally, we earn revenue from the sale of our money order and official check products and generate revenue from the investment of funds underlying these products.

Our money transfer services enable our consumers to send and receive funds around the world through our extensive global network of locations, which are primarily operated by third-party businesses (“agents”), but also include Company-operated retail locations. Operating in more than 200 countries and territories, we have nearly doubled our network since 2009 to approximately 350,000 locations. We also offer Digital solutions such as moneygram.com, mobile solutions, account deposit and kiosk-based services. We have one primary customer care center in Warsaw, Poland, with regional support centers providing ancillary services and additional call center services in various countries. We provide call center services 24 hours per day, 365 days per year and provide customer service in 27 languages.

The MoneyGram<sup>®</sup> brand is recognized throughout the world. We use various trademarks and service marks in our business, including, but not limited to, MoneyGram, the Globe design logo, MoneyGram Bringing You Closer, MoneyGram MyWay, MoneyGram MobilePass, MoneyGram Kameleon, ExpressPayment, Send It. Pay It. Load It., Moneygrado, FormFree, AgentWorks, Agent-Connect, Delta, DeltaWorks, PowerTransact and PrimeLink, some of which are registered in the United States and other countries. This document also contains trademarks and service marks of other businesses that are the property of their respective holders and are used herein solely for identification purposes. We have omitted the<sup>®</sup> and<sup>™</sup> designations, as applicable, for the trademarks we reference.

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

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

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

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

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

## History and Development

We conduct our business primarily through our wholly-owned subsidiary, MoneyGram Payment Systems, Inc. ("MPSI"), under the MoneyGram brand. The Company was incorporated in Delaware on December 18, 2003 in connection with the June 30, 2004 spin-off from our former parent company, Viad Corporation. Through the Company's predecessors, we have been in operation for over 70 years.

*The 2008 and 2011 Recapitalizations and 2011 Stock Split* — In March 2008, we completed a recapitalization pursuant to which we received an infusion of \$1.5 billion of gross equity and debt capital, referred to herein as the 2008 Recapitalization. The equity component consisted of the sale to affiliates of Thomas H. Lee Partners, L.P. ("THL") and affiliates of Goldman, Sachs & Co. ("Goldman Sachs") (collectively with THL, the "Investors") in a private placement of Series B Participating Convertible Preferred Stock of the Company (the "B Stock") and Series B-1 Participating Convertible Preferred Stock of the Company (the "B-1 Stock" and, collectively with the B Stock, the "Series B Stock") for an aggregate purchase price of \$760.0 million. We also paid Goldman Sachs an investment banking advisory fee equal to \$7.5 million in the form of additional shares of the B-1 Stock.

In May 2011, we completed a second recapitalization, referred to herein as the 2011 Recapitalization. Pursuant to the 2011 Recapitalization, (i) THL, as the holder of all of the B Stock, converted all of the shares of B Stock into shares of our common stock in accordance with the Certificate of Designations, Preferences and Rights of Series B Participating Convertible Preferred Stock of MoneyGram International, Inc., (ii) Goldman Sachs, as the holder of all of the B-1 Stock, converted all of the shares of B-1 Stock into shares of Series D Participating Convertible Preferred Stock of the Company (the "D Stock") in accordance with the Certificate of Designations, Preferences and Rights of Series B-1 Participating Convertible Preferred Stock of MoneyGram International, Inc., and (iii) THL received approximately 3.5 million additional shares of our 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.

On November 14, 2011, we filed a certificate of amendment to our Amended and Restated Certificate of Incorporation to effect a reverse stock split of our common stock at a reverse stock split ratio of 1-for-8 and to decrease the number of authorized shares of common stock from 1.3 billion to 162.5 million shares. 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.

*Merger Agreement* — On January 26, 2017, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") among the Company, Alipay (UK) Limited, a United Kingdom limited company ("Parent"), Matrix Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub") and, solely for purposes of certain specified provisions in the Merger Agreement, Alipay (Hong Kong) Holding Limited, a Hong Kong limited company. The Merger Agreement provides that, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company (the "Merger"), with stockholders of MoneyGram receiving \$13.25 per share in cash. Following the Merger, the Company will be a wholly owned subsidiary of Parent. The Merger Agreement contains certain termination rights for the parties, including the right of either party, subject to specified limitations, to terminate the Merger Agreement if the Merger is not consummated by January 26, 2018 (the "end date"); provided, that either Parent or the Company may extend the end date until April 19, 2018, if necessary to obtain required approvals with respect to money transmitter licenses, if, at the end date, all of the other conditions to closing are satisfied. The terms of the Merger Agreement did not impact the Company's consolidated financial statements as of and for the year ended December 31, 2016.

## Our Segments

We manage our business primarily through two reporting segments: Global Funds Transfer and Financial Paper Products. The following table presents the components of our consolidated revenue associated with our reporting segments for the years ended December 31 :

	2016	2015	2014
Global Funds Transfer			
Money transfer	89%	89%	88%
Bill payment	6%	7%	7%
Financial Paper Products			
Money order	3%	3%	3%
Official check	2%	1%	2%
Total revenue	100%	100%	100%

See Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 15 — Segment Information of the Notes to the Consolidated Financial Statements for additional financial information about our segments and geographic areas.

During 2016 , 2015 and 2014 , our 10 largest agents accounted for 36% , 37% and 40% , respectively, of total revenue and 37% , 39% and 41% , respectively, of Global Funds Transfer segment revenue. Wal-Mart Stores, Inc. (“Walmart”) is our only agent that accounts for more than 10% of our total revenue. In 2016 , 2015 and 2014 , Walmart accounted for 18% , 19% and 22% , respectively, of total revenue. Walmart accounted for 19% of Global Funds Transfer revenue in 2016 and 2015 and 23% of Global Funds Transfer segment revenue in 2014 .

### **Global Funds Transfer Segment**

The Global Funds Transfer segment is our primary revenue driver, providing money transfer services and bill payment services primarily to unbanked and underbanked consumers. We utilize a variety of proprietary point-of-sale platforms, including AgentConnect, which is integrated into an agent’s point-of-sale system, DeltaWorks and Delta T3, which are separate software and stand-alone device platforms, and moneygram.com.

We continue to focus on the growth of our Global Funds Transfer segment outside of the U.S. During 2016 , 2015 and 2014 , sends originated outside of the U.S. generated 47% , 46% and 44% , respectively, of our total Company revenue, and 49% , 48% and 46% , respectively, of our total Global Funds Transfer segment revenue. In 2016 , our Global Funds Transfer segment had total revenue of \$1.6 billion .

*Money Transfer* — We earn our money transfer revenues primarily from consumer transaction fees and the management of currency exchange spreads on money transfer transactions involving different “send” and “receive” currencies. We have corridor pricing capabilities that provide us flexibility when establishing consumer fees and foreign exchange rates for our money transfer services, which allow us to remain competitive in all locations. In a cash-to-cash money transfer transaction, both the agent initiating the transaction and the receiving agent earn a commission that is generally a fixed fee or is based on a percentage of the fee charged to the consumer. When a money transfer transaction is initiated at a MoneyGram-owned store, staging kiosk or via our online platform, typically only the receiving agent earns a commission.

In certain countries, we have multi-currency technology that allows consumers to choose a currency when initiating or receiving a money transfer. The currency choice typically consists of local currency, U.S. dollars and/or euros. These capabilities allow consumers to know the amount that will be received in the selected currency.

The majority of our remittances constitute transactions in which cash is collected by one of our agents and funds are available for pick-up at another agent location. Typically, the designated recipient may receive the transferred funds within 10 minutes at any MoneyGram agent location. In select countries, the designated recipient may also receive the transferred funds via a deposit to the recipient’s bank account, mobile phone account or prepaid card. Through our online product offerings, consumers can remit funds from a bank account, credit card or debit card.

We offer a variety of services to provide the best consumer experience possible at our agent locations. We offer transaction-staging kiosks at select agent locations around the world. Through our FormFree service, consumers are directed via phone to one of our customer care centers where a representative collects transaction information and enters it directly into our central data processing system. Our MoneyGram MobilePass product allows customers to stage a transaction on a mobile device or online and pay for the transaction at one of MoneyGram’s thousands of locations across the U.S.

We offer our money transfer services on the internet via our moneygram.com service in the U.S., United Kingdom and Germany and through affiliate websites. Through moneygram.com, consumers have the ability to send money from the convenience of their home or internet-enabled mobile device to any of our agent locations worldwide or to a recipient’s bank account through a debit or credit card or, in certain cases, funding with a U.S. checking account. Money transfer transactions through moneygram.com grew 12% and revenue grew 19% in 2016 over the prior year.

We also offer our money transfer services via virtual agents allowing our consumers to send international transfers conveniently from a website or their mobile phone in over 15 countries. We continue to expand our money transfer services to consumers through the addition of transaction-staging kiosks, ATMs, prepaid cards and direct-to-bank account products in various markets around the world.

As of December 31, 2016 , our money transfer agent network had approximately 350,000 locations. Our agent network includes agents such as international post offices, formal and alternative financial institutions as well as large and small retailers. Additionally, we have Company-operated retail locations in the U.S. and Western Europe. Some of our agents outside the U.S. manage sub-agents. We refer to these agents as super-agents. Although these sub-agents are under contract with these super-agents, the sub-agent locations typically have access to similar technology and services as our other agent locations. Many of our agents have multiple locations, a large number of which operate in locations that are open outside of traditional banking hours, including nights and weekends. Our agents know the markets they serve and they work with our sales and marketing teams to develop business plans for their markets. This may include contributing financial resources to, or otherwise supporting, our efforts to market MoneyGram’s services.

*Bill Payment Services* — We earn our bill payment revenues primarily from fees charged to consumers for each transaction completed. Our primary bill payment service offering is our ExpressPayment service, which we offer at substantially all of our money transfer agent and Company-operated locations in the U.S., Canada and Puerto Rico, at certain agent locations in select Caribbean and European countries and through our Digital solutions.

Through our bill payment services, consumers can complete urgent bill payments, pay routine bills, or load and reload prepaid debit cards with cash at an agent location, company-operated locations or through moneygram.com with a credit or debit card. We offer consumers same-day and two or three day payment service options; the service option is dependent upon our agreement with the biller. We offer payment options to over 13,000 billers in key industries, including the ability to allow the consumer to load or reload funds to nearly 400 prepaid debit card programs. These industries include the credit card, mortgage, auto finance, telecommunications, corrections, health care, utilities, property management, prepaid card and collections industries.

*Marketing* — We have global marketing and product management teams located in multiple geographical regions. We employ a strategy of developing products and marketing campaigns that are global, yet can be tailored to address our consumer base and local needs. A key component of our marketing efforts is our global branding. We use a marketing mix to support our brand, which includes traditional, digital and social media, point-of-sale materials, signage at our agent locations, targeted marketing campaigns, seasonal campaigns and sponsorships.

*Sales* — Our sales teams are organized by geographic area, product and delivery channel. We have dedicated teams that focus on developing our agent and biller networks to enhance the reach of our money transfer and bill payment products. Our agent requirements vary depending upon the type of outlet, location and compliance and regulatory requirements. Our sales teams and strategic partnership teams continue to improve our agent relationships and overall network strength with a goal of providing the optimal agent and consumer experience.

*Competition* — The market for money transfer and bill payment services continues to be very competitive and the World Bank estimates that in 2017 cross-border remittances will be over \$600 billion. We generally compete for money transfer agents on the basis of value, service, quality, technical and operational differences, price, commission and marketing efforts. We compete for money transfer consumers on the basis of trust, convenience, availability of outlets, price, technology and brand recognition.

Our competitors include a small number of large money transfer and bill payment providers, financial institutions, banks and a large number of small niche money transfer service providers that serve select regions. Our largest competitor in the money transfer industry is The Western Union Company ("Western Union"), which also competes with our bill payment services and money order businesses. In 2014, Walmart launched a white label money transfer service, a program operated by a competitor of MoneyGram that allows consumers to transfer money between Walmart U.S. store locations. In October 2016, Walmart announced the expansion of the white label money transfer service product, which is discussed in more detail in our "Management's Discussion and Analysis — Overview" section in Item 7 of this Annual Report on Form 10-K. We will encounter increasing competition as new technologies emerge that allow consumers to send and receive money through a variety of channels, but we continue to be an innovator in the industry by diversifying our core money transfer business through new channels, such as online, mobile solutions, kiosk and other digital offerings.

*Seasonality* — A larger share of our annual money transfer revenues traditionally occurs in the third and fourth quarters as a result of major global holidays falling during or around this period.

#### **Financial Paper Products Segment**

Our Financial Paper Products segment provides money orders to consumers through our agents and financial institutions located throughout the U.S. and Puerto Rico and provides official check outsourcing services for financial institutions across the U.S.

In 2016, our Financial Paper Products segment generated revenues of \$75.6 million from fee and other revenue and investment revenue. We earn revenue from the investment of funds underlying outstanding official checks and money orders. We refer to our cash and cash equivalents, settlement cash and cash equivalents, interest-bearing investments and available-for-sale investments collectively as our "investment portfolio." Our investment portfolio primarily consists of low risk, highly liquid, short-term U.S. government securities and bank deposits that produce a low rate of return.

*Money Orders* — Consumers use our money orders to make payments in lieu of cash or personal checks. We generate revenue from money orders by charging per item and other fees, as well as from the investment of funds underlying outstanding money orders, which generally remain outstanding for approximately five days. We sell money orders under the MoneyGram brand and on a private label or co-branded basis with certain agents and financial institutions in the U.S. As of December 31, 2016, we issued money orders through our network of approximately 44,000 agents and financial institution locations in the U.S. and Puerto Rico.



*Official Check Outsourcing Services* — Official checks are used by consumers where a payee requires a check drawn on a bank. Financial institutions also use official checks to pay their own obligations. Similar to money orders, we generate revenue from our official check outsourcing services through U.S. banks and credit unions by charging per item and other fees, as well as from the investment of funds underlying outstanding official checks, which generally remain outstanding for approximately four days. As of December 31, 2016, we provided official check outsourcing services through approximately 850 financial institutions at approximately 5,700 branch bank locations.

*Marketing* — We employ a wide range of marketing methods. We use a marketing mix to support our brand, which includes traditional, digital and social media, point of sale materials, signage at our agent locations and targeted marketing campaigns. Official checks are financial institution branded, and therefore, all marketing to this segment is business to business.

*Sales* — Our sales teams are organized by product and delivery channel. We have dedicated teams that focus on developing our agent and financial institution networks to enhance the reach of our official check and money order products. Our agent and financial institution requirements vary depending upon the type of outlet or location, and our sales teams continue to improve and strengthen these relationships with a goal of providing the optimal consumer experience with our agents and financial institutions.

*Competition* — Our money order competitors include a small number of large money order providers and a large number of small regional and niche money order providers. Our largest competitors in the money order industry are Western Union and the U.S. Postal Service. We generally compete for money order agents on the basis of value, service, quality, technical and operational differences, price, commission and marketing efforts. We compete for money order consumers on the basis of trust, convenience, availability of outlets, price, technology and brand recognition.

Official check competitors include financial institution solution providers, such as core data processors, and corporate credit unions. We generally compete against a financial institution's desire to perform these processes in-house with support from these types of organizations. We compete for official check customers on the basis of value, service, quality, technical and operational differences, price and commission.

## **Regulation**

Compliance with laws and regulations is a highly complex and integral part of our day-to-day operations. Our operations are subject to a wide range of laws and regulations of the U.S. and other countries, including anti-money laundering laws and regulations; financial services regulations; currency control regulations; anti-bribery laws; regulations of the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"); money transfer and payment instrument licensing laws; escheatment laws; privacy, data protection and information security laws; and consumer disclosure and consumer protection laws. Regulators worldwide are exercising heightened supervision of money transfer providers and requiring increased efforts to ensure compliance. Failure to comply with any applicable laws and regulations could result in restrictions on our ability to provide our products and services, as well as the potential imposition of civil fines and possibly criminal penalties. See "*Risk Factors*" section in Item 1A for additional discussion regarding potential impacts of failure to comply. We continually monitor and enhance our global compliance programs in light of the most recent legal and regulatory changes. We also launched the compliance enhancement program in 2014 to enhance our systems and processes.

*Deferred Prosecution Agreement* — In November 2012, we announced that a settlement was reached with the U.S. Attorney's Office for the Middle District of Pennsylvania (the "MDPA") and the U.S. Department of Justice ("U.S. DOJ") relating to the previously disclosed investigation of transactions involving certain of our U.S. and Canadian agents, as well as fraud complaint data and the consumer anti-fraud program, during the period from 2003 to early 2009. In connection with this settlement, we entered into a deferred prosecution agreement (the "DPA") with the MDPA and U.S. DOJ dated November 8, 2012. Under the DPA, we agreed to a forfeiture of \$100.0 million that is available as restitution to victims of the consumer fraud scams perpetrated through MoneyGram agents. Also under the DPA, we have agreed, among other things, to retain an independent compliance monitor for a period of five years and in the first quarter of 2013, Aaron Marcu, a litigation partner with Freshfields Bruckhaus Deringer, LLP in New York and head of its global financial institutions litigation group, was selected as our independent compliance monitor. We have received four annual reports from the compliance monitor, and we continue to make investments in various areas related to our compliance systems and operations in order to comply with the requirements contained in the DPA and recommendations of the compliance monitor. If the Company is unable to meet such requirements in the allotted time period, the term of the DPA and the independent compliance monitor could be extended, which could result in additional costs. See "*Risk Factors — We face possible uncertainties relating to compliance with and the impact of the deferred prosecution agreement entered into with the U.S. federal government*" for additional information.



*Anti-Money Laundering Compliance* — Our money transfer services are subject to anti-money laundering laws and regulations of the U.S., including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, as well as state laws and regulations and the anti-money laundering laws and regulations in many of the countries in which we operate, particularly in the European Union. Countries in which we operate may require one or more of the following:

- reporting of large cash transactions and suspicious activity;
- screening of transactions against government watch-lists, including but not limited to, the watch-list maintained by OFAC;
- prohibition of transactions in, to or from certain countries, governments, individuals and entities;
- limitations on amounts that may be transferred by a consumer or from a jurisdiction at any one time or over specified periods of time, which require aggregation over multiple transactions;
- consumer information gathering and reporting requirements;
- consumer disclosure requirements, including language requirements and foreign currency restrictions;
- notification requirements as to the identity of contracting agents, governmental approval of contracting agents or requirements and limitations on contract terms with our agents;
- registration or licensing of the Company or our agents with a state or federal agency in the U.S. or with the central bank or other proper authority in a foreign country; and
- minimum capital or capital adequacy requirements.

Anti-money laundering regulations are constantly evolving and vary from country to country. We continuously monitor our compliance with anti-money laundering regulations and implement policies and procedures in light of the most current legal requirements.

We offer our money transfer services primarily through third-party agents with whom we contract and do not directly control. As a money services business, we and our agents are required to establish anti-money laundering compliance programs that include: (i) internal policies and controls; (ii) designation of a compliance officer; (iii) ongoing employee training and (iv) an independent review function. We have developed an anti-money laundering training manual available in multiple languages and a program to assist with the education of our agents on the various rules and regulations. We also offer in-person and online training as part of our agent compliance training program and engage in various agent oversight activities. We have also adopted a global compliance policy that outlines key principles of our compliance program to our agents.

In connection with regulatory requirements to assist in the prevention of money laundering, terrorist financing and other illegal activities and pursuant to legal obligations and authorizations, the Company makes information available to certain U.S. federal and state, as well as certain foreign, government agencies when required by law. In recent years, the Company has experienced an increase in data sharing requests by these agencies, particularly in connection with efforts to prevent money laundering or terrorist financing or reduce the risk of identity theft. In certain cases, the Company is also required by government agencies to deny transactions that may be related to persons suspected of money laundering, terrorist financing or other illegal activities, and as a result the Company may inadvertently deny transactions from customers who are making legal money transfers, which could lead to liability or reputational damage. Responding to these agency requests may result in increased operational costs.

*Money Transfer and Payment Instrument Licensing* — In most countries, either we or our agents are required to obtain licenses or to register with a government authority in order to offer money transfer services. Almost all states in the U.S., the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam require us to be licensed to conduct business within their jurisdictions. Our primary overseas operating subsidiary, MoneyGram International Ltd., is a licensed payment institution under the Payment Services Regulations adopted in the United Kingdom pursuant to the European Union Payment Services Directive. Upon the United Kingdom's exit from the European Union, we would be required to obtain a license in the European Union for the conduct of our business in that region. We are also subject to increasingly significant licensing or other regulatory requirements in various other jurisdictions. Licensing requirements may include minimum net worth, provision of surety bonds or letters of credit, compliance with operational procedures, agent oversight and the maintenance of reserves or "permissible investments" in an amount equivalent to outstanding payment obligations, as defined by our various regulators. The types of securities that are considered "permissible investments" vary across jurisdictions, but generally include cash and cash equivalents, U.S. government securities and other highly rated debt instruments. Many regulators require us to file reports on a quarterly or more frequent basis to verify our compliance with their requirements. Many regulators also subject us to periodic examinations and require us and our agents to comply with anti-money laundering and other laws and regulations.

*Escheatment Regulations* — Unclaimed property laws of every state in the U.S., the District of Columbia, Puerto Rico and the U.S. Virgin Islands require that we track certain information on all of our payment instruments and money transfers and, if they are unclaimed at the end of an applicable statutory abandonment period, that we remit the proceeds of the unclaimed property to the appropriate jurisdiction. Statutory abandonment periods for payment instruments and money transfers range from three to seven years. Certain foreign jurisdictions also have unclaimed property laws. These laws are evolving and are frequently unclear and inconsistent among various jurisdictions, making compliance challenging. We have an ongoing program designed to comply with escheatment laws as they apply to our business.

*Data Privacy and Cybersecurity Laws and Regulations* — We are subject to federal, state and international laws and regulations relating to the collection, use, retention, security, transfer, storage and disposal of personally identifiable information of our consumers, agents and employees. In the U.S., we are subject to various federal privacy laws, including the Gramm-Leach-Bliley Act, which requires that financial institutions provide consumers with privacy notices and have in place policies and procedures regarding the safeguarding of personal information. We are also subject to privacy and data breach laws of various states. Outside the U.S., we are subject to privacy laws of numerous countries and jurisdictions. In some cases, these laws are more restrictive than the U.S. laws and impose more stringent duties on companies or penalties for non-compliance. For example, the General Data Protection Regulation in the European Union, effective May 2018, will impose a higher standard of personal data protection with significant penalties for non-compliance for companies operating in the European Union or doing business with European Union residents. In addition, government surveillance laws and data localization laws are evolving to address increased and changing threats and risks. All of these laws are continuing to develop and may be inconsistent from jurisdiction to jurisdiction.

*Dodd-Frank Act* — The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law in 2010. The Dodd-Frank Act imposes additional regulatory requirements and creates additional regulatory oversight over us. The Dodd-Frank Act created a Bureau of Consumer Financial Protection (the "CFPB") which issues and enforces consumer protection initiatives governing financial products and services, including money transfer services, in the U.S. The CFPB's Remittance Transfer Rule became effective on October 28, 2013. Its requirements include: a disclosure requirement to provide consumers sending funds internationally from the U.S. enhanced pre-transaction written disclosures, an obligation to resolve certain errors, including errors that may be outside our control, and an obligation to cancel transactions that have not been completed at a customer's request. As a "larger participant" in the market for international money transfers, we are subject to direct examination and supervision by the CFPB. We have modified our systems and consumer disclosures in light of the requirements of the Remittance Transfer Rule. In addition, under the Dodd-Frank Act, it is unlawful for any provider of consumer financial products or services to engage in unfair, deceptive or abusive acts or practices. The CFPB has substantial rule making and enforcement authority to prevent unfair, deceptive or abusive acts or practices in connection with any transaction with a consumer for a financial product or service.

*Foreign Exchange Regulation* — Our money transfer services are subject to foreign currency exchange statutes of the U.S., as well as similar state laws and the laws of certain other countries in which we operate. Certain of these statutes require registration or licensure and reporting. Others may impose currency exchange restrictions with which we must comply.

*Regulation of Prepaid Cards* — We sell our MoneyGram-branded prepaid card in the U.S., in addition to loading prepaid cards of other card issuers through our ExpressPayment offering. Our prepaid cards and related loading services may be subject to federal and state laws and regulations, including laws related to consumer protection, licensing, unclaimed property, anti-money laundering and the payment of wages. Certain of these federal and state statutes prohibit or limit fees and expiration dates on and/or require specific consumer disclosures related to certain categories of prepaid cards. We continually monitor our prepaid cards and related loading services in light of developments in such statutes and regulations.

*Anti-Bribery Regulation* — We are subject to regulations imposed by the Foreign Corrupt Practices Act (the "FCPA") in the U.S., the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions. We are subject to recordkeeping and other requirements imposed upon companies related to compliance with these laws. We maintain a compliance program designed to comply with applicable anti-bribery laws and regulations.

### **Clearing and Cash Management Bank Relationships**

Our business involves the transfer of money on a global basis on behalf of our consumers, our agents and ourselves. We buy and sell a number of global currencies and maintain a network of settlement accounts to facilitate the funding of money transfers and foreign exchange trades to ensure that funds are received on a timely basis. Our relationships with the clearing, trading and cash management banks are critical to an efficient and reliable global funding network.

In the U.S., we have agreements with six active clearing banks that provide clearing and processing functions for official checks, money orders and other draft instruments. We employ four banks to clear our official checks and three banks to clear our retail money orders. We believe that this network of banks provides sufficient capacity to handle the current and projected volumes of items for these services.

We maintain significant relationships with major international banks which provide the capability to transfer money electronically as well as through domestic and international wire transfer networks. There are a limited number of banks that have the capabilities that are broad enough in scope to handle our volume and complexity. Consequently, we employ banks whose market is not limited to their own country or region, and have extensive systems capabilities and branch networks that can support settlement needs that are often unique to different countries around the world. In 2013, we activated our participation in the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") network for international wire transfers, which improves access to all banks in the world while lowering the cost of these funds transfers.

### **Intellectual Property**

The MoneyGram brand is important to our business. We have registered our MoneyGram trademark in the U.S. and in a majority of the other countries in which we do business. We maintain a portfolio of other trademarks that are material to our Company, which were previously discussed in the "Overview" section. In addition, we maintain a portfolio of MoneyGram branded and related domain names.

We rely on a combination of patent, trademark and copyright laws and trade secret protection and confidentiality or license agreements to protect our proprietary rights in products, services, expertise and information. We believe the intellectual property rights in processing equipment, computer systems, software and business processes held by us and our subsidiaries provide us with a competitive advantage. We take appropriate measures to protect our intellectual property to the extent such intellectual property can be protected.

We own various patents related to our money order and money transfer technologies which have given us competitive advantages in the marketplace. We also have patent applications pending in the U.S. that relate to our money transfer, money order and bill payment technologies and business methods. We anticipate that these applications, if granted, could give us continued competitive advantages in the marketplace.

### **Employees**

As of December 31, 2016, we had 1,226 full-time employees in the U.S. and 1,690 full-time employees outside of the U.S. In addition, we engage independent contractors to support various aspects of our business. None of our employees in the U.S. are represented by a labor union.

### **Executive Officers of the Registrant**

*W. Alexander Holmes*, age 42, has served as Chief Executive Officer since January 1, 2016. Prior to that, Mr. Holmes served as Executive Vice President, Chief Financial Officer and Chief Operating Officer of the Company since February 2014 and Executive Vice President and Chief Financial Officer since March 2012. He joined the Company in 2009 as Senior Vice President for Corporate Strategy and Investor Relations. From 2003 to 2009, Mr. Holmes served in a variety of positions at First Data Corporation, including chief of staff to the Chief Executive Officer, Director of Investor Relations and Senior Vice President of Global Sourcing & Strategic Initiatives. From 2002 to 2003, he managed Western Union's Benelux region from its offices in Amsterdam. Mr. Holmes is also a member of our Board of Directors.

*Pamela H. Patsley*, age 60, has been Executive Chairman of the Company since January 1, 2016. Prior to that, Ms. Patsley served as Chairman and Chief Executive Officer of the Company since September 2009. From January to September 2009, she served as Executive Chairman of the Company. Prior to that, Ms. Patsley served as Senior Executive Vice President of First Data Corporation, a global payment processing company, from March 2000 to October 2007, and President of First Data International from May 2002 to October 2007. From 1991 to 2000, Ms. Patsley served as President and Chief Executive Officer of Paymentech, Inc., prior to its acquisition by First Data Corporation. Ms. Patsley also served as Chief Financial Officer of First USA, Inc. She currently serves as a director of Texas Instruments, Inc., a semiconductor design and manufacturing company; Hilton Grand Vacations Inc., a timeshare and resorts management company; and Dr. Pepper Snapple Group, Inc., a beverage company.

*Lawrence Angelilli*, age 61, has served as Chief Financial Officer, since January 1, 2016. Prior to that, Mr. Angelilli served as Senior Vice President, Corporate Finance and Treasurer since 2014. He joined the Company in August 2011 as Senior Vice President and Treasurer. From 2009 to 2010, Mr. Angelilli served as Director of Underwriting at Hudson Advisors, a global asset management company affiliated with Lone Star Funds, a global private equity fund. From 1998 to 2009, he was Senior Vice President of Finance at Centex Corporation, a publicly traded homebuilder and mortgage originator.

*Juan Agualimpia*, age 54, has served as Chief Marketing Officer and Walmart Senior Leader since February 2015. Mr. Agualimpia previously served as Executive Vice President and Chief Marketing Officer from February 2011 to February 2015. Prior to that, Mr. Agualimpia served as Senior Vice President and Chief Marketing Officer from March 2010 to February 2011. From March 2009 to March 2010, Mr. Agualimpia engaged in marketing project consulting. From 2005 to March 2009, Mr. Agualimpia served as Vice President and General Manager for the Art & Coloring Global Business Unit of Newell Rubbermaid. Mr. Agualimpia has 20 years of leadership experience in marketing, brand management, customer relationship management and product development.

*Kamila K. Chytil*, age 37, has served as Chief Global Operations Officer since May 2016. Ms. Chytil joined the Company in May 2015 as Senior Vice President of key partnerships and payments. From 2011 to May 2015, Ms. Chytil was Senior Vice President and General Manager of retail payments at Fidelity National Information Services, Inc., a global provider of financial technology solutions, where she was responsible for e-commerce, check cashing and retail payments. From 2004 to 2011, Ms. Chytil held various other management roles at Fidelity National Information Services, overseeing analytics, risk management, and operations.

*Laura Gardiner*, age 49, has been Chief Human Resources since February 2017. She joined the Company in April of 2012 as a Senior Director of Human Resources and from 2014 to January 2017 served as Vice President of Human Resources. From 2010 to 2012, Ms. Gardiner served as Director of Human Resources with Western Union, a global financial services company. From 2008 to 2009, Ms. Gardiner served as Vice President of Human Resources with Pronerve LLC, a neurophysiologic monitoring service company. Ms. Gardiner has over 20 years of experience in human resources and business roles in a variety of industries.

*Francis Aaron Henry*, age 51, has served as General Counsel and Corporate Secretary since August 2012 and previously served as interim General Counsel from July 2012 to August 2012. He joined the Company in January 2011 as Senior Vice President, Assistant General Counsel, Global Regulatory and Privacy Officer. From 2008 to 2011, Mr. Henry was Assistant General Counsel at Western Union and from 2004 to 2008, he was Senior Counsel at Western Union.

*Grant A. Lines*, age 52, has served as Chief Revenue Officer, Africa, Middle East, Asia Pacific, Russia and CIS since February 2015. Mr. Lines previously served the Company as Executive Vice President, Asia-Pacific, South Asia and Middle East from February 2014 to February 2015. Prior to that, Mr. Lines served the Company as Senior Vice President, Asia-Pacific, South Asia and Middle East from February 2013 to February 2014. Prior to that, Mr. Lines served as General Manager of Black Label Solutions, a leading developer and supplier of computerized retail point of sale systems, from May 2011 to December 2012. He served as Managing Director of First Data Corporation's ANZ business, a global payment processing company, from September 2008 to February 2011. Mr. Lines served as Senior Vice President of First Data's Strategic Business Development and General Manager ASEAN establishing Asian operations in Singapore from June 2004 to August 2008 and Senior Vice President with sales and marketing responsibilities in Australia and New Zealand from October 2000 to May 2004.

*Wayne F. McGurk*, age 55, has served as Chief Information Officer since January 1, 2016. Prior to that, he served as Senior Vice President of Information Technology since July 2014 and Vice President, Program Management Office from March 2014 to July 2014. He joined the Company in July 2013 as Program Manager of the Compliance Enhancement Program. From 2004 to July 2013, Mr. McGurk served as a Vice President of First Data Corporation, a global payment processing company, where he led the global demand management team. Prior to his tenure at First Data Corporation, McGurk had nearly 14 years of management experience with retail, software and IT strategy consulting companies. McGurk began his career as a Lieutenant in the U.S. Army.

*Peter E. Ohser*, age 49, has been Chief Revenue Officer, Americas and Europe since February 2015. Mr. Ohser previously served as Executive Vice President, U.S. and Canada from February 2014 to February 2015. Prior to that, Mr. Ohser served as Senior Vice President, U.S. and Canada from February 2013 to February 2014. From June 2010 to January 2013, he served as Vice President, Independent Retail Channels & Outbound Corridors, and from December 2007 to May 2010, he served as Director of Strategic Planning. He served as Director of Business Process and Organizational Readiness from 2006 to 2007, Senior Manager Global Risk from 2004 to 2006, Manager, Global Risk from 2003 to 2004 and Supervisor, Risk from 2002 to 2003. Mr. Ohser joined the Company in January 2001 as a Senior Risk Analyst. Prior to that, Mr. Ohser served in various finance roles in the mortgage and consumer finance industries.

*Andres Villareal*, age 52, has been Chief Compliance Officer since March 2016. He joined the Company in April 2015 as Senior Vice President and Deputy Chief Compliance Officer. From 2004 to April 2015, Mr. Villareal held various positions at Citigroup, a leading global bank, including Global Head of Compliance for Citi Commercial Bank and Chief Compliance Officer for Citi Assurance Services, a captive insurance company. Mr. Villareal has over 26 years of experience in various compliance, legal and business roles in a variety of industries, including financial services, banking and insurance.

*John D. Stoneham*, age 38, has been Corporate Controller and Principal Accounting Officer since October 2015. Mr. Stoneham previously served as Vice President and Interim Controller since August 2015. From December 2012 to July 2015, Mr. Stoneham served in various accounting roles at the Company. Prior to December 2012, Mr. Stoneham was the Corporate Controller for Cinsay, Inc., a software provider. From January 2011 to December 2011, he was the SEC Reporting Manager at Archipelago Learning, a software-as-a-service provider of education products. Mr. Stoneham is a Certified Public Accountant and began his career at KPMG LLP, an accounting and financial advisory services firm.

## Available Information

Our website address is [corporate.moneygram.com](http://corporate.moneygram.com). The information on our website is not part of this Annual Report on Form 10-K. We make our reports on Forms 10-K, 10-Q and 8-K, Section 16 reports on Forms 3, 4 and 5, and all amendments to those reports, available electronically free of charge in the Investor Relations section of our website ([ir.moneygram.com](http://ir.moneygram.com)) as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission (the "SEC"). Any materials filed with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE., Washington DC 20549. Information on the operation of the Public Reference Room can be found by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, which may be found at [www.sec.gov](http://www.sec.gov).

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## Item 1A. RISK FACTORS

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Various risks and uncertainties could affect our business. Any of the risks described below or elsewhere in this Annual Report on Form 10-K or our other filings with the SEC could have a material impact on our business, prospects, financial condition or results of operations.

### RISK FACTORS

#### Risks Related to Our Business and Industry

*We face intense competition, and if we are unable to continue to compete effectively, our business, financial condition and results of operations could be adversely affected.*

The markets in which we compete are highly competitive, and we face a variety of competitors across our businesses, some of which have larger and more established customer bases and substantially greater financial, marketing and other resources than we have. Money transfer, bill payment and money order services compete in a concentrated industry, with a small number of large competitors and a large number of small, niche competitors. Our money transfer products compete with a variety of financial and non-financial companies, including banks, card associations, web-based services, payment processors, informal remittance systems, consumer money transfer companies and others. The services are differentiated by features and functionalities, including brand recognition, customer service, reliability, distribution network and options, price, speed and convenience. Distribution channels such as online, account based and mobile solutions continue to evolve and impact the competitive environment for money transfers. The electronic bill payment services within our Global Funds Transfer segment compete in a highly fragmented consumer-to-business payment industry. Our official check business competes primarily with financial institutions that have developed internal processing capabilities or services similar to ours and do not outsource official check services. Financial institutions could also offer competing official check outsourcing services to our existing and prospective official check customers.

Our future growth depends on our ability to compete effectively in money transfers, bill payment, money order and official check services. For example, if our products and services do not offer competitive features and functionalities, we may lose customers to our competitors, which could adversely affect our business and financial results. In addition, if we fail to price our services appropriately relative to our competitors, consumers may not use our services, which could adversely affect our business and financial results. For example, transaction volume where we face intense competition could be adversely affected by increasing pricing pressures between our money transfer services and those of some of our competitors, which could reduce margins and adversely affect our financial results. We have historically implemented and will likely continue to implement price adjustments from time to time in response to competition and other factors. If we reduce prices in order to more effectively compete, such reductions could adversely affect our financial results in the short term and may also adversely affect our financial results in the long term if transaction volumes do not increase sufficiently.

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

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

A substantial portion of our agent network locations, transaction volume and revenue is attributable to or generated by a limited number of key agents. During 2016 and 2015, our ten largest agents accounted for 36% and 37%, respectively, of our total revenue. Our largest agent, Walmart, accounted for 18% and 19% of our total revenue in 2016 and 2015. The current term of our contract with Walmart expires on February 1, 2019. If our contracts with our key agents, including Walmart, are not renewed or are terminated, or are renewed but on less favorable terms, or if such agents generate fewer transactions or reduce their locations, our business, financial condition and results of operations could be adversely affected. In addition, the introduction of competitive products by Walmart or our other key agents, including competing white label products, could reduce our business with those key agents and intensify industry competition, which could adversely affect our business, financial condition and results of operations.

***Consumer fraud could adversely affect our business, financial condition and results of operations.***

Criminals are using increasingly sophisticated methods to engage in illegal activities such as identity theft, fraud and paper instrument counterfeiting. As we make more of our services available over the internet and other digital media, we subject ourselves to new types of consumer fraud risk because requirements relating to consumer authentication are more complex with internet services. Certain former agents have also engaged in fraud against consumers, and existing agents could engage in fraud against consumers. We use a variety of tools to protect against fraud; however, these tools may not always be successful. Allegations of fraud may result in fines, settlements, litigation expenses and reputational damage.

The industry is under increasing scrutiny from federal, state and local regulators in connection with the potential for consumer fraud. If consumer fraud levels involving our services were to rise, it could lead to regulatory intervention and reputational and financial damage. This, in turn, could lead to government enforcement actions and investigations, reduce the use and acceptance of our services or increase our compliance costs and thereby have a material adverse impact on our business, financial condition and results of operations.

***MoneyGram and our agents are subject to numerous U.S. and international laws and regulations. Failure to comply with these laws and regulations could result in material settlements, fines or penalties, and changes in these laws or regulations could result in increased operating costs or reduced demand for our products or services, all of which may adversely affect our business, financial condition and results of operations.***

We operate in a highly regulated environment, and our business is subject to a wide range of laws and regulations that vary from jurisdiction to jurisdiction. We are also subject to oversight by various governmental agencies, both in the U.S. and abroad. In light of the current conditions in the global financial markets and economy, lawmakers and regulators in the U.S. in particular have increased their focus on the regulation of the financial services industry. New or modified regulations and increased oversight may have unforeseen or unintended adverse effects on the financial services industry, which could affect our business and operations.

The money transfer business is subject to a variety of regulations aimed at preventing money laundering and terrorism. We are subject to U.S. federal anti-money laundering laws, including the Bank Secrecy Act and the requirements of OFAC, which prohibit us from transmitting money to specified countries or to or from prohibited individuals. Additionally, we are subject to anti-money laundering laws in many other countries in which we operate, particularly in the European Union. We are also subject to financial services regulations, money transfer and payment instrument licensing regulations, consumer protection laws, currency control regulations, escheat laws, privacy and data protection laws and anti-bribery laws. Many of these laws are constantly evolving, unclear and inconsistent across various jurisdictions, making compliance challenging. Subsequent legislation, regulation, litigation, court rulings or other events could expose us to increased program costs, liability and reputational damage.



We are considered a Money Services Business in the U.S. under the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001. As such, we are subject to reporting, recordkeeping and anti-money laundering provisions in the U.S. as well as many other jurisdictions. During 2016, there were significant regulatory reviews and actions taken by U.S. and other regulators and law enforcement agencies against banks, Money Services Businesses and other financial institutions related to money laundering, and the trend appears to be greater scrutiny by regulators of potential money laundering activity through financial institutions. We are also subject to regulatory oversight and enforcement by The U.S. Department of the Treasury Financial Crimes Enforcement Network ("FinCEN"). Any determination that we have violated the anti-money-laundering laws could have an adverse effect on our business, financial condition and results of operations.

The Dodd-Frank Act increases the regulation and oversight of the financial services industry. The Dodd-Frank Act addresses, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, thrift charters and changes among the bank regulatory agencies. The Dodd-Frank Act requires enforcement by various governmental agencies, including the CFPB. Money transmitters such as the Company are subject to direct supervision by the CFPB and are required to provide additional consumer information and disclosures, adopt error resolution standards and adjust refund procedures for international transactions originating in the U.S. in a manner consistent with the Remittance Transfer Rule (a rule issued by the CFPB pursuant to the Dodd-Frank Act). In addition, the CFPB may adopt other regulations governing consumer financial services, including regulations defining unfair, deceptive, or abusive acts or practices, and new model disclosures. We could be subject to fines or other penalties if we are found to have violated the Dodd-Frank Act's prohibition against unfair, deceptive or abusive acts or practices. The CFPB's authority to change regulations adopted in the past by other regulators could increase our compliance costs and litigation exposure. Our litigation exposure may also be increased by the CFPB's authority to limit or ban pre-dispute arbitration clauses. We may also be liable for failure of our agents to comply with the Dodd-Frank Act. The legislation and implementation of regulations associated with the Dodd-Frank Act have increased our costs of compliance and required changes in the way we and our agents conduct business. In addition, we are subject to periodic examination by the CFPB. Our initial examination by the CFPB was completed in 2015. The results of this examination may require us to change the way we conduct business or increase the costs of compliance.

We are also subject to regulations imposed by the FCPA in the U.S., the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions. Because of the scope and nature of our global operations, we experience a higher risk associated with the FCPA and similar anti-bribery laws than many other companies. We are subject to recordkeeping and other requirements imposed upon companies related to compliance with these laws. In 2016, there have been significant regulatory reviews and actions taken by the United States and other regulators related to anti-bribery laws, and the trend appears to be greater scrutiny on payments to, and relationships with, foreign entities and individuals.

We are also subject to the European Union's Payment Services Directive ("PSD"), which governs the regulatory regime for payment services in the European Union, and similar regulatory or licensing requirements in other jurisdictions. The PSD and other international regulatory or licensing requirements may impose potential liability on us for the conduct of our agents and the commission of third-party fraud utilizing our services. If we fail to comply with the PSD or such other requirements, we could be subject to fines or penalties or revocation of our licenses, which could adversely impact our business, financial condition and results of operations. Additionally, the U.S. and other countries periodically consider initiatives designed to lower costs of international remittances which, if implemented, may adversely impact our business, financial condition and results of operations.

In addition, we are subject to escheatment laws in the United States and certain foreign jurisdictions in which we conduct business. These laws are evolving and are frequently unclear and inconsistent among various jurisdictions, making compliance challenging. We have an ongoing program designed to comply with escheatment laws as they apply to our business. In the United States, we are subject to the laws of various states which from time to time take inconsistent or conflicting positions regarding the requirements to escheat property to a particular state. In some instances, we escheat items to states pursuant to statutory requirements and then subsequently pay those items to consumers. For such amounts, we must file claims for reimbursement from the states. Furthermore, certain foreign jurisdictions do not have escheatment provisions which apply to our transactions. In these jurisdictions where there is not a requirement to escheat, and when, by utilizing historical data we determine that the likelihood is remote that the item will be paid out, we record a reduction to our payment service obligation and recognize an equivalent amount as a component of fee and other revenue.

Any violation by us of the laws and regulations set forth above could lead to significant fines or penalties and could limit our ability to conduct business in some jurisdictions. Our systems, employees and processes may not be sufficient to detect and prevent violations of the laws and regulations set forth above by our agents, which could also lead to us being subject to significant fines or penalties. In addition to these fines and penalties, a failure by us or our agents to comply with applicable laws and regulations also could seriously damage our reputation and result in diminished revenue and profit and increase our operating costs and could result in, among other things, revocation of required licenses or registrations, loss of approved status, termination of contracts with banks or retail representatives, administrative enforcement actions and fines, class action lawsuits, cease and desist orders and civil and criminal liability. The occurrence of one or more of these events could have a material adverse effect on our business, financial condition and results of operations.



In certain cases, regulations may provide administrative discretion regarding enforcement. As a result, regulations may be applied inconsistently across the industry, which could result in additional costs for the Company that may not be required to be incurred by some of its competitors. If the Company were required to maintain a price higher than its competitors to reflect its regulatory costs, this could harm its ability to compete effectively, which could adversely affect its business, financial condition and results of operations. In addition, changes in laws, regulations or other industry practices and standards, or interpretations of legal or regulatory requirements, may reduce the market for or value of our products or services or render our products or services less profitable or obsolete. Changes in the laws affecting the kinds of entities that are permitted to act as money transfer agents (such as changes in requirements for capitalization or ownership) could adversely affect our ability to distribute our services and the cost of providing such services. Many of our agents are in the check cashing industry. Any regulatory action that negatively impacts check cashers could also cause this portion of our agent base to decline. If onerous regulatory requirements were imposed on our agents, the requirements could lead to a loss of agents, which, in turn, could lead to a loss of retail business.

***Litigation or investigations involving us or our agents could result in material settlements, fines or penalties and may adversely affect our business, financial condition and results of operations.***

We have been, and in the future may be, subject to allegations and complaints that individuals or entities have used our money transfer services for fraud-induced money transfers, as well as certain money laundering activities, which may result in fines, penalties, judgments, settlements and litigation expenses. We also are the subject from time to time of litigation related to our business. The outcome of such allegations, complaints, claims and litigation cannot be predicted.

Regulatory and judicial proceedings and potential adverse developments in connection with ongoing litigation may adversely affect our business, financial condition and results of operations. There may also be adverse publicity associated with lawsuits and investigations that could decrease agent and consumer acceptance of our services. Additionally, our business has been in the past, and may be in the future, the subject of class action lawsuits, regulatory actions and investigations and other general litigation. The outcome of class action lawsuits, regulatory actions and investigations and other litigation is difficult to assess or quantify but may include substantial fines and expenses, as well as the revocation of required licenses or registrations or the loss of approved status, which could have a material adverse effect on our business, financial position and results of operations or consumers' confidence in our business. Plaintiffs or regulatory agencies in these lawsuits, actions or investigations may seek recovery of very large or indeterminate amounts, and the magnitude of these actions may remain unknown for substantial periods of time. The cost to defend or settle future lawsuits or investigations may be significant. In addition, improper activities, lawsuits or investigations involving our agents may adversely impact our business operations or reputation even if we are not directly involved.

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

In November 2012, we announced that we had entered into a DPA with the MDPA/U.S. DOJ relating to the period from 2003 to early 2009. Pursuant to the DPA, the MDPA/U.S. DOJ filed a two-count criminal Information in the U.S. District Court for the Middle District of Pennsylvania. The MDPA/U.S. DOJ will seek dismissal with prejudice of the Information if the Company has complied with its obligations under the DPA during the five-year term of the DPA. Under the DPA, the Company has agreed, among other things, to retain an independent compliance monitor (the “Compliance Monitor”) for a period of five years. If the Company fails to make progress towards its compliance obligations under the DPA, the Compliance Monitor could issue an unfavorable report, which could lead to heightened scrutiny by the MDPA and the U.S. DOJ. If the Company is unable to meet the requirements contained in the DPA in the allotted time period, the term of the DPA and the Compliance Monitor could be extended, which could result in additional costs. In addition, if the Company fails to comply with the DPA, the MDPA/U.S. DOJ have the right to prosecute the Company. A prosecution of the Company by the MDPA/U.S. DOJ could lead to a severe material adverse effect upon the Company’s ability to conduct its business. Furthermore, the terms of the DPA impose additional costs upon the Company related to compliance and other required terms, and such costs have been and continue to be substantial. Additional compliance obligations imposed by the DPA could also have an adverse impact on the Company’s operations. Furthermore, the DPA does not resolve all inquiries from other governmental agencies such as FinCEN, which could result in additional costs, expenses and fines.

***Current and proposed data privacy and cybersecurity laws and regulations could adversely affect our business, financial condition and results of operations.***

We are subject to requirements relating to data privacy and cybersecurity under U.S. federal, state and foreign laws. For example, the United States Federal Trade Commission routinely investigates the privacy practices of companies and has commenced enforcement actions against many, resulting in multi-million dollar settlements and multi-year agreements governing the settling companies’ privacy practices. In addition, recent changes to the data protection regime in the European Union will impose additional data protection and privacy requirements. If we are unable to meet such requirements, we may be subject to significant fines or penalties. Furthermore, certain industry groups require us to adhere to privacy requirements in addition to federal, state and foreign laws, and certain of our business relationships depend upon our compliance with these requirements. As the number of countries enacting privacy and related laws increases and the scope of these laws and enforcement efforts expands, we will increasingly become subject to new and varying requirements. Failure to comply with existing or future data privacy and cybersecurity laws, regulations and requirements, including by reason of inadvertent disclosure of personal information, could result in significant adverse consequences, including reputational harm, civil litigation, regulatory enforcement, costs of remediation, increased expenses for security systems and personnel, harm to our consumers and harm to our agents. These consequences could materially adversely affect our business, financial condition and results of operations.

In addition, in connection with regulatory requirements to assist in the prevention of money laundering and terrorist financing and pursuant to legal obligations and authorizations, the Company makes information available to certain United States federal and state, as well as certain foreign, government agencies. In recent years, the Company has experienced increasing data sharing requests by these agencies, particularly in connection with efforts to prevent terrorist financing or reduce the risk of identity theft. During the same period, there has also been increased public attention to the corporate use and disclosure of personal information, accompanied by legislation and regulations intended to strengthen data protection, information security and consumer privacy. These regulatory goals may conflict, and the law in these areas is not consistent or settled. While we believe that we are compliant with our regulatory responsibilities, the legal, political and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court rulings or other events could expose us to increased program costs, liability and reputational damage that could have a material adverse effect on our business, financial condition and results of operations.

***If we fail to successfully develop and timely introduce new and enhanced products and services or if we make substantial investments in an unsuccessful new product, service or infrastructure change, our business, financial condition and results of operations could be adversely affected.***

Our future growth will depend, in part, on our ability to continue to develop and successfully introduce new and enhanced methods of providing money transfer, bill payment, money order, official check and related services that keep pace with competitive introductions, technological changes and the demands and preferences of our agents, financial institution customers and consumers. If alternative payment mechanisms become widely substituted for our current products and services, and we do not develop and offer similar alternative payment mechanisms successfully and on a timely basis, our business, financial condition and results of operations could be adversely affected. We may make future investments or enter into strategic alliances to develop new technologies and services or to implement infrastructure changes to further our strategic objectives, strengthen our existing businesses and remain competitive. Such investments and strategic alliances, however, are inherently risky, and we cannot guarantee that such investments or strategic alliances will be successful. If such investments and strategic alliances are not successful, they could have a material adverse effect on our business, financial condition and results of operations.

***We conduct money transfer transactions through agents in some regions that are politically volatile or, in a limited number of cases, may be subject to certain OFAC restrictions.***

We conduct money transfer transactions through agents in some regions that are politically volatile or, in a limited number of cases, may be subject to certain OFAC restrictions. It is possible that our money transfer services or other products could be used in contravention of applicable law or regulations. Such circumstances could result in increased compliance costs, regulatory inquiries, suspension or revocation of required licenses or registrations, seizure or forfeiture of assets and the imposition of civil and criminal fees and penalties. In addition to monetary fines or penalties that we could incur, we could be subject to reputational harm that could have a material adverse effect on our business, financial condition and results of operations.

***Changes in tax laws and unfavorable outcomes of tax positions we take could adversely affect our tax expense and liquidity.***

Our future tax rate could be adversely affected by changes in tax laws, both domestically and internationally. From time to time, the U.S. and foreign, state and local governments consider legislation that could increase our effective tax rates. If changes to applicable tax laws are enacted, our results of operations could be negatively impacted.

We file tax returns and take positions with respect to federal, state, local and international taxation, and our tax returns and tax positions are subject to review and audit by taxing authorities. An unfavorable outcome in a tax review or audit could result in higher tax expense, including interest and penalties, which could adversely affect our results of operations and cash flows. We establish reserves for material known tax exposures; however, there can be no assurance that an actual taxation event would not exceed our reserves.

***Our substantial debt service obligations, significant debt covenant requirements and our credit rating could impair our access to capital and financial condition and adversely affect our ability to operate and grow our business.***

We have substantial interest expense on our debt, and our ratings are below “investment grade.” This requires that we access capital markets that are subject to higher volatility than those that support higher rated companies. Since a significant portion of our cash flow from operations is dedicated to debt service, a reduction in cash flow could result in an event of default, or significantly restrict our access to capital. Our ratings below investment grade also create the potential for a cost of capital that is higher than other companies with which we compete.

We are also subject to capital requirements imposed by various regulatory bodies throughout the world. We may need access to external capital to support these regulatory requirements in order to maintain our licenses and our ability to earn revenue in these jurisdictions. An interruption of our access to capital could impair our ability to conduct business if our regulatory capital falls below requirements.

***There are a number of risks associated with our international sales and operations that could adversely affect our business.***

We provide money transfer services between and among more than 200 countries and territories and continue to expand in various international markets. Our ability to grow in international markets and our future results could be adversely affected by a number of factors, including:

- changes in political and economic conditions and potential instability in certain regions, including in particular the recent civil unrest, terrorism and political turmoil in Africa, the Middle East and other regions;
- restrictions on money transfers to, from and between certain countries;
- currency controls, new currency adoptions and repatriation issues;
- changes in regulatory requirements or in foreign policy, including the adoption of domestic or foreign laws, regulations and interpretations detrimental to our business;
- possible increased costs and additional regulatory burdens imposed on our business;
- the implementation of U.S. sanctions, resulting in bank closures in certain countries and the ultimate freezing of our assets;
- burdens of complying with a wide variety of laws and regulations;
- possible fraud or theft losses, and lack of compliance by international representatives in foreign legal jurisdictions where collection and legal enforcement may be difficult or costly;
- reduced protection of our intellectual property rights;
- unfavorable tax rules or trade barriers;
- inability to secure, train or monitor international agents; and
- failure to successfully manage our exposure to foreign currency exchange rates, in particular with respect to the euro.

In particular, a portion of our revenue is generated in currencies other than the U.S. dollar. As a result, we are subject to risks associated with changes in the value of our revenues denominated in foreign currencies. Fluctuations in foreign currency exchange rates could adversely affect our financial condition. See “*Enterprise Risk Management-Foreign Currency Risk*” in Item 7A of this Annual Report on Form 10-K for more information.

***Major bank failure or sustained financial market illiquidity, or illiquidity at our clearing, cash management and custodial financial institutions, could adversely affect our business, financial condition and results of operations.***

We face certain risks in the event of a sustained deterioration of financial market liquidity, as well as in the event of sustained deterioration in the liquidity, or failure, of our clearing, cash management and custodial financial institutions. In particular:

- We may be unable to access funds in our investment portfolio, deposit accounts and clearing accounts on a timely basis to settle our payment instruments, pay money transfers and make related settlements to agents. Any resulting need to access other sources of liquidity or short-term borrowing would increase our costs. Any delay or inability to settle our payment instruments, pay money transfers or make related settlements with our agents could adversely impact our business, financial condition and results of operations.
- In the event of a major bank failure, we could face major risks to the recovery of our bank deposits used for the purpose of settling with our agents, and to the recovery of a significant portion of our investment portfolio. A substantial portion of our cash, cash equivalents and interest-bearing deposits are either held at banks that are not subject to insurance protection against loss or exceed the deposit insurance limit.
- Our Revolving Credit Facility is one source of funding for our corporate transactions and liquidity needs. If any of the banks participating in our Revolving Credit Facility were unable or unwilling to fulfill its lending commitment to us, our short-term liquidity and ability to engage in corporate transactions, such as acquisitions, could be adversely affected.
- We may be unable to borrow from financial institutions or institutional investors on favorable terms, which could adversely impact our ability to pursue our growth strategy and fund key strategic initiatives, such as product development and acquisitions.

If financial liquidity deteriorates, there can be no assurance we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

***An inability by us or our agents to maintain adequate banking relationships may adversely affect our business, financial condition and results of operations.***

We rely on domestic and international banks for international cash management, electronic funds transfer and wire transfer services to pay money transfers and settle with our agents. We also rely on domestic banks to provide clearing, processing and settlement functions for our paper-based instruments, including official checks and money orders. Our relationships with these banks are a critical component of our ability to conduct our official check, money order and money transfer businesses. An inability on our part to maintain existing or establish new banking relationships sufficient to enable us to conduct our official check, money order and money transfer businesses could adversely affect our business, financial condition and results of operations. There can be no assurance that we will be able to establish and maintain adequate banking relationships.

If we cannot maintain sufficient relationships with large international banks that provide these services, we would be required to establish a global network of local banks to provide us with these services or implement alternative cash management procedures, which may result in increased costs. Relying on local banks in each country could alter the complexity of our treasury operations, degrade the level of automation, visibility and service we currently receive from banks and affect patterns of settlement with our agents. This could result in an increase in operating costs and an increase in the amount of time it takes to concentrate agent remittances and to deliver agent payables, potentially adversely impacting our cash flow, working capital needs and exposure to local currency value fluctuations.

We and our agents are considered Money Service Businesses in the U.S. under the Bank Secrecy Act. U.S. regulators are increasingly taking the position that Money Service Businesses, as a class, are high risk businesses. In addition, the creation of anti-money laundering laws has created concern and awareness among banks of the negative implications of aiding and abetting money laundering activity. As a result, banks may choose not to provide banking services to Money Services Businesses in certain regions due to the risk of additional regulatory scrutiny and the cost of building and maintaining additional compliance functions. In addition, certain foreign banks have been forced to terminate relationships with Money Services Businesses by U.S. correspondent banks. As a result, we and certain of our agents have been denied access to retail banking services in certain markets by banks that have sought to reduce their exposure to Money Services Businesses and not as a result of any concern related to the Company’s compliance programs. If we or our agents are unable to obtain sufficient banking relationships, we or they may not be able to offer our services in a particular region, which could adversely affect our business, financial condition and results of operations.

***A breach of security in the systems on which we rely could adversely affect our business, financial condition and results of operations.***

We rely on a variety of technologies to provide security for our systems. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments, including improper acts by third parties, may result in a compromise or breach of the security measures we use to protect our systems. We obtain, transmit and store confidential consumer, employer and agent information in connection with certain of our services. These activities are subject to laws and regulations in the U.S. and other jurisdictions. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions, are designed to protect the privacy of personal information and to prevent that information from being inappropriately disclosed. Any security breaches in our computer networks, databases or facilities could lead to the inappropriate use or disclosure of personal information, which could harm our business and reputation, adversely affect consumers' confidence in our or our agents' business, cause inquiries and fines or penalties from regulatory or governmental authorities, cause a loss of consumers, subject us to lawsuits and subject us to potential financial losses. In addition, we may be required to expend significant capital and other resources to protect against these security breaches or to alleviate problems caused by these breaches. Our agents and third-party independent contractors may also experience security breaches involving the storage and transmission of our data as well as the ability to initiate unauthorized transactions. If users gain improper access to our, our agents' or our third-party independent contractors' computer networks or databases, they may be able to steal, publish, delete or modify confidential customer information or generate unauthorized money transfers. Such a breach could expose us to monetary liability, losses and legal proceedings, lead to reputational harm, cause a disruption in our operations, or make our consumers and agents less confident in our services, which could have a material adverse effect on our business, financial condition and results of operations.

***Because our business is particularly dependent on the efficient and uninterrupted operation of our information technology, computer network systems and data centers, disruptions to these systems and data centers could adversely affect our business, financial condition and results of operations.***

Our ability to provide reliable services largely depends on the efficient and uninterrupted operation of our computer network systems and data centers. Our business involves the movement of large sums of money and the management of data necessary to do so. The success of our business particularly depends upon the efficient and error-free handling of transactions and data. We rely on the ability of our employees and our internal systems and processes to process these transactions in an efficient, uninterrupted and error-free manner.

In the event of a breakdown, catastrophic event (such as fire, natural disaster, power loss, telecommunications failure or physical break-in), security breach, computer virus, improper operation, improper action by our employees, agents, consumers, financial institutions or third-party vendors or any other event impacting our systems or processes or our agents' or vendors' systems or processes, we could suffer financial loss, loss of consumers, regulatory sanctions, lawsuits and damage to our reputation or consumers' confidence in our business. The measures we have enacted, such as the implementation of disaster recovery plans and redundant computer systems, may not be successful. We may also experience problems other than system failures, including software defects, development delays and installation difficulties, which would harm our business and reputation and expose us to potential liability and increased operating expenses. In addition, any work stoppages or other labor actions by employees who support our systems or perform any of our major functions could adversely affect our business. Certain of our agent contracts, including our contract with Walmart, contain service level standards pertaining to the operation of our system, and give the agent a right to collect damages or engage other providers and, in extreme situations, a right of termination for system downtime exceeding agreed upon service levels. If we experience significant system interruptions or system failures, our business interruption insurance may not be adequate to compensate us for all losses or damages that we may incur.

In addition, our ability to continue to provide our services to a growing number of agents and consumers, as well as to enhance our existing services and offer new services, is dependent on our information technology systems. If we are unable to effectively manage the technology associated with our business, we could experience increased costs, reductions in system availability and loss of agents or consumers. Any failure of our systems in scalability, reliability and functionality could adversely impact our business, financial condition and results of operations.

***Continued weakness in economic conditions, in both the U.S. and global markets, could adversely affect our business, financial condition and results of operations.***

Our money transfer business relies in part on the overall strength of global economic conditions as well as international migration patterns. Consumer money transfer transactions and international migration patterns are affected by, among other things, employment opportunities and overall economic conditions. Our consumers tend to be employed in industries such as construction, energy, manufacturing and retail that tend to be cyclical and more significantly impacted by weak economic conditions than other industries. This may result in reduced job opportunities for our customers in the U.S. or other countries that are important to our business, which could adversely affect our business, financial condition and results of operations. For example, sustained weakness in the price of oil could adversely affect economic conditions and lead to reduced job opportunities in certain regions that constitute a significant portion of our total money transfer volume, which could result in a decrease in our transaction volume. In addition, increases in employment opportunities may lag other elements of any economic recovery.

Our agents or billers may have reduced sales or business as a result of weak economic conditions. As a result, our agents could reduce their number of locations or hours of operation, or cease doing business altogether. Our billers may have fewer consumers making payments to them, particularly billers in those industries that may be more affected by an economic downturn such as the automobile, mortgage and retail industries.

If general market conditions in the U.S. or international economies important to our business were to deteriorate, our business, financial condition and results of operations could be adversely impacted. Additionally, if our consumer transactions decline or international migration patterns shift due to deteriorating economic conditions, we may be unable to timely and effectively reduce our operating costs or take other actions in response, which could adversely affect our business, financial condition and results of operations.

***A significant change or disruption in international migration patterns could adversely affect our business, financial condition and results of operations.***

Our money transfer business relies in part on international migration patterns, as individuals move from their native countries to countries with greater economic opportunities or a more stable political environment. A significant portion of money transfer transactions are initiated by immigrants or refugees sending money back to their native countries. Changes in immigration laws that discourage international migration and political or other events (such as war, terrorism or health emergencies) that make it more difficult for individuals to migrate or work abroad could adversely affect our money transfer remittance volume or growth rate. Sustained weakness in global economic conditions could reduce economic opportunities for migrant workers and result in reduced or disrupted international migration patterns. Reduced or disrupted international migration patterns, particularly in the U.S. or Europe, are likely to reduce money transfer transaction volumes and therefore have an adverse effect on our business, financial condition and results of operations. Furthermore, significant changes in international migration patterns could adversely affect our business, financial condition and results of operations.

***Concerns regarding the financial health of certain European countries or the secession of a country from the European Union, and the resulting impact on the sustainability of the euro, could adversely impact our business, results of operations and financing.***

In the normal course of our business, we maintain significant euro denominated cash balances. In 2016, the euro was our second largest currency position in the world following the U.S. dollar. The secession of a country from the euro, the demise of the use of the euro or a significant decline in the European economies could result in a sudden and substantial devaluation of the euro and other currencies against the U.S. dollar. Such a development could reduce the value of our euro-denominated deposits and adversely impact the profitability of our business in the Eurozone. In addition, our ability to generate fee revenue from our money transfer business could be impaired if the level of economic activity in the Eurozone were to decrease. A significant decline in European economies could also lead to financial market impairment and restricted bank liquidity. Our ability to fund our operations could be impaired if our access to our euro deposits were restricted, or if damage to the banking system were to result from a currency or an economic crisis.

***We face credit risks from our agents and financial institutions with which we do business.***

The vast majority of our money transfer, bill payment and money order business is conducted through independent agents that provide our products and services to consumers at their business locations. Our agents receive the proceeds from the sale of our payment instruments and money transfers, and we must then collect these funds from the agents. If an agent becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to remit payment instruments or money transfer proceeds to us, we must nonetheless pay the payment instrument or complete the money transfer on behalf of the consumer.

Moreover, we have made, and may make in the future, secured or unsecured loans to agents under limited circumstances or allow agents to retain our funds for a period of time before remitting them to us. As of December 31, 2016, we had credit exposure to our agents of \$560.6 million in the aggregate spread across 12,849 agents.

Financial institutions, which are utilized to conduct business for our Financial Paper Products segment, issue official checks and money orders and remit to us the face amounts of those instruments the day after they are issued. We may be liable for payment on all of those instruments. As of December 31, 2016, we had credit exposure for official checks and money orders conducted by financial institutions of \$286.3 million in the aggregate spread across 1,255 financial institutions.

We monitor the creditworthiness of our agents and the financial institutions with which we do business on an ongoing basis. There can be no assurance that the models and approaches we use to assess and monitor the creditworthiness of our agents and these financial institutions will be sufficiently predictive, and we may be unable to detect and take steps to timely mitigate an increased credit risk.

In the event of an agent bankruptcy, we would generally be in the position of creditor, possibly with limited security or financial guarantees of performance, and we would therefore be at risk of a reduced recovery. We are not insured against credit losses, except in circumstances of agent theft or fraud. Significant credit losses could have a material adverse effect on our business, financial condition and results of operations.

***If we are unable to adequately protect our brand and the intellectual property rights related to our existing and any new or enhanced products and services, or if we infringe on the rights of others, our business, prospects, financial condition and results of operations could be adversely affected.***

The MoneyGram brand is important to our business. We utilize trademark registrations in various countries and other tools to protect our brand. Our business would be harmed if we were unable to adequately protect our brand and the value of our brand was to decrease as a result.

We rely on a combination of patent, trademark and copyright laws, trade secret protection and confidentiality and license agreements to protect the intellectual property rights related to our products and services. We also investigate the intellectual property rights of third parties to prevent our infringement of those rights. We may be subject to third-party claims alleging that we infringe their intellectual property rights or have misappropriated other proprietary rights. We may be required to spend resources to defend such claims or to protect and police our own rights. Some of our intellectual property rights may not be protected by intellectual property laws, particularly in foreign jurisdictions. The loss of our intellectual property protection, the inability to secure or enforce intellectual property protection or to successfully defend against claims of intellectual property infringement could harm our business, prospects, financial condition and results of operation.

***Failure to attract and retain key employees could have a material adverse impact on our business.***

Our success depends to a large extent upon our ability to attract and retain key employees. Qualified individuals with experience in our industry are in high demand. In addition, legal or enforcement actions against compliance and other personnel in the money transfer industry may affect our ability to attract and retain key employees. The lack of management continuity or the loss of one or more members of our executive management team could harm our business and future development. A failure to attract and retain key personnel could also have a material adverse impact on our business.

***The operation of retail locations and acquisition or start-up of businesses create risks and may adversely affect our business, financial condition and results of operations.***

We have Company-operated retail locations for the sale of our products and services. We may be subject to additional laws and regulations that are triggered by our ownership of retail locations and our employment of individuals who staff our retail locations. There are also certain risks inherent in operating any retail location, including theft, personal injury and property damage and long-term lease obligations.

We may, from time to time, acquire or start-up businesses both inside and outside of the U.S. The acquisition and integration of businesses involve a number of risks. Such risks include, among others:

- risks in connection with acquisitions and start-ups and potential expenses that could be incurred in connection therewith;
- risks related to the integration of new businesses, including integrating facilities, personnel, financial systems, accounting systems, distribution, operations and general operating procedures;
- the diversion of capital and management's attention from our core business;
- the impact on our financial condition and results of operations due to the timing of the new business or the failure of the new business to meet operating expectations; and
- the assumption of unknown liabilities relating to the new business.

Risks associated with acquiring or starting new businesses could result in increased costs and other operating inefficiencies, which could have an adverse effect on our business, financial condition and results of operations.



***Any restructuring activities and cost reduction initiatives that we undertake may not deliver the expected results and these actions may adversely affect our business operations.***

We have undertaken and may in the future undertake various restructuring activities and cost reduction initiatives in an effort to better align our organizational structure and costs with our strategy. These activities and initiatives can be substantial in scope and they can involve large expenditures. Such activities could result in significant disruptions to our operations, including adversely affecting the timeliness of product releases, the successful implementation and completion of our strategic objectives and the results of our operations. If we do not fully realize or maintain the anticipated benefits of any restructuring plan or cost reduction initiative, our business, financial condition and results of operations could be adversely affected.

***Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business.***

We are required to certify and report on our compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing the effectiveness of our internal control over financial reporting. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. In order to achieve effective internal controls we may need to enhance our accounting systems or processes, which could increase our cost of doing business. Any failure to achieve and maintain an effective internal control environment could have a material adverse effect on our business.

#### **Risks Related to Ownership of Our Stock**

***THL owns a substantial percentage of our common stock, and its interests may differ from the interests of our other common stockholders.***

As of December 31, 2016, THL held 45.0% of our outstanding common shares and 38.5% of our outstanding shares on a fully-converted basis (if all of the outstanding shares of D Stock were converted to common shares), excluding treasury shares held by the Company. Together, the Investors' ownership percentage on a fully-converted basis is 52.9% as of December 31, 2016. Additionally our charter provides that as long as the Investors have a right to designate directors to our Board of Directors pursuant to the Amended and Restated Purchase Agreement, dated as of March 17, 2008, among the Company and the several Investor parties named therein, THL has the right to designate two to four directors (such directors, the "THL Representatives"), who each have equal votes and who together have a total number of votes equal to the number of directors as is proportionate to the common stock ownership (on an as-converted basis) of the Investors (rounded to the nearest whole number), unlike the other members of our Board of Directors who have only one vote each. THL has appointed two of the nine members of our Board of Directors, each THL Representative currently has multiple votes, and the THL Representatives together currently hold a majority of the votes of our Board of Directors.

We cannot provide assurance that the interests of THL will coincide with the interests of other holders of our common stock and THL's substantial control over us could result in harm to the market price of our common stock by delaying, deferring or preventing a change in control of our company; impeding a merger, consolidation, takeover or other business combination involving our company; or entrenching our management and Board of Directors.

***We have a significant number of salable common shares and D Stock held by the Investors relative to our outstanding common shares.***

As of December 31, 2016, there were 52.8 million outstanding common shares, excluding treasury shares (or 61.7 million common shares if the outstanding D Stock were converted into common shares). In accordance with the terms of the Registration Rights Agreement, dated March 25, 2008, among the Company and the Investor parties named therein, we have an effective Registration Statement on Form S-3, or the Registration Statement, that permits the offer and sale by the Investors of all of the common shares and D Stock currently held by the Investors. As of December 31, 2016, THL held approximately 23.7 million shares of our common stock and Goldman Sachs held approximately 71,282 shares of D Stock, which are convertible into approximately 8.9 million shares of our common stock. The Registration Statement also permits us to offer and sell, from time to time, up to \$500 million of our common stock, preferred stock, debt securities or any combination of these securities. Sales of a substantial number of common shares, or the perception that significant sales could occur (particularly if sales are concentrated in time or amount), may depress the trading price of our common stock.

***Our charter and Delaware law contain provisions that could delay or prevent an acquisition of the Company, which could inhibit your ability to receive a premium on your investment from a possible sale of the Company.***

Our charter contains provisions that may discourage third parties from seeking to acquire the Company. These provisions and specific provisions of Delaware law relating to business combinations with interested stockholders may have the effect of delaying, deterring or preventing certain business combinations, including a merger or change in control of the Company. Some of these provisions may discourage a future acquisition of the Company even if stockholders would receive an attractive value for their shares or if a significant number of our stockholders believed such a proposed transaction to be in their best interests. As a result, stockholders who desire to participate in such a transaction may not have the opportunity to do so.

***Our bylaws designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our bylaws provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or employees to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

***Our Board of Directors has the power to issue series of preferred stock and to designate the rights and preferences of those series, which could adversely affect the voting power, dividend, liquidation and other rights of holders of our common stock.***

Under our charter, our Board of Directors has the power to issue series of preferred stock and to designate the rights and preferences of those series. Therefore, our Board of Directors may designate a new series of preferred stock with the rights, preferences and privileges that our Board of Directors deems appropriate, including special dividend, liquidation and voting rights. The creation and designation of a new series of preferred stock could adversely affect the voting power, dividend, liquidation and other rights of holders of our common stock and, possibly, any other class or series of stock that is then in existence.

***The market price of our common stock may be volatile.***

The market price of our common stock may fluctuate significantly in response to a number of factors, some of which may be beyond our control. These factors include the perceived prospects or actual operating results of our business; changes in estimates of our operating results by analysts, investors or our management; our actual operating results relative to such estimates or expectations; actions or announcements by us or our competitors; litigation and judicial decisions; legislative or regulatory actions; and changes in general economic or market conditions. In addition, the stock market in general has from time to time experienced extreme price and volume fluctuations. These market fluctuations could reduce the market price of our common stock for reasons unrelated to our operating performance.

## **Risks Related to the Merger**

### ***The announcement and pendency of the Merger could adversely affect our business, financial condition and results of operations.***

The announcement and pendency of the proposed Merger could cause disruptions to our business or business relationships and create uncertainty surrounding our business, which could have an adverse impact on our financial condition and results of operations, regardless of whether the Merger is completed, including as a result of the following (all of which could be exacerbated by a delay in completion of the Merger):

- customers, agents or other parties with which we maintain business relationships may experience uncertainty prior to the closing of the Merger and seek alternative relationships with third parties or seek to terminate or renegotiate their relationships with us;
- our employees may experience uncertainty about their future roles with us, which might adversely affect our ability to attract, retain and motivate key personnel and other employees;
- the Merger Agreement restricts us from engaging in certain actions without the consent of Parent, including, among other things, subject to certain exceptions, acquiring other businesses and assets, selling, transferring or licensing our assets, making investments, making capital expenditures, repurchasing or issuing securities and incurring indebtedness; these restrictions could prevent or delay us from pursuing business opportunities that may arise prior to the consummation of the Merger and result in our inability to respond effectively and timely to competitive pressures, industry developments, developments relating to our customers and agents; and
- the attention of our management may be directed to Merger-related considerations and may be diverted from the day-to-day operations of our business.

### ***The proposed Merger may not be completed within the timeframe we anticipate or at all, and the failure to complete or delays in completing the Merger could adversely affect our business, financial results and stock price.***

We can provide no assurance that the proposed Merger will be consummated or consummated in the timeframe or manner currently anticipated. Completion of the Merger is subject to a number of conditions, including the receipt of regulatory approvals and shareholder approval, which are not within our control. There can be no assurance as to when, or if, the conditions to closing of the Merger will be satisfied or waived. In addition, the Merger Agreement may be terminated under certain specified circumstances, including, but not limited to, a change in recommendation of our Board of Directors and a termination of the Merger Agreement by us to accept a “Superior Proposal” (as defined in the Merger Agreement).

If the transaction is not consummated within the expected time frame or at all, we may be subject to a number of material risks. The price of our common stock may decline to the extent that current market prices reflect a market assumption that the Merger will be completed. In addition, some costs, expenses and fees related to the Merger must be paid whether or not the Merger is completed, and we have incurred, and will continue to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the proposed Merger, as well as the direction of management resources towards the Merger, for which we will have received little or no benefit if the closing of the Merger does not occur. We may also experience negative reactions from our shareholders and other investors, employees, agents and other parties with which we maintain business relationships. In addition, if the Merger Agreement is terminated, in specified circumstances, we may be required to pay a termination fee of \$30 million. If the Merger is not consummated, there can be no assurance that any other transaction acceptable to us will be offered or that our business, prospects or results of operations will not be adversely affected.

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## **Item 1B. UNRESOLVED STAFF COMMENTS**

None.

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## **Item 2. PROPERTIES**

Our leased corporate offices are located in Dallas, TX. We have a number of offices leased in more than 30 countries and territories around the world including, but not limited to: U.S., United Kingdom, Poland and United Arab Emirates. These offices provide operational, sales and marketing support. We believe that our properties are sufficient to meet our current and projected needs. We periodically review our facility requirements and may acquire new facilities, or modify, consolidate, dispose of or sublet existing facilities, based on business needs.

### **Item 3. LEGAL PROCEEDINGS**

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

#### Litigation Commenced Against the Company:

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

*Class Action Securities Litigation* — On March 13, 2017, a putative securities class action lawsuit was filed in the United States District Court for the District of Delaware against MoneyGram, all of its directors, certain of its executive officers, Alipay (UK) Limited, Alipay (Hong Kong) Limited, Matrix Acquisition Corp., and Ant Financial Services Group. The plaintiff, a MoneyGram stockholder, challenges the Merger and the disclosures made in connection with the Merger. The lawsuit alleges violations of Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder due to allegedly material and misleading omissions in the preliminary proxy statement filed in connection with the Merger. The lawsuit also alleges that the Merger Agreement is unfair to MoneyGram's stockholders, resulted from an inadequate process, and contains terms that will supposedly deter third parties from making alternative offers. The plaintiff seeks to enjoin the Merger and to recover damages, costs, and attorneys' fees in unspecified amounts. The plaintiff has not yet served the defendants, and the defendants' date to answer, move to dismiss, or otherwise respond to the lawsuit has not yet been set. The Company believes that the claims are without merit and intends to vigorously defend itself against the lawsuit.

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

#### Government Investigations:

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

In 2015, we initiated an internal investigation to identify any payments processed by the Company that were violations of the U.S. Department of the Treasury's OFAC sanctions regulations. We have notified OFAC of the ongoing internal investigation, which is being conducted in conjunction with the Company's outside counsel. If any violations are confirmed as part of our investigation, we could be subject to fines or penalties.

Actions Commenced by the Company:

*Tax Litigation* — The IRS completed its examination of the Company's consolidated income tax returns through 2013 and issued Notices of Deficiency for 2005-2007 and 2009 and an Examination Report for 2008. The Notices of Deficiency and Examination Report disallow, among other items, approximately \$900.0 million of ordinary deductions on securities losses in the 2007, 2008 and 2009 tax returns. In May 2012 and December 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively. In 2013, the Company reached a partial settlement with the IRS allowing ordinary loss treatment on \$186.9 million of deductions in dispute. In January 2015, the U.S. Tax Court granted the IRS's motion for summary judgment upholding the remaining adjustments in the Notices of Deficiency. During 2015, the Company made payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter. The Company believes that it has substantive tax law arguments in favor of its position. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court's decision and remanded the case to the Tax Court for further proceedings. Pending the outcome of the Tax Court proceeding, the Company may be required to file amended state returns and make additional cash payments of up to \$17.5 million on amounts that have previously been accrued.

See Note 14 — *Commitments and Contingencies* of the Notes to the Consolidated Financial Statements for additional disclosure.

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**Item 4. MINE SAFETY DISCLOSURES**

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Not applicable.

**PART II****Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock is traded on the NASDAQ Stock Market LLC under the symbol "MGI." As of March 15, 2017, there were 8,363 stockholders of record of our common stock.

The high and low sales prices for our common stock for the periods presented were as follows for the respective periods:

Fiscal Quarter	2016		2015	
	High	Low	High	Low
First	\$ 7.09	\$ 4.68	\$ 9.58	\$ 7.55
Second	\$ 7.37	\$ 5.81	\$ 11.00	\$ 7.74
Third	\$ 8.33	\$ 6.29	\$ 10.66	\$ 7.75
Fourth	\$ 12.72	\$ 5.83	\$ 10.92	\$ 6.21

Our Board of Directors has authorized the repurchase of a total of 12,000,000 common shares, as announced in our press releases issued on November 18, 2004, August 18, 2005 and May 9, 2007. The repurchase authorization is effective until such time as the Company has repurchased 12,000,000 common shares. The Company may consider repurchasing shares which would be subject to limitations in our debt agreements. Common stock tendered to the Company in connection with the exercise of stock options or vesting of restricted stock is not considered repurchased shares under the terms of the repurchase authorization. As of December 31, 2016, the Company had repurchased 9,842,509 common shares under the terms of the repurchase authorization and has remaining authorization to repurchase up to 2,157,491 shares. During the three months ended December 31, 2016, the Company repurchased 394,541 common shares.

On April 2, 2014, the Company repurchased 8,185,092 common shares from THL at a price of \$16.25 per share. These repurchases are separate from, and do not affect, the Company's repurchase program described above. The following table presents a summary of share repurchases made by the Company during the three months ended December 31, 2016 under the repurchase authorization.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Programs
October 1, 2016 - October 31, 2016	—	—	—	2,552,032
November 1, 2016 - November 30, 2016	198,541	\$ 9.71	198,541	2,353,491
December 1, 2016 - December 31, 2016	196,000	\$ 11.46	196,000	2,157,491
Total	394,541		394,541	

The terms of our debt agreements place significant limitations on the amount of restricted payments we may make, including dividends on our common stock and repurchases of our capital stock. Subject to certain customary conditions, we may (i) make restricted payments in an aggregate amount not to exceed \$50.0 million (without regard to a pro forma leverage ratio calculation), (ii) make restricted payments up to a formulaic amount determined based on incremental build-up of our consolidated net income in future periods (subject to compliance with maximum pro forma leverage ratio calculation) and (iii) repurchase capital stock from THL and Goldman Sachs in a remaining aggregate amount up to \$170.0 million. As a result, our ability to declare or pay dividends or distributions to the stockholders of the Company's common stock is materially limited at this time. No dividends were paid on our common stock in 2016 or 2015. See Note 11 — *Stockholders' Deficit* of the Notes to the Consolidated Financial Statements for additional disclosure.

## STOCKHOLDER RETURN PERFORMANCE

The Company's peer group consists of companies that are in the money remittance and payment industries, along with companies that effectively capture our competitive landscape given the products and services that we provide. In 2016, we revised our peer group and our new peer group consists of previously included companies, excluding companies that are no longer publicly traded or are deemed irrelevant to our competitive landscape. The new peer group is comprised of the following companies: Euronet Worldwide Inc., Fiserv, Inc., MasterCard, Inc., Paypal Holdings, Inc., Visa, Inc. and The Western Union Company. Paypal Holdings, Inc. is included in the new peer group since it acquired Xoom Corporation during 2015 .

The old peer group is comprised of the following companies: Euronet Worldwide Inc., Fiserv, Inc., Global Payments Inc., Green Dot Corporation, Heartland Payment Systems, Inc., Higher One Holdings, Inc., MasterCard, Inc., Total System Services, Inc., Visa, Inc. and The Western Union Company.

The following graph compares the cumulative total return from December 31, 2011 to December 31, 2016 for our common stock, new and old peer groups and the S&P 500 Index. The graph assumes the investment of \$100 in each of our common stock, new and old peer groups and the S&P 500 Index on December 31, 2011 , and the reinvestment of all dividends as and when distributed. The graph is furnished and shall not be deemed "filed" with the SEC or subject to Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

### COMPARISON OF CUMULATIVE TOTAL RETURN\* AMONG MONEYGRAM INTERNATIONAL, INC., S&P 500 INDEX AND PEER GROUP INDEX



\*\$100 invested on 12/31/2011 in stock or index, including reinvestment of dividends.

The following table is a summary of the cumulative total return for the fiscal years ending December 31 :

	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
<b>MoneyGram International, Inc.</b>	100.00	74.87	117.07	51.21	35.32	66.54
<b>S&amp;P 500</b>	100.00	116.00	153.58	174.60	177.01	198.18
<b>New Peer Group</b>	100.00	135.15	210.87	236.51	277.54	293.34
<b>Old Peer Group</b>	100.00	132.68	206.87	231.79	275.33	290.93



**Item 6. SELECTED FINANCIAL DATA**

The information set forth below should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and our Consolidated Financial Statements and Notes thereto. The following table presents our selected consolidated financial data for the years ended December 31 :

<i>(Amounts in millions, except per share and location data)</i>	2016	2015	2014	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
<b>Operating Results</b>					
Revenue					
Global Funds Transfer segment	\$ 1,553.7	\$ 1,465.8	\$ 1,470.1	\$ 1,475.0	\$ 1,332.6
Financial Paper Products segment	75.6	73.3	80.3	84.0	84.5
Other	1.1	—	—	0.6	1.5
Total revenue	\$ 1,630.4	\$ 1,539.1	\$ 1,550.4	\$ 1,559.6	\$ 1,418.6
Net income (loss)					
	\$ 16.3	\$ (76.9)	\$ 72.1	\$ 52.4	\$ (49.3)
Net income (loss) per common share:					
Basic	\$ 0.26	\$ (1.24)	\$ 1.10	\$ 0.73	\$ (0.69)
Diluted	\$ 0.25	\$ (1.24)	\$ 1.10	\$ 0.73	\$ (0.69)
<b>Financial Position</b>					
Cash and cash equivalents	\$ 157.2	\$ 164.5	\$ 250.6	\$ 318.8	\$ 227.9
Total assets	\$ 4,597.4	\$ 4,505.2	\$ 4,628.3	\$ 4,775.8	\$ 5,128.4
Long-term debt	\$ 915.2	\$ 942.6	\$ 949.6	\$ 831.8	\$ 787.7
Stockholders’ deficit	\$ (208.4)	\$ (222.8)	\$ (182.7)	\$ (77.0)	\$ (161.4)

(1) Selected financial data for the years ended December 31, 2013 and 2012 have been corrected to reflect the adjustments related to the errors described in Note 16 — *Correction of Consolidated Statements of Operations for the Years Ended December 31, 2015 and 2014* of the Notes to the Consolidated Financial Statements. The correction of the errors increased Revenue and Total revenue by \$85.2 million and \$77.4 million for 2013 and 2012, respectively. Net income (loss) did not change as Fees and other commissions expense (not included herein) increased by the same amounts for 2013 and 2012, respectively.

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**Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

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The following discussion should be read in conjunction with our Consolidated Financial Statements and related Notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated due to various factors discussed below under “*Cautionary Statements Regarding Forward-Looking Statements*” and under the caption “*Risk Factors*” in Part 1, Item 1A of this Annual Report on Form 10-K.

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

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

**OVERVIEW**

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

We manage our revenue and related commissions expense through two reporting segments: Global Funds Transfer and Financial Paper Products. The Global Funds Transfer segment provides global money transfer services in approximately 350,000 agent locations in more than 200 countries and territories. Our global money transfer services are our primary revenue driver, accounting for 89% of total revenue for the year ended December 31, 2016. The Global Funds Transfer segment also provides bill payment services to consumers through substantially all of our money transfer agent and Company-operated locations in the U.S., Canada and Puerto Rico, at certain agent locations in select Caribbean and European countries and through Digital solutions. The Financial Paper Products segment provides money order services to consumers through retail locations and financial institutions located in the U.S. and Puerto Rico, and provides official check services to financial institutions in the U.S. Corporate expenses that are not related to our segments' performance are excluded from operating income for Global Funds Transfer and Financial Paper Products segments.

**Business Environment**

Throughout 2016, worldwide political and economic conditions remained unstable, as evidenced by high unemployment rates in key markets, historically low oil prices, currency reserves, currency controls, restricted lending activity, weak currencies and low consumer confidence, among other factors. Specifically, there is continued political and economic unrest in parts of the Middle East and Africa that contributed to volatility. The remittance industry has generally been resilient during times of economic softness as money transfers are deemed essential to many, with the funds used by the receiving party for food, housing and other basic needs. Given the global reach and extent of the current economic conditions, the growth of money transfer volumes and the average face value of money transfers continued to fluctuate by corridor and country during 2016.

We monitor consumer behavior to ensure that we continue our revenue growth. We also continue to monitor pricing actions of our competitors, which may result in pricing changes for our products and services. In October 2016, Walmart announced the expansion of their U.S. to U.S. white label product into higher transaction bands up to \$2,500 and the Company adjusted its pricing structure for all money transfers between \$900 and \$2,500 originated at Walmart. Additionally, in October 2016, the Company and Walmart announced the Walmart2Walmart Mexico product, which is a new cross border money transfer product for customers sending from any U.S. Walmart location to any Walmart Mexico location.

During 2016, the foreign exchange markets remained volatile and the U.S. dollar continued to strengthen. We realized a positive impact from certain currency purchases which were not sustained throughout the year, and we cannot predict these market conditions for 2017.

The June 23, 2016 referendum by British voters to exit the European Union (referred to as Brexit) introduced additional volatility and uncertainty in global markets and currency exchange rates. So far the primary impact of Brexit has been the weakening of the British pound compared to the U.S. dollar, which has negatively impacted our reported revenue in the second half of 2016. However, our restructuring efforts and the diversification of our employment base outside of the U.S. better aligned the currency exposure of our expenses with our revenues, which can lessen the impact of a strengthening U.S. dollar on our operating income.

Our financial results were positively impacted primarily by money transfer revenue growth for the year ended December 31, 2016, specifically in the Non-U.S. and U.S. Outbound channels, continued growth in the Digital channel and the near completion of the global transformation program (the "2014 Global Transformation Program"), which consisted of three key components: reorganization and restructuring, compliance enhancement and a focus on Digital revenue. In the second quarter of 2016, the Company concluded the 2014 Global Transformation Program reorganization and restructuring activities. The positive impact was partially offset by the geopolitical and economic challenges in parts of Africa and the discontinuation of our full-service kiosk offerings in the second quarter of 2016.

The market for money transfer services remains very competitive, consisting of a small number of large competitors and a large number of small, niche competitors, and we will continue to encounter competition from new technologies that allow consumers to send and receive money in a variety of ways. We generally compete for money transfer consumers on the basis of trust, convenience, price, technology and brand recognition. We believe that our investment in innovative products and services, particularly Digital solutions such as moneygram.com, mobile solutions, account deposit and kiosk-based services, positions the Company to enhance revenue growth and diversify our product and service offerings. During 2016, the Company introduced two new products: MoneyGram Mobile Pass and MoneyGram Kameleon. MoneyGram Mobile Pass allows customers to stage a transaction on a mobile device or online and pay for the transaction at any of our U.S. locations. MoneyGram Kameleon provides a customized website for our agents and improves money transfers to any one of our agent locations, as well as bank accounts around the world. Digital solutions represented 13% of money transfer revenue for the year ended December 31, 2016. For the year ended December 31, 2016, Digital revenue was \$194.1 million.

### **Anticipated Trends**

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

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

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

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

We continue to see a trend among state, federal and international regulators towards enhanced scrutiny of anti-money laundering compliance programs, as well as consumer fraud prevention and education. Compliance with laws and regulations is a highly complex and integral part of our day-to-day operations; thus we have continued to increase our compliance personnel headcount and make investments in our compliance-related technology and infrastructure.

Our compliance enhancement program is focused on improving our services for consumers and completing the programs recommended in adherence with the DPA. We anticipate making investments of approximately \$23 million related to the compliance enhancement program in 2017, compared to \$30.7 million for the year ended December 31, 2016, which included \$20.4 million of capital expenditures and \$10.3 million of expenses incurred.

### **Financial Measures and Key Metrics**

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

**GAAP Measures** — We utilize certain financial measures prepared in accordance with GAAP to assess the Company's overall performance. These measures include, but are not limited to: fee and other revenue, fee and other commissions expense, fee and other revenue less commissions, operating income and operating margin. Due to our regulatory capital requirements, we deem certain payment service assets as settlement assets. Settlement assets represent funds received or to be received from agents for unsettled money transfers, money orders and customer payments. Settlement assets include settlement cash and cash equivalents, receivables, net, interest-bearing investments and available-for-sale investments. See Note 2 — *Summary of Significant Accounting Policies* of the Notes to the Consolidated Financial Statements for additional disclosure.

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

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

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

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

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

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

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

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

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

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

## RESULTS OF OPERATIONS

The following table is a summary of the results of operations for the years ended December 31 :

<i>(Amounts in millions, except percentages)</i>	2016	2015	2014	2016 vs 2015	2015 vs 2014	2016 vs 2015	2015 vs 2014
<b>Revenue</b>							
Fee and other revenue	\$ 1,612.4	\$ 1,527.0	\$ 1,533.9	\$ 85.4	\$ (6.9)	6 %	— %
Investment revenue	18.0	12.1	16.5	5.9	(4.4)	49 %	(27)%
Total revenue	1,630.4	1,539.1	1,550.4	91.3	(11.3)	6 %	(1)%
<b>Expenses</b>							
Fee and other commissions expense	793.1	759.8	761.5	33.3	(1.7)	4 %	— %
Investment commissions expense	2.5	0.8	0.4	1.7	0.4	NM	NM
Total commissions expense	795.6	760.6	761.9	35.0	(1.3)	5 %	— %
Compensation and benefits	295.1	309.1	275.0	(14.0)	34.1	(5)%	12 %
Transaction and operations support	309.5	324.8	332.2	(15.3)	(7.4)	(5)%	(2)%
Occupancy, equipment and supplies	61.9	62.3	54.4	(0.4)	7.9	(1)%	15 %
Depreciation and amortization	79.9	66.1	55.5	13.8	10.6	21 %	19 %
Total operating expenses	1,542.0	1,522.9	1,479.0	19.1	43.9	1 %	3 %
Operating income	88.4	16.2	71.4	72.2	(55.2)	NM	(77)%
<b>Other expenses (income)</b>							
Interest expense	45.0	45.3	44.2	(0.3)	1.1	(1)%	2 %
Debt extinguishment costs	0.3	—	—	0.3	—	NM	NM
Net securities gains	—	—	(45.4)	—	45.4	NM	NM
Total other expenses (income), net	45.3	45.3	(1.2)	—	46.5	NM	NM
Income (loss) before income taxes	43.1	(29.1)	72.6	72.2	(101.7)	NM	NM
Income tax expense	26.8	47.8	0.5	(21.0)	47.3	(44)%	NM
Net income (loss)	\$ 16.3	\$ (76.9)	\$ 72.1	\$ 93.2	\$ (149.0)	NM	NM

NM = Not meaningful

### Global Funds Transfer Fee and Other Revenue

Fee and other revenue consists of transaction fees, foreign exchange revenue and other revenue. The Company earns money transfer revenues primarily from consumer transaction fees on its money transfer and bill payment services and the management of currency exchange spreads involving different "send" and "receive" countries. Other revenue in the Global Funds Transfer segment primarily consists of breakage revenue on money transfer transactions where the likelihood of payment is remote and there is no requirement for remitting balances to government agencies under unclaimed property laws.

The following discussion provides a summary of fee and other revenue for the Global Funds Transfer segment for the years ended December 31 . Investment revenue is not included in the analysis below. For further detail, see "Investment Revenue Analysis" below.

<i>(Amounts in millions, except percentages)</i>	2016	2015	2014	2016 vs 2015	2015 vs 2014
Money transfer fee and other revenue	\$ 1,456.2	\$ 1,366.9	\$ 1,369.8	7 %	— %
Bill payment fee and other revenue	97.5	98.7	100.1	(1)%	(1)%
Global Funds Transfer fee and other revenue	\$ 1,553.7	\$ 1,465.6	\$ 1,469.9	6 %	— %
Fee and other commissions expense	\$ 791.9	\$ 759.5	\$ 760.9	4 %	— %

Money Transfer Fee and Other Revenue

The following table details the changes in money transfer fee and other revenue from the respective prior year for the years ended December 31 :

<i>(Amounts in millions)</i>	<b>2016</b>	<b>2015</b>
For the period ended December 31	\$ 1,366.9	\$ 1,369.8
Change resulting from:		
Money transfer volume	74.1	89.5
Corridor mix	24.2	31.2
Impact from changes in exchange rates	(16.2)	(71.1)
Average face value per transaction and pricing	11.1	(53.5)
Other	(3.9)	1.0
For the period ended December 31	<u>\$ 1,456.2</u>	<u>\$ 1,366.9</u>

In 2016 , the increase in money transfer fee and other revenue was primarily driven by increased Non-U.S. and U.S. outbound money transfer volume discussed further below and a positive change in corridor mix, partially offset by the stronger U.S. dollar compared to prior year.

In 2015 , the decline in money transfer fee and other revenue was primarily driven by the strengthening of the U.S. dollar compared to the prior year, lower average face value per transaction and pricing actions introduced in October 2014, partially offset by transaction growth of 7% and corridor mix. The transaction growth was driven by the continued growth in the U.S. Outbound and Non-U.S. money transfer transactions, offset by the decline in our U.S. to U.S. money transfer transactions as detailed further below.

The following table displays year-over-year money transfer fee and other revenue growth by geographic channel (the region originating the transaction) for the years ended December 31 :

	<b>2016 vs 2015</b>	<b>2015 vs 2014</b>
Total money transfer fee and other revenue	7%	—%
U.S. Outbound	9%	12%
Non-U.S.	8%	4%
U.S. to U.S.	(7)%	(33)%

Money Transfer Transactions

The following table displays the percentage distribution of total money transfer transactions by geographic channel (the region originating the transaction) for the years ended December 31 :

	<b>2016</b>	<b>2015</b>	<b>2014</b>
U.S. Outbound	43%	43%	40%
Non-U.S.	43%	40%	37%
U.S. to U.S.	14%	17%	23%

The following table displays year over year money transfer transaction growth by geographic channel (the region originating the transaction) for the years ended December 31 :

	<b>2016 vs 2015</b>	<b>2015 vs 2014</b>
Total transactions	5%	7%
U.S. Outbound	8%	12%
Non-U.S.	11%	16%
U.S. to U.S.	(13)%	(18)%

During 2016 , total money transfer fee and other revenue grew by 7% and total money transfer transactions grew by 5% . The U.S. Outbound channel generated 9% revenue growth for the year ended December 31 , 2016 and 8% transaction growth for the same period. The revenue and transaction growth was primarily driven by sends to Latin America, Africa and Asia Pacific and was partially offset by the discontinuation of our full-service kiosk offerings. The U.S. Outbound channel accounted for 43% of our total money transfer transactions for 2016 .

During 2016 , the Non-U.S. channel money transfer fee and other revenue grew by 8% and transactions grew by 11% for the same period. The revenue and transaction growth was primarily driven by sends from Europe, partially offset by lower transaction volume caused by geopolitical and economic challenges in parts of Africa. The Non-U.S. channel accounted for 43% of total money transfer transactions for the year ended December 31 , 2016 .

For the year ended December 31 , 2016 , the U.S. to U.S. channel money transfer fee and other revenue declined by 7% and transactions declined by 13% for the same period. The decline was primarily due to lower volume of transactions under \$200. The U.S. to U.S. channel accounted for 14% of total money transfer transactions for 2016 .

In 2015 , the Non-U.S. channel generated 16% transaction growth and accounted for 40% of our total money transfer transactions. The growth was primarily driven by the Middle East, Western Europe and Latin America regions. The U.S. Outbound channel generated 12% transaction growth while accounting for 43% of our total money transfer transactions. The success in the U.S. Outbound channel was primarily driven by sends to Latin America and Africa. U.S. to U.S. transactions declined by 18% and accounted for 17% of our total money transfer transactions. The decline was primarily driven by a 40% decline in Walmart U.S. to U.S. transactions, partially offset by 8% growth in U.S. to U.S. transactions excluding Walmart.

#### Bill Payment Fee and Other Revenue

In 2016 and 2015 , bill payment fee and other revenue decreased by \$1.2 million or 1% and \$1.4 million or 1% , respectively, due to lower transactions resulting from shifts in industry mix. For the year ended December 31 , 2016 , bill payment transactions decreased by 3% and grew by 1% in 2015 .

#### **Global Funds Transfer Fee and Other Commissions Expense**

The Company incurs fee commissions and foreign exchange commissions primarily on our Global Funds Transfer products. In a money transfer transaction, both the agent initiating the transaction and the receiving agent earn a fee commission that is generally a fixed fee or is based on a percentage of the fee charged to the consumer. The agent initiating the transaction and the receiving agent also earn foreign exchange commissions, which are generally based on a percentage of currency exchange spreads. In a bill payment transaction, the agent initiating the transaction receives a commission and, in limited circumstances, the biller will generally earn a commission that is based on a percentage of the fee charged to the consumer. Other commissions expense includes the amortization of capitalized agent signing bonus payments.

The following table details the changes in fee and other commissions for the Global Funds Transfer segment from the respective prior year for the years ended December 31 :

<u>(Amounts in millions)</u>	<u>2016</u>	<u>2015</u>
For the period ended December 31:	\$ 759.5	\$ 760.9
Change resulting from:		
Money transfer revenue	50.9	33.2
Money transfer corridor and agent mix	(5.0)	(5.8)
Impact from changes in exchange rates	(8.4)	(37.4)
Signing bonuses	(5.0)	10.8
Bill payment revenue and commission rates	(0.1)	(2.2)
For the period ended December 31:	<u>\$ 791.9</u>	<u>\$ 759.5</u>

For the year ended December 31 , 2016 , fee and other commissions expense increased \$32.4 million or 4% . The increase in commissions expense was primarily driven by the increase in money transfer revenue, as a result of an increase in money transfer volume and an increase in average price per transaction, partially offset by changes in money transfer corridor and agent mix, the impact from a stronger U.S. dollar compared to prior year and a decrease in signing bonus amortization. Commissions expense as a percentage of fee and other revenue declined to 51.0% in 2016 from 51.8% in 2015 .

In 2015 , the Global Funds Transfer commissions expense decreased \$1.4 million . The decrease in commissions expense was primarily driven by the strengthening of the U.S. dollar and changes in the money transfer corridor and agent mix. The decline in commissions expense was partially offset by increased money transfer revenue, as a result of an increase in money transfer volume offset by a decline in average face value per transaction and pricing previously discussed above, as well as signing bonus amortization from our agent expansion and retention efforts. Commissions expense as a percentage of fee and other revenue was 51.8% in 2015 and 2014 .



### Financial Paper Products Fee and Other Revenue and Fee and Other Commissions Expense

Fee and other revenue consists of transaction fees and other revenue. Transaction fees are earned on money order and official check transactions. Other revenue primarily consists of processing fees, service charges on aged outstanding money orders and money order dispenser fees. We generally do not pay commissions to agents on the sale of money orders, except, in certain limited circumstances, for large agents where we may pay a commission based on total money order transactions or outstanding balance.

The following discussion provides a summary of fee and other revenue and fee and other commissions expense for the Financial Paper Product segment for the years ended December 31 . Investment revenue and investment commissions expense are not included in the analysis below. For further detail, see " *Investment Revenue Analysis* " below.

<i>(Amounts in millions, except percentages)</i>	2016	2015	2014	2016 vs 2015	2015 vs 2014
Money order fee and other revenue	\$ 45.4	\$ 47.6	\$ 49.3	(5)%	(3)%
Official check fee and other revenue	12.2	13.8	14.7	(12)%	(6)%
Financial Paper Product fee and other revenue	\$ 57.6	\$ 61.4	\$ 64.0	(6)%	(4)%
Fee and other commissions expense	\$ 1.2	\$ 0.3	\$ 0.6	NM	(50)%

Money order fee and other revenue decreased in 2016 and 2015 due to transaction declines of 7% and 5% , respectively, attributed primarily to the migration by consumers to other payment methods. Similarly, official check fee and other revenue decreased due to transaction declines of 8% and 6% in 2016 and 2015 , respectively.

### Investment Revenue Analysis

The following discussion provides a summary of the Company's investment revenue and investment commissions expense for the years ended December 31 :

<i>(Amounts in millions, except percentages)</i>	2016	2015	2014	2016 vs 2015	2015 vs 2014
Investment revenue	\$ 18.0	\$ 12.1	\$ 16.5	49%	(27)%
Investment commissions expense <sup>(1)</sup>	2.5	0.8	0.4	NM	100 %

<sup>(1)</sup> 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 Revenue

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

Investment revenue in 2016 increased \$5.9 million , or 49% , when compared to 2015 primarily due to higher yields earned on investment balances. In 2016 investment commissions expense increased due to the change in interest rates.

Investment revenue in 2015 decreased \$4.4 million , or 27% , when compared to 2014 primarily due to the one-time returns on legacy investments in 2014.

### Operating Expenses

The following table is a summary of the operating expenses, excluding commissions expense, for the years ended December 31 :

<i>(Amounts in millions, except percentages)</i>	2016		2015		2014	
	Dollars	Percent of Total Revenue	Dollars	Percent of Total Revenue	Dollars	Percent of Total Revenue
Compensation and benefits	\$ 295.1	18%	\$ 309.1	20%	\$ 275.0	18%
Transaction and operations support	309.5	19%	324.8	21%	332.2	21%
Occupancy, equipment and supplies	61.9	4%	62.3	4%	54.4	4%
Depreciation and amortization	79.9	5%	66.1	4%	55.5	4%
Total operating expenses	\$ 746.4	46%	\$ 762.3	50%	\$ 717.1	46%

In 2016 , total operating expenses as a percentage of total revenue was 46% compared to 50% in 2015 . The decrease was mainly due to an increase in total revenue, lower expense related to the 2014 Global Transformation Program and a decrease in pension expense, partially offset by an increase in outsourcing, independent contractor and consultant costs, depreciation and amortization and net salaries, related payroll taxes and cash incentive compensation, all of which are discussed in more detail below.

In 2015 , total operating expenses as a percentage of total revenue was 50% compared to 46% in 2014 . The increase was primarily due to increased expenses incurred as a result of the 2015 performance bonus plan and a pension settlement charge of \$14.0 million as well as a decline in total revenue.

#### Compensation and Benefits

Compensation and benefits include salaries and benefits, management incentive programs, related payroll taxes and other employee related costs. The following table is a summary of the change in compensation and benefits from the respective prior year for the years ended December 31 :

<i>(Amounts in millions)</i>	<b>2016</b>	<b>2015</b>
For the period ended December 31	\$ 309.1	\$ 275.0
Change resulting from:		
Pension	(19.1)	15.5
Net salaries, related payroll taxes and cash incentive compensation	12.7	35.9
Reorganization and restructuring	(10.3)	(9.1)
Severance and related costs	7.0	(0.5)
Impact from changes in exchange rates	(2.1)	(18.8)
Employee stock-based compensation	(1.7)	14.2
Other	(0.5)	(3.1)
For the period ended December 31	<u>\$ 295.1</u>	<u>\$ 309.1</u>

In 2016 , compensation and benefits decreased by \$14.0 million due to the decrease in pension expense primarily as a result of a pension settlement charge recorded in 2015 from a voluntary pension buyout, the conclusion of the 2014 Global Transformation Program reorganization and restructuring activities, impact from changes in exchange rates due to a stronger U.S. dollar and lower employee stock-based compensation expense. These decreases were partially offset by an increase in net salaries, related payroll taxes and cash incentive compensation primarily driven by higher headcount and also offset by an increase in severance and related costs.

In 2015 , compensation and benefits expense increased partially due to an increase in salaries, related payroll taxes and incentive compensation mainly due to an increase in expenses related to performance bonus plan in 2015 compared to 2014 . The increase is also attributed to an increase in employee stock-based compensation due to the reversal of performance-based restricted stock units in 2014 and a settlement charge from the voluntary pension buyout in 2015 . These increases were partially offset by the impact of the strengthening U.S. dollar and the near completion of the 2014 Global Transformation Program reorganization and restructuring activities.

#### Transaction and Operations Support

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

The following table is a summary of the change in transaction and operations support from the respective prior year for the years ended December 31 :

<i>(Amounts in millions)</i>	<b>2016</b>	<b>2015</b>
For the period ended December 31	\$ 324.8	\$ 332.2
Change resulting from:		
Outsourcing, independent contractor and consultant costs	19.2	19.9
Compliance enhancement program	(13.0)	(0.2)
Provision for loss	(8.1)	6.6
Reorganization and restructuring	(7.8)	(2.1)
Net realized foreign exchange gains	(6.8)	(12.1)
Marketing costs	5.8	0.4
Legal expenses	(2.2)	(9.9)
Impact from changes in exchange rates	(1.0)	(11.7)
Other	(1.4)	1.7
For the period ended December 31	<u>\$ 309.5</u>	<u>\$ 324.8</u>

In 2016 , transaction and operations support decreased by \$15.3 million primarily due to the decline in expenses related to the compliance enhancement program and the completion of the 2014 Global Transformation Program reorganization and restructuring activities, a reduction in our provision for loss due to reduced moneygram.com fraud losses and decreased net realized foreign exchange gains related to the favorable execution of the purchase of certain currencies, which traded outside of their historical norms in the first half of 2016 . The decrease was partially offset by an increase in costs for outsourcing, independent contractor and consultant costs as a result of continued investment in our compliance systems and call centers and an increase in marketing costs.

In 2015 , transaction and operations support expense decreased primarily due to realized foreign exchange gains, the impact of the strengthening U.S. dollar, a decrease in legal expenses due to the State Civil Investigative Demands matter which was substantially accrued for in 2014 and the near completion of the 2014 Global Transformation Program reorganization and restructuring activities. These decreases were partially offset by an increase in outsourcing, independent contractor and consulting costs as a result of continued investment in our compliance systems and operations as well as increased call volume due to initiatives under the compliance enhancement program and an increase in our provision for loss due to our new instant ACH product. Additionally, direct monitor costs increased due to remediation efforts related to the DPA.

#### Occupancy, Equipment and Supplies

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

In 2016 , occupancy, equipment and supplies remained relatively flat when compared to 2015 .

In 2015 , occupancy, equipment and supplies increased \$7.9 million , or 15% , when compared to 2014 , primarily due to maintenance charges on new licenses and other software projects, including those relating to the compliance enhancement program. These increases were partially offset by the impact of the strengthening U.S. dollar.

#### Depreciation and Amortization

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

In 2016 , depreciation and amortization increased \$13.8 million , or 21% , when compared to 2015 , primarily driven by accelerated depreciation expense on non-core assets and depreciation expense on computer hardware and software asset additions related to the compliance enhancement program.

In 2015 , depreciation and amortization increased \$10.6 million , or 19% , when compared to 2014 , primarily driven by higher depreciation expense due to computer hardware and software asset additions related to the compliance enhancement program.

Other Expenses (Income), Net

The following table is a summary of the components of other expenses (income), net for the years ended December 31 :

<u>(Amounts in millions)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016 vs 2015</u>	<u>2015 vs 2014</u>
Interest expense	\$ 45.0	\$ 45.3	\$ 44.2	\$ (0.3)	\$ 1.1
Debt extinguishment costs	0.3	—	—	0.3	—
Net securities gains	—	—	(45.4)	—	45.4
Total other expenses (income), net	<u>\$ 45.3</u>	<u>\$ 45.3</u>	<u>\$ (1.2)</u>	<u>\$ —</u>	<u>\$ 46.5</u>

*Interest Expense and Debt Extinguishment Costs* — Interest expense in 2016 remained relatively flat when compared to 2015 . The Company incurred debt extinguishment costs of \$0.3 million in 2016 in connection with additional debt principal payments and a debt repurchase made during the year.

Interest expense increased \$1.1 million in 2015 compared to 2014 as a result of higher average debt balances incurred in connection with the Incremental Agreement. See Note 9 — *Debt* of the Notes to the Consolidated Financial Statements for additional information.

*Net Securities Gains* — During 2016 and 2015 , we did not realize any net securities gains or losses. In 2014 , we realized \$45.4 million of net securities gains for settlements related to certain securities previously written down to a nominal fair value.

Income Taxes

The following table represents our provision for income taxes and effective tax rate for the years ended December 31 :

<u>(Amounts in millions, except percentages)</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Provision for income taxes	\$ 26.8	\$ 47.8	\$ 0.5
Effective tax rate	62.2%	(164.3)%	0.6%

Our provision for income taxes decreased from 2015 to 2016 , primarily as a result of an IRS tax court decision received in 2015 partially offset by a separate IRS settlement in 2016 . The effective tax rate increase in 2016 is not comparable to 2015 due to the operating loss in 2015 . See Note 13 — *Income Taxes* and Note 14 — *Commitments and Contingencies* of the Notes to the Consolidated Financial Statements for additional disclosure.

Our provision for income taxes increased from 2014 to 2015 , primarily as a result of the tax court decision related to an IRS matter. As a result of the operating loss in 2015 , the effective tax rate was (164.3)% .

Our provision for income taxes is volatile and could be affected by changes in the valuation of our deferred tax assets and liabilities, changes in tax laws and regulations, ultimate settlements of the IRS matter referred to above and examinations by tax authorities. Historically, the Company has not asserted permanent reinvestment with respect to its foreign undistributed earnings. To the extent such assertion changes in the future, our provision for income taxes and effective tax rate may also change.

We are regularly examined by tax authorities both domestically and internationally. We assess the likelihood of adverse outcomes and believe that adequate amounts have been reserved for adjustments that may result from these examinations. Given the inherent uncertainties in these examinations, the ultimate amount and timing of adjustments cannot be assured.

**Operating Income and Operating Margin**

The following table provides a summary overview of operating income and operating margin for the years ended December 31 :

<i>(Amounts in millions, except percentages)</i>	2016	2015	2014
Operating income:			
Global Funds Transfer	\$ 95.8	\$ 31.7	\$ 75.4
Financial Paper Products	18.5	17.9	28.1
Total segment operating income	114.3	49.6	103.5
Other	(25.9)	(33.4)	(32.1)
Total operating income	\$ 88.4	\$ 16.2	\$ 71.4
Total operating margin	5.4%	1.1%	4.6%
Global Funds Transfer	6.2%	2.2%	5.1%
Financial Paper Products	24.5%	24.4%	35.0%
Total Revenue	\$ 1,630.4	\$ 1,539.1	\$ 1,550.4
Global Funds Transfer	\$ 1,553.7	\$ 1,465.8	\$ 1,470.1
Financial Paper Products	\$ 75.6	\$ 73.3	\$ 80.3
Other revenue	\$ 1.1	\$ —	\$ —

**2016 Compared to 2015**

During 2016, the Company experienced an increase in total operating income and operating margin when compared to 2015, primarily due to increase in money transfer fee and other revenue of \$89.3 million. Additionally, total operating expenses as a percent of total revenue decreased due to the lower expenses related to the 2014 Global Transformation Program and the reduction in pension expense, partially offset by an increase in outsourcing, independent contractor and consultant costs, depreciation and amortization and net salaries, related payroll taxes and cash incentive compensation, as previously discussed.

"Other" operating losses decreased from 2015 to 2016 primarily due to the decrease in pension expense as a result of a pension settlement charge recorded in 2015 from a voluntary pension buyout.

**2015 Compared to 2014**

In 2015, the Company experienced a decline in both total operating income and total operating margin, primarily as a result of a \$11.3 million decrease in total revenue driven by the decrease in money transfer fee and other revenue and the increase in compensation and benefits expense related to the \$14.0 million pension settlement charge and increase in incentive compensation. The change in "Other" operating losses was nominal from 2014 to 2015.

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

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

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

The following table is a reconciliation of our non-GAAP financial measures to the related GAAP financial measures for the years ended December 31:

<i>(Amounts in millions)</i>	2016	2015	2014
Income (loss) before income taxes	\$ 43.1	\$ (29.1)	\$ 72.6
Interest expense	45.0	45.3	44.2
Depreciation and amortization	79.9	66.1	55.5
Amortization of agent signing bonuses	54.0	60.4	53.8
<b>EBITDA</b>	<b>222.0</b>	<b>142.7</b>	<b>226.1</b>
Significant items impacting EBITDA:			
Stock-based, contingent and incentive compensation	19.0	26.9	6.9
Compliance enhancement program	10.3	26.5	26.7
Direct monitor costs	9.1	11.5	6.5
Legal and contingent matters	2.3	1.7	16.4
Executive severance and related costs	1.9	—	—
Reorganization and restructuring costs <sup>(1)</sup>	—	20.0	30.5
Pension settlement charge	—	13.8	—
Net securities gains	—	—	(45.4)
Losses related to agent closures	—	—	7.4
Capital transaction costs	—	—	2.1
<b>Adjusted EBITDA</b>	<b>\$ 264.6</b>	<b>\$ 243.1</b>	<b>\$ 277.2</b>
Adjusted EBITDA growth, as reported	9%		
Adjusted EBITDA growth, constant currency adjusted	11%		
Adjusted EBITDA	\$ 264.6	\$ 243.1	\$ 277.2
Cash payments for interest	(41.6)	(42.1)	(41.1)
Cash taxes, net	(9.5)	(64.4)	(6.4)
Payments related to IRS tax matter	—	61.0	—
Cash payments for capital expenditures	(82.8)	(109.9)	(85.8)
Cash payments for agent signing bonuses	(34.0)	(87.3)	(93.9)
<b>Adjusted Free Cash Flow</b>	<b>\$ 96.7</b>	<b>\$ 0.4</b>	<b>\$ 50.0</b>

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

#### **2016 Compared to 2015**

The Company generated EBITDA of \$222.0 million and \$142.7 million and Adjusted EBITDA of \$264.6 million and \$243.1 million for the years ended December 31, 2016 and 2015, respectively. The increase in Adjusted EBITDA was primarily driven by an increase in money transfer fee and other revenue and a decrease in the pension expense. The increase in EBITDA was driven by the same factors that impacted Adjusted EBITDA and lower expense related to the 2014 Global Transformation Program.

For 2016, Adjusted Free Cash Flow increased by \$96.3 million. The increase was a result of increase in Adjusted EBITDA, decreases in payments for capital expenditures and agent signing bonuses.

#### **2015 Compared to 2014**

For 2015, the Company generated EBITDA of \$142.7 million and Adjusted EBITDA of \$243.1 million. When compared to 2014, Adjusted EBITDA decreased 34.1 million primarily due to the decrease in revenue mostly as a result of the strengthening of the U.S. dollar, an increase in net salaries, related payroll taxes and cash incentive compensation and an increase in outsourcing, independent contractor and consulting costs. In addition, we did not have net securities gains in 2015 as compared to \$45.4 million in 2014. EBITDA was impacted by the same factors that impacted Adjusted EBITDA, including an increase in stock-based and contingent performance compensation and a pension settlement charge.

For 2015, Adjusted Free Cash Flow decreased \$49.6 million, or 99%. The decrease was a result of decline in Adjusted EBITDA and increased cash payments for capital expenditures, partially offset by decreased cash payments for agent signing bonuses.

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

**LIQUIDITY AND CAPITAL RESOURCES**

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

**Cash and Cash Equivalents, Settlement Assets and Payment Service Obligations**

The following table shows the components of the Company's cash and cash equivalents and settlement assets as of December 31 :

<i>(Amounts in millions)</i>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$ 157.2	\$ 164.5
<b>Settlement assets:</b>		
Settlement cash and cash equivalents	1,365.0	1,560.7
Receivables, net	999.4	861.4
Interest-bearing investments	1,252.1	1,062.4
Available-for-sale investments	17.8	21.1
	<b>3,634.3</b>	<b>3,505.6</b>
<b>Payment service obligations</b>	<b>\$ (3,634.3)</b>	<b>\$ (3,505.6)</b>

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

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

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

**Cash and Cash Equivalents and Interest-bearing Investments**

To ensure we maintain adequate liquidity to meet our operating needs at all times, we keep a significant portion of our investment portfolio in cash and cash equivalents and interest-bearing investments at financial institutions rated A- or better by two of the following three rating agencies: Moody's Investor Service ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings, Inc. ("Fitch"); and in AAA rated U.S. government money market funds. If the rating agencies have split ratings, the Company uses the highest two out of three ratings across the agencies for disclosure purposes. If none of the three rating agencies have the same rating, the Company uses the lowest rating across the agencies for disclosure purposes. As of December 31, 2016, cash and cash equivalents (including unrestricted and settlement cash and cash equivalents) and interest-bearing investments totaled \$2.8 billion. Cash and cash equivalents consist of interest-bearing deposit accounts, non-interest bearing transaction accounts and money market securities; interest-bearing investments consist of time deposits and certificates of deposit with maturities of up to 24 months.

**Available-for-sale Investments**

Our investment portfolio includes \$17.8 million of available-for-sale investments as of December 31, 2016. U.S. government agency residential mortgage-backed securities compose \$7.2 million of our available-for-sale investments, while other asset-backed securities compose the remaining \$10.6 million.



## Clearing and Cash Management Banks

We collect and disburse money through a network of clearing and cash management banks. The relationships with these banks are a critical component of our ability to maintain our global active funding requirements on a timely basis. We have agreements with six active clearing banks that provide clearing and processing functions for official checks, money orders and other draft instruments. We have four active official check clearing banks, which provide sufficient capacity for our official check business. We rely on three active banks to clear our retail money orders and believe that these banks provide sufficient capacity for that business. We also maintain relationships with a variety of domestic and international cash management banks for electronic funds transfer and wire transfer services used in the movement of consumer funds and agent settlements.

## Credit Facilities

On March 28, 2013, we entered into 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 provided for (i) a senior secured five-year Revolving Credit Facility up to an aggregate principal amount of \$125.0 million and (ii) a senior secured seven-year term loan facility of \$850.0 million ("Term Credit Facility"). The Revolving Credit Facility includes a sub-facility that permits the Company to request the issuance of letters of credit up to an aggregate amount of \$50.0 million, with borrowings available for general corporate purposes and which would reduce the amount available under the Revolving Credit Facility.

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

On December 12, 2016, the Company entered into Amendment No. 2 to the 2013 Credit Agreement (the "2016 Amendment") with BOA and various lenders. The 2016 Amendment includes, but is not limited to, decreasing the aggregate revolving credit commitments from \$150.0 million to \$125.0 million from December 12, 2016 to March 27, 2018 (the remainder of the original Revolving Credit Facility term), and increasing the maximum secured leverage ratio, effective the first quarter of 2017. The 2016 Amendment also extends the maturity date of the revolving credit commitments of the extending lenders, which represent commitments of \$85.8 million in the aggregate, from March 28, 2018 to September 28, 2019.

The following table is a summary of the Company's outstanding debt balance as of December 31 :

<i>(Amounts in millions, except percentages)</i>	Effective Interest Rate	2016		2015	
Senior secured credit facility due 2020	4.25%	\$	924.0	\$	954.3
Unamortized debt issuance costs and debt discount			(8.8)		(11.7)
<b>Total debt, net</b>		<b>\$</b>	<b>915.2</b>	<b>\$</b>	<b>942.6</b>

As of December 31, 2016, the Company had no outstanding letters of credit or borrowings under the Revolving Credit Facility, leaving \$125.0 million of borrowing capacity thereunder.

The 2013 Credit Agreement contains various financial and non-financial covenants. We continuously monitor our compliance with our debt covenants. At December 31, 2016, the Company was in compliance with its financial covenants.

See Note 9 — *Debt* of the Notes to the Consolidated Financial Statements for additional disclosure related to the Company's credit facilities and financial covenants.

## Equity Registration Rights Agreement

The Company and the Investors entered into a Registration Rights Agreement (the "Equity Registration Rights Agreement") on March 25, 2008, with respect to the Series B Stock, D Stock, and the common stock owned by the Investors and their affiliates. Under the Equity Registration Rights Agreement, we are required under certain circumstances to file a registration statement to provide for the sale of such securities held by the Investors and their affiliates. We have filed such a registration statement, which 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.

See Note 11 - *Stockholders' Deficit* of the Notes to the Consolidated Financial Statements for additional disclosure related to the Company's Equity Registration Rights Agreement.

## Credit Ratings

As of December 31, 2016, our credit ratings from Moody's and S&P were B1 with a stable outlook and B+ with a negative outlook, respectively. On January 27, 2017, S&P placed our rating on CreditWatch with positive implications. Our credit facilities, regulatory capital requirements and other obligations were not impacted, and will not be impacted, by a future change in our credit ratings.

**Regulatory Capital Requirements and Contractual Obligations**Regulatory Capital Requirements

We have capital requirements relating to government regulations in the U.S. and other countries where we operate. Such regulations typically require us to maintain certain assets in a defined ratio to our payment service obligations. Through our wholly-owned subsidiary and licensed entity, MPSI, we are regulated in the U.S. by various state agencies that generally require us to maintain a pool of liquid assets and investments in an amount generally equal to the regulatory payment service obligation measure, as defined by each state, for our regulated payment instruments, namely teller checks, agent checks, money orders and money transfers. The regulatory requirements do not require us to specify individual assets held to meet our payment service obligations, nor are we required to deposit specific assets into a trust, escrow or other special account. Rather, we must maintain a pool of liquid assets. Provided we maintain a total pool of liquid assets sufficient to meet the regulatory and contractual requirements, we are able to withdraw, deposit or sell our individual liquid assets at will, without prior notice, penalty or limitations. We were in compliance with all state capital requirements as of December 31, 2016 .

We are also subject to regulatory capital requirements in various countries outside of the U.S., which typically result in a requirement to either prefund agent settlements or hold minimum required levels of cash or guarantees within the applicable country. The amounts can fluctuate based on our level of activity and is likely to increase over time as our business expands internationally. Assets used to meet these regulatory requirements support our payment service obligations and are not available to satisfy other liquidity needs. As of December 31, 2016 , we had \$90.7 million of prefunts and cash designated to meet regulatory capital requirements and such amounts are included in "Settlement assets" on the Consolidated Balance Sheet.

We were in compliance with all regulatory capital requirements as of December 31, 2016 . We believe that our liquidity and capital resources will remain sufficient to ensure ongoing compliance with all regulatory capital requirements.

Contractual Obligations

The following table includes aggregated information about the Company's contractual obligations that impact our liquidity and capital needs. The table includes information about payments due under specified contractual obligations, aggregated by type of contractual obligation as of December 31, 2016 :

<u>(Amounts in millions)</u>	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt, including interest payments	\$ 1,052.2	\$ 49.5	\$ 98.6	\$ 904.1	\$ —
Non-cancellable leases	60.9	13.9	24.0	17.8	5.2
Signing bonuses	44.1	21.7	22.4	—	—
Marketing	61.6	19.1	27.8	9.8	4.9
Total contractual cash obligations	\$ 1,218.8	\$ 104.2	\$ 172.8	\$ 931.7	\$ 10.1

Our Consolidated Balance Sheet at December 31, 2016 includes \$924.0 million of debt, netted with unamortized debt issuance costs and debt discount of \$8.8 million . The above table reflects the principal and interest that will be paid through the maturity of the debt using the rates in effect on December 31, 2016 , and assuming no prepayments of principal. Non-cancellable leases include operating leases consisting of various leases for buildings, vehicles and equipment and an equipment capital lease. Signing bonuses are payments to certain agents and financial institution customers as an incentive to enter into long-term contracts. Marketing represents contractual marketing obligations with certain agents, billers and corporate sponsorships. We have other commitments as described further below that are not included in this table as the timing and/or amount of payments are difficult to estimate.

We have a funded, noncontributory defined benefit pension plan ("Pension Plan") that is frozen to both future benefit accruals and new participants. It is our 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. We made contributions of \$8.0 million to the Pension Plan during 2016 . Although the Company has no minimum required contribution for the Pension Plan in 2017 , we expect to contribute \$8.0 million to the Pension Plan in 2017 .

The Company has certain unfunded defined benefit plans: supplemental executive retirement plans ("SERPs"), which are unfunded non-qualified defined benefit pension plans providing postretirement income to their participants; and a postretirement plan ("Postretirement Benefits") that provides medical and life insurance for its participants. These plans require payments over extended periods of time. The Company will continue to make contributions to the SERPs and the Postretirement Benefits to the extent benefits are paid. Aggregate benefits paid for the unfunded plans are expected to be \$9.9 million in 2017 .

As discussed in Note 13 — *Income Taxes* of the Notes to the Consolidated Financial Statements, the U.S. Tax Court granted the IRS's motion for summary judgment upholding the remaining adjustments in the Notices of Deficiency for 2005-2007 and 2009, which resulted in the Company making payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter in 2015. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court's decision and remanded the case to the Tax Court for further proceedings. Pending the outcome of the Tax Court proceeding, the Company may be required to file amended state returns and make additional cash payments of up to \$17.5 million on amounts that have previously been accrued. Additionally, due to the Company's agent relationships outside of the U.S., certain foreign tax exposures could result in additional tax payments of up to \$8.7 million.

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. As of December 31, 2016, the minimum commission guarantees had a maximum payment of \$2.9 million over a weighted average remaining term of 1.6 years. The maximum payment is calculated as the contractually guaranteed minimum commission times the remaining term of the contract and, therefore, assumes that the agent generates no money transfer transactions during the remainder of its contract. As of December 31, 2016, the liability for minimum commission guarantees was \$1.0 million. Minimum commission guarantees are not reflected in the table above.

### Analysis of Cash Flows

<i>(Amounts in millions)</i>	2016	2015	2014	2016 vs 2015	2015 vs 2014
Net cash provided by operating activities	\$ 118.2	\$ 33.6	\$ 62.3	\$ 84.6	\$ (28.7)
Net cash used in investing activities	(82.8)	(109.5)	(96.4)	26.7	(13.1)
Net cash used in financing activities	(42.7)	(10.2)	(34.1)	(32.5)	23.9
Net change in cash and cash equivalents	\$ (7.3)	\$ (86.1)	\$ (68.2)	\$ 78.8	\$ (17.9)

#### Cash Flows from Operating Activities

During 2016, cash provided by operating activities increased due to an increase in net income and a decrease in signing bonus payments of \$53.3 million driven by the timing of agent expansion and retention efforts. This increase was partially offset by increased payments for employee performance bonuses and a payment of \$13.0 million related to the State Civil Investigative Demands matter in March 2016. See Note 14 — *Commitments and Contingencies* of the Notes to Condensed Consolidated Financial Statements for additional disclosure related to this matter.

During 2015, cash provided by operating activities decreased by \$28.7 million from \$62.3 million in 2014 primarily due to the decrease in net income of \$149.0 million and a decrease in accounts payable and other liabilities mainly due to net cash tax payments of \$64.4 million in 2015. The decrease in cash provided by operating activities was primarily offset by the change in other assets due to the 2015 foreign currency settlements related to our forward contracts, the impact of the change in deferred taxes and the 2015 liquidation of the rabbi trusts associated with the deferred compensation plan.

#### Cash Flows from Investing Activities

Items impacting net cash used in investing activities in 2016, 2015 and 2014 were primarily from capital expenditures of \$82.8 million, \$109.9 million and \$85.8 million, respectively. The decrease in capital expenditures in 2016 was driven by reduced spend relating to the compliance enhancement program.

#### Cash Flows from Financing Activities

In 2016, items impacting net cash used in financing activities were \$30.3 million of principal payments on debt, which included additional principal payments totaling \$20.0 million made on the Term Credit Facility in the fourth quarter of 2016, and stock repurchases of \$11.7 million. In 2015, items impacting net cash used in financing activities were \$9.8 million principal payments on debt and \$0.4 million of stock repurchases. In 2014, financing activities used \$34.1 million of cash, primarily associated with stock repurchases.

## **Stockholders' Deficit**

*Stockholders' Deficit* — The Company is authorized to repurchase up to 12,000,000 shares of our common stock. As of December 31, 2016, we had repurchased a total of 9,842,509 shares of our common stock under this authorization and have remaining authorization to purchase up to \$2,157,491 shares.

Under the terms of our outstanding credit facilities, we are restricted in our ability to pay dividends on our common stock. No dividends were paid on our common stock in 2016, and we do not anticipate declaring any dividends on our common stock during 2017.

## **Off-Balance Sheet Arrangements**

None.

## **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts and related disclosures in the consolidated financial statements. Actual results could differ from those estimates. On a regular basis, management reviews its accounting policies, assumptions and estimates to ensure that our financial statements are presented fairly and in accordance with GAAP. Our significant accounting policies are discussed in Note 2 — *Summary of Significant Accounting Policies* of the Notes to the Consolidated Financial Statements.

Critical accounting policies are those policies that management believes are very important to the portrayal of our financial position and results of operations, and that require management to make estimates that are difficult, subjective or complex. Based on these criteria, management has identified and discussed with the Audit Committee the following critical accounting policies and estimates, including the methodology and disclosures related to those estimates.

*Goodwill* — We have two reporting units: Global Funds Transfer and Financial Paper Products. Our Global Funds Transfer reporting unit is the only reporting unit that carries goodwill. On an annual basis, or more frequently upon the occurrence of certain events, we test for goodwill impairment using a two-step process. The first step is to identify a potential impairment by comparing the fair value of a reporting unit with its carrying amount. The fair value of a reporting unit is determined based on a discounted cash flow analysis and further analyzed using other methods of valuation. A discounted cash flow analysis requires us to make various assumptions, including assumptions about future cash flows, growth rates and discount rates. The assumptions about future cash flows and growth rates are based on our long-term projections by reporting unit. In addition, an assumed terminal value is used to project future cash flows beyond base years. Assumptions used in our impairment testing are consistent with our internal forecasts and operating plans. Our discount rate is based on our debt and equity balances, adjusted for current market conditions and investor expectations of return on our equity. If the fair value of a reporting unit exceeds its carrying amount, there is no impairment. If not, the second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its carrying amount. To the extent the carrying amount of the reporting unit's goodwill exceeds its implied fair value, a write-down of the reporting unit's goodwill would be necessary.

We did not recognize a goodwill impairment loss for 2016, 2015 or 2014. The carrying value of goodwill assigned to the Global Funds Transfer reporting unit at December 31, 2016 was \$442.2 million. The annual impairment test indicated a fair value for the Global Funds Transfer reporting unit that was substantially in excess of the reporting unit's carrying value. In order to evaluate the sensitivity of the fair value calculations, we applied a hypothetical 10% decrease to the fair value of the Global Funds Transfer reporting unit. Had the estimated fair value been hypothetically lower by 10% as of December 31, 2016, the fair value of goodwill would still be substantially in excess of the reporting unit's carrying value.

*Fair Value of Investment Securities* — The Company has available-for-sale investments that are recorded at their estimated fair value. Our available-for-sale investments consist of residential mortgage-backed securities and other asset-backed securities.

We estimate fair value for our investments at an "exit price," or the exchange price that would be received for an asset in an orderly transaction between market participants. Observable price quotes for our exact securities are not available. For our government agency residential mortgage-backed securities, similar securities trade with sufficient regularity to allow observation of market inputs needed to estimate fair value. For our other asset-backed securities, trading within the relevant markets is not strong. Accordingly, observable market inputs are not as readily available and estimating fair value is more subjective. See Note 4 — *Fair Value Measurement* of the Notes to the Consolidated Financial Statements for additional disclosure.

*Pension* — Through the Company's Pension Plan and SERPs, collectively referred to as our "Pension," we provide defined benefit pension plan coverage to certain of our employees and certain employees of Viad Corporation, our former parent. Our pension obligations under these plans are measured as of December 31, the measurement date. Pension benefit obligations and the related expense are based upon actuarial projections using assumptions regarding mortality, discount rates, long-term return on assets and other factors.

Our assumptions reflect our historical experience and management's best judgment regarding future expectations. Certain of the assumptions, particularly the discount rate and expected return on plan assets, require significant judgment and could have a material impact on the measurement of our pension obligation.

In order to estimate the interest cost components of net periodic benefit expense for its Pension and Postretirement Benefits, the Company utilizes a full yield curve approach by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to their underlying projected cash flows.

At each measurement date, the discount rate used to measure total benefit obligation for the Pension and Postretirement Benefits is based on the then current interest rate yield curves for long-term corporate debt securities with maturities rated AA comparable to our obligations.

Our Pension Plan assets are primarily invested in commingled trust funds. Our investments are periodically realigned in accordance with the investment guidelines. The expected return on Pension Plan assets is based on our historical market experience, our asset allocations and our expectations for long-term rates of return. We also consider peer data and historical returns to assess the reasonableness and appropriateness of our assumption. Our Pension Plan asset allocations are reviewed periodically and are based upon plan funded ratio, an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments.

Lower discount rates increase the Pension and Postretirement Benefits obligation and subsequent year pension expense, while higher discount rates decrease the Pension and Postretirement Benefits obligation and subsequent year pension expense. Decreasing the discount rate by 50 basis points would have increased the 2016 Pension and Postretirement Benefits net periodic benefit expense by \$0.4 million. If the discount rate increased by 50 basis points, the Pension and Postretirement Benefits net periodic benefit expense would have decreased by \$0.4 million. Decreasing the expected rate of return by 50 basis points would have increased the 2016 Pension Plan net periodic benefit expense by \$0.6 million and increasing the expected rate of return by 50 basis points would have decreased the 2016 Pension Plan net periodic benefit expense by \$0.6 million.

*Income Taxes, Tax Contingencies* — We are subject to income taxes in the U.S. and various foreign jurisdictions. In determining taxable income, income or loss before taxes is adjusted for differences between local tax laws and GAAP.

We file tax returns in multiple states within the U.S. and various countries. Generally, our tax filings are subject to audit by tax authorities for three to five years following submission of a return. With a few exceptions, the Company is no longer subject to foreign or U.S., state and local income tax examinations for years prior to 2011. The U.S. federal income tax filings are subject to audit for fiscal years 2014 through 2016.

The benefits of tax positions are recorded in the income statement if we determine it is more-likely-than-not, based on the technical merits of the position, that the tax position will be sustained upon examination, including any related appeals or litigation.

Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes that we provide during any given year. The determination of taxable income in any jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events, such as the amount, timing and character of deductions and the sources and character of income and tax credits.

These assumptions and probabilities are periodically reviewed and revised based upon new information.

Changes in our current estimates due to unanticipated events, or other factors, could have a material effect on our financial condition and results of operations. Actual tax amounts may be materially different from amounts accrued based upon the results of audits due to different interpretations by the tax authorities than those of the Company. While we believe that our reserves are adequate to cover reasonably expected tax risks, an unfavorable tax settlement generally requires the use of cash and an increase in the amount of income tax expense that we recognize. A favorable tax settlement generally requires a decrease in the amount of income taxes that we recognize.

*Income Taxes, Valuation of Deferred Tax Assets* — 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-forwards on a taxing jurisdiction basis. We measure deferred tax assets and liabilities using enacted statutory tax rates that will apply in the years in which we expect the temporary differences to be recovered or paid.

The carrying amount of deferred tax assets must be reduced through a valuation allowance if it is more-likely-than-not that the deferred tax asset will not be realized. In the period in which a valuation allowance is recorded, we would record tax expense, whereas a tax benefit would be recorded in the period a valuation allowance is released.

In assessing the need for a valuation allowance, we consider both positive and negative evidence related to the likelihood that the deferred tax assets will be realized. Our assessment of whether a valuation allowance is required or should be adjusted requires judgment and is completed on a taxing jurisdiction basis. We consider, among other matters: the nature, frequency and severity of any cumulative financial reporting losses; the ability to carry back losses to prior years; future reversals of existing taxable temporary differences; tax planning strategies and projections of future taxable income. We also consider our best estimate of the outcome of any on-going examinations based on the technical merits of the position, historical procedures and case law, among other items.

As of December 31, 2016, we have recorded a valuation allowance of \$124.2 million against deferred tax assets of \$217.9 million. The valuation allowance primarily relates to basis difference in revalued investments, capital losses and certain foreign tax loss carryovers. While we believe that the basis for estimating our valuation allowance is appropriate, changes in our current estimates due to unanticipated events, or other factors, could have a material effect on our financial condition and results of operations.

*Stock-based compensation* — The Company has a stock-based compensation plan, which includes stock options and restricted stock units. Certain awards are subject to performance conditions at threshold and target levels.

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 awards and performance-based tranches. Compensation cost, net of estimated forfeitures, is recognized using a straight-line method over the vesting or service period.

Assumptions for stock-based compensation include estimating the future volatility of our stock price, expected dividend yield, employee turnover and employee exercise activity.

Performance-based share awards require management to make assumptions regarding the likelihood of achieving performance goals. Assumptions used in our assessment are consistent with our internal forecasts and operating plans and assume achievement of performance conditions as outlined in Note 12 — *Stock-Based Compensation* of the Notes to the Consolidated Financial Statements.

### **Recent Accounting Developments**

Recent accounting developments are set forth in Note 2 — *Summary of Significant Accounting Policies* of the Notes to the Consolidated Financial Statements.

### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

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

- our ability to compete effectively;
- our ability to maintain key agent or biller relationships, or a reduction in business or transaction volume from these relationships, including with our largest agent, Walmart, through the introduction by Walmart of competing white label money transfer products or otherwise;
- our ability to manage fraud risks from consumers or agents;
- the ability of us and our agents to comply with U.S. and international laws and regulations;
- litigation and regulatory proceedings involving us or our agents, which could result in material settlements, fines or penalties, revocation of required licenses or registrations, termination of contracts, other administrative actions or lawsuits and negative publicity;
- possible uncertainties relating to compliance with and the impact of the DPA;
- current and proposed regulations addressing consumer privacy and data use and security;



- our ability to successfully develop and timely introduce new and enhanced products and services and our investments in new products, services or infrastructure changes;
- our offering of money transfer services through agents in regions that are politically volatile or, in a limited number of cases, that may be subject to certain OFAC restrictions;
- changes in tax laws or unfavorable outcomes of tax positions we take, or a failure by us to establish adequate reserves for tax events;
- our substantial debt service obligations, significant debt covenant requirements and credit rating and our ability to maintain sufficient capital;
- our ability to manage risks associated with our international sales and operations, including risks associated with the United Kingdom's vote to withdraw from the European Union;
- major bank failure or sustained financial market illiquidity, or illiquidity at our clearing, cash management and custodial financial institutions;
- the ability of us and our agents to maintain adequate banking relationships;
- a security or privacy breach in systems, networks or databases on which we rely;
- disruptions to our computer systems and data centers and our ability to effectively operate and adapt our technology;
- continued weakness in economic conditions, in both the U.S. and global markets;
- a significant change, material slow down or complete disruption of international migration patterns;
- the financial health of certain European countries or the secession of a country from the European Union, and the resulting impact on the sustainability of the euro;
- our ability to manage credit risks from our agents and official check financial institution customers;
- our ability to adequately protect our brand and intellectual property rights and to avoid infringing on the rights of others;
- our ability to attract and retain key employees;
- our ability to manage risks related to the operation of retail locations and the acquisition or start-up of businesses;
- any restructuring actions and cost reduction initiatives that we undertake may not deliver the expected results and these actions may adversely affect our business;
- our ability to maintain effective internal controls;
- our capital structure and the special voting rights provided to the THL Representatives on our Board of Directors;
- risks relating to the proposed Merger, including the possibility that the consummation of the Merger could be delayed or not completed, and the effect of announcement or pendency of the Merger on our business; and
- the risks and uncertainties described in the “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” sections of this Annual Report on Form 10-K, as well as any additional risk factors that may be described in our other filings with the SEC from time to time.

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## **Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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### **Enterprise Risk Management**

Risk is an inherent part of any business. Our most prominent risk exposures are credit, interest rate and foreign currency exchange. See Part 1, Item 1A “*Risk Factors*” of this Annual Report on Form 10-K for a description of the principal risks to our business. Appropriately managing risk is important to the success of our business, and the extent to which we effectively manage each of the various types of risk is critical to our financial condition and profitability. Our risk management objective is to monitor and control risk exposures to produce steady earnings growth and long-term economic value.

Management implements policies approved by our Board of Directors that cover our investment, capital, credit and foreign currency practices and strategies. The Board receives periodic reports regarding each of these areas and approves significant changes to policy and strategy. The Asset/Liability Committee composed of senior management, routinely reviews investment and risk management strategies and results. The Credit Committee, composed of senior management, routinely reviews credit exposure to our agents.



The following is a discussion of the risks we have deemed most critical to our business and the strategies we use to manage and mitigate such risks. While containing forward-looking statements related to risks and uncertainties, this discussion and related analyses are not predictions of future events. Our actual results could differ materially from those anticipated due to various factors discussed under “ *Cautionary Statements Regarding Forward-Looking Statements* ” and under “ *Risk Factors* ” in Part 1, Item 1A of this Annual Report on Form 10-K.

**Credit Risk**

Credit risk, or the potential risk that we may not collect amounts owed to us, affects our business primarily through receivables, investments and derivative financial instruments. In addition, the concentration of our cash, cash equivalents and investments at large financial institutions exposes us to credit risk.

*Investment Portfolio* — Credit risk from our investment portfolio relates to the risk that we may be unable to collect the interest or principal owed to us under the legal terms of the various securities. Our primary exposure to credit risk arises through the concentration of a large amount of our investment portfolio at a few large banks, also referred to as financial institution risk, as well as a concentration in securities issued by U.S. government agencies.

At December 31, 2016, the Company's investment portfolio of \$2.8 billion was primarily comprised of cash and cash equivalents, consisting of interest-bearing deposit accounts, non-interest bearing transaction accounts and U.S. government money market securities, and interest-bearing investments consisting of time deposits and certificates of deposit. Based on investment policy restrictions, investments are limited to those rated A- or better by two of the following three rating agencies: Moody's, S&P and Fitch. If the rating agencies have split ratings, the Company uses the highest two out of three ratings across the agencies for disclosure purposes. If none of the three rating agencies have the same rating, the Company uses the lowest rating across the agencies for disclosure purposes. No maturity of interest-bearing investments exceeds 24 months from the date of purchase.

The financial institutions holding significant portions of our investment portfolio may act as custodians for our asset accounts, serve as counterparties to our foreign currency transactions and conduct cash transfers on our behalf for the purpose of clearing our payment instruments and related agent receivables and agent payables. Through certain check clearing agreements and other contracts, we are required to utilize several of these financial institutions.

The concentration in U.S. government agencies includes agencies placed under conservatorship by the U.S. government in 2008 and extended unlimited lines of credit from the U.S. Treasury. The implicit guarantee of the U.S. government and its actions to date support our belief that the U.S. government will honor the obligations of its agencies if the agencies are unable to do so themselves.

The following table is a detailed summary of our investment portfolio as of December 31, 2016 :

<i>(Amounts in millions, except percentages and financial institutions)</i>	Number of Financial Institutions <sup>(1)</sup>	Amount	Percent of Investment Portfolio
Cash held on-hand at owned retail locations	N/A	\$ 1.2	—%
Cash equivalents collateralized by securities issued by U.S. government agencies	2	7.7	—%
Available-for-sale investments issued by U.S. government agencies	N/A	7.2	—%
Cash, cash equivalents and interest-bearing investments at institutions rated AAA <sup>(2)</sup>	1	30.0	1%
Cash, cash equivalents and interest-bearing investments at institutions rated AA	6	947.6	34%
Cash, cash equivalents and interest-bearing investments at institutions rated A	8	1,399.4	50%
Cash, cash equivalents and interest-bearing investments at institutions rated BBB	2	0.2	—%
Cash, cash equivalents and interest-bearing investments at institutions rated below BBB	4	56.2	2%
Other asset-backed securities	N/A	10.6	—%
Investment portfolio held within the U.S.	23	2,460.1	87%
Cash held on-hand at owned retail locations	N/A	15.8	1%
Cash, cash equivalents and interest-bearing investments held at institutions rated AA	5	16.5	1%
Cash, cash equivalents and interest-bearing investments at institutions rated A	15	226.1	8%
Cash, cash equivalents and interest-bearing investments at institutions rated below A	60	73.6	3%
Investment portfolio held outside the U.S.	80	332.0	13%
Total investment portfolio		<u>\$ 2,792.1</u>	<u>100%</u>

<sup>(1)</sup> Financial institutions, located both in the U.S. and outside of the U.S., are included in each of their respective total number of financial institutions.

<sup>(2)</sup> Inclusive of deposits with FDIC-insured institutions and where such deposits are fully insured by the Federal Deposit Insurance Corporation.

At December 31, 2016, all but \$10.6 million of the investment portfolio is invested in cash, cash equivalents, interest-bearing investments and investments issued or collateralized by U.S. government agencies. Approximately 99% of the portfolio is invested in cash, cash equivalents and interest-bearing investments, with 87% of our total investment portfolio invested at financial institutions located within the U.S.

*Receivables* — We have credit exposure to receivables from our agents through the money transfer, bill payment and money order settlement process. These receivables originate from independent agents who collect funds from consumers who are transferring money or buying money orders, and agents who receive proceeds from us in anticipation of payment to the recipients of money transfers. Agents typically have from one to three days to remit the funds, with longer remittance schedules granted to certain agents on a limited basis. The Company has a credit risk management function that conducts the underwriting of credit on new agents as well as conducting credit surveillance on all agents to monitor their financial health and the history of settlement activity with us. The Company's credit risk management function also maintains daily contact with agents, and performs a collection function. For the year ended December 31, 2016, our annual credit losses from agents, as a percentage of total fee and other revenue, was 1%. As of December 31, 2016, we had credit exposure to our agents of \$560.6 million in the aggregate spread across 12,849 agents, of which three agents, individually, owed us in excess of \$15.0 million.

In addition, we are exposed to credit risk directly from consumer transactions particularly through our Digital solutions, where transactions are originated through means other than cash, and therefore are subject to credit card chargebacks, insufficient funds or other collection impediments, such as fraud. As the Digital solutions become a greater proportion of our money transfer business, these losses may increase.

We also have credit exposure to receivables from our financial institution customers for business conducted by the Financial Paper Products segment. Financial institutions will collect proceeds for official checks and money orders and remit those proceeds to us. We actively monitor the credit risk associated with financial institutions such as banks and credit unions, and have not incurred any losses associated with the failure or merger of any bank or non-bank financial institution customer. As of December 31, 2016, we had a credit exposure to our official check and money order financial institution customers of \$286.3 million in the aggregate spread across 1,255 financial institutions, of which one owed us in excess of \$15.0 million.

With respect to our credit union customers, our credit exposure is partially mitigated by National Credit Union Administration insurance and we have required certain credit union customers to provide us with larger balances on deposit and/or to issue cashier's checks only. While the value of these assets are not at risk in a disruption or collapse of a counterparty financial institution, the delay in accessing our assets could adversely affect our liquidity and potentially our earnings depending upon the severity of the delay and corrective actions we may need to take.

While the extent of credit risk may vary by product, the process for mitigating risk is similar. We assess the creditworthiness of each potential agent before accepting them into our distribution network. This underwriting process includes not only a determination of whether to accept a new agent, but also the remittance schedule and volume of transactions that the agent will be allowed to perform in a given timeframe. We actively monitor the credit risk of our existing agents by conducting periodic financial reviews and cash flow analyses of our agents that average high volumes of transactions and monitoring remittance patterns versus reported sales on a daily basis.

The timely remittance of funds by our agents and financial institution customers is an important component of our liquidity. If the timing of the remittance of funds were to deteriorate, it would alter our pattern of cash flows and could require us to liquidate investments or utilize our Revolving Credit Facility to settle payment service obligations. To manage this risk, we closely monitor the remittance patterns of our agents and financial institution customers and act quickly if we detect deterioration or alteration in remittance timing or patterns. If deemed appropriate, we have the ability to immediately deactivate an agent's equipment at any time, thereby preventing the initiation or issuance of further money transfers and money orders.

Credit risk management is complemented through functionality within our point-of-sale system, which can enforce credit limits on a real-time basis. The system also permits us to remotely disable an agent's terminals and cause a cessation of transactions.

*Derivative Financial Instruments* — Credit risk related to our derivative financial instruments relates to the risk that we are unable to collect amounts owed to us by the counterparties to our derivative agreements. Our derivative financial instruments are used to manage exposures to fluctuations in foreign currency exchange rates. If the counterparties to any of our derivative financial instruments were to default on payments, it could result in a delay or interruption of payments to our agents. We manage credit risk related to derivative financial instruments by entering into agreements with only major banks and regularly monitoring the credit ratings of these banks. See Note 6 — *Derivative Financial Instruments* of the Notes to the Consolidated Financial Statements for additional disclosure.

### **Interest Rate Risk**

Interest rate risk represents the risk that our operating results are negatively impacted, and our investment portfolio declines in value, due to changes in interest rates. Given the short maturity profile of the investment portfolio and the low level of interest rates, we believe there is an extremely low risk that the value of these securities would decline such that we would have a material adverse change in our operating results. As of December 31, 2016, the Company held \$208.6 million, or 7%, of the investment portfolio in fixed rate investments.

At December 31, 2016, the Company's other asset-backed securities are priced on average at \$0.03 per dollar of par value for a total fair value of \$10.6 million. 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. Any resulting adverse movement in our stockholders' deficit or settlement assets from declines in investments would not result in regulatory or contractual compliance exceptions.

Our operating results are impacted by interest rate risk through our net investment margin, which is investment revenue less investment commissions expense. As the money transfer business is not materially affected by investment revenue and pays commissions that are not tied to an interest rate index, interest rate risk has the most impact on our money order and official check businesses. We are invested primarily in interest-bearing deposit accounts, non-interest bearing transaction accounts, U.S. government money market securities, time deposits and certificates of deposit. These types of investments have minimal risk of declines in fair value from changes in interest rates. Our commissions paid to financial institution customers are determined using a variable rate based primarily on the federal funds effective rate and are reset daily. Accordingly, both our investment revenue and our investment commissions expense will decrease when rates decline and increase when rates rise. In the current environment, the federal funds effective rate is low enough that some of our financial institution customers are in a "negative" commission position, and therefore, we do not owe any commissions to these customers.

Our results are impacted by interest rate risk through our interest expense for borrowings under the 2013 Credit Agreement. The Company may elect an interest rate for its debt 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. Accordingly, any increases in interest rates will adversely affect interest expense.

The tables below incorporate substantially all of our interest rate sensitive assets and assumptions that reflect changes in all interest rates pertaining to the balance sheet. The "ramp" analysis assumes that interest rates change in even increments over the next 12 months. The "shock" analysis assumes interest rates change immediately and remain at the changed level for the next twelve months. Components of our pre-tax income (loss) that are interest rate sensitive include "Investment revenue," "Investment commissions expense" and "Interest expense." In the current interest rate environment where rates have been historically low, our risk associated with interest rates is not material. A moderately rising interest rate environment would be generally beneficial to the Company because variable rate assets exceed our variable rate liabilities, and certain of our variable rate liabilities will not react to increases in interest rates until those rates exceed the floor set for the index rate on the corresponding debt.

The following table summarizes the changes to affected components of the income statement under various ramp scenarios as of December 31, 2016 :

<i>(Amounts in millions)</i>	Basis Point Change in Interest Rates					
	Down	Down	Down	Up	Up	Up
	200	100	50	50	100	200
Investment revenue	\$ (11.0)	\$ (7.8)	\$ (4.2)	\$ 6.6	\$ 11.7	\$ 21.8
Investment commissions expense	4.2	3.4	2.1	(2.4)	(5.3)	(11.4)
Interest expense	NM	NM	NM	(1.9)	(3.8)	(7.6)
Change in pretax income	\$ (6.8)	\$ (4.4)	\$ (2.1)	\$ 2.3	\$ 2.6	\$ 2.8

NM = Not meaningful

The following table summarizes the changes to affected components of the income statement under various shock scenarios as of December 31, 2016 :

<i>(Amounts in millions)</i>	Basis Point Change in Interest Rates					
	Down 200	Down 100	Down 50	Up 50	Up 100	Up 200
Investment revenue	\$ (15.1)	\$ (15.1)	\$ (9.8)	\$ 12.7	\$ 23.8	\$ 46.0
Investment commissions expense	5.0	5.0	3.8	(5.0)	(11.3)	(23.8)
Interest expense	NM	NM	NM	(3.5)	(7.0)	(13.9)
Change in pretax income	\$ (10.1)	\$ (10.1)	\$ (6.0)	\$ 4.2	\$ 5.5	\$ 8.3

NM = Not meaningful

### Foreign Currency Risk

We are exposed to foreign currency risk in the ordinary course of business as we offer our products and services through a network of agents and financial institutions with locations in more than 200 countries and territories. By policy, we do not speculate in foreign currencies; all currency trades relate to underlying transactional exposures.

Our primary source of foreign exchange risk is transactional risk. This risk is predominantly incurred in the money transfer business in which funds are frequently transferred cross-border and we settle with agents in multiple currencies. Although this risk is somewhat limited due to the fact that these transactions are short-term in nature, we currently manage some of this risk with forward contracts to protect against potential short-term market volatility. The primary currency pairs, based on volume, that are traded against the U.S. dollar in the spot and forward markets include the European euro, Mexican peso, British pound and Indian rupee. The tenor of forward contracts is typically less than 30 days.

Realized and unrealized gains or losses on transactional currency and any associated revaluation of balance sheet exposures are recorded in "Transaction and operations support" in the Consolidated Statements of Operations. The fair market value of any open forward contracts at period end are recorded in "Other assets" or "Accounts payable and other liabilities" in the Consolidated Balance Sheets. The net effect of changes in foreign exchange rates and the related forward contracts for the year ended December 31, 2016 was a gain of \$18.2 million .

Additional foreign currency risk is generated from fluctuations in the U.S. dollar value of future foreign currency-denominated earnings. In 2016 , fluctuations in the euro exchange rate (net of transactional hedging activities) resulted in a net decrease to our operating income of \$0.2 million .

In 2016 , the euro was our second largest currency position in the world following the U.S. dollar. Had the euro appreciated or depreciated relative to the U.S. dollar by 20% from actual exchange rates for 2016 , operating income would have increased/decreased approximately \$12.6 million for the year. There are inherent limitations in this sensitivity analysis, primarily due to the assumption that foreign exchange rate movements are linear and instantaneous, that the unhedged exposure is static and that we would not hedge any additional exposure. As a result, the analysis is unable to reflect the potential effects of more complex market changes that could arise, which may positively or negatively affect income.

Translation risk is generated from the accounting translation of the financial statements of foreign subsidiaries (from their functional currency) into U.S. dollars for consolidation and does not have a significant impact on company results. These translation adjustments are recorded in "Accumulated other comprehensive loss" on the Consolidated Balance Sheets.

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### Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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The information called for by Item 8 is found in a separate section of this Annual Report on Form 10-K starting on pages F-1. See the "Index to Financial Statements" on page F-1.

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### Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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None.

**Item 9A. CONTROLS AND PROCEDURES**

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*Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Securities Exchange Act of 1934, as amended (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 are designed, without limitation, 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.

As of the end of the period covered by this report, the Company's management carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2016, the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the fiscal quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

*Management's Report on Internal Control over Financial Reporting*

Management's annual report on internal control over financial reporting is provided on page F-2 of this Annual Report on Form 10-K. The attestation report of the Company's independent registered public accounting firm, KPMG LLP, regarding the Company's internal control over financial reporting is provided on page F-3 of this Annual Report on Form 10-K.

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**Item 9B. OTHER INFORMATION**

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None.

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**PART III**

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**Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

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The information called for by this Item is contained in Item 1 of this Annual Report on Form 10-K under the caption “ *Executive Officers of the Registrant* ” and in our definitive Proxy Statement for our 2017 Annual Meeting of Stockholders, and is incorporated herein by reference.

All of our employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, also referred to as the Principal Officers, are subject to our Code of Conduct. Our directors are also subject to our Code of Conduct. These documents are posted on our website at [corporate.moneygram.com](http://corporate.moneygram.com) in the Investor Relations section, and are available in print free of charge to any stockholder who requests them at the address set forth in Item 1 – *Available Information* of this Annual Report on Form 10-K. We will disclose any amendments to, or waivers of, our Code of Conduct for directors or Principal Officers on our website. The information on our website is not part of this Annual Report on Form 10-K.

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**Item 11. EXECUTIVE COMPENSATION**

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The information called for by this Item is contained in our definitive Proxy Statement for our 2017 Annual Meeting of Stockholders, and is incorporated herein by reference.

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**Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER . MATTERS**

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The information called for by this Item is contained in our definitive Proxy Statement for our 2017 Annual Meeting of Stockholders, and is incorporated herein by reference.

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**Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

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The information called for by this Item is contained in our definitive Proxy Statement for our 2017 Annual Meeting of Stockholders, and is incorporated herein by reference.

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**Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

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The information called for by this Item is contained in our definitive Proxy Statement for our 2017 Annual Meeting of Stockholders, and is incorporated herein by reference.

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**PART IV**

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**Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

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- (a) (1) The financial statements listed in the “Index to Financial Statements” 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.
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**Item 16. FORM 10-K SUMMARY**

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None.

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**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: March 16, 2017

By:           /s / W. ALEXANDER HOLMES          

W. Alexander Holmes

Director and Chief Executive Officer

(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

          /s/ W. Alexander Holmes          

W. Alexander Holmes

Director and Chief  
Executive Officer  
(Principal Executive Officer)

March 16, 2017

          /s/ Lawrence Angelilli          

Lawrence Angelilli

Chief Financial Officer  
(Principal Financial Officer)

March 16, 2017

          /s/ John D. Stoneham          

John D. Stoneham

Corporate Controller  
(Principal Accounting Officer)

March 16, 2017

**Directors**

Pamela H. Patsley

J. Coley Clark

Victor W. Dahir

Antonio O. Garza

Peggy Vaughan

Seth W. Lawry

Ganesh B. Rao

W. Bruce Turner

Michael Rafferty

By:           /s/ F. Aaron Henry          

F. Aaron Henry

Attorney-in-fact

March 16, 2017

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
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 (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).
**2.4	Agreement and Plan of Merger by and among MoneyGram International, Inc., Alipay (UK) Limited, Matrix Acquisition Corp. and Alipay (Hong Kong) Holding Limited, dated as of January 26, 2017 (Incorporated by reference from Exhibit 2.1 to Registrant's Current Report on Form 8-K filed January 26, 2017).
3.1	Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated June 28, 2004 (Incorporated by reference from Exhibit 3.1 to Registrant's Annual Report on Form 10-K filed on March 15, 2010).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated May 12, 2009 (Incorporated by reference from Exhibit 3.1 to Registrant's Annual Report on Form 10-K filed March 15, 2010).
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated May 18, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant's Current Report on Form 8-K filed May 23, 2011).
3.4	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated November 14, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant's Current Report on Form 8-K filed November 14, 2011).
3.5	Amended and Restated Bylaws of MoneyGram International, Inc., dated October 28, 2015 (Incorporated by reference from Exhibit 3.5 to Registrant's Quarterly Report on Form 10-Q filed on November 2, 2015).
3.6	Amendment to the Amended and Restated Bylaws of MoneyGram International, Inc., dated March 2, 2016.
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	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).
4.3	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).
- †10.7 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).
- †10.8 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).
- †10.9 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).
- †10.10 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).
- †10.11 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).
- †10.12 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).
- 10.13 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).
- 10.14 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).
- 10.15 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).
- 10.16 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).
- 10.17 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).
- 10.18 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).
- †10.19 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).
- †10.20 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).
- †10.21 Form of MoneyGram International, Inc. 2004 Omnibus Incentive Plan Non-Qualified Stock Option Agreement for Directors as adopted February 16, 2005 (Incorporated by reference from Exhibit 99.7 to Registrant's Current Report on Form 8-K filed on February 23, 2005).
- †10.22 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).
- †10.23 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).
- †10.24 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).
- †10.25 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).

- †10.26 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).
- †10.27 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).
- †10.28 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).
- †10.29 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).
- †10.30 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).
- †10.31 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).
- †10.32 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).
- †10.33 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).
- †10.34 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).
- †10.35 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).
- †10.36 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).
- †10.37 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).
- †10.38 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).
- †10.39 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).
- †10.40 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).
- †10.41 The MoneyGram International, Inc. Outside Directors’ Deferred Compensation Trust, dated January 5, 2005 (Incorporated by reference from Exhibit 99.05 to Registrant’s Current Report on Form 8-K filed on November 22, 2005).
- †10.42 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).
- †10.43 MoneyGram International, Inc. Severance Plan, restated effective February 17, 2010 (Incorporated by reference from Exhibit 10.03 to Registrant’s Current Report on Form 8-K/A filed November 22, 2010).
- †10.44 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).
- †10.45 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).
- †10.46 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).
- 10.47 Consent Agreement, dated as of March 7, 2011, among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc. and certain of its subsidiaries 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).

- †10.48 MoneyGram International, Inc. 2005 Omnibus Incentive Plan, as amended and restated May 8, 2015 (Incorporated by reference from Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed May 14, 2015).
- +10.49 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).
- 10.50 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).
- 10.51 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).
- 10.52 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).
- 10.53 Intercreditor Agreement, dated as of May 18, 2011, among MoneyGram Payment Systems Worldwide, Inc., the First Priority Secured Parties as defined therein, the Secord 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).
- 10.54 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).
- 10.55 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).
- 10.56 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).
- 10.57 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).
- 10.58 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).
- +10.59 First Incremental Amendment and Joinder Agreement, dated April 2, 2014, by and among MoneyGram International, Inc., as borrower, MoneyGram Payment Systems Worldwide, Inc., MoneyGram Payment Systems, Inc., and MoneyGram of New York LLC, Bank of America, N.A., as administrative agent, and the financial institutions party thereto as Lenders (Incorporated by reference from Exhibit 10.2 to Registrant’s Quarterly Report on Form 10-Q filed May 2, 2014).
- 10.60 Consent Agreement, dated as of August 12, 2011, by and among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc. and certain of its subsidiaries, 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).
- 10.61 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).
- 10.62 Consent Agreement, dated as of October 24, 2011, by and among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc. and certain of its subsidiaries, 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).
- 10.63 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).
- 10.64 Consent Agreement, dated as of November 17, 2011, by and among MoneyGram Payment Systems Worldwide, Inc., MoneyGram International, Inc. and certain of its subsidiaries 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).
- †10.65 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).

- †10.66 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).
- †10.67 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).
- †10.68 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).
- †10.69 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).
- †10.70 Form of Severance Agreement (Incorporated by reference from Exhibit 10.95 to Registrant’s Annual Report on Form 10-K filed March 9, 2012).
- 10.71 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).
- 10.72 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).
- +10.73 Amended and Restated Master Trust Agreement dated January 29, 2016 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 February 1, 2016).
- +10.74 Amendment No. 1 to Amended and Restated Master Trust Agreement, dated August 26, 2016 by and between MoneyGram Payment Systems, Inc. and Wal-Mart Stores, Inc. (Incorporated by reference from Exhibit 10.1 to Registrant’s Quarterly Report on Form 10-Q filed October 31, 2016).
- \*+10.75 Amendment No. 2 to Amended and Restated Master Trust Agreement, dated October 25, 2016 by and between MoneyGram Payment Systems, Inc. and Wal-Mart Stores, Inc.
- 10.77 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).
- 10.78 Stock Repurchase Agreement, dated March 26, 2014, by and among the Company and the THL Selling Stockholders (Incorporated by reference from Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed March 31, 2014).
- †10.79 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).
- †10.80 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).
- †10.81 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).
- †10.82 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).
- †10.83 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).
- †10.84 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Time-Based Restricted Stock Unit Award Agreement (Incorporated by reference from Exhibit 10.3 to Registrant’s Quarterly Report on Form 10-Q filed May 2, 2014).
- †10.85 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Stock Appreciation Right Agreement (Incorporated by reference from Exhibit 10.4 to Registrant’s Quarterly Report on Form 10-Q filed May 2, 2014).
- †10.86 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Performance-Based Restricted Stock Unit Award Agreement (Incorporated by reference from Exhibit 10.5 to Registrant’s Quarterly Report on Form 10-Q filed May 2, 2014).
- †10.87 Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan Global Stock Option Agreement (Incorporated by reference from Exhibit 10.6 to Registrant’s Quarterly Report on Form 10-Q filed May 2, 2014).



†10.88	Global Time-Based Restricted Stock Unit Award Agreement, dated February 24, 2014, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.7 to Registrant’s Quarterly Report on Form 10-Q filed May 2, 2014).
†10.89	Global Performance-Based Restricted Stock Unit Award Agreement, dated February 24, 2014, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.8 to Registrant’s Quarterly Report on Form 10-Q filed May 2, 2014).
†10.90	Form of 2014 Cash Retention Award Agreement (Incorporated by reference from Exhibit 10.93 to Registrant’s Annual Report on Form 10-K filed March 3, 2015).
†10.91	2014 Cash Retention Award Agreement, dated December 10, 2014, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.94 to Registrant’s Annual Report on Form 10-K filed March 3, 2015).
†10.92	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan 2015 Global Time-Based Restricted Stock Unit Award Agreement (Incorporated by reference from Exhibit 10.1 to Registrant’s Quarterly Report on Form 10-Q filed May 4, 2015).
†10.93	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan 2015 Global Performance-Based Restricted Stock Unit Award Agreement (Incorporated by reference from Exhibit 10.2 to Registrant’s Quarterly Report on Form 10-Q filed May 4, 2015).
†10.94	2015 Global Time-Based Restricted Stock Unit Award Agreement, dated February 25, 2015, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.3 to Registrant’s Quarterly Report on Form 10-Q filed May 4, 2015).
†10.95	2015 Global Performance-Based Restricted Stock Unit Award Agreement, dated February 25, 2015, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.4 to Registrant’s Quarterly Report on Form 10-Q filed May 4, 2015).
†10.96	Employment Agreement, dated July 30, 2015, by and between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.2 to Registrant’s Current Report on Form 8-K filed July 31, 2015).
†10.97	Employment Agreement, dated July 30, 2015, by and between MoneyGram International, Inc. and W. Alexander Holmes (Incorporated by reference from Exhibit 10.3 to Registrant’s Current Report on Form 8-K filed July 31, 2015).
†10.98	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan 2016 Global Time-Based Restricted Stock Unit Award (Incorporated by reference from Exhibit 10.2 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.99	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan 2016 Global Performance-Based Restricted Stock Unit Award (Incorporated by reference from Exhibit 10.3 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.100	Form of MoneyGram International, Inc. 2005 Omnibus Incentive Plan 2016 Global Performance-Based Cash Award Agreement (Incorporated by reference from Exhibit 10.4 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.101	2016 Global Time-Based Restricted Stock Unit Award Agreement, dated February 23, 2016, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.5 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.102	2016 Global Performance-Based Restricted Stock Unit Award Agreement, dated February 23, 2016, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.6 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.103	2016 Global Performance-Based Cash Award Agreement, dated February 23, 2016, between MoneyGram International, Inc. and Pamela H. Patsley (Incorporated by reference from Exhibit 10.7 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.104	2016 Global Time-Based Restricted Stock Unit Award Agreement, dated February 23, 2016, between MoneyGram International, Inc. and W. Alexander Holmes (Incorporated by reference from Exhibit 10.8 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.105	2016 Global Performance-Based Restricted Stock Unit Award Agreement, dated February 23, 2016, between MoneyGram International, Inc. and W. Alexander Holmes (Incorporated by reference from Exhibit 10.9 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
†10.106	2016 Global Performance-Based Cash Award Agreement, dated February 23, 2016, between MoneyGram International, Inc. and W. Alexander Holmes (Incorporated by reference from Exhibit 10.10 to Registrant’s Quarterly Report on Form 10-Q filed May 3, 2016).
*+10.107	Amendment No. 2 to Amended and Restated Credit Agreement, dated December 12, 2016, relating to Amended and Restated Credit Agreement dated March 28, 2013 between MoneyGram International, Inc., the lenders from time to time party thereto and Bank of America, N.A. as Administrative Agent.
*10.108	Amendment No. 3 to Amended and Restated Credit Agreement, dated December 30, 2016, relating to Amended and Restated Credit Agreement dated March 28, 2013 between MoneyGram International, Inc., the lenders from time to time party thereto and Bank of America, N.A. as Administrative Agent.
*21	Subsidiaries of the Registrant



- \*23.1 Consent of KPMG LLP
- \*23.2 Consent of Deloitte & Touche LLP
- \*24 Power of Attorney
- \*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, 2016 and December 31, 2015; (ii) Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014; (iii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2016, 2015 and 2014; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014; (v) Consolidated Statements of Stockholders’ Deficit as of December 31, 2016, 2015 and 2014; and (vi) Notes to the Consolidated Financial Statements.
  
- \* Filed herewith.
  
- \*\* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. MoneyGram International, Inc. hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the U.S. Securities and Exchange Commission; provided, however, that MoneyGram International, Inc. may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedules so furnished.
  
- † 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.

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

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<a href="#">Reports of Independent Registered Public Accounting Firm</a>	<a href="#">F-3</a>
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<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014</a>	<a href="#">F-9</a>
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## **Management’s Responsibility Statement**

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 establishing and 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.

Management assessed the effectiveness of the Company’s internal controls over financial reporting as of December 31, 2016 . In making this assessment, management used the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment and those criteria, management believes that the Company designed and maintained effective internal control over financial reporting as of December 31, 2016 .

The Company’s independent registered public accounting firm, KPMG US LLP, has been engaged to audit our financial statements included in this Annual Report on Form 10-K and the effectiveness of the Company’s system of internal control over financial reporting as of December 31, 2016 . Their attestation report regarding the Company’s internal control over financial reporting is included on page F-3 of this Annual Report on Form 10-K.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders  
MoneyGram International, Inc.

We have audited MoneyGram International, Inc.'s internal control over financial reporting as of December 31, 2016 , based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). MoneyGram International, Inc.'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. 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, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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 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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections 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.

In our opinion, MoneyGram International, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of MoneyGram International, Inc. and subsidiaries as of December 31, 2016 , and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' deficit for the year ended December 31, 2016 , and our report dated March 16, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP  
Dallas, Texas  
March 16, 2017

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited the accompanying consolidated balance sheet of MoneyGram International, Inc. and subsidiaries as of December 31, 2016 , and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' deficit for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MoneyGram International, Inc. and subsidiaries as of December 31, 2016 , and the results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), MoneyGram International, Inc.'s internal control over financial reporting as of December 31, 2016 , based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 16, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP  
Dallas, Texas  
March 16, 2017

**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 sheet of MoneyGram International, Inc. and subsidiaries (the "Company") as of December 31, 2015 , and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' deficit for the years ended December 31, 2015 and 2014 . These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 2015 and 2014 consolidated financial statements present fairly, in all material respects, the financial position of MoneyGram International, Inc. and subsidiaries at December 31, 2015 , and the results of their operations and their cash flows for the years ended December 31, 2015 and 2014 , in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP  
Dallas, Texas

March 2, 2016 ( March 16, 2017 as to the effects of the immaterial error correction disclosed in Note 16 to the consolidated financial statements and the adoption of ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), discussed in Notes 2 and 10 to the consolidated financial statements)

**MONEYGRAM INTERNATIONAL, INC.**  
**CONSOLIDATED BALANCE SHEETS**

<b>AT DECEMBER 31,</b>	<b>2016</b>	<b>2015</b>
<i>(Amounts in millions, except share data)</i>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 157.2	\$ 164.5
Settlement assets	3,634.3	3,505.6
Property and equipment, net	201.0	199.7
Goodwill	442.2	442.2
Other assets	162.7	193.2
Total assets	<u>\$ 4,597.4</u>	<u>\$ 4,505.2</u>
<b>LIABILITIES</b>		
Payment service obligations	\$ 3,634.3	\$ 3,505.6
Debt, net	915.2	942.6
Pension and other postretirement benefits	87.6	96.3
Accounts payable and other liabilities	168.7	183.5
Total liabilities	<u>4,805.8</u>	<u>4,728.0</u>
<b>COMMITMENTS AND CONTINGENCIES (NOTE 14)</b>		
<b>STOCKHOLDERS' DEFICIT</b>		
Participating convertible preferred stock - series D, \$0.01 par value, 200,000 shares authorized, 71,282 issued at December 31, 2016 and December 31, 2015	183.9	183.9
Common stock, \$0.01 par value, 162,500,000 shares authorized, 58,823,567 shares issued at December 31, 2016 and December 31, 2015	0.6	0.6
Additional paid-in capital	1,020.3	1,002.4
Retained loss	(1,247.6)	(1,226.8)
Accumulated other comprehensive loss	(53.9)	(48.7)
Treasury stock: 6,058,856 and 5,612,188 shares at December 31, 2016 and December 31, 2015, respectively	(111.7)	(134.2)
Total stockholders' deficit	<u>(208.4)</u>	<u>(222.8)</u>
Total liabilities and stockholders' deficit	<u>\$ 4,597.4</u>	<u>\$ 4,505.2</u>

See Notes to the Consolidated Financial Statements



**MONEYGRAM INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

<b>FOR THE YEAR ENDED DECEMBER 31,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<i>(Amounts in millions, except per share data)</i>			
<b>REVENUE</b>			
Fee and other revenue	\$ 1,612.4	\$ 1,527.0	\$ 1,533.9
Investment revenue	18.0	12.1	16.5
Total revenue	1,630.4	1,539.1	1,550.4
<b>EXPENSES</b>			
Fee and other commissions expense	793.1	759.8	761.5
Investment commissions expense	2.5	0.8	0.4
Total commissions expense	795.6	760.6	761.9
Compensation and benefits	295.1	309.1	275.0
Transaction and operations support	309.5	324.8	332.2
Occupancy, equipment and supplies	61.9	62.3	54.4
Depreciation and amortization	79.9	66.1	55.5
Total operating expenses	1,542.0	1,522.9	1,479.0
<b>OPERATING INCOME</b>	<b>88.4</b>	<b>16.2</b>	<b>71.4</b>
<b>Other expenses (income)</b>			
Interest expense	45.0	45.3	44.2
Debt extinguishment costs	0.3	—	—
Net securities gains	—	—	(45.4)
Total other expenses (income), net	45.3	45.3	(1.2)
Income (loss) before income taxes	43.1	(29.1)	72.6
Income tax expense	26.8	47.8	0.5
<b>NET INCOME (LOSS)</b>	<b>\$ 16.3</b>	<b>\$ (76.9)</b>	<b>\$ 72.1</b>
<b>EARNINGS (LOSS) PER COMMON SHARE</b>			
<b>Basic</b>	<b>\$ 0.26</b>	<b>\$ (1.24)</b>	<b>\$ 1.10</b>
<b>Diluted</b>	<b>\$ 0.25</b>	<b>\$ (1.24)</b>	<b>\$ 1.10</b>
<b>Weighted-average outstanding common shares and equivalents used in computing earnings (loss) per share</b>			
<b>Basic</b>	<b>62.3</b>	<b>62.1</b>	<b>65.3</b>
<b>Diluted</b>	<b>65.9</b>	<b>62.1</b>	<b>65.5</b>

See Notes to the Consolidated Financial Statements

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

<b>FOR THE YEAR ENDED DECEMBER 31,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<i>(Amounts in millions)</i>			
<b>NET INCOME (LOSS)</b>	\$ 16.3	\$ (76.9)	\$ 72.1
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>			
Net change in unrealized holding gains on available-for-sale securities arising during the period, net of tax benefit of \$0.1, \$0.0 and \$0.2 for the years ended December 31, 2016, 2015 and 2014, respectively	(0.3)	(0.1)	(6.1)
Net change in pension liability due to amortization of prior service credit and net actuarial loss, net of tax benefit of \$1.9, \$3.1 and \$2.5 for the years ended December 31, 2016, 2015 and 2014, respectively	3.4	5.0	4.1
Valuation adjustment for pension and postretirement benefits, net of tax (benefit) expense of (\$1.1), \$7.2 and (\$13.4) for the years ended December 31, 2016, 2015 and 2014, respectively	(1.9)	12.7	(23.2)
Pension settlement charge, net of tax benefit of \$0.0, \$5.1 and \$0.0 for the years ended December 31, 2016, 2015 and 2014, respectively	—	8.9	—
Unrealized foreign currency translation adjustments, net of tax benefit of \$1.3, \$4.6 and \$5.2 for the years ended December 31, 2016, 2015 and 2014, respectively	(6.4)	(8.1)	(8.9)
Other comprehensive (loss) income	(5.2)	18.4	(34.1)
<b>COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ 11.1</b>	<b>\$ (58.5)</b>	<b>\$ 38.0</b>

See Notes to the Consolidated Financial Statements

**MONEYGRAM INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>FOR THE YEAR ENDED DECEMBER 31,</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<i>(Amounts in millions)</i>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ 16.3	\$ (76.9)	\$ 72.1
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	79.9	66.1	55.5
Signing bonus amortization	54.0	60.4	53.8
Provision for deferred income taxes	7.5	25.6	5.5
Amortization of debt discount and debt issuance costs	3.7	2.8	3.1
Non-cash compensation and pension expense	24.5	45.3	15.2
Signing bonus payments	(34.0)	(87.3)	(93.9)
Change in other assets	1.0	27.2	(34.8)
Change in accounts payable and other liabilities	(34.5)	(29.1)	(8.3)
Other non-cash items, net	(0.2)	(0.5)	(5.9)
Net cash provided by operating activities	<u>118.2</u>	<u>33.6</u>	<u>62.3</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property and equipment	(82.8)	(109.9)	(85.8)
Cash paid for acquisitions, net of cash acquired	—	—	(11.5)
Proceeds from disposal of assets	—	0.4	0.9
Net cash used in investing activities	<u>(82.8)</u>	<u>(109.5)</u>	<u>(96.4)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal payments on debt and debt repurchase	(30.3)	(9.8)	(9.5)
Stock repurchases	(11.7)	(0.4)	(149.7)
Contingent consideration payment	(0.7)	—	—
Proceeds from issuance of debt	—	—	129.8
Transaction costs for issuance and amendment of debt	—	—	(5.1)
Proceeds from exercise of stock options	—	—	0.4
Net cash used in financing activities	<u>(42.7)</u>	<u>(10.2)</u>	<u>(34.1)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(7.3)</b>	<b>(86.1)</b>	<b>(68.2)</b>
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<b>164.5</b>	<b>250.6</b>	<b>318.8</b>
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<b>\$ 157.2</b>	<b>\$ 164.5</b>	<b>\$ 250.6</b>
<b>Supplemental cash flow information:</b>			
Cash payments for interest	\$ 41.6	\$ 42.1	\$ 41.1
Change in accrued purchases of property and equipment	(3.7)	(9.5)	2.1
Cash taxes, net	\$ 9.5	\$ 64.4	\$ 6.4

See Notes to the Consolidated Financial Statements

**MONEYGRAM INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**

<i>(Amounts in millions)</i>	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
<b>January 1, 2014</b>	\$ 281.9	\$ 0.6	\$ 1,011.8	\$ (1,214.4)	\$ (33.0)	\$ (123.9)	\$ (77.0)
Net income	—	—	—	72.1	—	—	72.1
Stock-based compensation activity	—	—	5.4	(2.3)	—	2.3	5.4
Capital contribution from Investors	—	—	0.6	—	—	—	0.6
Repurchase and retirement of shares	—	(0.1)	(132.9)	—	—	—	(133.0)
Conversion of Series D convertible shares	(98.0)	0.1	97.9	—	—	—	—
Stock repurchase	—	—	—	—	—	(16.7)	(16.7)
Other comprehensive income	—	—	—	—	(34.1)	—	(34.1)
<b>December 31, 2014</b>	<b>183.9</b>	<b>0.6</b>	<b>982.8</b>	<b>(1,144.6)</b>	<b>(67.1)</b>	<b>(138.3)</b>	<b>(182.7)</b>
Net loss	—	—	—	(76.9)	—	—	(76.9)
Stock-based compensation activity	—	—	19.6	(5.3)	—	4.5	18.8
Stock repurchase	—	—	—	—	—	(0.4)	(0.4)
Other comprehensive income	—	—	—	—	18.4	—	18.4
<b>December 31, 2015</b>	<b>183.9</b>	<b>0.6</b>	<b>1,002.4</b>	<b>(1,226.8)</b>	<b>(48.7)</b>	<b>(134.2)</b>	<b>(222.8)</b>
Net income	—	—	—	16.3	—	—	16.3
Stock-based compensation activity	—	—	17.9	(37.1)	—	34.2	15.0
Stock repurchase	—	—	—	—	—	(11.7)	(11.7)
Other comprehensive loss	—	—	—	—	(5.2)	—	(5.2)
<b>December 31, 2016</b>	<b>\$ 183.9</b>	<b>\$ 0.6</b>	<b>\$ 1,020.3</b>	<b>\$ (1,247.6)</b>	<b>\$ (53.9)</b>	<b>\$ (111.7)</b>	<b>\$ (208.4)</b>

See Notes to the Consolidated Financial Statements

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

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**Note 1 — Description of the Business and Basis of Presentation**

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

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

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

*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. As of December 31, 2016, the Company had only one SPE remaining with settlement assets equal to the payment service obligations of \$1.7 million. As of December 31, 2015, the Company's SPEs had settlement assets equal to payment service obligations of \$2.1 million.

**Note 2 — Summary of Significant Accounting Policies**

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*Cash and cash equivalents* — The Company defines cash and cash equivalents and settlement 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.

*Settlement assets and payment service obligations* — Settlement assets represent funds received or to be received from agents for unsettled money transfers, money orders and consumer payments. The Company records corresponding payment service obligations relating to amounts payable under money transfers, money orders and consumer payment service arrangements. Settlement assets consist of settlement cash and cash equivalents, receivables and investments. 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.

The Company’s licensed entity, MoneyGram Payment Systems, Inc. (“MPPI”), is regulated by various U.S. state agencies that generally require the Company to maintain a pool of assets with an investment rating bearing one of the three highest grades as defined by a nationally recognized rating agency (“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.

Our primary overseas operating subsidiary, MoneyGram International Ltd., is a licensed payment institution in the United Kingdom, enabling us to offer our money transfer service in the European Economic Area. We are also subject to licensing or other regulatory requirements in various other jurisdictions. Licensing requirements may include minimum net worth, provision of surety bonds or letters of credit, compliance with operational procedures, agent oversight and the maintenance of settlement assets in an amount equivalent to outstanding payment service obligations, as defined by our various regulators.

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. Regulatory requirements also require MPPI to maintain positive net worth, with certain states requiring that MPPI maintain positive tangible net worth. The Company was in compliance with its contractual and financial regulatory requirements as of December 31, 2016 .

The following table summarizes the amount of Settlement assets and Payment service obligations as of December 31 :

<i>(Amounts in millions)</i>	2016	2015
Settlement assets:		
Settlement cash and cash equivalents	\$ 1,365.0	\$ 1,560.7
Receivables, net	999.4	861.4
Interest-bearing investments	1,252.1	1,062.4
Available-for-sale investments	17.8	21.1
	<u>3,634.3</u>	<u>3,505.6</u>
Payment service obligations	\$ (3,634.3)	\$ (3,505.6)

*Receivables, net (included in settlement assets)* — 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 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 based on its history of collection experience, known collection issues, such as agent suspensions and bankruptcies, consumer credit card chargebacks and insufficient funds and other matters the Company identifies in its routine collection monitoring. 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 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 :

<i>(Amounts in millions)</i>	2016	2015	2014
Beginning balance	\$ 9.2	\$ 10.7	\$ 10.7
Provision	12.9	20.4	11.1
Write-offs, net of recoveries	(10.3)	(21.9)	(11.1)
Ending balance	<u>\$ 11.8</u>	<u>\$ 9.2</u>	<u>\$ 10.7</u>

*Investments (included in settlement assets)* — The Company classifies securities as interest-bearing or available-for-sale. The Company has no securities classified as trading or held-to-maturity. Time deposits and certificates of deposits with original maturities of up to 24 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 in "Accumulated other comprehensive loss" in the stockholders' deficit section of the Consolidated Balance Sheets. Realized gains and losses and other-than-temporary impairments are recorded in the Consolidated Statements of Operations under "Net securities gains."

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 residential 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 some of the investments within the available-for-sale portfolio. 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, or whether it is more likely than not that we will sell an investment before recovery of its amortized cost basis. The Company evaluates all residential mortgage-backed and other asset-backed investments 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.

*Fair Value of Financial Instruments* — Financial instruments consist of cash and cash equivalents, settlement cash and cash equivalents, investments, derivatives, payment service obligations and debt. The carrying values of cash and cash equivalents, settlement cash and cash equivalents, interest-bearing investments and payment service obligations 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 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 computer hardware, computer software, signage, equipment at agent locations, office furniture and equipment and leasehold improvements, and is stated at cost net of accumulated depreciation and amortization. Property and equipment is depreciated and amortized using a straight-line method over the useful life or term of the lease or license. The cost and related accumulated depreciation and amortization 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:

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

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

Computer software includes acquired and internally developed software. For the years ended December 31, 2016 and 2015 , software development costs of \$43.7 million and \$47.2 million , respectively, were capitalized. At December 31, 2016 and 2015 , there were \$101.1 million and \$86.9 million , respectively, of unamortized software development costs included in property and equipment.

Property and equipment 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 property and equipment, 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. 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 is not amortized, but is instead subject to impairment testing. Intangible assets with finite lives are amortized using a straight-line method over their respective useful lives as follows:

<b>Type of Intangible Asset</b>	<b>Useful Life</b>
Contractual and customer relationships	3-15 years
Non-compete agreements	3-5 years
Developed technology	5-7 years

The Company evaluates its goodwill for impairment annually as of October 1 of each year or more frequently if impairment indicators arise in accordance with Accounting Standards Codification (“ASC”) Topic 350, “*Intangibles - Goodwill and Other.*” 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 carrying amount of goodwill to its implied fair value. Intangible assets with finite lives 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.

*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. Signing bonuses are viewed as incremental costs of acquiring a contract and are, therefore, 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 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-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 establishes valuation allowances for its 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" 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 and records 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 earns 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 and are presented on a gross basis.
  - Foreign exchange revenue is earned from the management of currency exchange spreads on money transfer transactions involving different "send" and "receive" currencies. Currency exchange spread is the difference between the exchange rate set by the Company to the consumer and the rate at which the Company or its agents are able to acquire currency. Foreign exchange revenue is recognized at the time the exchange in funds occurs and is presented on a gross basis.
  - Other revenue primarily consists of service charges on aged outstanding money orders and money order dispenser fees. Additionally, for unclaimed payment instruments and money transfers, we recognize breakage income when the likelihood of consumer pick-up becomes remote based on historical experience and there is no requirement for remitting balances to government agencies under unclaimed property laws.
- Investment revenue is earned from the investment of funds generated from the sale of payment instruments, primarily official checks and money orders, and consists of interest income, dividend income, income received on our cost recovery securities and amortization of premiums and discounts.

*Fee and Other Commissions Expense* — The Company incurs fee commissions primarily related to our Global Funds Transfer services. In a money transfer transaction, both the agent initiating the transaction and the receiving agent earn a commission that is generally either a fixed fee or is based on a percentage of the fee charged to the consumer. The agent initiating the transaction and the receiving agent also earn foreign exchange commissions, which are generally based on a percentage of the foreign exchange spread. 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 \$65.1 million, \$59.4 million and \$64.7 million for 2016, 2015 and 2014, 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 and is recorded in “Compensation and benefits” in the Consolidated Statements of Operations. The Company accounts for modifications to its share-based payment awards in accordance with the provisions of ASC Topic 718, “*Compensation - Stock Compensation*.” Incremental compensation cost is measured as the excess, if any, of the fair value of the modified award over the fair value of the original award immediately before its terms are modified, measured based on the share price and other pertinent factors at that date, and is recognized as compensation cost on the date of modification (for vested awards) or over the remaining vesting or service period (for unvested awards). Any unrecognized compensation cost remaining from the original award is recognized over the vesting period of the modified award. 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; independent 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 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. See Note 3 — *Reorganization and Restructuring Costs* for additional disclosure of the Company’s reorganization and restructuring activities.

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

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

<i>(Amounts in millions)</i>	2016	2015	2014
Basic common shares outstanding	62.3	62.1	65.3
Shares related to stock options	—	—	0.1
Shares related to restricted stock units	3.6	—	0.1
Diluted common shares outstanding	<u>65.9</u>	<u>62.1</u>	<u>65.5</u>

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

<i>(Amounts in millions)</i>	2016	2015	2014
Shares related to stock options	2.7	3.4	4.0
Shares related to restricted stock units	—	3.8	1.1
Shares excluded from the computation	<u>2.7</u>	<u>7.2</u>	<u>5.1</u>

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

To further assist with adoption and implementation of ASU 2014-09, the FASB issued the following ASUs:

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

These ASUs are effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted, but not before interim and annual reporting periods beginning after December 15, 2016. The Company will not be early adopting these standards and will use the cumulative effect transition method upon adoption. Based on our initial evaluation for money transfer and bill payment services provided by the Global Funds Transfer segment, the Company has determined that each of these services includes only one performance obligation to the customer and the satisfaction of that performance obligation occurs at a point in time, which is not a change from how we currently recognize revenue. The Company continues to evaluate all other impacts from these standards as they pertain to our money transfer and bill payment services and the impacts on products and services provided by our Financial Paper Products segment.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU 2015-07"), which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The Company adopted ASU 2015-07 for the fiscal year ended December 31, 2016 and applied the change retrospectively. The adoption will impact the presentation of pension plan assets measured at fair value using the net asset value per share practical expedient, which were removed from the fair value hierarchy. See Note 10 — *Pension and Other Benefits* for disclosure of pension plan assets. The adoption of this ASU 2015-07 did not have any impact on the Company's results of operations, financial position and cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires organizations to recognize lease assets and lease liabilities on the balance sheet and to disclose key information about leasing arrangements. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The FASB retained the distinction between finance leases and operating leases, leaving the effect of leases in the statement of comprehensive income and the statement of cash flows largely unchanged from previous GAAP. ASU 2016-02 mandates a modified retrospective transition method and is effective for fiscal years beginning after December 15, 2018. Early adoption of the amendment is permitted. The Company has begun evaluating and planning for the adoption and implementation of ASU 2016-02. The impact of this ASU on the Company's consolidated financial statements is still being evaluated.

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

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

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

**Note 3 — Reorganization and Restructuring Costs**

In the first quarter of 2014, the Company announced the implementation of a global transformation program (the "2014 Global Transformation Program"), which included certain reorganization and restructuring activities centered around facilities and headcount rationalization, system efficiencies and headcount right-shoring and outsourcing. In 2015, the Company initiated other restructuring activities to further improve operational efficiencies. The 2014 Global Transformation Program and other restructuring activities included employee termination benefits and other costs which qualify as restructuring activities as defined by ASC 420, *Exit or Disposal Cost Obligations* ("ASC 420"). Additionally, the 2014 Global Transformation Program included certain reorganization activities related to the relocation of various operations to existing or new Company facilities and third-party providers which are outside the scope of ASC 420. The Company completed the reorganization and restructuring activities related to the 2014 Global Transformation Program and other restructuring activities in the first half of 2016.

The following table is a roll-forward of the restructuring costs accrual as of December 31, 2016:

<i>(Amounts in millions)</i>	<u>2014 Global Transformation Program</u>		<u>Other Restructuring</u>		<u>Total</u>
	<u>Severance, Outplacement and Related Benefits</u>	<u>Other <sup>(1)</sup></u>	<u>Severance, Outplacement and Related Benefits</u>	<u>Other <sup>(1)</sup></u>	
Balance, December 31, 2015	\$ 3.8	\$ —	\$ 0.2	\$ —	\$ 4.0
Expenses	0.2	0.1	—	—	0.3
Cash payments	(4.0)	(0.1)	(0.2)	—	(4.3)
Balance, December 31, 2016	\$ —	\$ —	\$ —	\$ —	\$ —

<sup>(1)</sup> Other primarily relates to expenses for facilities relocation and professional fees. Such costs are expensed as incurred.

The following table is a summary of the cumulative restructuring costs incurred to date in operating expenses as of December 31, 2016:

<i>(Amounts in millions)</i>	<u>2014 Global Transformation Program</u>		<u>Other Restructuring</u>		<u>Total</u>
	<u>Severance, Outplacement and Related Benefits</u>	<u>Other <sup>(1)</sup></u>	<u>Severance, Outplacement and Related Benefits</u>	<u>Other <sup>(1)</sup></u>	
Restructuring costs					
Cumulative restructuring costs incurred to date in operating expenses	\$ 17.9	\$ 3.1	\$ 0.6	\$ —	\$ 21.6

<sup>(1)</sup> Other primarily relates to expenses for facilities relocation and professional fees. Such costs are expensed as incurred.

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

<i>(Amounts in millions)</i>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Restructuring costs in operating expenses:			
Compensation and benefits	\$ 0.2	\$ 3.7	\$ 14.4
Transaction and operations support	0.1	1.3	1.9
Total restructuring costs in operating expenses	0.3	5.0	16.3
Reorganization costs in operating expenses:			
Compensation and benefits	—	6.8	5.0
Transaction and operations support	0.1	6.7	8.4
Occupancy, equipment and supplies	0.1	1.5	0.8
Total reorganization costs in operating expenses	0.2	15.0	14.2
Total reorganization and restructuring costs	\$ 0.5	\$ 20.0	\$ 30.5

The following table is a summary of the total cumulative restructuring costs incurred to date in operating expenses by reportable segment as of December 31, 2016 :

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

#### 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. The following is a description of the Company's valuation methodologies used to estimate the fair value for assets and liabilities:

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

- Available-for-sale investments - For residential mortgage-backed securities issued by U.S. government agencies, fair value measures are obtained from an independent pricing service. As market quotes are generally not readily available or accessible for these specific securities, the pricing service measures fair value through the use of pricing models utilizing reported market quotes adjusted for observable inputs, such as market prices for comparable securities, spreads, prepayment speeds, yield curves and delinquency rates. Accordingly, these securities are classified as Level 2 financial instruments. For other asset-backed securities, which include investments in limited partnerships, market quotes are generally not available. The Company utilizes broker quotes to measure market value, if available. Because the inputs and assumptions that brokers use to develop prices are unobservable, valuations that are based on brokers' quotes are classified as Level 3. Also, the Company uses pricing services that utilize pricing models based on market observable and unobservable data. The observable inputs include quotes for comparable securities, yield curves, default indices, interest rates, historical prepayment speeds and delinquency rates. These pricing models also apply an inactive market adjustment as a significant unobservable input. Accordingly, other asset-backed securities valued using third-party pricing models are classified as Level 3.
- *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.

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

<i>(Amounts in millions)</i>	Level 2	Level 3	Total
<b>December 31, 2016</b>			
<b>Financial assets:</b>			
Available-for-sale investments:			
Residential mortgage-backed securities	\$ 7.2	\$ —	\$ 7.2
Other asset-backed securities	—	10.6	10.6
Forward contracts	2.4	—	2.4
<b>Total financial assets</b>	<b>\$ 9.6</b>	<b>\$ 10.6</b>	<b>\$ 20.2</b>
<b>Financial liabilities:</b>			
Forward contracts	\$ 0.1	\$ —	\$ 0.1
<b>December 31, 2015</b>			
<b>Financial assets:</b>			
Available-for-sale investments:			
Residential mortgage-backed securities	\$ 9.5	\$ —	\$ 9.5
Other asset-backed securities	—	11.6	11.6
Forward contracts	0.8	—	0.8
<b>Total financial assets</b>	<b>\$ 10.3</b>	<b>\$ 11.6</b>	<b>\$ 21.9</b>
<b>Financial liabilities:</b>			
Forward contracts	\$ 0.1	\$ —	\$ 0.1

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 :

<i>(Amounts in millions)</i>	2016	2015	2014
Beginning balance	\$ 11.6	\$ 12.6	\$ 20.6
Principal paydowns	(1.2)	(0.9)	(5.7)
Change in unrealized gains	0.3	(0.1)	(1.5)
Net realized losses	(0.1)	—	(0.8)
<b>Ending balance</b>	<b>\$ 10.6</b>	<b>\$ 11.6</b>	<b>\$ 12.6</b>

*Assets and liabilities that are disclosed at fair value* — Debt and interest-bearing investments are carried at amortized cost; however, the Company estimates the fair value of debt for disclosure purposes. The fair value of debt is estimated using an observable market quotation (Level 2). The following table is a summary of the Company's fair value and carrying value of debt as of December 31 :

<i>(Amounts in millions)</i>	Fair Value		Carrying Value	
	2016	2015	2016	2015
Senior secured credit facility	\$ 912.5	\$ 858.9	\$ 924.0	\$ 954.3

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

The Company records the investments in its defined benefit pension plan ("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 and measured using the net asset value per share practical expedient. See Note 10 — *Pension and Other Benefits* for additional disclosure of investments held by the Pension Plan.



*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 property and equipment, goodwill and other intangible assets, which are re-measured only in the event of an impairment. No impairments of property and equipment, goodwill and other intangible assets were recorded during 2016, 2015 and 2014.

Fair value re-measurements are normally based on significant unobservable inputs (Level 3). Tangible and intangible asset fair values are derived using accepted valuation methodologies. 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 expenses" line in the Consolidated Statements of Operations.

**Note 5 — Investment Portfolio**

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

<i>(Amounts in millions)</i>	2016	2015
Cash	\$ 1,514.5	\$ 1,717.3
Money market securities	7.7	7.9
Cash and cash equivalents <sup>(1)</sup>	1,522.2	1,725.2
Interest-bearing investments	1,252.1	1,062.4
Available-for-sale investments	17.8	21.1
Total investment portfolio	<u>\$ 2,792.1</u>	<u>\$ 2,808.7</u>

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

*Cash and Cash Equivalents* — 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 two funds, each of which is AAA rated and consists 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* — Interest-bearing investments consist of time deposits and certificates of deposit with maturities of up to 24 months, and are issued from financial institutions rated A- or better as of December 31, 2016.

*Available-for-sale Investments* — Available-for-sale investments consist of residential mortgage-backed securities and other asset-backed securities. The following table is a summary of the amortized cost and fair value of available-for-sale investments:

<i>(Amounts in millions)</i>	Amortized Cost	Gross Unrealized Gains	Fair Value
<b>December 31, 2016</b>			
Residential mortgage-backed securities	\$ 6.6	\$ 0.6	\$ 7.2
Other asset-backed securities	1.0	9.6	10.6
Total	<u>\$ 7.6</u>	<u>\$ 10.2</u>	<u>\$ 17.8</u>
<b>December 31, 2015</b>			
Residential mortgage-backed securities	\$ 8.7	\$ 0.8	\$ 9.5
Other asset-backed securities	1.7	9.9	11.6
Total	<u>\$ 10.4</u>	<u>\$ 10.7</u>	<u>\$ 21.1</u>

As of December 31, 2016 and 2015, 40% and 45%, respectively, of the available-for-sale portfolio were invested in residential mortgage-backed securities issued by U.S. government agencies. These securities have the implicit backing of the U.S. government, and the Company expects to receive full par value upon maturity or pay-down, as well as all interest payments. 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 \$0.03 per dollar of par value as of December 31, 2016.

*Unrealized Gains and Losses* — As of December 31, 2016 and 2015, net unrealized gains, net of tax of \$10.8 million and \$11.1 million, respectively, were included in the Consolidated Balance Sheets in “Accumulated other comprehensive loss.” The Company had no unrealized losses in its available-for-sale portfolio as of December 31, 2016 and 2015.

*Gains and Losses* — For 2016 and 2015, the Company had nominal net realized gains or losses. During 2014, the Company realized \$45.4 million of net securities gains related to certain securities settlements previously written down to a nominal fair value. There were no other-than-temporary impairments during 2016, 2015 and 2014.

*Investment Ratings* — In rating the securities in its investment portfolio, the Company uses ratings from Moody’s Investor Service (“Moody’s”), Standard & Poor’s (“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:

<i>(Amounts in millions, except percentages)</i>	2016			2015		
	Number of Securities	Fair Value	Percent of Investments	Number of Securities	Fair Value	Percent of Investments
Investment grade	12	\$ 7.2	40%	12	\$ 9.4	45%
Below investment grade	40	10.6	60%	42	11.7	55%
Total	52	\$ 17.8	100%	54	\$ 21.1	100%

Had the Company used the lowest rating from the rating agencies in the information presented above, there would be no change to the classifications as of December 31, 2016 and 2015, 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 residential mortgage-backed and other asset-backed securities depend on the repayment characteristics and experience of the underlying obligations.

*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 as of December 31, 2016 and 2015: 95% used a third-party pricing service and 5% used broker quotes.

## 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. These contracts will result in gains and losses which are reported in the "Transaction and operations support" line item in the Consolidated Statements of Operations. The Company also reports gains and losses from the spread differential between the rate set for its transactions and the actual cost of currency at the time the Company buys or sells in the open market. The “Transaction and operations support” line in the Consolidated Statements of Operations and the "Net cash provided by 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:

<i>(Amounts in millions)</i>	2016	2015	2014
Net realized foreign currency losses	\$ (5.4)	\$ (21.3)	\$ (25.0)
Net gains from the related forward contracts	23.6	32.7	24.0
Net gains (losses) from foreign currency transactions and related forward contracts	\$ 18.2	\$ 11.4	\$ (1.0)

As of December 31, 2016 and 2015, the Company had \$294.5 million and \$295.8 million, respectively, of outstanding notional amounts relating to its foreign currency forward contracts. As of December 31, 2016 and 2015, the Company reflects the following fair values of derivative forward contract instruments in its Consolidated Balance Sheets:

<i>(Amounts in millions)</i>	Balance Sheet Location	Gross Amount of Recognized Assets		Gross Amount of Offset		Net Amount of Assets Presented in the Consolidated Balance Sheets	
		2016	2015	2016	2015	2016	2015
Forward contracts	Other assets	\$ 2.6	\$ 1.0	\$ (0.2)	\$ (0.2)	\$ 2.4	\$ 0.8

<i>(Amounts in millions)</i>	Balance Sheet Location	Gross Amount of Recognized Liabilities		Gross Amount of Offset		Net Amount of Liabilities Presented in the Consolidated Balance Sheets	
		2016	2015	2016	2015	2016	2015
Forward contracts	Accounts payable and other liabilities	\$ 0.3	\$ 0.3	\$ (0.2)	\$ (0.2)	\$ 0.1	\$ 0.1

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

The Company is exposed to credit loss in the event of non-performance by counterparties to its derivative contracts. 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, net" as of December 31 :

<i>(Amounts in millions)</i>	2016	2015
Computer hardware and software	\$ 373.3	\$ 338.0
Signage	85.0	87.9
Equipment at agent locations	60.5	58.0
Office furniture and equipment	28.0	29.2
Leasehold improvements	24.7	24.7
Total property and equipment	571.5	537.8
Accumulated depreciation and amortization	(370.5)	(338.1)
Total property and equipment, net	\$ 201.0	\$ 199.7

Depreciation and amortization expense for property and equipment for 2016, 2015 and 2014 was \$76.9 million, \$63.4 million, and \$53.4 million, respectively.

At December 31, 2016 and 2015, there was \$3.8 million and \$7.5 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.

During both 2016 and 2014, the Company recognized a loss of \$0.2 million on disposal of signage and equipment at agent locations. During 2015, the Company had a nominal loss related to disposal of its property and equipment. The losses were recorded in the "Occupancy, equipment and supplies" line in the Consolidated Statements of Operations.

**Note 8 — Goodwill and Intangible Assets**

*Goodwill* — The Company's goodwill balance is \$442.2 million as of December 31, 2016 and 2015, and all relates to the Global Funds Transfer segment. The Company performed an annual assessment of goodwill during the fourth quarter of 2016, 2015 and 2014. No impairments of goodwill were recorded in 2016, 2015 and 2014.

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

<i>(Amounts in millions)</i>	2016		2015	
	Gross Goodwill	Accumulated Impairments	Gross Goodwill	Accumulated Impairments
Global Funds Transfer	\$ 445.4	\$ (3.2)	\$ 445.4	\$ (3.2)

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

<i>(Amounts in millions)</i>	2016			2015		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Contractual and customer relationships	\$ 11.1	\$ (6.3)	\$ 4.8	\$ 11.7	\$ (4.5)	\$ 7.2
Non-compete agreements	1.5	(1.2)	0.3	1.6	(0.7)	0.9
Developed technology	1.1	(0.7)	0.4	1.1	(0.2)	0.9
Total intangible assets	\$ 13.7	\$ (8.2)	\$ 5.5	\$ 14.4	\$ (5.4)	\$ 9.0

Intangible asset amortization expense for 2016, 2015 and 2014 was \$3.0 million, \$2.7 million and \$2.1 million, respectively. The estimated future intangible asset amortization expense is \$2.0 million, \$1.5 million, \$0.6 million, \$0.6 million and \$0.5 million for 2017, 2018, 2019, 2020 and 2021, respectively.

**Note 9 — Debt**

The following is a summary of the Company's outstanding debt as of December 31:

<i>(Amounts in millions, except percentages)</i>	Effective Interest Rate	2016	2015
Senior secured credit facility due 2020	4.25%	\$ 924.0	\$ 954.3
Unamortized debt issuance costs and debt discount		(8.8)	(11.7)
Total debt, net		\$ 915.2	\$ 942.6

*2013 Credit Agreement* — On March 28, 2013, the Company, as borrower, entered into an Amended and Restated Credit Agreement (the "2013 Credit Agreement") with Bank of America, N.A. ("BOA"), as administrative agent, the financial institutions party thereto as lenders and the other agents party thereto. The 2013 Credit Agreement 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 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.

On April 2, 2014, the Company, as borrower, entered into a First Incremental Amendment and Joinder Agreement (the "Incremental Agreement") with BOA, as administrative agent, and various lenders. The Incremental Agreement provided for (a) a tranche under the Term Credit Facility in an aggregate principal amount of \$130.0 million (the "Tranche B-1 Term Loan Facility") to be made available to the Company under the 2013 Credit Agreement, (b) an increase in the Revolving Credit Facility under the 2013 Credit Agreement from \$125.0 million to \$150.0 million and (c) certain other amendments to the 2013 Credit Agreement including, without limitation, (i) amendments to certain of the conditions precedent with respect to these incremental borrowings, (ii) an increase in the maximum secured leverage ratio with which the Company is required to comply as of the last day of each fiscal quarter, and (iii) amendments to permit the Company to borrow up to \$300.0 million under the Term Credit Facility for share repurchases exclusively from affiliates of Thomas H. Lee Partners L.P. ("THL") and Goldman, Sachs & Co. ("Goldman Sachs"). The Company borrowed \$130.0 million under the Tranche B-1 Term Loan Facility on April 2, 2014, and the proceeds were used to fund a portion of the share repurchases from THL reducing the remaining limit for such purchases to \$170.0 million. See Note 11 — *Stockholders' Deficit* for additional disclosure on the share repurchases.

On December 12, 2016, the Company entered into Amendment No. 2 to the 2013 Credit Agreement, dated December 12, 2016 (the "2016 Amendment"), with BOA, as administrative agent, and various lenders. The 2016 Amendment includes, but is not limited to, decreasing the aggregate Revolving Credit Facility from \$150.0 million to \$125.0 million from December 12, 2016 to March 27, 2018 (the remainder of the original Revolving Credit Facility term) and increasing the maximum secured leverage ratio, effective the first quarter of 2017. The 2016 Amendment also extended the maturity date of the revolving credit commitments of the extending lenders, which represent commitments of \$85.8 million in the aggregate, from March 28, 2018 to September 28, 2019. This 2016 Amendment was accounted for as a modification of debt in accordance with ASC Topic 470, "Debt."

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). For the years ended December 31, 2016, 2015 and 2014, the Eurodollar rate was the effectively elected 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, 2016, the Company had no outstanding letters of credit and no borrowings under the Revolving Credit Facility, leaving \$125.0 million of availability thereunder.

*Principal Payments and Debt Repurchase* — During 2016, the Company made additional principal payments of \$20.0 million on its Term Credit Facility and repurchased \$0.5 million of its Term Credit Facility in the open market. These transactions were accounted for as a partial extinguishment of debt in accordance with ASC Topic 470, "Debt," in which the Company accelerated the expense of a pro-rata portion of debt issuance and debt discount costs related to the partially extinguished debt balance.

*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 dividends and other restricted payments; and effect loans, advances and certain other transactions with affiliates. In addition, the Revolving Credit Facility has covenants that place limitations on the use of proceeds from borrowings under the facility.

The terms of our debt agreements place significant limitations on the amount of restricted payments we may make, including dividends on our common stock and our repurchase of our capital stock. Subject to certain customary conditions, we may (i) make restricted payments in an aggregate amount not to exceed \$50.0 million (without regard to a pro forma leverage ratio calculation), (ii) make restricted payments up to a formulaic amount determined based on an incremental build-up of our consolidated net income in future periods (subject to compliance with a maximum pro forma leverage ratio calculation) and (iii) repurchase capital stock from THL and Goldman Sachs in a remaining aggregate amount up to \$170.0 million as discussed above.

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 (earnings before interest, taxes, depreciation and amortization), 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 Adjusted EBITDA (EBITDA adjusted for certain significant items) as discussed in Note 12 — *Stock-Based Compensation*. 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 and settlement assets. The following table shows the components of our assets in excess of payment service obligations used for the asset coverage calculation as of December 31 :

<i>(Amounts in millions)</i>	2016	2015
Cash and cash equivalents	\$ 157.2	\$ 164.5
Settlement assets	3,634.3	3,505.6
Total cash and cash equivalents and settlement assets	3,791.5	3,670.1
Payment service obligations	(3,634.3)	(3,505.6)
Assets in excess of payment service obligations	<u>\$ 157.2</u>	<u>\$ 164.5</u>

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

	Interest Coverage Minimum Ratio	Secured Leverage Not to Exceed
January 1, 2016 through December 31, 2016	2.25:1	4.250:1
January 1, 2017 through December 31, 2017	2.25:1	4.250:1
January 1, 2018 through June 30, 2018	2.25:1	4.000:1
July 1, 2018 through December 31, 2018	2.25:1	3.750:1
January 1, 2019 through maturity	2.25:1	3.500:1

At December 31, 2016 , the Company was in compliance with its financial covenants: our interest coverage ratio was 6.70 to 1.00 and our secured leverage ratio was 3.303 to 1.00. We continuously monitor our compliance with our debt covenants.

*Debt Issuance Costs* —The Company presents debt issuance costs as a direct deduction from the carrying amount of the related indebtedness and amortizes these costs over the term of the related debt liability using the effective interest method. Amortization is recorded in "Interest expense" on the Consolidated Statements of Operations.

The Company records debt issuance costs for its Revolving Credit Facility in Other assets on its Consolidated Balance Sheets and related amortization is recorded in "Interest expense" on the Consolidated Statements of Operations. The unamortized costs associated with the Revolving Credit Facility were \$1.2 million as of December 31, 2016 and 2015 .

*Debt Discount* — The Company records debt discount as a deduction from the carrying amount of the related indebtedness on its Consolidated Balance Sheets with the respective debt discount amortization recorded in "Interest expense." In 2016 , the Company wrote off a nominal amount of debt discount and there were no write-offs in 2015 or 2014 .

*Debt Extinguishment Costs* — In 2016 , the Company recognized debt extinguishment costs of \$0.3 million in connection with the Term Credit Facility principal payments and debt repurchase discussed above which are recorded in "Debt extinguishment costs" on the Consolidated Statements of Operations. There were no debt extinguishment costs recognized in 2015 or 2014 .

*Interest Paid in Cash* — The Company paid \$41.6 million , \$42.1 million and \$41.1 million of interest in 2016 , 2015 and 2014 , respectively.

*Maturities* — At December 31, 2016 , debt totaling \$892.1 million will mature in 2020, while debt principal totaling \$31.9 million will be paid quarterly in increments of approximately \$2.5 million through 2020. Any borrowings under the Revolving Credit Facility will mature in 2019.

**Note 10 — Pension and Other Benefits**

*Pension Benefits* — The Company's Pension Plan is a frozen, non-contributory funded 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, 2016, 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.

The Company's Pension Plan and SERPs are collectively referred to as our "Pension."

*Postretirement Benefits Other Than Pensions* — The Company has an unfunded defined benefit postretirement plan ("Postretirement Benefits") that provides medical and life insurance for its participants. The Company amended the Postretirement Benefits to close it to new participants as of December 31, 2009. Effective July 1, 2011, the Postretirement Benefits 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 as benefits are paid.

*Actuarial Valuation Assumptions* — The measurement date for the Company's Pension and Postretirement Benefits is December 31. The following table is a summary of the weighted-average actuarial assumptions used in calculating net periodic benefit expense (income) and the benefit obligation for the years ended and as of December 31:

	Pension Plan			SERPs			Postretirement Benefits		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
<b>Net periodic benefit expense (income):</b>									
Discount rate for benefit obligation	4.31%	4.15%	4.81%	4.32%	4.78%	4.78%	4.53%	4.82%	4.82%
Discount rate for interest cost	3.45%	4.15%	4.81%	3.32%	4.78%	4.78%	3.43%	4.82%	4.82%
Expected return on plan assets	4.66%	4.74%	5.68%	—	—	—	—	—	—
Rate of compensation increase	—	—	—	5.75%	5.75%	5.75%	—	—	—
<b>Medical trend rate:</b>									
Pre-65 initial healthcare cost trend rate	—	—	—	—	—	—	6.50%	6.50%	7.00%
Post-65 initial healthcare cost trend rate	—	—	—	—	—	—	7.75%	6.25%	6.00%
Pre and post-65 ultimate healthcare cost trend rate	—	—	—	—	—	—	4.50%	4.50%	4.50%
Year ultimate healthcare cost trend rate is reached for pre and post-65	—	—	—	—	—	—	2024	2023	2023
<b>Benefit obligation:</b>									
Discount rate	4.05%	4.31%	4.04%	4.11%	4.32%	4.04%	4.30%	4.53%	4.19%
Rate of compensation increase	—	—	—	5.75%	5.75%	5.75%	—	—	—
<b>Medical trend rate:</b>									
Pre-65 initial healthcare cost trend rate	—	—	—	—	—	—	7.00%	6.50%	6.50%
Post-65 initial healthcare cost trend rate	—	—	—	—	—	—	8.25%	7.75%	6.25%
Pre and post-65 ultimate healthcare cost trend rate	—	—	—	—	—	—	4.50%	4.50%	4.50%
Year ultimate healthcare cost trend rate is reached for pre/post-65, respectively	—	—	—	—	—	—	2024/ 2025	2024	2023

The Company utilizes a building-block approach in determining the long-term expected rate of return on plan assets. The expected return on plan assets is calculated using a calculated value of plan assets that is determined each year by adjusting the previous year's value by expected returns, benefit payments, and contributions. Asset gains and losses are reflected as equal adjustments over a three-year period. 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.



Actuarial gains and losses are amortized using the corridor approach, by amortizing the balance exceeding 10% of the greater of the benefit obligation or the fair value of plan assets. The amortization period is primarily based on the average remaining service life of plan participants for the Pension and the average remaining expected life of plan participants for the Postretirement Benefits. The Company estimated the interest cost components utilizing a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to their underlying projected cash flows.

*Pension Assets* — The Company employs a liability-driven 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 large and small capitalized securities and international securities. Other assets, such as real estate and high yield bonds, are used to further diversify equity allocations. Fixed income securities are primarily invested in a mix of investment grade corporate bonds, government bonds, and a smaller allocation to non-investment grade debt. The Company uses a strategy to determine the allocation of return-seeking assets driven by the Pension Plan’s funded ratio. Investment risk is measured and monitored on an ongoing basis, including quarterly investment portfolio reviews and periodic liability measurements.

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:

- *Mutual fund* — Measured at quoted market prices on the day of valuation. Accordingly, this investment is classified as Level 1 financial instruments.
- *Common/collective trusts* — The fair values of the underlying funds in the common/collective trusts are valued based on the net asset value per share as a practical expedient. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. See Note 2 — *Summary of Significant Accounting Policies* for more information on the change in presentation of investments valued using net asset value per share per ASU 2015-07.
- *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 table is a summary of the Pension Plan’s financial assets recorded at fair value, by hierarchy level:

<i>(Amounts in millions)</i>	Level 1	Level 3	Total
<b>December 31, 2016</b>			
Real estate	\$ —	\$ 5.6	\$ 5.6
Total investments in the fair value hierarchy	\$ —	\$ 5.6	\$ 5.6
Investments measured at net asset value <sup>1</sup>			106.6
Total financial assets			\$ 112.2
<b>December 31, 2015</b>			
Mutual fund	\$ 19.0	\$ —	\$ 19.0
Real estate	—	5.5	5.5
Total investments in the fair value hierarchy	\$ 19.0	\$ 5.5	\$ 24.5
Investments measured at net asset value <sup>1</sup>			83.4
Total financial assets			\$ 107.9

(1) Common/collective trusts investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total fair value of plan assets presented in the summary of plan assets further below.

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The Company does not have participant redemption restrictions for its common/collective trust investments. The following table sets forth additional disclosures for the Pension Plans assets fair value estimated using net asset value per share:

<i>(Amounts in millions)</i>	Fair Value	Redemptions Frequency (if currently eligible)	Redemption Notice Period
December 31, 2016	\$ 106.6	Daily	15 Days
December 31, 2015	\$ 83.4	Daily	15 Days

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 Company values this investment using the appraisal of underlying asset valuation technique. In 2016, the fair value of this asset remained relatively flat when compared to 2015 and was \$5.6 million and \$5.5 million, respectively, as of December 31, 2016 and 2015.

*Plan Financial Information* — Net periodic benefit expense (income) for the Pension and Postretirement Benefits includes the following components for the years ended December 31 :

<i>(Amounts in millions)</i>	Pension			Postretirement Benefits		
	2016	2015	2014	2016	2015	2014
Settlement charge	\$ —	\$ 14.0	\$ —	\$ —	\$ —	\$ —
Interest cost	6.6	9.4	10.8	—	—	0.1
Expected return on plan assets	(5.3)	(5.8)	(7.3)	—	—	—
Amortization of net actuarial loss	5.6	8.5	6.9	0.2	0.2	0.3
Amortization of prior service cost (credit)	0.1	—	—	(0.6)	(0.6)	(0.6)
Net periodic benefit expense (income)	\$ 7.0	\$ 26.1	\$ 10.4	\$ (0.4)	\$ (0.4)	\$ (0.2)

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

<i>(Amounts in millions)</i>	Pension	Postretirement Benefits
<b>2016</b>		
Net actuarial loss (gain)	\$ 3.1	\$ (0.1)
Amortization of net actuarial loss	(5.6)	(0.2)
Amortization of prior service (cost) credit	(0.1)	0.6
Total recognized in other comprehensive (income) loss	\$ (2.6)	\$ 0.3
Total recognized in net periodic benefit expense (income)	7.0	(0.4)
Total recognized in other comprehensive (income) loss and net periodic benefit expense (income)	\$ 4.4	\$ (0.1)
<b>2015</b>		
Settlement charge	\$ (14.0)	\$ —
Net actuarial gain	(19.6)	(0.3)
Amortization of net actuarial loss	(8.5)	(0.2)
Amortization of prior service credit	—	0.6
Total recognized in other comprehensive (income) loss	\$ (42.1)	\$ 0.1
Total recognized in net periodic benefit expense (income)	26.1	(0.4)
Total recognized in other comprehensive (income) loss and net periodic benefit expense (income)	\$ (16.0)	\$ (0.3)
<b>2014</b>		
Net actuarial gain	\$ 37.0	\$ 0.2
Amortization of net actuarial loss	(6.9)	(0.3)
Amortization of prior service credit	—	0.6
Total recognized in other comprehensive loss	\$ 30.1	\$ 0.5
Total recognized in net periodic benefit expense (income)	10.4	(0.2)
Total recognized in other comprehensive loss and net periodic benefit expense (income)	\$ 40.5	\$ 0.3

The estimated net actuarial loss and prior service (cost) credit for the Pension that will be amortized from “Accumulated other comprehensive loss” into “Net periodic benefit expense (income)” during 2017 is \$4.5 million ( \$2.8 million net of tax) and \$0.1 million , respectively. The estimated net actuarial loss and prior service credit for the Postretirement Benefits that will be amortized from “Accumulated other comprehensive loss” into “Net periodic benefit expense (income)” during 2017 is \$0.1 million ( \$0.1 million net of tax) and \$0.4 million ( \$0.3 million net of tax), respectively.

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The following tables are a summary of the benefit obligation and plan assets, changes to the benefit obligation and plan assets, and the unfunded status of the Pension and Postretirement Benefits as of and for the years ended December 31 :

<i>(Amounts in millions)</i>	Pension		Postretirement Benefits	
	2016	2015	2016	2015
<b>Change in benefit obligation:</b>				
Benefit obligation at the beginning of the year	\$ 203.2	\$ 266.0	\$ 1.0	\$ 1.3
Settlement impact	—	(14.0)	—	—
Interest cost	6.6	9.4	—	—
Actuarial loss (gain)	4.2	(25.9)	(0.1)	(0.2)
Benefits paid	(15.0)	(32.3)	(0.1)	(0.1)
Benefit obligation at the end of the year	<u>\$ 199.0</u>	<u>\$ 203.2</u>	<u>\$ 0.8</u>	<u>\$ 1.0</u>
<b>Change in plan assets:</b>				
Fair value of plan assets at the beginning of the year	\$ 107.9	\$ 141.6	\$ —	\$ —
Settlement impact	—	(14.0)	—	—
Actual return on plan assets	6.1	(0.4)	—	—
Employer contributions	13.2	13.0	0.1	0.1
Benefits paid	(15.0)	(32.3)	(0.1)	(0.1)
Fair value of plan assets at the end of the year	<u>\$ 112.2</u>	<u>\$ 107.9</u>	<u>\$ —</u>	<u>\$ —</u>
Unfunded status at the end of the year	<u>\$ 86.8</u>	<u>\$ 95.3</u>	<u>\$ 0.8</u>	<u>\$ 1.0</u>

In October 2016, the Society of Actuaries issued updated mortality projection scales. The Company adopted the updated mortality projection scales on its measurement date, which decreased the Pension benefit obligation. The unfunded status of the Pension Plan was \$16.3 million and \$24.6 million at December 31, 2016 and 2015, respectively, and the unfunded status of the SERPs was \$70.5 million and \$70.7 million at December 31, 2016 and 2015, respectively.

In January 2015, the Company announced a voluntary pension buyout whereby eligible deferred vested participants could elect to receive a lump-sum settlement of their remaining pension benefit. In June 2015, the Company paid out \$31.3 million of Pension Plan assets to participants electing the settlement with a corresponding decrease in the Pension Plan liability. As a result, the Company recognized a settlement charge for the Pension Plan of \$14.0 million for the year ended December 31, 2015. Additionally, the Company recognized a reduction in the projected benefit obligation for the Pension Plan of \$51.0 million for the year ended December 31, 2015 due to the settlement and changes in the actuarial assumptions used to estimate the Pension Plan projected benefit obligation.

The following table summarizes the components recognized in the Consolidated Balance Sheets relating to the Pension and Postretirement Benefits as of December 31 :

<i>(Amounts in millions)</i>	Pension		Postretirement Benefits		Total	
	2016	2015	2016	2015	2016	2015
Pension and other postretirement benefits liability	\$ 86.8	\$ 95.3	\$ 0.8	\$ 1.0	\$ 87.6	\$ 96.3
<b>Accumulated other comprehensive loss:</b>						
Net actuarial loss, net of tax	\$ 44.3	\$ 46.0	\$ 0.5	\$ 0.8	\$ 44.8	\$ 46.8
Prior service cost (credit), net of tax	0.2	0.2	(0.2)	(0.7)	—	(0.5)
Total	<u>\$ 44.5</u>	<u>\$ 46.2</u>	<u>\$ 0.3</u>	<u>\$ 0.1</u>	<u>\$ 44.8</u>	<u>\$ 46.3</u>

The following table summarizes the benefit obligation and accumulated benefit obligation for the Pension Plan, SERPs and Postretirement Benefits fair value of plan assets as of December 31 :

<i>(Amounts in millions)</i>	Pension Plan		SERPs		Postretirement Benefits	
	2016	2015	2016	2015	2016	2015
Benefit obligation	\$ 128.5	\$ 132.5	\$ 70.5	\$ 70.7	\$ 0.8	\$ 1.0
Accumulated benefit obligation	128.5	132.5	70.2	70.4	—	—
Fair value of plan assets	112.2	107.9	—	—	—	—

The following table summarizes the estimated future benefit payments for the Pension and Postretirement Benefits for the years ended December 31 :

<i>(Amounts in millions)</i>	2017	2018	2019	2020	2021	2022-2026
Pension	\$ 19.6	\$ 16.1	\$ 14.7	\$ 14.5	\$ 14.3	\$ 64.1
Postretirement Benefits	0.1	0.1	0.1	0.1	—	0.2

Although the Company has no minimum required contribution for the Pension Plan in 2017 , we expect to contribute \$8.0 million to the Pension Plan in 2017 . The Company will continue to make contributions to the SERPs and the Postretirement Benefits to the extent benefits are paid. Aggregate benefits paid for the unfunded plans are expected to be \$9.9 million in 2017 .

*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 \$5.1 million , \$4.4 million and \$4.1 million in 2016 , 2015 and 2014 , respectively.

*International Benefit Plans* — The Company’s international subsidiaries have certain defined contribution benefit plans. Contributions to, and costs related to, international plans were \$2.0 million , \$1.7 million and \$2.4 million for 2016 , 2015 and 2014 , respectively.

*Deferred Compensation Plans* — During 2015 , the Company dissolved the rabbi trusts associated with the deferred compensation plans. As of December 31 , 2016 and 2015 , the Company had a liability related to the deferred compensation plans of \$0.2 million recorded in the “Accounts payable and other liabilities” line in the Consolidated Balance Sheets. The Company made nominal payments in 2016 and \$1.9 million in 2015 relating to the deferred compensation plans.

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#### **Note 11 — Stockholders' Deficit**

*Common Stock* — The Company’s Amended and Restated Certificate of Incorporation, as amended, provides for the issuance of up to 162,500,000 shares of common stock with a par value of \$0.01 . 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. 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. No dividends were paid in 2016 , 2015 or 2014 .

*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 2011, the Company issued 173,189 shares of 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 2% or more of any class of voting securities of the Company, or (iv) a transfer to a transferee that would control more than 50% 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, 2016 , the Company has repurchased 9,842,509 shares of common stock under this authorization and has remaining authorization to repurchase up to 2,157,491 shares.

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

<i>(Shares in thousands)</i>	D Stock			Common Stock			Treasury Stock
	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding	
January 1, 2014	200	109	109	162,500	62,264	57,963	(4,301)
Conversion of Series D convertible shares	—	(38)	(38)	—	4,745	4,745	—
Repurchase and retirement of shares	—	—	—	—	(8,185)	(8,185)	—
Stock repurchase	—	—	—	—	—	(1,514)	(1,514)
Stock options exercised and release of restricted stock units	—	—	—	—	—	81	81
December 31, 2014	200	71	71	162,500	58,824	53,090	(5,734)
Stock repurchase	—	—	—	—	—	(49)	(49)
Release of restricted stock units	—	—	—	—	—	171	171
December 31, 2015	200	71	71	162,500	58,824	53,212	(5,612)
Stock repurchase	—	—	—	—	—	(1,565)	(1,565)
Release of restricted stock units	—	—	—	—	—	1,118	1,118
December 31, 2016	200	71	71	162,500	58,824	52,765	(6,059)

*Participation Agreement between the Investors and Wal-Mart Stores, Inc.* — THL and Goldman Sachs (collectively, 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 Company must recognize the Participation Agreement in its consolidated financial statements as the Company indirectly benefits from the agreement. 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.

Upon completion of the proposed Merger entered into on January 26, 2017, as further summarized in Note 18 — *Subsequent Events*, the Company may recognize an expense and a corresponding increase to additional paid-in capital in regards to the Participation Agreement of approximately \$17 million. As of December 31, 2016, the Company has not recognized any further liability or expense as the Merger is still pending with various conditions to be satisfied. Additionally, there were no payments under the Walmart Participation Agreement for the years ended December 31, 2016 or 2015. As a result of the transactions occurring on April 2, 2014 described below, the Company recognized expense and a corresponding increase to additional paid-in capital of approximately \$0.6 million for the year ended December 31, 2014 as a result of the Walmart Participation Agreement.

*Equity Registration Rights Agreement* — In connection with our recapitalization in 2008, 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 Participating Convertible Preferred Stock of the Company, the Series B-1 Participating Convertible Preferred Stock of the Company, D Stock and 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. The Company has 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.

*Secondary Offering* — On April 2, 2014, the Company completed an underwritten secondary public offering by the Investors of an aggregate of 9,200,000 shares of the Company's common stock. As part of the transaction, the affiliates of Goldman Sachs converted an aggregate of 37,957 shares of D Stock to 4,744,696 shares of common stock, which were sold as part of the transaction. The selling stockholders received all of the proceeds from the offering. Also on April 2, 2014, the Company completed the repurchase of 8,185,092 shares of common stock from the THL selling stockholders at a price of \$16.25 per share. The Company funded the share repurchase with \$130.0 million of the proceeds from its Tranche B-1 Term Loan Facility and cash.

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

<i>(Amounts in millions)</i>	2016	2015
Net unrealized gains on securities classified as available-for-sale, net of tax	\$ 10.8	\$ 11.1
Cumulative foreign currency translation adjustments, net of tax	(19.9)	(13.5)
Pension and Postretirement Benefits adjustments, net of tax	(44.8)	(46.3)
Accumulated other comprehensive loss	<u>\$ (53.9)</u>	<u>\$ (48.7)</u>

The following table is a summary of the changes to "Accumulated other comprehensive loss" by component during 2016 , 2015 and 2014 :

<i>(Amounts in millions)</i>	Net unrealized gains on securities classified as available-for-sale, net of tax	Cumulative foreign currency translation adjustments, net of tax	Pension and Postretirement Benefits adjustments, net of tax	Total
January 1, 2014	\$ 17.3	\$ 3.5	\$ (53.8)	\$ (33.0)
Other comprehensive loss before amortization	(0.2)	(8.9)	(23.2)	(32.3)
Amounts reclassified from accumulated other comprehensive loss	(5.9)	—	4.1	(1.8)
Net current period other comprehensive loss	(6.1)	(8.9)	(19.1)	(34.1)
December 31, 2014	<u>\$ 11.2</u>	<u>\$ (5.4)</u>	<u>\$ (72.9)</u>	<u>\$ (67.1)</u>
Other comprehensive income (loss) before amortization	1.3	(8.1)	12.7	5.9
Amounts reclassified from accumulated other comprehensive (loss) income	(1.4)	—	13.9	12.5
Net current period other comprehensive (loss) income	(0.1)	(8.1)	26.6	18.4
December 31, 2015	<u>\$ 11.1</u>	<u>\$ (13.5)</u>	<u>\$ (46.3)</u>	<u>\$ (48.7)</u>
Other comprehensive income (loss) before reclassification	—	(6.4)	(1.9)	(8.3)
Amounts reclassified from accumulated other comprehensive (loss) income	(0.3)	—	3.4	3.1
Net current period other comprehensive (loss) income	(0.3)	(6.4)	1.5	(5.2)
December 31, 2016	<u>\$ 10.8</u>	<u>\$ (19.9)</u>	<u>\$ (44.8)</u>	<u>\$ (53.9)</u>



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

<i>(Amounts in millions)</i>	2016	2015	2014	Statement of Operations Location
Change in net unrealized gains on securities classified as available-for-sale, before tax	\$ (0.4)	\$ (1.4)	\$ (5.7)	"Investment revenue"
Tax expense (benefit)	0.1	—	(0.2)	
Total, net of tax	<u>\$ (0.3)</u>	<u>\$ (1.4)</u>	<u>\$ (5.9)</u>	
<b>Pension and Postretirement Benefits adjustments:</b>				
Amortization of prior service credit	\$ (0.5)	\$ (0.6)	\$ (0.6)	"Compensation and benefits"
Amortization of net actuarial loss	5.8	8.7	7.2	"Compensation and benefits"
Settlement charge	—	14.0	—	"Compensation and benefits"
Total before tax	5.3	22.1	6.6	
Tax benefit, net	(1.9)	(8.2)	(2.5)	
Total, net of tax	<u>\$ 3.4</u>	<u>\$ 13.9</u>	<u>\$ 4.1</u>	
Total reclassified for the period, net of tax	<u>\$ 3.1</u>	<u>\$ 12.5</u>	<u>\$ (1.8)</u>	

**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 2015, the Company's stockholders approved an amendment and restatement of the 2005 Plan increasing the aggregate number of shares that may be issued from 12,925,000 to 15,425,000 shares. As of December 31, 2016, the Company has remaining authorization to issue future grants of up to 3,836,375 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 and restricted stock units 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 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 the Company's stock-based compensation expense for the years ended December 31 :

<i>(Amounts in millions)</i>	2016	2015	2014
Expense recognized related to stock options	\$ 2.8	\$ 4.6	\$ 6.2
Expense recognized related to restricted stock units	15.1	15.0	(0.8)
Stock-based compensation expense	<u>\$ 17.9</u>	<u>\$ 19.6</u>	<u>\$ 5.4</u>

*Stock Options* —Option awards are 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.

There were no options granted in 2016 or 2015. All options granted in 2014, 2013 and 2012 have a term of 10 years. Prior to the fourth quarter of 2011, options issued were either time based, vesting over a four -year period, or performance based, vesting over a five -year period. All options issued after the fourth quarter of 2011 are time-based, with options granted in the fourth quarter of 2011 through the first part of 2014 vesting over a four -year period, and the remaining options granted in 2014 vesting over a three -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 time-based and 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 year ended December 31 :

	<b>2014</b>
Expected dividend yield <sup>(1)</sup>	0.0%
Expected volatility <sup>(2)</sup>	64.6%-68.2%
Risk-free interest rate <sup>(3)</sup>	1.1% - 2.1%
Expected life <sup>(4)</sup>	6.0 - 6.3 years
<b>Weighted-average grant-date fair value per option</b>	<b>\$10.99</b>

- (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.
- (4) 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. 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, 2016 :

	<b>Shares</b>	<b>Weighted-Average Exercise Price</b>	<b>Weighted-Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value (\$000,000)</b>
Options outstanding at December 31, 2015	3,092,581	\$ 19.20	5.2 years	\$ —
Forfeited/Expired	(607,120)	24.01		
Options outstanding at December 31, 2016	2,485,461	\$ 18.02	4.0 years	\$ —
Vested or expected to vest at December 31, 2016	2,479,393	\$ 18.02	3.9 years	\$ —
Options exercisable at December 31, 2016	2,255,940	\$ 18.12	3.7 years	\$ —

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

<i>(Amounts in millions)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Intrinsic value of options exercised	\$ —	\$ —	\$ 0.1
Unrecognized stock option expense	\$ 0.6		
Remaining weighted-average vesting period	0.3 years		

**Restricted Stock Units** — In February 2016, the Company issued time-based and performance-based restricted stock units. The time-based restricted stock units vest in three equal installments on each anniversary of the grant date. The performance-based restricted stock units are subject to performance conditions that must be satisfied. If such performance conditions are satisfied at the conclusion of a one-year performance period, the performance-based restricted stock units will vest in three equal installments on each anniversary of the grant date. With respect to the performance-based restricted stock units, up to 50% of such awards become eligible to vest over such three year period if a target level of Adjusted EBITDA is achieved for the year ended December 31, 2016. Adjusted EBITDA is EBITDA (earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization) adjusted for certain significant items. The other 50% of the performance-based restricted stock units become eligible to vest over such three year period if a target level of Digital revenue is achieved for the year ended December 31, 2016. The performance-based restricted stock units have a threshold level of performance for each of the target levels. Achievement of the threshold level will result in vesting of 50% of the target levels discussed above. The number of performance-based restricted stock units that will vest for performance achievement between the threshold and target will be determined based on a straight-line interpolation. No performance-based restricted stock units will vest for performance achievement below the thresholds.

During 2015 , the Company issued performance-based restricted stock units, which are subject to a one-year performance period, based on annual Adjusted EBITDA and Digital revenue for the fiscal year 2015. Under the terms of the restricted stock units agreement granted in 2015, the number of restricted stock units that will vest is determined based on the extent to which the performance goals are achieved. Under the terms of the grant, 50% of the restricted stock units granted will vest for threshold performance and 100% of the restricted stock units granted will vest for the achievement of the annual Adjusted EBITDA and Digital revenue at target. Upon achievement of the performance goal, each award vests ratably over a three -year period from the grant date. 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 2014 , the Company issued performance-based restricted stock units, which are subject to three-year cliff vesting, based on average annual Adjusted EBITDA growth and Digital revenue growth during the applicable performance period (2014 - 2016). Under the terms of the restricted stock units granted in 2014 , the number of restricted stock units that will vest is determined based on the extent to which the performance goals are achieved. Under the terms of the grant, 50% of the restricted stock units granted will vest for threshold performance and 100% of the restricted stock units granted will vest for the achievement of average annual Adjusted EBITDA and Digital revenue 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.

In the fourth quarter of 2014 , the Company deemed the performance metrics for the 2011 and 2012 performance-based restricted stock units not probable of being attained. As such, the Company reversed \$1.2 million of stock-based compensation expense. Also, in the fourth quarter of 2014 , the Company deemed the performance metrics for the annual performance-based restricted stock units granted in 2013 and 2014 and the one-time contingent performance-based restricted stock units not probable of being attained. As such, the Company reversed \$9.0 million of stock-based compensation expense. In addition, the Company materially modified certain terms of the above mentioned performance-based restricted stock units. The Company accounted for this as a modification of awards, treating the exchange as a cancellation of the original awards accompanied by the concurrent grant of replacement awards. The terms under certain 2013 annual restricted stock unit awards were modified to time-based restricted stock units and the performance metrics associated with the one-time contingent performance-based restricted stock unit awards were modified to exclude U.S. to U.S. walk-in revenue from the performance goal. Each award remains subject to three -year cliff vesting. The terms under certain of the 2014 annual awards, which are subject to three -year cliff vesting, were modified to exclude annual Adjusted EBITDA growth as a performance metric. The modified 2014 annual awards will only use average annual adjusted Digital revenue growth as a performance target during the applicable performance period. The modifications to these awards affected 389 employees.

The incremental compensation cost of \$4.2 million was measured as the excess of the fair value of the replacement award over the fair value of the original award immediately before the modification date. The incremental costs will be amortized over the remaining term of the exchanged restricted stock unit award.

For purposes of determining the fair value of restricted stock units and performance-based restricted stock units, the fair value 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. As of December 31, 2016 , the Company believes it is probable that it will achieve the performance goals between the threshold and target levels for the 2016 and 2014 restricted stock units. 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, 2016 :

	Total Shares	Weighted Average Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000,000)
Restricted stock units outstanding at December 31, 2015	4,162,568	\$ 10.68	1.0 year	\$ 26.1
Granted	3,030,548	5.13		
Vested and converted to shares	(1,678,148)	9.46		
Forfeited	(884,930)	9.67		
Restricted stock units outstanding at December 31, 2016	4,630,038	\$ 7.68	0.9 years	\$ 54.7

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

<i>(Amounts in millions)</i>	2016	2015	2014
Fair value of restricted stock units vested during the year	\$ 15.9	\$ 6.3	\$ 1.5

As of December 31, 2016 , the Company's outstanding restricted stock units had unrecognized compensation expense of \$14.1 million . Unrecognized restricted stock unit expense and the remaining weighted-average vesting period are presented using the Company's current estimate of achievement of performance goals.

**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 :

<i>(Amounts in millions)</i>	2016	2015	2014
U.S.	\$ 29.3	\$ (45.2)	\$ 66.4
Foreign	13.8	16.1	6.2
Income (loss) before income taxes	<u>\$ 43.1</u>	<u>\$ (29.1)</u>	<u>\$ 72.6</u>

Foreign income consists of 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 for the years ended December 31 :

<i>(Amounts in millions)</i>	2016	2015	2014
Current:			
Federal	\$ 5.2	\$ 17.7	\$ (10.3)
State	1.8	(0.5)	1.5
Foreign	12.3	5.0	3.8
Current income tax expense (benefit)	<u>19.3</u>	<u>22.2</u>	<u>(5.0)</u>
Deferred income tax expense	7.5	25.6	5.5
Income tax expense	<u>\$ 26.8</u>	<u>\$ 47.8</u>	<u>\$ 0.5</u>

As of December 31, 2016 , the Company had a tax payable of \$27.7 million recorded in "Accounts payable and other liabilities" and a tax receivable of \$4.7 million recorded in the "Other assets" on the Consolidated Balance Sheets. As of December 31 , 2015 , the Company had a tax payable of \$16.9 million recorded in "Accounts payable and other liabilities" and a tax receivable of \$6.3 million recorded in the "Other assets" on the Consolidated Balance Sheets.

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

<i>(Amounts in millions)</i>	2016	2015	2014
Income tax expense (benefit) at statutory federal income tax rate	\$ 15.1	\$ (10.2)	\$ 25.4
Tax effect of:			
State income tax, net of federal income tax effect	0.6	(0.6)	1.5
Valuation allowance	(0.8)	(1.0)	(13.0)
International taxes	(1.4)	1.1	0.5
Net permanent difference	0.6	1.2	1.5
Change in tax reserve	9.1	(8.8)	(20.3)
Stock-based compensation	3.8	3.4	6.0
Effect of U.S. Tax Court decision	—	64.4	—
Other	(0.2)	(1.7)	(1.1)
Income tax expense	<u>\$ 26.8</u>	<u>\$ 47.8</u>	<u>\$ 0.5</u>

In 2016, the Company recognized a tax expense of \$26.8 million on pre-tax income of \$43.1 million, primarily due to a tax settlement reached with the Internal Revenue Service ("IRS") on the matter discussed below and the reversal of tax benefits on share-based compensation.

In 2015, the Company recognized a tax expense of \$47.8 million on pre-tax loss of \$29.1 million, primarily resulting from the decision of the U.S. Tax Court during the first quarter of 2015 related to the IRS matter discussed in more detail below.

In 2014, the Company recognized a tax expense of \$0.5 million on pre-tax income of \$72.6 million, resulting from reductions of uncertain tax positions of prior years and the tax treatment of the net securities gains which were partially offset by the reversal of tax benefits on share-based compensation.

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

<i>(Amounts in millions)</i>	2016	2015
Deferred tax assets:		
Basis difference in revalued investments	\$ 101.6	\$ 101.5
Tax loss carryovers	34.3	35.8
Tax credit carryovers	39.2	31.7
Postretirement benefits and other employee benefits	29.8	29.1
Bad debt and other reserves	4.2	4.3
Other	8.8	13.7
Valuation allowance	(124.2)	(125.8)
Total deferred tax assets	<u>93.7</u>	<u>90.3</u>
Deferred tax liability:		
Depreciation and amortization	(100.8)	(92.0)
Total deferred tax liability	<u>(100.8)</u>	<u>(92.0)</u>
Net deferred tax liability	<u>\$ (7.1)</u>	<u>\$ (1.7)</u>

As of December 31, 2016, net deferred tax asset positions of \$4.4 million were included in "Other assets" and net deferred tax liability positions of \$11.5 million were included in "Accounts payable and other liabilities" in the Consolidated Balance Sheets. As of December 31, 2015, net deferred tax asset positions of \$5.1 million were reflected in "Other assets" and net deferred tax liability positions of \$6.8 million were included in "Accounts payable and other liabilities" in the Consolidated Balance Sheets. The valuation allowance as of December 31, 2016 and 2015 relates primarily to basis differences in revalued investments, capital loss carryovers and, to a smaller extent, certain foreign tax loss carryovers.

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, 2016:

<i>(Amounts in millions)</i>	Expiration Date	Amount
U.S. capital loss carry-forwards	2017 - 2021	\$ 56.8
U.S. net operating loss carry-forwards	2021 - 2036	\$ 10.9
U.S. tax credit carry-forwards	2023 - 2036	\$ 18.8
U.S. federal minimum tax credit carry-forwards	Indefinite	\$ 20.4

The Company 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., state and local income tax examinations for years prior to 2011. The U.S. federal income tax filings are subject to audit for fiscal years 2014 through 2016.

The IRS completed its examination of the Company's consolidated income tax returns through 2013 and issued Notices of Deficiency for 2005-2007 and 2009, and an Examination Report for 2008. The Notices of Deficiency and Examination Report disallow, among other items, approximately \$900.0 million of ordinary deductions on securities losses in the 2007, 2008 and 2009 tax returns. In May 2012 and December 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively. In 2013, the Company reached a partial settlement with the IRS allowing ordinary loss treatment on \$186.9 million of deductions in dispute. In January 2015, the U.S. Tax Court granted the IRS's motion for summary judgment upholding the remaining adjustments in the Notices of Deficiency. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court's decision and remanded the case to the Tax Court for further proceedings.

The Tax Court's January 2015 decision was a change in facts which warranted reassessment of the Company's uncertain tax position. Although the Company believes that it has substantive tax law arguments in favor of its position and has appealed the ruling, the reassessment resulted in the Company determining that it is no longer more likely than not that its existing position will be sustained. Accordingly, the Company re-characterized certain deductions relating to securities losses to be capital in nature, rather than ordinary. The Company recorded a full valuation allowance against these losses in the quarter ended March 31, 2015. This change increased "Income tax expense" in the Consolidated Statements of Operations in the quarter ended March 31, 2015 by \$63.7 million. During 2015, the Company made payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter. Pending the outcome of the Tax Court proceeding, the Company may be required to file amended state returns and make additional cash payments of up to \$17.5 million on amounts that have previously been accrued.

The IRS completed its examination of the Company's consolidated income tax returns for the tax years 2011 through 2013 and issued a Revenue Agent Report ("RAR") in the first quarter of 2015 that included disallowing \$100.0 million of deductions related to payments the Company made to the U.S. Department of Justice ("U.S. DOJ") pursuant to the Deferred Prosecution Agreement. In April 2016, the Company entered into a settlement agreement with the IRS allowing a deduction of \$39.3 million. As of December 31, 2016, the Company had fully settled this matter with \$21.2 million of existing deferred tax assets and \$0.5 million of cash after recognizing an additional \$7.7 million of Income tax expense for the year ended December 31, 2016. The state tax liabilities related to the federal settlement have yet to be settled due to the pending implications of the security losses.

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

<i>(Amounts in millions)</i>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Beginning balance	\$ 30.5	\$ 31.7	\$ 52.0
Additions based on tax positions related to prior years	11.2	8.3	0.3
Additions based on tax positions related to current year	4.6	0.2	2.7
Settlements with cash or attributes	(21.4)	—	—
Reductions for tax positions of prior years and other	(0.7)	(9.7)	(23.3)
Ending balance	<u>\$ 24.2</u>	<u>\$ 30.5</u>	<u>\$ 31.7</u>

As of December 31, 2016, 2015 and 2014, the liability for unrecognized tax benefits was \$24.2 million, \$30.5 million and \$31.7 million, respectively, exclusive of interest and penalties. For 2016, the net amount of unrecognized tax benefits that if recognized could impact the effective tax rate was \$16.7 million. For 2015 and 2014, all of the unrecognized tax benefits could impact the effective tax rate if recognized. The significant increases and decreases in 2016 were related to an increase in foreign taxes and the IRS settlement with respect to the U.S. DOJ matter as discussed above. The Company accrues interest and penalties for unrecognized tax benefits through "Income tax expense" in the Consolidated Statements of Operations. The Company recorded \$2.4 million, \$1.9 million and \$0.5 million in interest and penalties in its Consolidated Statements of Operations for the years ended December 31, 2016, 2015, and 2014, respectively. As of December 31, 2016 and 2015, the Company had a total of \$6.4 million and \$4.5 million, respectively, accrued for interest and penalties within "Accounts payable and other liabilities." The Company's interest and penalties accrual as of December 31, 2016 was impacted by \$0.5 million of payments related to the settlement of the U.S. DOJ matter. As a result of the Company's litigation related to its securities losses previously discussed, it is possible that there could be a significant decrease to the total amount of unrecognized tax benefits over the next 12 months. However, as of December 31, 2016, 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, 2016 and 2015, a deferred tax liability of \$5.2 million and \$4.6 million, respectively, was recognized for the unremitted earnings of its foreign entities.

**Note 14 — Commitments and Contingencies**

*Leases* — The Company has various non-cancelable operating and capital leases for buildings, equipment and vehicles that terminate through 2026 . 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 relating to these incentives was an asset of \$0.2 million and a liability of \$0.2 million at December 31, 2016 and 2015 , respectively.

The following table is a summary of rent expense under our leases for the years ended December 31 :

<i>(Amounts in millions)</i>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Rent expense	\$ 16.4	\$ 17.8	\$ 18.0
Sublease agreements	—	(1.0)	(1.1)
Rent expense under leases	<u>\$ 16.4</u>	<u>\$ 16.8</u>	<u>\$ 16.9</u>

The following table is a summary of the future minimum rental payments for all non-cancelable leases with an initial term of more than one year at December 31, 2016 :

<i>(Amounts in millions)</i>	<u>Future Minimum Lease Payments</u>
2017	\$ 13.9
2018	12.5
2019	11.5
2020	10.5
2021	7.3
Thereafter	5.2
Total	<u>\$ 60.9</u>

*Letters of Credit* — At December 31, 2016 , the Company had no outstanding letters of credit. These letters of credit would 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. Expenses related to the guarantee are recognized in the “Fee and other commissions expense” line in the Consolidated Statements of Operations.

As of December 31, 2016 , the liability for minimum commission guarantees was \$1.0 million and the maximum amount that could be paid under the minimum commission guarantees was \$2.9 million over a weighted-average remaining term of 1.6 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. Minimum commission guarantees paid in 2016 and 2015 were \$2.4 million and \$0.2 million , respectively, or 80% and 6% , 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, 2016 , 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 matters. In relation to various legal matters, including those described below, the Company had \$1.2 million and \$16.3 million of liability recorded in the “Accounts payable and other liabilities” line in the Consolidated Balance Sheets as of December 31, 2016 and 2015, respectively. A credit of \$0.6 million was recorded in the “Transaction and operations support” line in the Consolidated Statements of Operations during 2016 due to the reversal of certain legal settlement accruals. A charge of \$2.4 million and \$12.8 million were recorded in the “Transaction and operations support” line in the Consolidated Statements of Operations during 2015 and 2014, respectively, for legal proceedings.

**Litigation Commenced Against the Company:**

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

*Class Action Securities Litigation* — On March 13, 2017, a putative securities class action lawsuit was filed in the United States District Court for the District of Delaware against MoneyGram, all of its directors, certain of its executive officers, Alipay (UK) Limited, Alipay (Hong Kong) Limited, Matrix Acquisition Corp., and Ant Financial Services Group. The plaintiff, a MoneyGram stockholder, challenges the Merger and the disclosures made in connection with the Merger. The lawsuit alleges violations of Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder due to allegedly material and misleading omissions in the preliminary proxy statement filed in connection with the Merger. The lawsuit also alleges that the Merger Agreement is unfair to MoneyGram’s stockholders, resulted from an inadequate process, and contains terms that will supposedly deter third parties from making alternative offers. The plaintiff seeks to enjoin the Merger and to recover damages, costs, and attorneys’ fees in unspecified amounts. The plaintiff has not yet served the defendants, and the defendants’ date to answer, move to dismiss, or otherwise respond to the lawsuit has not yet been set. The Company believes that the claims are without merit and intends to vigorously defend itself against the lawsuit.

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

**Government Investigations**

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

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

In 2015, we initiated an internal investigation to identify any payments processed by the Company that were violations of the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) sanctions regulations. We have notified OFAC of the ongoing internal investigation, which is being conducted in conjunction with the Company’s outside counsel. If any violations are confirmed as part of our investigation, we could be subject to fines or penalties.



**Actions Commenced by the Company:**

*Tax Litigation* — The IRS completed its examination of the Company's consolidated income tax returns through 2013 and issued Notices of Deficiency for 2005-2007 and 2009, and an Examination Report for 2008. The Notices of Deficiency and Examination Report disallow, among other items, approximately \$900.0 million of ordinary deductions on securities losses in the 2007, 2008 and 2009 tax returns. In May 2012 and December 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively. In 2013, the Company reached a partial settlement with the IRS allowing ordinary loss treatment on \$186.9 million of deductions in dispute. In January 2015, the U.S. Tax Court granted the IRS's motion for summary judgment upholding the remaining adjustments in the Notices of Deficiency. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court's decision and remanded the case to the Tax Court for further proceedings.

The January 2015 Tax Court decision was a change in facts which warranted reassessment of the Company's uncertain tax position. Although the Company believes that it has substantive tax law arguments in favor of its position and has appealed the ruling, the reassessment resulted in the Company determining that it is no longer more likely than not that its existing position will be sustained. Accordingly, the Company re-characterized certain deductions relating to securities losses to be capital in nature, rather than ordinary. The Company recorded a full valuation allowance against these losses in the quarter ended March 31, 2015. This change increased "Income tax expense" in the Consolidated Statements of Operations in the quarter ended March 31, 2015 by \$63.7 million. During 2015, the Company made payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter. The November 2016 Fifth Circuit decision to remand the case back to the Tax Court does not change the Company's current assessment regarding the likelihood that these deductions will be sustained. Accordingly, no change in the valuation allowance was made as of December 31, 2016. Pending the outcome of the Tax Court proceeding, the Company may be required to file amended state returns and make additional cash payments of up to \$17.5 million on amounts that have previously been accrued.

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**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 transfer services in more than 200 countries and territories. The Global Funds Transfer segment also provides bill payment services to consumers through substantially all of our money transfer agent and Company-operated locations in the U.S., Canada and Puerto Rico, at certain agent locations in select Caribbean and European countries and through Digital solutions. The Financial Paper Products segment provides money orders to consumers through retail and financial institutions located in the U.S. and Puerto Rico, and provides official check services to financial institutions in the U.S. Walmart is our only agent, for both the Global Funds Transfer segment and the Financial Paper Products segment, that accounts for more than 10% of total revenue. In 2016, 2015 and 2014, Walmart accounted for 18%, 19% and 22% of total revenue, respectively.

The Company's Chief Operating Decision Maker reviews segment operating income and segment operating margin to assess segment performance and allocate resources. Segment accounting policies are the same as those described in Note 2 — *Summary of Significant Accounting Policies*. Investment revenue is allocated to each segment based on the average investable balances generated by that segment's sale of payment instruments during the period.

All operating expenses that have not been classified in the above segments are reported as "Other." These unallocated expenses in 2016 include \$2.6 million of legal expenses, severance and related costs of \$4.7 million, Pension and Postretirement Benefits net periodic benefit expense of \$6.6 million and other net corporate costs of \$12.0 million. Unallocated expenses in 2015 include \$5.2 million of legal expenses, Pension and Postretirement Benefits net periodic benefit expense of \$25.7 million and other net corporate costs of \$2.5 million. Unallocated expenses in 2014 include \$16.4 million of legal expenses related to the state Civil Investigative Demands accrual and other legal matters, as well as Pension and Postretirement Benefits net periodic benefit expense of \$10.2 million and other net corporate costs of \$ 5.5 million.

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

<i>(Amounts in millions)</i>	2016	2015	2014
Global Funds Transfer revenue			
Money transfer revenue	\$ 1,456.2	\$ 1,367.1	\$ 1,370.0
Bill payment revenue	97.5	98.7	100.1
Total Global Funds Transfer revenue	1,553.7	1,465.8	1,470.1
Financial Paper Products revenue			
Money order revenue	50.8	51.0	54.1
Official check revenue	24.8	22.3	26.2
Total Financial Paper Products revenue	75.6	73.3	80.3
Other revenue	1.1	—	—
Total revenue	\$ 1,630.4	\$ 1,539.1	\$ 1,550.4

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

<i>(Amounts in millions)</i>	2016	2015	2014
Global Funds Transfer operating income	\$ 95.8	\$ 31.7	\$ 75.4
Financial Paper Products operating income	18.5	17.9	28.1
Total segment operating income	114.3	49.6	103.5
Other operating loss	(25.9)	(33.4)	(32.1)
Total operating income	88.4	16.2	71.4
Interest expense	(45.0)	(45.3)	(44.2)
Debt extinguishment costs	(0.3)	—	—
Net securities gains	—	—	45.4
Income (loss) before income taxes	\$ 43.1	\$ (29.1)	\$ 72.6

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

<i>(Amounts in millions)</i>	2016	2015	2014
Global Funds Transfer	\$ 71.8	\$ 60.4	\$ 50.8
Financial Paper Products	7.4	5.5	4.4
Other	0.7	0.2	0.3
Total depreciation and amortization	\$ 79.9	\$ 66.1	\$ 55.5

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

<i>(Amounts in millions)</i>	2016	2015	2014
Global Funds Transfer	\$ 68.2	\$ 70.1	\$ 71.2
Financial Paper Products	10.9	30.3	16.7
Total capital expenditures	\$ 79.1	\$ 100.4	\$ 87.9

*Total assets by segment* - Settlement assets, as defined in Note 2 - *Summary of Significant Accounting Policies* , are allocated based on the corresponding payment service obligations that are specifically identified to each reporting segment. Property and equipment is specifically identified to both reporting segments with the exception of certain software, most of which is jointly used and allocated to each segment. There is an immaterial amount of software used for corporate purposes. The net carrying value of goodwill and intangibles all relates to the Global Funds Transfer segment as further summarized in Note 8 - *Goodwill and Intangible Assets* . While the derivatives portfolio is also managed on a consolidated level, each derivative instrument is utilized in a manner that can be identified to the Global Funds Transfer segment. All assets that are not specifically identified or allocated to each reporting segment are reported as "Other." These assets primarily include reported cash and cash equivalents, which are the assets in excess of payment service obligations as further discussed in Note 9 - *Debt*, and various other corporate assets. The following table sets forth assets by segment as of December 31 :

<i>(Amounts in millions)</i>	2016	2015
Global Funds Transfer	\$ 2,213.9	\$ 1,982.0
Financial Paper Products	2,198.3	2,326.4
Other	185.2	196.8
Total assets	<u>\$ 4,597.4</u>	<u>\$ 4,505.2</u>

*Revenue by geographic area* — International revenues are defined as revenues generated from money transfer and bill payment transactions originating in a country other than the U.S. There are no individual countries, other than the U.S., that exceed 10% of total revenues for the years ended December 31, 2016 , 2015 and 2014 . The following table details total revenue by major geographic area for the years ended December 31 :

<i>(Amounts in millions)</i>	2016	2015	2014
U.S.	\$ 865.8	\$ 829.7	\$ 866.9
International	764.6	709.4	683.5
Total revenue	<u>\$ 1,630.4</u>	<u>\$ 1,539.1</u>	<u>\$ 1,550.4</u>

#### **Note 16 — Correction of Consolidated Statements of Operations for the Years Ended December 31, 2015 and 2014**

Subsequent to the issuance of the Company's 2015 financial statements, the Company's management determined that there was an immaterial error in the historical presentation of the foreign exchange revenue on a net basis. As a result, Fee and other revenue and Fee and other commissions expense have been restated from the amounts previously reported to correct the presentation of foreign exchange revenue from a net presentation to a gross presentation in our Consolidated Statements of Operations. The correction was an increase in previously reported Fee and other revenue and Fee and other commissions expense. This correction has no impact on our Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Cash Flows or Consolidated Statements of Stockholders' Deficit.

The effects of the corrections on the Consolidated Statements of Operations for the years ended December 31, 2015 and 2014 are as follows:

<i>(Amounts in millions)</i>	For the Year Ended December 31, 2015		
	As Previously Reported	Correction	As Corrected
<b>REVENUE</b>			
Fee and other revenue	\$ 1,422.6	\$ 104.4	\$ 1,527.0
Total revenue	1,434.7	104.4	1,539.1
<b>EXPENSES</b>			
Fee and other commissions expense	\$ 655.4	\$ 104.4	\$ 759.8
Total commissions expense	656.2	104.4	760.6
Total operating expenses	1,418.5	104.4	1,522.9
<b>OPERATING INCOME</b>	\$ 16.2	\$ —	\$ 16.2

<i>(Amounts in millions)</i>	For the Year Ended December 31, 2014		
	As Previously Reported	Correction	As Corrected
<b>REVENUE</b>			
Fee and other revenue	\$ 1,438.4	\$ 95.5	\$ 1,533.9
Total revenue	1,454.9	95.5	1,550.4
<b>EXPENSES</b>			
Fee and other commissions expense	\$ 666.0	\$ 95.5	\$ 761.5
Total commissions expense	666.4	95.5	761.9
Total operating expenses	1,383.5	95.5	1,479.0
<b>OPERATING INCOME</b>	\$ 71.4	\$ —	\$ 71.4

The effects of the corrections on the segment financial results as presented in Note 15 — *Segment Information* for the years ended December 31, 2015 and 2014 are as follows:

<i>(Amounts in millions)</i>	For the Year Ended December 31, 2015		
	As Previously Reported	Correction	As Corrected
<b>Global Funds Transfer results:</b>			
Money transfer revenue	\$ 1,262.7	\$ 104.4	\$ 1,367.1
Global Funds Transfer revenue	1,361.4	104.4	1,465.8
<b>Revenue by major geographic area:</b>			
U.S.	\$ 823.3	\$ 6.4	\$ 829.7
International	611.4	98.0	709.4
Total revenue	\$ 1,434.7	\$ 104.4	\$ 1,539.1

For the Year Ended December 31, 2014

<i>(Amounts in millions)</i>	For the Year Ended December 31, 2014		
	As Previously Reported	Correction	As Corrected
<b>Global Funds Transfer results:</b>			
Money transfer revenue	\$ 1,274.5	\$ 95.5	\$ 1,370.0
Global Funds Transfer revenue	1,374.6	95.5	1,470.1
<b>Revenue by major geographic area:</b>			
U.S.	\$ 861.2	\$ 5.7	\$ 866.9
International	593.7	89.8	683.5
Total revenue	\$ 1,454.9	\$ 95.5	\$ 1,550.4

The 2015 and 2014 Condensed Consolidating Statements of Operations in Note 19 have also been corrected to reflect the above immaterial restatement.

**Note 17 — Quarterly Financial Data (Unaudited)**

The following tables are the summation of quarterly (loss) earnings per common share and may not equate to the calculation for the full year as quarterly calculations are performed on a discrete basis. The quarterly financial information for 2016 and 2015 has been immaterially restated, where applicable. See Note 16 — *Correction of Consolidated Statements of Operations for the Years Ended December 31, 2015 and 2014* for more information on the restatement.

**2016 Fiscal Quarters:**

<i>(Amounts in millions, except per share data)</i>	First			Second			Third			Fourth	
	As Previously Reported	Correction	As Corrected	As Previously Reported	Correction	As Corrected	As Previously Reported	Corrected	As Corrected		
Total revenue	\$ 358.4	\$ 28.7	\$ 387.1	\$ 383.7	\$ 30.6	\$ 414.3	\$ 383.1	\$ 29.7	\$ 412.8	\$	416.2
Total operating expenses	335.3	28.7	364.0	367.5	30.6	398.1	356.9	29.7	386.6		393.3
Operating income	23.1	—	23.1	16.2	—	16.2	26.2	—	26.2		22.9
Total other expenses, net	11.3	—	11.3	11.2	—	11.2	11.3	—	11.3		11.5
Income before income taxes	\$ 11.8	\$ —	\$ 11.8	\$ 5.0	\$ —	\$ 5.0	\$ 14.9	\$ —	\$ 14.9	\$	11.4
Net (loss) income	\$ (4.2)	\$ —	\$ (4.2)	\$ 3.1	\$ —	\$ 3.1	\$ 10.2	\$ —	\$ 10.2	\$	7.2
<b>(Loss) earnings per common share</b>											
Basic	\$ (0.07)	\$ —	\$ (0.07)	\$ 0.05	\$ —	\$ 0.05	\$ 0.16	\$ —	\$ 0.16	\$	0.12
Diluted	\$ (0.07)	\$ —	\$ (0.07)	\$ 0.05	\$ —	\$ 0.05	\$ 0.15	\$ —	\$ 0.15	\$	0.11

**2015 Fiscal Quarters:**
*(Amounts in millions, except per share data)*

	First			Second <sup>(1)</sup>			Third			Fourth		
	As Previously Reported	Correction	As Corrected	As Previously Reported	Correction	As Corrected	As Previously Reported	Correction	As Corrected	As Previously Reported	Correction	As Corrected
Total revenue	\$ 330.6	\$ 22.9	\$ 353.5	\$ 358.8	\$ 26.4	\$ 385.2	\$ 368.6	\$ 27.2	\$ 395.8	\$ 376.7	\$ 27.9	\$ 404.6
Total operating expenses	328.9	22.9	351.8	374.5	26.4	400.9	352.0	27.2	379.2	363.1	27.9	391.0
Operating income (loss)	1.7	—	1.7	(15.7)	—	(15.7)	16.6	—	16.6	13.6	—	13.6
Total other expenses, net	11.1	—	11.1	11.4	—	11.4	11.2	—	11.2	11.6	—	11.6
(Loss) income before income taxes	\$ (9.4)	\$ —	\$ (9.4)	\$ (27.1)	\$ —	\$ (27.1)	\$ 5.4	\$ —	\$ 5.4	\$ 2.0	\$ —	\$ 2.0
Net (loss) income	\$ (72.0)	\$ —	\$ (72.0)	\$ (12.4)	\$ —	\$ (12.4)	\$ 4.9	\$ —	\$ 4.9	\$ 2.6	\$ —	\$ 2.6
(Loss) earnings per common share												
Basic	\$ (1.16)	\$ —	\$ (1.16)	\$ (0.20)	\$ —	\$ (0.20)	\$ 0.08	\$ —	\$ 0.08	\$ 0.04	\$ —	\$ 0.04
Diluted	\$ (1.16)	\$ —	\$ (1.16)	\$ (0.20)	\$ —	\$ (0.20)	\$ 0.08	\$ —	\$ 0.08	\$ 0.04	\$ —	\$ 0.04

(1) For the three months ended June 30, 2015, the Company experienced a decline in total operating results, primarily as a result of increase in Transaction and operations support and a \$13.8 million pension settlement charge related to the voluntary pension buyout recorded in Compensation and benefits. See Note 10 — *Pension and Other Benefit* for more information regarding the voluntary pension buyout.

**Note 18 — Subsequent Events**

On January 26, 2017, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) among the Company, Alipay (UK) Limited, a United Kingdom limited company (“Parent”), Matrix Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Parent (“Merger Sub”) and, solely for purposes of certain specified provisions in the Merger Agreement, Alipay (Hong Kong) Holding Limited, a Hong Kong limited company. The Merger Agreement provides that, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company (the “Merger”), with stockholders of MoneyGram receiving \$13.25 per share in cash. Following the Merger, the Company will be a wholly owned subsidiary of Parent. The Merger Agreement contains certain termination rights for the parties, including the right of either party, subject to specified limitations, to terminate the Merger Agreement if the Merger is not consummated by January 26, 2018 (the “end date”); provided, that either Parent or the Company may extend the end date until April 19, 2018, if necessary to obtain required approvals with respect to money transmitter licenses, if, at the end date, all of the other conditions to closing are satisfied. The terms of the Merger Agreement did not impact the Company’s consolidated financial statements as of and for the year ended December 31, 2016.

On March 14, 2017, the Company received an unsolicited proposal from Euronet Worldwide, Inc. to acquire all of the outstanding shares of our common stock and D Stock for \$15.20 per share in cash on an as-converted basis. Consistent with its fiduciary duties, the Company’s Board of Directors, in consultation with its legal and financial advisors, will carefully review and consider the proposal to determine the course of action that it believes is in the best interests of the Company and its stockholders.

**Note 19 — Condensed Consolidating Financial Statements**

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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 Securities and Exchange Commission Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*. If the Company issues debt securities, the following 100 percent directly or indirectly owned subsidiaries could fully and unconditionally guarantee the debt securities on a joint and several basis: MoneyGram Payment Systems Worldwide, Inc.; MoneyGram Payment Systems, Inc.; and MoneyGram of New York LLC (collectively, the “Guarantors”).

The following information represents Condensed Consolidating Balance Sheets as of December 31, 2016 and 2015 , along with Condensed Consolidating Statements of Operations and Statements of Cash Flows for the years ended December 31, 2016 , 2015 and 2014 . The condensed consolidating financial information presents financial information in separate columns for MoneyGram International, Inc. on a Parent-only basis carrying its investment in subsidiaries under the equity method; Guarantors on a combined basis, carrying investments in subsidiaries that are not expected to guarantee the debt (collectively, the “Non-Guarantors”) under the equity method; Non-Guarantors on a combined basis; and eliminating entries. The eliminating entries primarily reflect intercompany transactions, such as accounts receivable and payable, fee revenue and commissions expense and the elimination of equity investments and income in subsidiaries.



**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING BALANCE SHEET**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>ASSETS</b>					
Cash and cash equivalents	\$ —	\$ 128.8	\$ 28.4	\$ —	\$ 157.2
Settlement assets	—	3,504.7	129.6	—	3,634.3
Property and equipment, net	—	184.3	16.7	—	201.0
Goodwill	—	315.3	126.9	—	442.2
Other assets	36.0	146.0	39.4	(58.7)	162.7
Equity investments in subsidiaries	879.1	232.3	—	(1,111.4)	—
Intercompany receivables	—	155.1	51.3	(206.4)	—
Total assets	<u>\$ 915.1</u>	<u>\$ 4,666.5</u>	<u>\$ 392.3</u>	<u>\$ (1,376.5)</u>	<u>\$ 4,597.4</u>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY</b>					
Payment service obligations	\$ —	\$ 3,525.4	\$ 108.9	\$ —	\$ 3,634.3
Debt, net	915.2	—	—	—	915.2
Pension and other postretirement benefits	—	87.6	—	—	87.6
Accounts payable and other liabilities	1.9	174.4	51.1	(58.7)	168.7
Intercompany liabilities	206.4	—	—	(206.4)	—
Total liabilities	<u>1,123.5</u>	<u>3,787.4</u>	<u>160.0</u>	<u>(265.1)</u>	<u>4,805.8</u>
Total stockholders' (deficit) equity	<u>(208.4)</u>	<u>879.1</u>	<u>232.3</u>	<u>(1,111.4)</u>	<u>(208.4)</u>
Total liabilities and stockholders' (deficit) equity	<u>\$ 915.1</u>	<u>\$ 4,666.5</u>	<u>\$ 392.3</u>	<u>\$ (1,376.5)</u>	<u>\$ 4,597.4</u>

**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>REVENUE</b>					
Fee and other revenue	\$ —	\$ 1,569.7	\$ 417.9	\$ (375.2)	\$ 1,612.4
Investment revenue	—	18.0	—	—	18.0
Total revenue	—	1,587.7	417.9	(375.2)	1,630.4
<b>EXPENSES</b>					
Fee and other commissions expense	—	770.7	219.7	(197.3)	793.1
Investment commissions expense	—	2.5	—	—	2.5
Total commissions expense	—	773.2	219.7	(197.3)	795.6
Compensation and benefits	—	196.0	99.1	—	295.1
Transaction and operations support	2.0	427.3	58.1	(177.9)	309.5
Occupancy, equipment and supplies	—	45.7	16.2	—	61.9
Depreciation and amortization	—	67.4	12.5	—	79.9
Total operating expenses	2.0	1,509.6	405.6	(375.2)	1,542.0
<b>OPERATING (LOSS) INCOME</b>	(2.0)	78.1	12.3	—	88.4
Other expenses					
Interest expense	45.0	—	—	—	45.0
Debt extinguishment costs	0.3	—	—	—	0.3
Total other expenses	45.3	—	—	—	45.3
(Loss) income before income taxes	(47.3)	78.1	12.3	—	43.1
Income tax (benefit) expense	(16.5)	46.4	(3.1)	—	26.8
(Loss) income after income taxes	(30.8)	31.7	15.4	—	16.3
Equity income in subsidiaries	47.1	15.4	—	(62.5)	—
<b>NET INCOME</b>	16.3	47.1	15.4	(62.5)	16.3
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>	(5.2)	(5.2)	(34.3)	39.5	(5.2)
<b>COMPREHENSIVE INCOME (LOSS)</b>	\$ 11.1	\$ 41.9	\$ (18.9)	\$ (23.0)	\$ 11.1

**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	\$ (43.4)	\$ 140.0	\$ 21.6	\$ —	\$ 118.2
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of property and equipment	—	(74.0)	(8.8)	—	(82.8)
Intercompany investments	—	(12.6)	(58.7)	71.3	—
Dividend from subsidiary guarantors	70.7	—	—	(70.7)	—
Capital contributions to non-guarantors	—	(0.1)	—	0.1	—
Net cash provided by (used in) investing activities	70.7	(86.7)	(67.5)	0.7	(82.8)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Principal payments on debt	(30.3)	—	—	—	(30.3)
Stock repurchases	(11.7)	—	—	—	(11.7)
Dividend to parent	—	(70.7)	—	70.7	—
Intercompany financings	12.6	58.7	—	(71.3)	—
Payment of contingent consideration	—	(0.7)	—	—	(0.7)
Capital contributions from subsidiary guarantors	—	—	0.1	(0.1)	—
Net cash (used in) provided by financing activities	(29.4)	(12.7)	0.1	(0.7)	(42.7)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(2.1)	40.6	(45.8)	—	(7.3)
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	2.1	88.2	74.2	—	164.5
<b>CASH AND CASH EQUIVALENTS—End of year</b>	\$ —	\$ 128.8	\$ 28.4	\$ —	\$ 157.2

**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING BALANCE SHEET**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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

**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>REVENUE</b>					
Fee and other revenue	\$ —	\$ 1,492.1	\$ 419.8	\$ (384.9)	\$ 1,527.0
Investment revenue	—	12.0	0.1	—	12.1
Total revenue	—	1,504.1	419.9	(384.9)	1,539.1
<b>EXPENSES</b>					
Fee and other commissions expense	—	737.2	225.9	(203.3)	759.8
Investment commissions expense	—	0.8	—	—	0.8
Total commissions expense	—	738.0	225.9	(203.3)	760.6
Compensation and benefits	—	211.7	97.4	—	309.1
Transaction and operations support	1.4	451.3	53.8	(181.7)	324.8
Occupancy, equipment and supplies	—	54.7	18.1	(10.5)	62.3
Depreciation and amortization	—	53.5	12.6	—	66.1
Total operating expenses	1.4	1,509.2	407.8	(395.5)	1,522.9
<b>OPERATING (LOSS) INCOME</b>	(1.4)	(5.1)	12.1	10.6	16.2
Other expenses (income)					
Interest expense	45.3	—	—	—	45.3
Other income	—	—	(10.6)	10.6	—
Total other expenses (income), net	45.3	—	(10.6)	10.6	45.3
(Loss) income before income taxes	(46.7)	(5.1)	22.7	—	(29.1)
Income tax (benefit) expense	(16.4)	56.3	7.9	—	47.8
(Loss) income after income taxes	(30.3)	(61.4)	14.8	—	(76.9)
Equity (loss) income in subsidiaries	(46.6)	14.8	—	31.8	—
<b>NET (LOSS) INCOME</b>	(76.9)	(46.6)	14.8	31.8	(76.9)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>	18.4	11.8	(20.4)	8.6	18.4
<b>COMPREHENSIVE LOSS</b>	\$ (58.5)	\$ (34.8)	\$ (5.6)	\$ 40.4	\$ (58.5)

**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	\$ (65.7)	\$ 149.6	\$ (50.3)	\$ —	\$ 33.6
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of property and equipment	—	(96.5)	(13.4)	—	(109.9)
Proceeds from disposal of assets	—	0.4	—	—	0.4
Intercompany investments	28.3	21.0	—	(49.3)	—
Dividend from subsidiary guarantors	47.6	—	—	(47.6)	—
Capital contributions to non-guarantors	—	(2.4)	—	2.4	—
Net cash provided by (used in) by investing activities	75.9	(77.5)	(13.4)	(94.5)	(109.5)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Principle payments on debt	(9.8)	—	—	—	(9.8)
Stock repurchases	(0.4)	—	—	—	(0.4)
Intercompany financings	—	(28.3)	(21.0)	49.3	—
Dividend to parent	—	(47.6)	—	47.6	—
Capital contributions from subsidiary guarantors	—	—	2.4	(2.4)	—
Net cash used in financing activities	(10.2)	(75.9)	(18.6)	94.5	(10.2)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	—	(3.8)	(82.3)	—	(86.1)
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	2.1	92.0	156.5	—	250.6
<b>CASH AND CASH EQUIVALENTS—End of year</b>	\$ 2.1	\$ 88.2	\$ 74.2	\$ —	\$ 164.5

**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>REVENUE</b>					
Fee and other revenue	\$ —	\$ 1,639.9	\$ 338.2	\$ (444.2)	\$ 1,533.9
Investment revenue	—	16.3	0.2	—	16.5
Total revenue	—	1,656.2	338.4	(444.2)	1,550.4
<b>EXPENSES</b>					
Fee and other commissions expense	—	895.4	165.2	(299.1)	761.5
Investment commissions expense	—	0.4	—	—	0.4
Total commissions expense	—	895.8	165.2	(299.1)	761.9
Compensation and benefits	—	193.5	81.5	—	275.0
Transaction and operations support	3.1	414.8	59.4	(145.1)	332.2
Occupancy, equipment and supplies	—	40.5	13.9	—	54.4
Depreciation and amortization	—	42.1	13.4	—	55.5
Total operating expenses	3.1	1,586.7	333.4	(444.2)	1,479.0
<b>OPERATING (LOSS) INCOME</b>	(3.1)	69.5	5.0	—	71.4
Other expenses (income)					
Net securities gains	—	(45.4)	—	—	(45.4)
Interest expense	44.2	—	—	—	44.2
Total other expenses (income), net	44.2	(45.4)	—	—	(1.2)
(Loss) income before income taxes	(47.3)	114.9	5.0	—	72.6
Income tax (benefit) expense	(16.6)	15.4	1.7	—	0.5
(Loss) income after income taxes	(30.7)	99.5	3.3	—	72.1
Equity income in subsidiaries	102.8	3.3	—	(106.1)	—
<b>NET INCOME</b>	72.1	102.8	3.3	(106.1)	72.1
<b>TOTAL OTHER COMPREHENSIVE LOSS</b>	(34.1)	(34.1)	(18.6)	52.7	(34.1)
<b>COMPREHENSIVE INCOME (LOSS)</b>	\$ 38.0	\$ 68.7	\$ (15.3)	\$ (53.4)	\$ 38.0



**MONEYGRAM INTERNATIONAL, INC.**  
**CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	\$ (27.4)	\$ 48.3	\$ 41.4	\$ —	\$ 62.3
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of property and equipment	—	(69.0)	(16.8)	—	(85.8)
Cash paid for acquisitions, net of cash acquired	—	(3.7)	(7.8)	—	(11.5)
Proceeds from disposal of assets	—	0.9	—	—	0.9
Intercompany investments	11.2	(47.5)	—	36.3	—
Dividend from subsidiary guarantors	50.7	—	—	(50.7)	—
Net cash provided by (used in) investing activities	61.9	(119.3)	(24.6)	(14.4)	(96.4)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Proceeds from issuance of debt	129.8	—	—	—	129.8
Transaction costs for issuance and amendment of debt	(5.1)	—	—	—	(5.1)
Principle payments on debt	(9.5)	—	—	—	(9.5)
Proceeds from exercise of stock options	0.4	—	—	—	0.4
Stock repurchases	(149.7)	—	—	—	(149.7)
Intercompany financings	—	(11.2)	47.5	(36.3)	—
Dividend to parent	—	(50.7)	—	50.7	—
Net cash (used in) provided by financing activities	(34.1)	(61.9)	47.5	14.4	(34.1)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	0.4	(132.9)	64.3	—	(68.2)
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	1.7	224.9	92.2	—	318.8
<b>CASH AND CASH EQUIVALENTS—End of year</b>	\$ 2.1	\$ 92.0	\$ 156.5	\$ —	\$ 250.6

**AMENDMENT NO. 2 TO AMENDED AND RESTATED  
MASTER TRUST AGREEMENT <sup>1</sup>**

**This AMENDMENT NO. 2 TO AMENDED AND RESTATED MASTER TRUST AGREEMENT** (“Amendment No. 2”) is made effective as of October 25, 2016 (“Amendment Effective Date”) by and between MoneyGram Payment Systems, Inc. (“MoneyGram”), a Delaware corporation with a principal place of business at 2828 N. Harwood, Dallas, TX 75201 and Wal-Mart Stores, Inc. (“Walmart”), a Delaware corporation, with a principal place of business at 702 SW 8<sup>th</sup> Street, Bentonville, AR 72716. MoneyGram and Walmart are collectively referred to in this Amendment No. 1 as the “Parties” and each individually as a “Party.

WHEREAS, MoneyGram and Walmart effective February 1, 2016 entered into that certain Amended and Restated Master Trust Agreement, as amended by that certain Amendment No. 1 to Amended and Restated Master Trust Agreement effective as of August 26, 2016 (as amended, “Agreement”), pursuant to which, among other things, MoneyGram appointed Walmart as its limited agent and authorized delegate for the sole purpose of offering and selling Services;

WHEREAS, MoneyGram and Walmart now desire to amend the Agreement as of the Amendment Effective Date as set forth in this Amendment No. 2;

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

1. Capitalized terms used in this Amendment No. 2 and not specifically defined in this Amendment No. 2 shall have the meaning set forth in the Agreement.
2. The “List of Attachments” page of the Agreement immediately following the signature page is amended to insert the following after “Attachment M, CO-BRANDED MTaaS WEBSITE ADDENDUM”:

**ATTACHMENT N Walmart2Walmart Mexico Powered by MoneyGram MONEY TRANSFER ADDENDUM**

3. The Agreement is amended by adding, immediately following Attachment M, “Attachment N, Walmart2Walmart Mexico Powered by MoneyGram Money Transfer Addendum” that is attached to this Amendment No. 2 and incorporated into this Amendment No. 2 by this reference.
4. Each Party acknowledges and agrees that each and every provision of this Amendment No. 2, including the recitals and any “whereas” clauses, is contractual in nature and binding on the Parties. Except as expressly set forth in this Amendment No. 2, nothing in this Amendment No. 2 will modify, alter or amend any provision or term of the Agreement.

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<sup>1</sup> The appearance of [\*] denotes confidential information that has been omitted from this Exhibit 10.75 and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

IN WITNESS HEREOF, the Parties have caused this Amendment No. 2 to be executed by their fully authorized representatives as of the Amendment Effective Date.

**WAL-MART STORES, INC.**

By: /s/ Daniel J. Eckert

Name: Daniel J. Eckert

Title: Senior Vice President, Walmart Services

Date: 12/9/2016

**MONEYGRAM PAYMENT  
SYSTEMS, INC.**

By: /s/ W. Alexander Holmes

Name: W. Alexander Holmes

Title: Chief Executive Officer

Date: 11/18/16

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**Walmart2Walmart Mexico powered by MoneyGram**

**MONEY TRANSFER ADDENDUM N**

**to the Amended and Restated Master Trust Agreement**

- A. **Incorporation; Authorization; Certain Definitions.** This **Walmart2Walmart Mexico Powered by MoneyGram Money Transfer Addendum** (the “**MT Addendum**”) is entered into by and between MoneyGram Payment Systems, Inc. (“MoneyGram”) and Wal-Mart Stores, Inc. (“Walmart”) effective as of October 25, 2016 (“Addendum Effective Date”) and is a part of, and incorporated into, that certain Amended and Restated Master Trust Agreement, effective February 1, 2016 by and between Walmart and MoneyGram (as amended, the “**Agreement**”). Pursuant to this MT Addendum, MoneyGram hereby authorizes Walmart to sell, and Walmart agrees to offer and sell, the Walmart2Walmart Mexico Money Transfer Services at physical Agent Locations in the United States.

Terms used and not defined in this MT Addendum are as defined in the Agreement.

As used in this MT Addendum:

“**Walmart2Walmart Mexico Money Transfer Services**” means a money transmission service offered by Walmart under the name “Walmart2Walmart Mexico, powered by MoneyGram”, with such service being initiated in whole or in part (1) at an Agent Location in the United States and (2) the resulting transaction being disbursed in currency at a Walmart Mexico Location.

“**Walmart Mexico Location**” means a retail store or club located in Mexico and operated by Nueva Wal-Mart de Mexico, S. de R.L. de C.V or its Affiliates, including stores operating under the banner BodegaAurrera, Mi BodegaAurrera and Superama, that are authorized to offer MoneyGram Money Transfer Services.

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

The Walmart2Walmart Mexico Money Transfer Services shall be composed of “**Transfer Send**” transactions wherein an Agent Location collects the Transfer Amount and the Consumer Fee (as defined in Section E below) from a consumer, the consumer chooses the Walmart2Walmart Mexico Powered by MoneyGram service, and initiates an electronic request to MoneyGram to disburse funds to a recipient at a Walmart Mexico Location. For purposes of clarity, Walmart2Walmart Mexico Money Transfer Services: (i) only include money transfer send transactions performed by consumers at physical retail Walmart locations in the U.S. to be picked up by recipients at physical Walmart Mexico Locations and do not include any money transfer transactions performed by a consumer online; and (ii) do not include the purchase, loading or re-loading of gift cards, credit or debit cards, prepaid cards or any other type of financial services card.

- B. **Forms.** The MoneyGram Form and Money Transfer Form agreed upon by the Parties as of the Addendum Effective Date for use with respect to Walmart2Walmart Mexico Money Transfer Services is attached to this MT Addendum as Attachment N-1. Any modifications or changes to the MoneyGram Transfer Form and Money Transfer Form are subject to the provisions and requirements of Section 6(e) of the Agreement; however, no modification or change will require an amendment to this MT Addendum or the Agreement.
- C. **Money Transfer Procedures.** As with all other MoneyGram money transfer services offered and sold by Walmart, Walmart shall use various security measures, log-ins and passwords in connection with the Equipment and Interface to conduct the Walmart2Walmart Mexico Money Transfer Services. Such security measures, log-ins and passwords may be referred to hereafter as the “ **Walmart Security Measures.** ” It is Walmart’s obligation to ensure that the Walmart Security Measures are kept confidential and secure. Walmart agrees to take all commercially reasonable precautions necessary to prevent disclosure of the Walmart Security Measures and access to the Walmart2Walmart Mexico Money Transfer Services by unauthorized persons and will promptly notify MoneyGram if Walmart knows or suspects that the Walmart Security Measures have been compromised or otherwise disclosed. Walmart shall be liable for all use or misuse of the Walmart Security Measures, unless such misuse is the result of acts, errors or omissions of MoneyGram, its employees, agents or representatives. The Parties shall assist each other in investigating the circumstances of any misuse of the Walmart Security Measures. Walmart hereby acknowledges that MoneyGram will refuse to authorize transactions if the correct Walmart Security Measures are not provided. Walmart agrees that MoneyGram, in its reasonable discretion, shall have the right, at any time, to refuse any Walmart2Walmart Mexico Money Transfer Services transaction request.
- D. **Transfer Send Transactions.**
- (i) The Walmart2Walmart Mexico Money Transfer Services may only be offered for transactions where the Transfer Amount is between US\$50.01 (inclusive) and US\$800.00 (inclusive). The Parties agree that modifications to the range may be needed due to currency exchange fluctuations between the United States dollar and the Mexican peso and any such modifications shall be mutually agreed upon by the Parties.
  - (ii) For each such Transfer Send conducted at an Agent Location where the consumer chooses the Walmart2Walmart Mexico Money Transfer Service for a Transfer Amount in the above-referenced range, such Agent Location shall collect from the consumer the Transfer Amount and the applicable Consumer Fee as defined in Section E below. MoneyGram may from time to time amend the Consumer Fee in its sole discretion. Walmart shall not charge consumers additional fees of any kind or nature.
  - (iii) As tender for the Walmart2Walmart Mexico Money Transfer Services, Walmart shall accept from consumers either (1) cash, (2) PIN debit cards, or (3) such other forms of payment specifically approved by MoneyGram. Walmart’s acceptance of payment, regardless of payment type, is at Walmart’s sole and exclusive risk and Walmart shall be liable to MoneyGram for all amounts related to any Transfer Send initiated by Walmart, regardless of whether Walmart ultimately receives good funds from the consumer.
- E. **Consumer Fees.**
- (i) “ **Consumer Fee** ” shall be US \$6.50 per transaction which the Agent Location shall collect from each consumer sender for the Walmart2Walmart Mexico Money Transfer Services.

Subject to the provisions below, MoneyGram shall set the Consumer Fee for the Walmart2Walmart Mexico Money Transfer Service transaction.

- (ii) The Consumer Fee used by Walmart to conduct Walmart2Walmart Mexico Money Transfer Service transactions [\*].

F. **Commissions.**

- (i) For each Transfer Send transaction performed at an Agent Location under the Walmart2Walmart Mexico Money Transfer Service, MoneyGram agrees to pay Walmart as compensation [\*] (the “ **Walmart2Walmart Mexico MT Commission** ”).
- (ii) MoneyGram and Walmart may agree from time to time to implement special initiatives for certain transactions and the Parties may agree to a modified Walmart2Walmart MT Commission rate for such transactions.
- (iii) No Consumer Fee will be charged to consumers and no Walmart2Walmart Mexico MT Commissions or other compensation will be paid to Walmart for processing refunds.
- (iv) If any Transfer Send is subsequently canceled for any reason (including without limitation for fraud, insufficient funds or cancellation by customer) and no fees are received or retained (as applicable) by MoneyGram from the customer, no Walmart2Walmart Mexico MT Commission shall be payable thereon, provided that such cancellation must occur within 30 (thirty) days of the date that the Transfer Send is fully funded. To the extent MoneyGram has paid any Walmart2Walmart Mexico MT Commission on any Transfer Send that is later canceled pursuant to the timeframe set forth in the foregoing sentence, MoneyGram shall deduct the amount of Walmart2Walmart Mexico MT Commission applicable to such cancelled Transfer Send from Walmart2Walmart Mexico MT Commission payments subsequently payable to Walmart, and will provide Walmart with reporting evidencing all such cancelled Transfer Send transactions. If the amount of such payments is not sufficient to cover the refund of the applicable Walmart2Walmart Mexico MT Commission, Walmart shall pay MoneyGram the deficiency within thirty days of Walmart’s receipt of an invoice from MoneyGram.

- G. **Remittances/Settlement.** Settlement of amounts due to MoneyGram for transactions performed under the Walmart2Walmart Mexico Money Transfer Services shall be settled as part of the established settlement procedure for money transfers between MoneyGram and Walmart set forth in Attachment C to the Agreement.

H. **Term and Termination.**

This MT Addendum shall commence on the Addendum Effective Date and continue for the Term of the Agreement, unless the Agreement is terminated prior to the end of the Term in accordance with Section 9 of the Agreement. The terms of this MT Addendum may continue during the Tail Period if requested by Walmart, as such term is described in Section K(ii) of Attachment C of the Agreement, and the conditions therein are met.

[\*] Please refer to footnote 1 on page 1 of this Exhibit 10.75.

I. **Miscellaneous**

- (i) The Parties agree that the Walmart2Walmart Mexico Money Transfer Service, and the Consumer Fees charged in connection with such service, are specifically excluded from any calculations regarding the Marketing Allowance set forth in Section N(i) of Attachment C of the Agreement. Unless otherwise mutually agreed upon by the Parties, any marketing expenses for the Walmart2Walmart Mexico Money Transfer Service shall be the responsibility of Walmart.
- (ii) MoneyGram acknowledges and agrees that the mark “Walmart2Walmart” and “Walmart2Walmart” logo constitute Walmart Proprietary Material.
- (iii) In the event of any conflict between the terms of this MT Addendum and the terms of the Agreement with respect to the subject matter hereof, the terms of this MT Addendum shall control.

**ATTACHMENT N-1**

**MONEYGRAM FORM/MONEY TRANSFER FORM**



AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT <sup>1</sup>

AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT (this “ **Amendment** ”) dated as of December 12, 2016 (the “ **Amendment Effective Date** ”) relating to the Amended and Restated Credit Agreement dated as of March 28, 2013 (as amended prior to the date hereof, the “ **Credit Agreement** ”) among MoneyGram International, Inc., a Delaware corporation (the “ **Borrower** ”), the Lenders from time to time party thereto and Bank of America, N.A., a national banking association, as LC Issuer, as the Swing Line Lender, as Administrative Agent (in such capacity, the “ **Administrative Agent** ”) and as Collateral Agent.

WHEREAS, the Borrower has requested that the Credit Agreement be amended, pursuant to Section 8.02 of the Credit Agreement, as described in Section 2 below, among other things, extend the maturity date of the Revolving Credit Commitments from March 28, 2018 to September 28, 2019 (the Revolving Lenders party hereto consenting to such extension, the “ **Extending Lenders** ”, and the Revolving Lenders not consenting to such extension, the “ **Non-Extending Lenders** ”).

WHEREAS, this Amendment includes amendments of the Credit Agreement that are subject to the approval of the requisite Revolving Lenders under Section 8.02 of the Credit Agreement and will become effective on the Amendment Effective Date on the terms and subject to the conditions set forth herein.

WHEREAS, the Revolving Lenders party hereto constitute the requisite Revolving Lenders under Section 8.02 of the Credit Agreement necessary to approve the amendments to the Credit Agreement set forth in Section 2 hereof (the “ **Amendments** ”) immediately prior to the effectiveness of this Amendment, and each Revolving Lender party hereto consents to the Amendments.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**SECTION 1. Defined Terms.** Unless otherwise defined herein, capitalized terms which are defined in the Credit Agreement are used herein as therein defined.

**SECTION 2. Amendment.** Each of the parties hereto agrees that, effective on the Amendment Effective Date, (i) the Credit Agreement shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement attached as Exhibit A hereto and (ii) the Revolving Credit Commitments of each Extending Lender shall be reduced as set forth on Schedule A hereto, which shall replace the portion of the Commitment Schedule of the Credit Agreement setting forth the Revolving Credit Commitments in its entirety. Each Revolving Lender that has signed this Amendment consents to the Amendments in accordance with Section 8.02 of the Credit Agreement.

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<sup>1</sup> The appearance of [\*] denotes confidential information that has been omitted from this Exhibit 10.107 and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

**SECTION 3. Effectiveness.** This Amendment shall become effective when each of the following conditions has been satisfied or waived:

(i) the Administrative Agent shall have received this Amendment, executed and delivered by the Administrative Agent, each L/C Issuer, the Swing Line Lender, the Borrower, the Extending Lenders and each other Revolving Lender required under Section 8.02 of the Credit Agreement to approve the Amendments;

(ii) the Administrative Agent shall have received such certificates, resolutions or other documents of the Loan Parties as the Administrative Agent may reasonably require in connection herewith, including all documents and certificates it may reasonably request relating to (x) the organization, existence and good standing of each Loan Party, (y) the corporate or other authority for and validity of this Amendment and (z) the incumbency of the officers of each Loan Party executing this Amendment, and other matters relevant hereto, all in form and substance reasonably satisfactory to the Administrative Agent;

(iii) the Administrative Agent shall have received an opinion of counsel to the Loan Parties in form and substance reasonably satisfactory to the Administrative Agent and dated the Amendment Effective Date;

(iv) since December 31, 2015, no change or event shall have occurred and no circumstances shall exist which have had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(v) Revolving Lenders holding Revolving Credit Commitments that aggregate at least 66.67% of the aggregate Revolving Credit Commitments of the Revolving Lenders on or prior to the Amendment Effective Date shall constitute Extending Lenders; and

(vi) the Borrower shall have paid all fees and expenses required to be paid pursuant to that certain Engagement Letter dated as of November 9, 2016 between the Borrower and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

**SECTION 4. Representations and Warranties.** The Borrower represents and warrant that as of the date hereof:

(a) Each of the representations and warranties contained in Section 3(iv) of this Amendment and Article 5 of the Credit Agreement is true and correct as of the Amendment Effective Date in all material respects except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date;

(b) Each of the Loan Parties has the power and authority and legal right to execute and deliver this Amendment and to perform its obligations under the Loan Documents to which it is a party (in each case in this Section 4, as amended by this Amendment). The execution and delivery by each of the Loan Parties of this Amendment and the performance of its obligations under the Loan Documents to which it is a party have been duly authorized by proper corporate or other organizational proceedings, and the Loan Documents to which each such Loan Party is a party constitute legal, valid and binding obligations of such Loan Party enforceable against such Loan Party in accordance with its terms, except as enforceability may

be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles; and

(c) Neither the execution and delivery by any Loan Party of this Amendment, nor the consummation of the transactions contemplated by the Loan Documents, nor compliance with the provisions thereof will violate (x) any applicable law, rule, regulation, ruling, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries or any Property of such Person or (y) the Borrower's or any Material Domestic Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by laws, or operating or other management agreement, or substantially equivalent governing document, as the case may be, or (z) the provisions of any note, bond, mortgage, deed of trust, license, lease indenture, instrument, agreement or other obligation (each a "**Contract**") to which the Borrower or any Subsidiary is a party or is subject, or by which it, or its Property, is bound, or conflict with, result in a breach of any provision thereof or constitute a default thereunder (or result in an event which, with notice or lapse of time or both, would constitute a default thereunder), or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or (except for the Liens created by the Loan Documents and Permitted Liens) result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or any of its Subsidiaries pursuant to the terms of any such note, bond, mortgage, deed of trust, license, lease indenture, instrument, agreement or other obligation, except with respect to clauses (x) or (z), to the extent, individually or in the aggregate, that such violation, conflict, breach, default or creation or imposition of any lien could not reasonably be expected to result in a Material Adverse Effect. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower or any of its Material Domestic Subsidiaries, is required to be obtained by the Borrower or any of its Material Domestic Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Amendment, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

**SECTION 5. Effect of Amendment.**

(a) By signing this Amendment, each Loan Party hereby confirms that (i) the obligations of the Credit Parties under the Credit Agreement as modified hereby and the other Loan Documents are entitled to the benefits of the guarantees and the security interests set forth or created in the Guaranty, the Collateral Documents and the other Loan Documents and (ii) notwithstanding the effectiveness of the terms hereof, the Guaranty, the Collateral Documents and the other Loan Documents are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects. Each Loan Party ratifies and confirms that all Liens granted, conveyed, or assigned to the Collateral Agent by such Person pursuant to each Loan Document to which it is a party remain in full force and effect, are not released or reduced, and continue to secure full payment and performance of the Obligations as increased hereby.

(b) The Revolving Credit Commitments of any Extending Lender shall be Revolving Credit Commitments with the same terms as the original Revolving Credit Commitments and all Letters of Credit shall be participated in on a pro rata basis by all Revolving Lenders with Revolving Credit Commitments in accordance with their Pro Rata Share and all borrowings under Revolving Credit Commitments and repayments thereunder shall be made on a pro rata basis (except for repayments required upon the maturity date of the Revolving Loans of any Non-Extending Lenders).

**SECTION 6. Counterparts.** This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

**SECTION 7.** **Miscellaneous.** This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents. The Borrower shall pay all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent incurred in connection with the negotiation, preparation and execution of this Amendment and the transactions contemplated hereby (including reasonable fees and expenses of Davis Polk & Wardwell LLP). The provisions of this Amendment are deemed incorporated into the Credit Agreement as if fully set forth therein.

*[ The remainder of this page is intentionally left blank. ]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MONEYGRAM INTERNATIONAL, INC.

By: /s/ John McWilliams  
Name: John McWilliams  
Title: Treasurer

MONEYGRAM PAYMENT SYSTEMS WORLDWIDE, INC.  
MONEYGRAM PAYMENT SYSTEMS, INC.  
MONEYGRAM OF NEW YORK LLC

By: /s/ John McWilliams  
Name: John McWilliams  
Title: Treasurer

[Signature page to Amendment No. 2]

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BANK OF AMERICA, N.A., as Administrative Agent ,  
Collateral Agent, LC Issuer, Swing Line Lender and a  
Revolving Lender

By: \_\_\_\_\_  
      /s/ Gregory Roetting  
Name: Gregory Roetting  
Title: Director

[Signature page to Amendment No. 2]

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REVOLVING LENDERS

Wells Fargo Bank, N.A., as a Revolving Lender

By: \_\_\_\_\_  
\_\_\_\_\_  
Name: Tracy Moosbrugger  
Title: Managing Director

[Signature page to Amendment No. 2]

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**AMENDED AND RESTATED CREDIT AGREEMENT**

**DATED AS OF MARCH 28, 2013**

**AMONG**

**MONEYGRAM INTERNATIONAL, INC., as the Borrower,**

**THE LENDERS,**

**AND**

**BANK OF AMERICA, N.A.**

**AS ADMINISTRATIVE AGENT**

**BANK OF AMERICA, N.A.,**

Wells Fargo Securities, LLC,

J.P. MORGAN Securities LLC,

DEUTSCHE BANK Securities Inc.

**and**

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,**

**As Joint Lead Arrangers and Joint Bookrunners,**

**Wells Fargo Bank, N.A.,**

**As Syndication Agent**

**and**

J.P. MORGAN Securities LLC,

DEUTSCHE BANK Securities Inc.

**and**

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,**

**As Co-Documentation Agents**

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## AMENDED AND RESTATED CREDIT AGREEMENT

Amended and Restated Credit Agreement dated as of March 28, 2013 (originally dated as of May 18, 2011) among MoneyGram International, Inc., a Delaware corporation (the “**Borrower**”), as the borrower, each lender from time to time party hereto (collectively, the “**Lender**s” and individually, a “**Lender**”) and Bank of America, N.A., a national banking association, as LC Issuer, as the Swing Line Lender, as Administrative Agent and as Collateral Agent.

### RECITALS

1. The Borrower and MPSW (as defined below) are parties to the Credit Agreement, dated as of May 18, 2011 (as amended, supplemented or otherwise modified from time to time prior to the Amendment Effective Date (as defined below), the “**Original Credit Agreement**”), with the lenders (the “**Original Lenders**”) party thereto from time to time and Bank of America, as letter of credit issuer, swing line lender, administrative agent and collateral agent, under which the Original Lenders extended certain loans and commitments to MPSW, as borrower under the Original Credit Agreement.

2. Upon satisfaction of the conditions set forth herein, the Original Credit Agreement is being amended and restated in the form of this Agreement.

3. Therefore, in consideration of the premises and of the mutual agreements made herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders and the Administrative Agent hereby agree as follows:

### ARTICLE 1 Definitions

Section 1.01 . *Definitions*. As used in this Agreement:

“**Accounts Receivable**” means net accounts receivable as reflected on a balance sheet in accordance with GAAP.

“**Acquisition**” means any transaction, or any series of related transactions, consummated on or after the Amendment Effective Date, by which the Borrower or any of its Subsidiaries (i) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

“**Act**” is defined in Section 9.13.

“**Additional Lender**” is defined in Section 2.25(b).

“**Additional Revolving Facility**” is defined in Section 2.25(a).

“**Additional Revolving Facility Lender**” is defined in Section 2.25(d).

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“ **Administrative Agent** ” means Bank of America in its capacity as administrative agent of the Lenders pursuant to Article 10, and not in its individual capacity as a Lender, and any successor Administrative Agent appointed pursuant to Article 10.

“ **Administrative Questionnaire** ” means an administrative questionnaire in a form supplied by the Administrative Agent.

“ **Advance** ” means an advance of funds hereunder, (i) made by the applicable Lenders on the same Borrowing Date, or (ii) converted or continued by the applicable Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the several Loans of the same Type and Class and, in the case of Eurodollar Loans, for the same Interest Period. The term “ **Advance** ” shall include Swing Line Loans unless otherwise expressly provided.

“ **Affected Lender** ” is defined in Section 2.23.

“ **Affiliate** ” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

“ **Affiliated Lender** ” means, at any time, any Lender that is a Sponsor at such time; *provided* that, notwithstanding the foregoing, “Affiliated Lender” shall not include the Borrower, any Subsidiary of the Borrower, any Specified Debt Fund or any natural person.

“ **Aggregate Outstanding Revolving Credit Exposure** ” means, at any time, the aggregate of the Outstanding Revolving Credit Exposure of all the Revolving Lenders.

“ **Aggregate Revolving Credit Commitment** ” means the aggregate of the Revolving Credit Commitments of all the Revolving Lenders, as reduced or increased from time to time pursuant to the terms hereof. The Aggregate Revolving Credit Commitment as of the ~~Tranche B-1 Funding Amendment No. 2~~ Effective Date is \$ ~~+50,000,000~~ 125,000,000 .

“ **Aggregate Term Loan Commitment** ” means the aggregate of the Term Loan Commitments of all the Term Lenders. The Aggregate Term Loan Commitment is \$850,000,000 on the Amendment Effective Date.

“ **Agreement** ” means this amended and restated credit agreement, as it may be further amended, restated, amended and restated or otherwise modified and in effect from time to time.

“ **Alternate Base Rate** ” means, for any day, a rate of interest per annum equal to the highest of (i) the Prime Rate in effect on such day, (ii) the sum of the Federal Funds Effective Rate for such day *plus* ½ of 1.00% per annum and (iii) the Eurodollar Rate determined on such date for a one-month Interest Period *plus* 1.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the one-month Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the one-month Eurodollar Rate, respectively.

“ **Amendment Effective Date** ” means the date on which each of the conditions set forth in Section 4.01 shall have been satisfied (or waived in accordance with Section 8.02) and the Term Loan is funded, which is the date hereof.

“ **Amendment No. 2** ” means Amendment No. 2 to Amended and Restated Credit Agreement dated as of December 12, 2016, among Borrower, each LC Issuer, the Swing Line Lender, the Administrative Agent, the Collateral Agent and each Revolving Lender party thereto.

“ **Amendment No. 2 Effective Date** ” means December 12, 2016.

“ **Applicable Margin** ” means, for any Loan of any Type or Class, the applicable rate per annum set forth below opposite such Type or Class:

<b>Facility</b>	<b>Floating Rate</b>	<b>Floating Rate during Step-Down Period</b>	<b>Eurodollar Rate</b>	<b>Eurodollar Rate during Step-Down Period</b>
Revolving Loan	2.25%	2.00%	3.25%	3.00%
Term Loan	2.25%	2.00%	3.25%	3.00%
Swing Line Loan	2.25%	2.00%	N/A	N/A

For purposes of the foregoing, each change in the Applicable Margin with respect to a (i) Revolving Loan or Swing Line Loan resulting from a change in the Secured Leverage Ratio after the Amendment Effective Date or (ii) Term Loan resulting from a change in the Total Leverage Ratio after the Amendment Effective Date shall be effective during the period commencing on and including the Business Day following the date of delivery to the Administrative Agent of the compliance certificate required under Section 6.01 indicating such change and ending on the date immediately preceding the effective date of the next such change; *provided* that such Applicable Margin shall be based on the rates per annum set forth above for non Step-Down Periods if the Borrower fails to deliver the compliance certificate required to be delivered within the time periods specified for such delivery pursuant to Section 6.01, during the period commencing on and including the day of the occurrence of a Default resulting from such failure and until the Business Day following the delivery thereof. In the event that any financial statement or compliance certificate delivered is inaccurate, and such inaccuracy, if corrected would have led to the application of a higher Applicable Margin for any period (an “ **Applicable Period** ”) then the Applicable Margin applied for such Applicable Period, then (i) the Borrower shall immediately deliver to the Administrative Agent a corrected financial statement and a corrected compliance certificate for such Applicable Period, (ii) the Applicable Margin shall be determined based on the corrected compliance certificate for such Applicable Period and (iii) the Borrower shall immediately pay to the Administrative Agent (for the account of the Lenders during the Applicable Period or their successor and assigns) the accrued additional interest owing as a result of such increased Applicable Margin for such Applicable Period.

“ **Approved Fund** ” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“ **Arranger** ” means each of Bank of America, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC, Deutsche Bank Securities Inc., Crédit Agricole Corporate and Investment Bank and each of their respective successors, in their capacity as joint lead arranger.

“ **Assignee Group** ” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“ **Assignment and Assumption** ” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 12.01) and accepted by the Administrative Agent, in the form of Exhibit D or any other form approved by the Administrative Agent.

“ **Auction Procedures** ” means the auction procedures with respect to non-pro rata assignments of Term Loans pursuant to Sections 12.01(h) and 12.01(i) set forth in Exhibit H hereto.

“ **Authorized Officer** ” means any of the Chairman, Chief Executive Officer, President, Chief Financial Officer, Treasurer, Assistant Treasurer or Controller of any Person, acting singly. Unless otherwise specified herein, each reference to an “Authorized Officer” shall be deemed to be a reference to an Authorized Officer of the Borrower.

“ **Bail-In Action** ” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“ **Bail-In Legislation** ” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“ **Bank of America** ” means Bank of America, N.A.

“ **Basket Amount** ” means, at any time, the sum of:

(a) 50% of the Consolidated Net Income of the Borrower and its Subsidiaries for the period (taken as one accounting period) from the Amendment Effective Date to the end of the Borrower’s most recently ended fiscal quarter for which internal financial statements are available at such time or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit (it being understood that gains from the sale or other disposition of Specified Securities are disregarded in the computation of Consolidated Net Income); *plus*

(b) 100% of the aggregate amount of cash contributed to the common equity capital of the Borrower following the Amendment Effective Date (other than (i) by a Subsidiary of the Borrower or (ii) proceeds of a Specified Equity Contribution); *plus*

(c) to the extent a positive amount and not already included in Consolidated Net Income, an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received by the Borrower of any Subsidiary in respect of any Investment made after the Amendment Effective Date pursuant to clauses (a), (d), (t) or (v) of Section 6.17 *less* any amounts thereof used to make Investments pursuant to clauses (a) (other than clause (v)(C) thereof), (d) or (v) of Section 6.17 after the Amendment Effective Date prior to such time.

“ **Beneficial Owner** ” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms “ **Beneficial Ownership** ” and “ **Beneficially Own** ” have a corresponding meaning.

“ **Bookrunners** ” means Bank of America, Wells Fargo Securities, LLC, J.P. Morgan Securities LLC, Deutsche Bank Securities Inc., Crédit Agricole Corporate and Investment Bank and each of their respective successors, in their capacities as joint bookrunners.

“ **Borrower** ” has the meaning specified in the introductory paragraph to this Agreement.

“ **Borrowing Date** ” means a date on which a Credit Extension is made hereunder.

“ **Borrowing Notice** ” is defined in Section 2.11.

“ **Business Combination** ” means (i) any reorganization, consolidation, merger, share exchange or similar business combination transaction involving the Borrower with any Person (other than, in the case of clause (b)(A) of the definition of “Change of Control”, any sale of the Capital Stock of the Borrower) or (ii) the sale, assignment, conveyance, transfer, lease or other disposition by the Borrower of all or substantially all of its assets.

“ **Business Day** ” means (i) with respect to any borrowing, payment or rate selection of Eurodollar Advances, a day (other than a Saturday or Sunday) on which banks generally are open in the city in which the office of the Administrative Agent (as identified in Section 13.01(a)(ii)) is located for the conduct of substantially all of their commercial lending activities, interbank wire transfers can be made on the Fedwire system and dealings in United States dollars are carried on in the London interbank market and (ii) for all other purposes, a day (other than a Saturday or Sunday) on which banks generally are open in the city in which the office of the Administrative Agent (as identified in Section 13.01(a)(iii)) is located for the conduct of substantially all of their commercial lending activities and interbank wire transfers can be made on the Fedwire system.

“ **Capital Stock** ” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation and any and all warrants, rights or options to purchase any of the foregoing (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock). The Purchase Agreement Equity shall be Capital Stock, whether or not classified as indebtedness for purposes of GAAP.

“ **Capitalized Lease** ” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP.

“ **Capitalized Lease Obligations** ” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

“ **Cash and Cash Equivalents** ” means:

- (a) U.S. dollars, Canadian dollars, Australian dollars or Pounds Sterling;
- (b) (x) euros or any national currency of any participating member state of the EMU or (y) such local currencies held from time to time in the ordinary course of business;
- (c) Government Securities;
- (d) securities issued by any agency of the United States or U.S. government-sponsored enterprise, which may or may not be backed by the full faith and credit of the United States, in each case maturing within 24 months or less and, in the case of securities issued by a government-sponsored enterprise that is not backed by the full faith and credit of the United States, with a rating, or guaranteed on a senior basis by an entity with a rating of its senior

unsecured debt, of A3/A- or better from two of the following three rating agencies: (i) Moody's, (ii) S&P or (iii) Fitch Ratings, Inc.;

- (e) certificates of deposit, time deposits and eurodollar time deposits with maturities of 24 months or less from the date of acquisition, banker's acceptances with maturities not exceeding 24 months and overnight bank deposits, in each case with any commercial bank having capital and surplus in excess of \$500,000,000 in the case of a domestic bank and \$250,000,000 (or the U.S. dollar equivalent as of the date of determination) in the case of a foreign bank;
- (f) commercial paper rated at least P-2 by Moody's or at least A-2 by S&P and in each case maturing within 13 months after the date of creation thereof;
- (g) investment funds investing not less than 95% of their assets in securities of the types described in clauses (a) through (f) above or clause (i) below;
- (h) readily marketable direct obligations issued by any state of the United States of America or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P with maturities of 24 months or less from the date of acquisition;
- (i) overnight repurchase obligations for underlying securities or other investments of the types described in clauses (a) through (h) above with any bank or trust company organized under the laws of any state of the United States or any national banking association or any government securities dealer which is listed as reporting to the market statistics division of the Federal Reserve Bank of New York, in each case with such entity having capital and surplus in excess of \$500,000,000 in the case of a domestic entity and \$250,000,000 (or the U.S. dollar equivalent as of the date of determination) in the case of a foreign entity; and
- (j) Scheduled Restricted Investments.

“**Cash Collateralize**” means to pledge and deposit with or deliver to the Collateral Agent, for the benefit of one or more of the LC Issuers or Lenders, as collateral for the LC Exposure, cash or deposit account balances or, if the Administrative Agent and each applicable LC Issuer shall agree in their sole discretion, other credit support, in each case in an amount equal to 101% of such LC Exposure, pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and each applicable LC Issuer.

“**Cash Collateral**” shall have a meaning correlative to the foregoing definition of “Cash Collateralize” and shall include the proceeds of such cash collateral and other credit support.

“**Cash Management Agreement**” means any agreement, document or other instrument governing Cash Management Obligations incurred by the Borrower or any of its Subsidiaries.

“**Cash Management Bank**” means (a) any Person that, at the time it enters into a Cash Management Agreement, is a Lender or an Affiliate of a Lender or (b) any Lender or Affiliate of a Lender that entered into a Cash Management Agreement prior to the Amendment Effective Date, in either case in its capacity as a party to such Cash Management Agreement.

“**Cash Management Obligation**” means any obligations incurred (including by way of a guaranty) by the Borrower or any of its Subsidiaries in respect of treasury, depository and cash management services or automated clearinghouse transfer of funds (including, without limitation,

controlled disbursement, return items, interstate depository network services, corporate card services and international wire services).

“ **Change** ” is defined in Section 3.02.

“ **Change in Control** ” means the occurrence of any of the following:

(a) any Person (other than the Sponsors) acquires Beneficial Ownership, directly or indirectly, of 50% or more of the combined voting power of the then-outstanding voting securities of the Borrower entitled to vote generally in the election of directors (“ **Outstanding Corporation Voting Stock** ”);

(b) the consummation of a Business Combination pursuant to which either (A) the Persons that were the Beneficial Owners of the Outstanding Corporation Voting Stock immediately prior to such Business Combination Beneficially Own, directly or indirectly, less than 50% of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or equivalent) of the entity resulting from such Business Combination (including, without limitation, a company that, as a result of such transaction, owns the Borrower or all or substantially all of the Borrower’s assets either directly or through one or more subsidiaries), or (B) any Person (other than the Sponsors) Beneficially Owns, directly or indirectly, 50% or more of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or equivalent) of the entity resulting from such Business Combination;

(c) the failure by the Borrower to directly own 100% of the Capital Stock of MPSW;

(d) the failure by MPSW to own 100% of the Capital Stock of MoneyGram Payment Systems, Inc., a Delaware corporation; or

(e) the adoption of a plan relating to the liquidation of the Borrower.

“ **Class** ”, when used in reference to any Commitment, Loan or Advance, refers to whether such Commitment, Loan, or the Loans comprising such Advance, are Revolving Credit Commitments, Revolving Loans, Additional Revolving Facilities, Term Loans, Incremental Term Loans or Swing Line Loans.

“ **Code** ” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

“ **Co-Documentation Agents** ” means J.P. Morgan Securities LLC, Deutsche Bank Securities Inc. and Crédit Agricole Corporate And Investment Bank, and each of their respective successors, in their capacities as co-documentation agents.

“ **Collateral** ” means all property with respect to which any security interests have been granted (or purported to be granted) to the Collateral Agent pursuant to any Collateral Document.

“ **Collateral Agent** ” means Bank of America, in the capacity of collateral agent for the Lenders and the other Secured Parties named in the Collateral Documents.

“ **Collateral Documents** ” means each security agreement, pledge agreement, mortgage and other document or instrument pursuant to which security is granted to the Collateral Agent pursuant hereto for

the benefit of the Secured Parties to secure the Secured Obligations, including without limitation that certain Security Agreement, Pledge Agreement, Trademark Security Agreement and Patent Security Agreement, in each case initially dated as of May 18, 2011 and made between MPSW, the Borrower and one or more other Loan Parties and the Collateral Agent and as amended, supplemented or otherwise modified and in effect from time to time.

“ **Commitment** ” means a Revolving Credit Commitment or a Term Loan Commitment.

“ **Commitment Schedule** ” means the Schedule attached hereto identified as such.

“ **Commodity Exchange Act** ” means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.* ), as amended from time to time, and any successor statute.

“ **Consolidated Cash Interest Expense** ” means, with respect to any Person for any period, Consolidated Interest Expense of such Person for such period, but excluding (A) amortization of deferred financing fees, debt issuance costs, commissions, fees, expenses and original issue discount resulting from the issuance of indebtedness at less than par, (B) debt refinancing costs, debt retirement costs, fees and costs of entering into and unwinding Rate Management Transactions, administrative agency fees and rating agency fees and (C) interest not paid in cash, whether in such period or any other.

“ **Consolidated Depreciation and Amortization Expense** ” means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees of such Person and its Subsidiaries for such period on a consolidated basis.

“ **Consolidated EBITDA** ” means with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(a) increased (without duplication) to the extent deducted in computing the Consolidated Net Income of such Person for such period by:

(i) provision for taxes based on income or profits or capital gains of such Person and its Subsidiaries (including any tax sharing arrangements) and, without duplication, any tax settlements, costs or adjustments; *plus*

(ii) Consolidated Interest Expense of such Person (including costs of surety bonds in connection with financing activities, to the extent included in Consolidated Interest Expense); *plus*

(iii) Consolidated Depreciation and Amortization Expense of such Person; *plus*

(iv) any fees and expenses incurred, or any amortization thereof regardless of how characterized by GAAP, in connection with the Transactions, any acquisition, disposition, recapitalization, Investment, asset sale, issuance, early retirement or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the date hereof and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred as a result of any such transaction; *plus*



(v) other non-cash charges reducing the Consolidated Net Income of such Person, excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period; *plus*

(vi) the amount of any minority interest expense deducted in calculating the Consolidated Net Income of such Person (less the amount of any cash dividends or distributions paid to the holders of such minority interests); *plus*

(vii) (A) non-recurring or unusual losses or expenses (including costs and expenses of litigation included in Consolidated Net Income pursuant to the definition of Consolidated Net Income) and (B) severance, legal settlement, relocation costs, curtailments or modifications to pension and post-retirement employee benefit plans, the amount of any restructuring charges or reserves deducted, including any restructuring costs incurred in connection with acquisitions, costs related to the closure, opening and/or consolidation of facilities, retention charges, systems establishment costs, spin-off costs, transition costs associated with transferring operations offshore and other transition costs, signing, retention and completion bonuses, conversion costs and excess pension charges and consulting fees incurred in connection with any of the foregoing and amortization of signing bonuses.

(b) to the extent deducted or added in computing Consolidated Net Income of such Person for such period, increased or decreased by (without duplication) any non-cash net loss or gain resulting from currency remeasurements of indebtedness;

(c) to the extent deducted or added in computing Consolidated Net Income of such Person for such period, increased or decreased by (without duplication) any loss or gain resulting from Rate Management Transactions; and

(d) decreased (without duplication) to the extent included in computing Consolidated Net Income of such Person for such period by:

(i) non-cash items increasing Consolidated Net Income of such Person and its Subsidiaries, excluding any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period; *plus*

(ii) non-recurring or unusual gains increasing Consolidated Net Income of such Person and its Subsidiaries.

“ **Consolidated Interest Expense** ” means with respect to any Person for any period, the sum, without duplication, of:

(a) consolidated interest expense of such Person and its Subsidiaries for such period, to the extent such expense was deducted in computing Consolidated Net Income for such period (including (A) amortization of deferred financing fees, debt issuance costs, commissions, fees, expenses and original issue discount resulting from the issuance of indebtedness at less than par, (B) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers’ acceptances, (C) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of Rate Management Obligations or other derivative instruments pursuant to Financial Accounting Standards Board Statement No. 133 - “ **Accounting for Derivative Instruments and Rate Management** ”

**Activities** ”), (D) the interest component of Capitalized Lease Obligations and (E) net payments, if any, pursuant to interest rate Rate Management Obligations with respect to Indebtedness); *plus*

(b) consolidated capitalized interest of such Person and its Subsidiaries for such period, whether paid or accrued.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of clarity, no obligations in respect of Purchase Agreement Equity, whether or not classified as indebtedness in accordance with GAAP, shall constitute interest expense.

“ **Consolidated Net Income** ” means, with respect to any Person for any period, the Net Income of such Person and its Subsidiaries calculated on a consolidated basis for such period; *provided, however*, that:

to the extent included in Net Income for such period and without duplication:

(i) there shall be excluded in computing Consolidated Net Income (w) all extraordinary gains, (x) all extraordinary losses, (y) non-recurring or unusual losses or expenses (including costs and expenses of litigation) and (z) costs, fees, and expenses of the Transactions;

(ii) the Net Income for such period shall not include the cumulative effect of a change in accounting principles or policies during such period, whether effected through a cumulative effect adjustment or a retroactive application in each case in accordance with GAAP;

(iii) any net after-tax income (loss) from disposed or discontinued operations and any net after-tax gains or losses on disposal of disposed or discontinued operations shall be excluded;

(iv) any net after-tax gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions other than in the ordinary course of business, as determined in good faith by the Borrower, shall be excluded;

(v) the Net Income for such period of any Person that is not a Subsidiary thereof or that is accounted for by the equity method of accounting, shall be excluded, except to the extent of the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the referent Person or a Subsidiary thereof in respect of such period;

(vi) solely for the purpose of determining the Basket Amount at any time, the Net Income or loss for such period of any Subsidiary of such Person will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived or such income has been dividended or distributed

to the Borrower or any of its Subsidiaries without such restriction (in which case the amount of such dividends or distributions or other payments that are actually paid in cash (or converted into cash) to the referent Person in respect of such period shall be included in Net Income); *provided, however*, that for the avoidance of doubt, any restrictions based solely on (1) financial maintenance requirements imposed as a matter of state regulatory requirements or (2) the type of restriction set forth in Section 6.18(q) or excluded from the definition of Liens pursuant to clause (b) or (d) of the definition thereof shall not result in the exclusion of Net Income (loss); and *provided further* that any net loss of any Subsidiary of such Person shall not be excluded pursuant to this clause (vi);

(vii) without duplication of any amount excluded under clause (vi) above, and solely for the purpose of determining the Basket Amount at any time, any amount deducted in arriving at Excess Cash Flow for the relevant period pursuant to clause (xviii) of the definition thereof shall be deducted in arriving at Consolidated Net Income for the Borrower for such period;

(viii) any net after-tax income (loss) from the early extinguishment of Indebtedness or Rate Management Obligations or other derivative instruments shall be excluded;

(ix) any Net Income (loss) for such period will be excluded to the extent it relates to the impairment or appreciation of, or it is realized out of the income (or loss) generated by, or from the sale or disposition of, any assets included in the Scheduled Restricted Investments;

(x) any Net Income (loss) for such period will be excluded to the extent it relates to the impairment or appreciation of, or it is realized out of the income (or loss) generated by, or from the sale or disposition of, any Specified Security or any asset included in the Restricted Investment Portfolio;

(xi) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142 “ **Goodwill and Other Intangible Assets** ” or Financial Accounting Standards Board Statement No. 144 “ **Accounting for the Impairment or Disposal of Long-Lived Assets** ” and the amortization of intangibles arising pursuant to Financial Accounting Standards Board Statement No. 141 “ **Business Combinations** ” will be excluded;

(xii) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights and any non-cash charges associated with the rollover, acceleration or payout of Capital Stock by management of the Borrower in connection with the Transactions shall be excluded; and

(xiii) any non-cash items included in the Consolidated Net Income of the Borrower as a result of an agreement of the Sponsors or the Borrower in respect of any equity participation shall be excluded.

For purposes of clarity, any impact in respect of Purchase Agreement Equity, whether or not classified as indebtedness in accordance with GAAP, shall be excluded from Consolidated Net Income.

Notwithstanding the foregoing, for the purpose of Section 6.13 only and in order to avoid double counting, there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Investments made by the Borrower and its Subsidiaries, any repurchases and redemptions of Investments from the Borrower and its Subsidiaries, any repayments of loans and advances that constitute Investments by the Borrower or any Subsidiary, in each case to the extent such amounts increase clause (c) of the definition of Basket Amount.

“ **Consolidated Total Indebtedness** ” means, at any time, the amount of Indebtedness of the type referred to in clauses (i), (iii), (iv) and (v) of the definition thereof.

“ **Contingent Obligation** ” is defined in the definition of Indebtedness.

“ **Contract** ” is defined in Section 5.03

“ **Controlled Group** ” means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

“ **Conversion/Continuation Notice** ” is defined in Section 2.12.

“ **CPA Change** ” means any adoption or change in law, order, policy, rule or regulation, in each case to the extent occurring or arising after the Amendment Effective Date, and any request, rule, guideline or directive to implement or further effect the policies of the Dodd-Frank Wall Street Reform and Consumer Protection Act (any of the foregoing, an “Implementation”), which shall be deemed to be effective on the date on which Implementation is adopted or effected (and not on the date on which such Act was initially enacted).

“ **Credit Extension** ” means the making of an Advance or the issuance, amendment, renewal or extension of a Letter of Credit.

“ **Credit Extension Date** ” means the Borrowing Date for an Advance or the date of the issuance, amendment (to the extent it increases the amount available for draw thereunder), renewal or extension of a Letter of Credit.

“ **Default** ” means an event described in Article 7.

“ **Defaulting Lender** ” has the meaning assigned to such term in the definition of “Required Lender”.

“ **Designated Jurisdiction** ” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“ **Disgorged Recovery** ” means the portion, if any, of any payment or other distribution received by a Lender in satisfaction of Obligations of a Loan Party to such Lender, that is required in any Insolvency Proceedings or otherwise to be disgorged, turned over or otherwise paid to such Loan Party, such Loan Party’s estate or creditors of such Loan Party, whether because the transfer of such payment or other property is avoided or otherwise, including, without limitation, because it was determined to be a fraudulent or preferential transfer.

“ **Disqualified Institutions** ” means those banks, financial institutions and other Persons that are competitors of the Borrower and its Subsidiaries or Affiliates of such competitors and are identified as such in writing to the Administrative Agent (who will inform the Lenders) on the Amendment Effective Date and additional competitors or Affiliates thereof identified to the Administrative Agent in writing (who will inform the Lenders) from time to time; *provided* that if such identified Person is a commercial bank, the global funds transfer or payment services activities of which are merely incidental to its primary business (an “ **Incidental Competitor** ”) and which is not an Affiliate of a competitor of the Borrower and its Subsidiaries (other than an Incidental Competitor), the inclusion of such Person as a Disqualified Institution shall be reasonably acceptable to the Administrative Agent.

“ **Disqualified Stock** ” means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than as a result of a change of control or asset sale), pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than as a result of a change of control or asset sale) in whole or in part, in each case prior to the date 91 days after the Term Loan Maturity Date; *provided, however*, that if such Capital Stock is issued to any plan for the benefit of employees, directors, managers or consultants of the Borrower or its Subsidiaries (or their direct or indirect parent) or by any such plan to such employees, directors, managers, consultants (or their respective estates, heirs, beneficiaries, transferees, spouses or former spouses), such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Borrower or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations. For purposes hereof, the amount (or principal amount) of any Disqualified Stock shall be equal to its voluntary or involuntary liquidation preference.

“ **Dollars** ” means lawful currency of the United States of America.

“ **Domestic Subsidiary** ” means any Subsidiary of the Borrower that is (i) organized under the laws of the United States of America, any state thereof or the District of Columbia or (ii) a disregarded entity for U.S. federal income tax purposes the sole assets of which are Capital Stock of Subsidiaries that are not organized under the laws of the United States of America, any state thereof or the District of Columbia.

“ **Dutch Auction** ” means an auction conducted by the Borrower, any of their Subsidiaries or an Affiliated Lender in order to purchase Term Loans as contemplated by Section 12.01(h) or 12.01(j), as applicable, in accordance with the procedures set forth in Exhibit H.

“ **ECF Percentage** ” means, for any fiscal year of the Borrower, (i) if the Secured Leverage Ratio determined on the last day of such fiscal year is greater than 3.750 to 1.000, 50% and (ii) if such Secured Leverage Ratio so determined is less than or equal to 3.750 to 1.000, 0%.

“ **EEA Financial Institution** ” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“ **EEA Member Country** ” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“ **EEA Resolution Authority** ” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“ **Eligible Assignee** ” means any Person that meets the requirements to be an assignee under Section 12.01(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 12.01(b)(iii)); *provided* that notwithstanding the foregoing, “Eligible Assignee” shall not include the Borrower, any Subsidiary of the Borrower or any Affiliated Lender (it being understood that assignments to the Borrower, any Subsidiary of the Borrower or an Affiliated Lender may only be made pursuant to Section 12.01(h) or 12.01(i), as applicable). For the avoidance of doubt, no Specified Debt Fund shall be deemed to be an Affiliate of the Borrower or any Sponsor for purposes of the definition of “Eligible Assignee”.

“ **EMU** ” means the economic and monetary union as contemplated in the Treaty on European Union.

“ **Environmental Laws** ” means any Laws relating to pollution, emissions, contamination, the indoor or outdoor environment, human health and safety as such relates to the environment or natural resources or the use, treatment, storage, disposal, transport, handling, cleanup, or remediation of any hazardous or toxic substance.

“ **Equity Purchase Agreement** ” means that certain Amended and Restated Purchase Agreement, dated as of March 17, 2008, among the Borrower and the several “ **Investors** ” named therein, including all exhibits and schedules thereto, as in effect on the Original Effective Date.

“ **ERISA** ” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any applicable rule or regulation issued thereunder.

“ **ERISA Event** ” means, with respect to Borrower or any member of the Controlled Group, (a) the withdrawal of Borrower or any member of the Controlled Group from a Plan during a plan year in which it was a “substantial employer,” as defined in Section 4001(a)(2) of ERISA, with the attendant incurrence of liability by the Borrower or any member of its Controlled Group in accordance with Section 4062 of ERISA; (b) the filing of a notice of intent to terminate a Plan or the treatment of an amendment to such a Plan as a termination under section 4041 of ERISA at a time when the Plan has Unfunded Liabilities; (c) the institution of proceedings to terminate a Plan by the PBGC; or (c) any other event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

“ **Eurodollar Advance** ” means an Advance which, except as otherwise provided in Section 2.14, bears interest at the applicable Eurodollar Rate *plus* the Applicable Margin.

“ **Eurodollar Base Rate** ” means , with respect to Term Loans :

(a) for any Interest Period with respect to a Eurodollar Advance, the rate per annum equal to (i) the British Bankers Association LIBOR Rate or the successor thereto if the British Bankers Association is no longer making a LIBOR Rate available (“ **LIBOR** ”), as published by Reuters (or such other commercially available source providing quotations of LIBOR as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or, (ii) if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the

approximate amount of the Eurodollar Rate Loan being made, continued or converted and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period; and

(b) for any interest calculation with respect to an Floating Rate Advance on any date, the rate per annum equal to (i) LIBOR, at approximately 11:00 a.m., London time determined two London Banking Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the date of determination in same day funds in the approximate amount of the Alternate Base Rate Loan being made or maintained and with a term equal to one month would be offered by Bank of America's London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination.

with respect to Revolving Loans:

(a) for any Interest Period with respect to a Eurodollar Advance, the rate per annum equal to the London Interbank Offered Rate or a comparable or successor rate, which rate is approved by the Administrative Agent, as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; and

(b) for any interest calculation with respect to a Floating Rate Advance on any date, the rate per annum equal to the London Interbank Offered Rate, at or about 11:00 a.m., London time determined two Business Days prior to such date for U.S. Dollar deposits with a term of one month commencing that day; and

(c) if the Eurodollar Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement;

provided that to the extent a comparable or successor rate is approved by the Administrative Agent in connection herewith, the approved rate shall be applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

“ **Eurodollar Loan** ” means a Loan which, except as otherwise provided in Section 2.14, bears interest at the applicable Eurodollar Rate *plus* the Applicable Margin.

“ **Eurodollar Rate** ” means for any Interest Period with respect to any Eurodollar Advance comprised of Revolving Loans or Term Loans, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = 1.00 - \frac{\text{Eurodollar Base Rate}}{\text{Eurodollar Reserve Percentage}}$$

*provided* that with respect to any Eurodollar Advance comprised of Term Loans for any Interest Period, the Eurodollar Rate shall not be less than 1.00% per annum

“ **Eurodollar Reserve Percentage** ” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Eurodollar Rate for each outstanding Eurodollar Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

“ **Excess Cash Flow** ” means, for any fiscal year of the Borrower, the excess, if any, of:

(a) the sum, without duplication, for such period of:

(i) Consolidated EBITDA of the Borrower for such period (it being understood, for avoidance of doubt, that any Specified Equity Contribution shall not increase Consolidated EBITDA for purposes of this definition);

(ii) foreign currency translation gains received in cash related to currency remeasurements of indebtedness (including any net cash gain resulting from Rate Management Transactions), to the extent not otherwise included in calculating such Consolidated EBITDA;

(iii) net cash gains resulting in such period from Rate Management Obligations and the application of Statement of Financial Accounting Standards No. 133 and International Accounting Standards No. 39 and their respective pronouncements and interpretations, to the extent not otherwise included in calculating such Consolidated EBITDA, including pursuant to clause (ii) of EBITDA;

(iv) extraordinary, unusual or nonrecurring cash gains (other than gains on asset sales in the ordinary course of business, including Portfolio Securities), to the extent not otherwise included in calculating such Consolidated EBITDA; and

(v) to the extent not otherwise included in calculating such Consolidated EBITDA, cash gains from any sale or disposition outside the ordinary course of business (excluding gains from Prepayment Events to the extent an amount equal to the Net Proceeds therefrom was applied to the prepayment of Term Loans pursuant to Section 2.10(c));

*minus*

(b) the sum, without duplication, for such period of (in each case, except as expressly provided in clauses (vi) and (xvi) below, to the extent the same increased or was not otherwise deducted in determining such Consolidated EBITDA for such period):

(i) the amount of any taxes, including taxes based on income, profits or capital, state, franchise and similar taxes, foreign withholding taxes and foreign unreimbursed value added taxes (to the extent added in calculating such Consolidated EBITDA), and including penalties and interest on any of the foregoing, in each case,



payable in cash by the Borrower and its Subsidiaries (to the extent not otherwise deducted in calculating such Consolidated EBITDA);

(ii) Consolidated Interest Expense, including costs of surety bonds in connection with financing activities (to the extent included in Consolidated Interest Expense), to the extent payable in cash and not otherwise deducted in calculating such Consolidated EBITDA;

(iii) foreign currency translation losses paid in cash related to currency remeasurements of indebtedness (including any net cash loss resulting from Rate Management Transactions), to the extent not otherwise deducted in calculating such Consolidated EBITDA;

(iv) without duplication of amounts deducted pursuant to this clause (iv) or clause (xvi) below in respect of a prior fiscal year, capital expenditures of the Borrower and its Subsidiaries made in cash prior to the date the applicable Excess Cash Flow prepayment is required to be made pursuant to Section 2.10(d);

(v) repayments of long-term Indebtedness (including (i) payments of the principal component of Capitalized Lease Obligations, (ii) the repayment of Loans pursuant to Section 2.10 (but excluding prepayments of Loans deducted pursuant to clause (ii) of Section 2.10(d)) and (iii) the aggregate amount of any premium, make-whole or penalties paid in connection with any such repayments of Indebtedness, made by the Borrower and its Subsidiaries, but only to the extent that, in each case, such repayments (x) by their terms cannot be reborrowed or redrawn and (y) are not financed with the proceeds of long-term Indebtedness (other than revolving Indebtedness)) and increases in Consolidated Net Income due to a sale, transfer or other disposition of an asset (including pursuant to a sale and leaseback transaction or a casualty or condemnation or similar proceeding) but not in excess of the amount of such increase;

(vi) without duplication of amounts deducted pursuant to this clause (vi) or clause (xvi) below in respect of a prior fiscal year, the amount of Investments permitted by Section 6.17 (other than Investments in (x) Cash Equivalents and (y) the Borrower or any of its Subsidiaries, or any Investment funded with the proceeds of Indebtedness) made by the Borrower and its Subsidiaries in cash prior to the date the applicable Excess Cash Flow prepayment is required to be made pursuant to Section 2.10(d);

(vii) letter of credit fees paid in cash, to the extent not otherwise deducted in calculating such Consolidated EBITDA;

(viii) extraordinary, unusual or nonrecurring cash charges, to the extent not otherwise deducted in calculating such Consolidated EBITDA;

(ix) cash fees and expenses incurred in connection with the Transactions, any acquisition, disposition, recapitalization, Investment, asset sale, the issuance or repayment of any Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Amendment Effective Date and any such transaction undertaken but not completed) and any cash charges or cash non-recurring merger costs incurred during such period as a result of any such transaction or other early

extinguishment of Indebtedness permitted by this Agreement (in each case, whether or not consummated);

(x) cash charges or losses added to such Consolidated EBITDA pursuant to clauses (vi), (vii) and (viii) and to Consolidated Net Income pursuant to clause (a) (ii), (vii), (viii), (ix), (x) or clause (b);

(xi) the amount of Restricted Payments made pursuant to clause (d), (f), (g) or (j) of Section 6.13, to the extent not funded with the proceeds of a substantially contemporaneous incurrence of Indebtedness;

(xii) cash expenditures in respect of Rate Management Obligations (including net cash losses resulting in such period from Rate Management Obligations and the application of Statement of Financial Accounting Standards No. 133 and International Accounting Standards No. 39 and their respective pronouncements and interpretations), to the extent not otherwise deducted in calculating such Consolidated EBITDA, including pursuant to clause (b) or such Consolidated EBITDA;

(xiii) to the extent added to Consolidated Net Income, cash losses from any sale or disposition outside the ordinary course of business;

(xiv) cash payments by the Borrower and its Subsidiaries in respect of long-term liabilities (other than Indebtedness) of the Borrower and its Subsidiaries;

(xv) the aggregate amount of expenditures actually made by the Borrower and its Subsidiaries in cash (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed and signing bonus expenditures;

(xvi) without duplication of amounts deducted from Excess Cash Flow in respect of a prior fiscal year, the aggregate consideration required to be paid in cash by the Borrower and its Subsidiaries pursuant to binding contracts (the “**Contract Consideration**”) entered into prior to or during such fiscal year relating to Investments permitted by Section 6.17 (other than Investments in (x) Cash Equivalents and (y) the Borrower or any of its Subsidiaries) or capital expenditures to be consummated or made *plus* cash restructuring expenses to be incurred, in each case, during the period of 4 consecutive fiscal quarters of the Borrower following the end of such fiscal year; *provided* that to the extent the aggregate amount actually utilized to finance such capital expenditures or Investments during such period of 4 consecutive fiscal quarters is less than the Contract Consideration, the amount of such shortfall shall be added to the calculation of Excess Cash Flow at the end of such period of 4 consecutive fiscal quarters;

(xvii) to the extent added to Consolidated Net Income and not deducted in determining Consolidated EBITDA, Net Proceeds received by the Borrower or any Subsidiary of the Borrower from the sale or other disposition of, or any payment of principal of, or return on investment in respect of, Specified Securities; and

(xviii) to the extent added in determining Consolidated Net Income and not deducted in determining Consolidated EBITDA, any portion of “Excess Cash Flow”, determined pursuant to all of the preceding clauses of this definition, that is attributable to a Subsidiary of the Borrower that is required to maintain a minimum net worth or

similar requirement under applicable law, rule or regulation or by order, decree or power of any Governmental Entity, to the extent (and only to the extent) that the payment of cash by such Subsidiary to the Borrower in respect of such portion of Excess Cash Flow (by way of dividend, intercompany loan or otherwise) would result in such Subsidiary's failure to comply with such requirement.

“ **EU Bail-In Legislation Schedule** ” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

“ **Excluded Swap Obligation** ” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor under the Guaranty, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act (determined after giving effect to any keepwell, support or other agreement obtained for the benefit of such Guarantor and any and all guarantees of such Guarantor's Swap Obligations by other Loan Parties) at the time the Guaranty, or a grant by such Guarantor of a security interest to secure such Swap Obligation, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guaranty or security interest becomes illegal.

“ **Excluded Taxes** ” means, in the case of each Lender, LC Issuer, applicable Lending Installation and the Administrative Agent or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) taxes imposed on its overall net income, (b) franchise taxes and branch profits taxes imposed on it, by (i) the jurisdiction under the laws of which such Lender, LC Issuer or the Administrative Agent is incorporated or organized or (ii) the jurisdiction in which the Administrative Agent's or such Lender's or LC Issuer's principal executive office or such Lender's or LC Issuer's applicable Lending Installation is located, (c) in the case of a Non-U.S. Lender, any withholding Tax that is imposed on amounts payable to such Non-U.S. Lender at the time such Non-U.S. Lender becomes a party hereto (or designates a new lending office) or is attributable to such Non-U.S. Lender's failure or inability to comply with Section 3.05(d), (f) or (g), except to the extent that such Non-U.S. Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 3.05(a), and (d) any U.S. federal ~~withholding~~ withholding taxes imposed under FATCA.

“ **Existing Debt** ” means (i) all principal, premium, if any, interest, fees and other amounts due or outstanding under the Original Credit Agreement and (ii) the Second Lien Indebtedness.

“ **Extended Revolving Credit Maturity Date** ” has the meaning set forth in the definition of “ **Revolving Credit Maturity Date** ”.

“ **Extending Lender** ” shall have the meaning assigned to such term in Amendment No. 2.

“ **Facility** ” means the Revolving Credit Facility, the Term Facility, any Incremental Facility or any Additional Revolving Facility, as the context may require.

“ **FATCA** ” means Sections 1471 through 1474 of the Code, as of the Amendment Effective Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“ **Federal Funds Effective Rate** ” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent -; *provided that with respect to Revolving Loans made after the Amendment No. 2 Effective Date*, “ **Federal Funds Effective Rate** ” shall mean, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“ **Final 10-K** ” shall mean the Borrower’s Annual Report on Form 10-K for the year ended December 31, 2012, filed with the U.S. Securities and Exchange Commission on March 4, 2013.

“ **Financial Officer** ” means the Chief Financial Officer, the Controller, the Treasurer, any Assistant Treasurer or any other officer with responsibilities customarily performed by such officers.

“ **First Incremental Agreement** ” means the First Incremental Amendment and Joinder Agreement dated as of April 2, 2014 among the Borrower, the Tranche B-1 Lenders identified therein, the other Lenders identified therein and the Administrative Agent.

“ **First Incremental Revolving Commitment** ” means the New Revolving Commitments as defined in the First Incremental Agreement.

“ **First Lien Indebtedness** ” means the sum of (a) Indebtedness of the Borrower and its Subsidiaries of the types referred to in clauses (i), (iii) and (iv) of the definition thereof, in each case to the extent secured by first-priority Liens ( *provided* that such Indebtedness shall also include any Incremental Second Lien Notes and any Incremental Unsecured Notes) plus (b) Indebtedness of the Borrower and its Subsidiaries of the type referred to in clause (v) of the definition thereof.

“ **First Lien Leverage Ratio** ” means at any time the ratio of (i) First Lien Indebtedness to (ii) Consolidated EBITDA of the Borrower and its Subsidiaries for the then most-recently ended four fiscal quarters.

“ **Floating Rate** ” means, for any day, a rate per annum equal to the Alternate Base Rate for such day, in each case changing when and as the Alternate Base Rate changes.

“ **Floating Rate Advance** ” means an Advance which, except as otherwise provided in Section 2.11, bears interest at the Floating Rate *plus* the Applicable Margin.

“ **Floating Rate Loan** ” means a Loan which, except as otherwise provided in Section 2.14, bears interest at the Floating Rate *plus* the Applicable Margin.

“ **Foreign Plan** ” is defined in Section 5.09(d).

“ **Foreign Subsidiary** ” means any Subsidiary of the Borrower that is not a Domestic Subsidiary.

“ **Fund** ” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“ **GAAP** ” has the meaning set forth in Section 1.06.

“ **Government Securities** ” means securities that are:

(a) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of the principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of the principal of or interest on the Government Securities evidenced by such depository receipt.

“ **Governmental Entity** ” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, any regulatory agency, commission, court, body, entity or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

“ **GSMP Investors** ” means (i) GS Mezzanine Partners V, L.P., GS Mezzanine Partners V Offshore, L.P. and GS Mezzanine Partners V Institutional, L.P., and any successor investment funds to the foregoing funds managed by Goldman, Sachs & Co., and (ii) any subsidiaries, investment vehicles, alternative investment vehicles, special purpose vehicles and conduits through which such funds routes funds or makes investments.

“ **GS Loan Funds** ” means (i) GS Loan Partners I, L.P., GS Loan Partners I Onshore, L.P., GS Loan Partners I Offshore B, L.P. and GS Loan Partners Offshore C, L.P., and any successor investment funds to the foregoing funds managed by Goldman, Sachs & Co., including entities and managed accounts managed by the Merchant Banking Division of Goldman, Sachs & Co. and that invest primarily in senior secured loans and (ii) any subsidiaries, investment vehicles, alternative investment vehicles, special purpose vehicles and conduits through which such funds routes funds or makes investments.

“ **Guarantors** ” means (i) MPSW, MoneyGram Payment Systems, Inc., a Delaware corporation, MoneyGram of New York LLC, a Delaware limited liability company, any Person which becomes a Guarantor pursuant to the last sentence of Section 6.23 and (ii) any other Wholly-Owned Subsidiary that (A) is a Material Domestic Subsidiary on the date hereof (other than any SPE) or (B) is required to become a Guarantor after the date hereof pursuant to Section 6.23.

“ **Guaranty** ” means that certain Guaranty dated as of May 18, 2011 executed by each Guarantor in favor of the Administrative Agent, for the ratable benefit of the Lenders and the Secured Parties, as it may be amended or modified (including by joinder agreement) and in effect from time to time.

“ **Hazardous Materials** ” means (i) petroleum, petroleum by-products, petroleum derivatives, hydrocarbons, toxic mold, asbestos, lead based paint, radioactive materials, medical or infectious wastes or polychlorinated biphenyls and (ii) any other material, substance or waste that is prohibited, limited or regulated by Environmental Law because of its hazardous, toxic or deleterious properties or characteristics.

“ **Hedge Bank** ” means any Person that (i) at the time it enters into Rate Management Transaction with the Borrower or any Subsidiary, is a Lender or an Affiliate of a Lender or (ii) (x) is a party to a Rate Management Transaction with the Borrower or any Subsidiary entered into prior to the Amendment Effective Date and in existence on the date hereof, and (y) is a Lender or an Affiliate of a Lender as of the Amendment Effective Date, in each case as a party to such Rate Management Transaction.

“ **Incremental Amendment** ” is defined in Section 2.25(c).

“ **Incremental Facilities** ” is defined in Section 2.25(b).

“ **Incremental Lender** ” is defined in Section 2.25(c).

“ **Incremental Second Lien Notes** ” has the meaning set forth in Section 2.25.

“ **Incremental Term Loan** ” is defined in Section 2.25(a).

“ **Incremental Unsecured Notes** ” has the meaning set forth in Section 2.25.

“ **Indebtedness** ” of a Person means, without duplication, such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business), (iii) to the extent not otherwise included in this definition, Indebtedness of another Person whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations (or, without double counting, reimbursement obligations in respect thereof) which are evidenced by notes, acceptances, or other similar instruments to the extent not collateralized with Cash and Cash Equivalents or banker’s acceptances, (v) Capitalized Lease Obligations, (vi) letters of credit or similar instruments which are issued upon the application of such Person or upon which such Person is an account party to the extent not collateralized with Cash and Cash Equivalents or banker’s acceptances, (vii) to the extent not otherwise included, any obligation (each, a “ **Contingent Obligation** ”) by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the Indebtedness of another Person, other than by endorsement of negotiable instruments for collection in the ordinary course of business, (viii) Rate Management Obligations, and (ix) any other financial accommodation which in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person. For the purposes hereof, the amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of

which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. In respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the amount of such Indebtedness shall be the lesser of the fair market value of such assets at the date of determination and the amount of the Indebtedness of the other Person secured by such asset. Notwithstanding the foregoing, the following shall not constitute Indebtedness: (i) Payment Services Obligations, (ii) obligations to repay Payment Instruments Funding Amounts, (iii) Rate Management Obligations (to the extent incurred in the ordinary course of business and not for speculative purposes), (iv) Purchase Agreement Equity and (v) ordinary course contractual obligations with clearing banks relative to clearing accounts.

“ **Indemnitee** ” is defined in Section 9.06(b).

“ **Initial Revolving Credit Maturity Date** ” has the meaning set forth in the definition of “ **Revolving Credit Maturity Date** ”.

“ **Insolvency Proceedings** ” means, with respect to any Person, any case or proceeding with respect to such Person under U.S. federal bankruptcy laws or any other state, federal or foreign bankruptcy, insolvency, reorganization, liquidation, receivership or other similar laws, or the appointment, whether at common law, in equity or otherwise, of any trustee, custodian, receiver, liquidator or the like for all or any material portion of the property of such Person.

“ **Intellectual Property** ” means the following and all rights pertaining thereto: (i) patents, patent applications, (including all provisional divisional, continuation, continuation in part, and renewal applications) and statutory invention registrations (including all utility models and other patent rights under the Laws of all countries) and any renewals, extensions or reissues of any of the foregoing, (ii) trademarks, service marks, trade dress, logos, trade names, service names, corporate names, domain names and other brand identifiers, all goodwill associated with the foregoing, registrations and applications for registration thereof, including all extensions, modifications and renewals of any such registration or application (iii) copyrights, software, databases, and registrations and applications for registration thereof, and any renewals or extensions thereof, (iv) confidential and proprietary information, trade secrets, and know-how, including any confidential inventions (whether patentable or not) and (v) all similar rights, however denominated, throughout the world.

“ **Interest Coverage Ratio** ” means, for any date, the ratio of (i) Consolidated EBITDA of the Borrower for the period of four consecutive fiscal quarters ended on or most recently prior to such date to (ii) Consolidated Cash Interest Expense of the Borrower for such period.

“ **Interest Period** ” means, with respect to a Eurodollar Advance, a period of 1, 2, 3 or 6 months (or, if acceptable to all relevant Lenders, 9 or 12 months or a period shorter than one month) commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on the day which corresponds numerically to such date one, two, three or six months (or other applicable period) thereafter, *provided, however*, that (x) if there is no such numerically corresponding day in such next, second, third or sixth (or other corresponding) succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth (or other corresponding) succeeding month ~~-If~~, (y) if an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day ~~,-(y) if said~~ unless such next succeeding Business Day falls in a new calendar month, *in which case* such Interest Period shall end on the immediately preceding Business Day, and (z) no Interest Period shall extend beyond the Maturity Date of the Facility under which such Loan was made ~~-(and, in the case of any Interest Period for a Revolving Loan that begins before the Initial Revolving Credit Maturity Date (if any Non-Extending Lenders are holding Revolving~~

Credit Commitments at such time) and would otherwise end after the Initial Revolving Credit Maturity Date, such Interest Period shall end on the Initial Revolving Credit Maturity Date).

“ **Investment** ” of a Person means all investments by such Person in any other Person in the form of any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade), contribution of capital by such Person or Capital Stock, bonds, mutual funds, notes, debentures or other securities of such other Person.

“ **ISP** ” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“ **Law** ” means any federal, state, local or foreign law (including the common law), statute, ordinance, rule, regulation, judgment, judicial decision, code, order, injunction, arbitration award, writ, decree, agency requirement, license or permit of any Governmental Entity.

“ **LC Disbursement** ” means a payment made by the LC Issuer pursuant to a Letter of Credit which has not yet been reimbursed by or on behalf of the Borrower.

“ **LC Exposure** ” means, at any time, the sum of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time *plus* (ii) the aggregate amount of all LC Disbursements at such time. The LC Exposure of any Lender at any time shall be its Pro Rata Share of the total LC Exposure at such time.

“ **LC Fee** ” is defined in Section 2.22(k).

“ **LC Issuer** ” means JPMorgan Chase Bank, N.A., Bank of America and each other Lender that agrees in writing with the Borrower and the Administrative Agent to issue Letters of Credit, in each case, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.22(i). Each LC Issuer may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such LC Issuer, in which case the term “ **LC Issuer** ” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. With respect to any Letter of Credit, “ **LC Issuer** ” shall mean the issuer thereof.

“ **Lender** ” has the meaning specified in the introductory paragraph to this Agreement, any Person which becomes a party hereto pursuant to Section 2.25 and their respective successors and assigns. Unless otherwise specified, the term “ **Lenders** ” includes a Lender in its capacity as the Swing Line Lender.

“ **Lending Installation** ” means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent listed on the signature pages hereof or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.20.

“ **Letter of Credit** ” means any standby letter of credit issued pursuant to this Agreement (including any Outstanding Letter of Credit).

“ **Letter of Credit Application** ” means a letter of credit application or agreement entered into or submitted by the Borrower pursuant to Section 2.22(b).



“ **Issuer Documents** ” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the LC Issuer and the Borrower (or any Subsidiary) or in favor of the LC Issuer and relating to such Letter of Credit.

“ **Lien** ” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, encumbrance or preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement). For the purposes hereof, none of the following shall be deemed to be Liens: (i) setoff rights or statutory liens arising in the ordinary course of business, (ii) restrictive contractual obligations with respect to assets comprising the Payment Instruments Funding Amounts or Payment Service Obligations; *provided* that such contractual obligations are no more restrictive in nature than those in effect on the Amendment Effective Date, (iii) Liens purported to be created under Repurchase Agreements; *provided* that such Liens do not extend to any assets other than those that are the subject of such Repurchase Agreements, (iv) ordinary course of business contractual obligations with clearing banks relative to clearing accounts or (v) operating leases.

“ **Loan** ” means a Revolving Loan, a Term Loan or a Swing Line Loan.

“ **Loan Documents** ” means this Agreement, any amendment hereto, any Letter of Credit Application, any Notes issued pursuant to Section 2.16, the Guaranty, each Incremental Amendment and the Collateral Documents.

“ **Loan Parties** ” means the Borrower and each of the other Guarantors that is a party to a Loan Document.

“ **Majority Revolving Credit Facility Lenders** ” means the holders of more than 50% of the Aggregate Outstanding Revolving Credit Exposure and unused Revolving Commitments at such time, exclusive of Affected Lenders of the type described in clause (iii) or (iv) of Section 2.23(b).

“ **Material Adverse Effect** ” means any event, condition or circumstance that has occurred since December 31, 2012 that could reasonably be expected to have a material adverse effect on (i) the business, financial condition, results of operations or assets of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents or (iii) the rights or remedies of the Administrative Agent or the Lenders under the Loan Documents, taken as a whole (other than, in each case, as related to: (A) the valuation of the investment portfolio of the Borrower and its Subsidiaries and (B) any shareholder or derivative litigation arising as a result of the transactions contemplated hereby and/or the disclosure of or failure to disclose information related to the valuation of the investment portfolio of the Borrower and its Subsidiaries).

“ **Material Domestic Subsidiary** ” means a Domestic Subsidiary (other than an SPE) which, together with its Subsidiaries, either (i) has 5% or more of the consolidated total assets (valued at the greater of book or fair market value) of the Borrower and its Subsidiaries determined on a consolidated basis as of the fiscal quarter end next preceding the date of determination, (ii) accounted for 5% or more of consolidated total revenues of the Borrower and its Subsidiaries determined on a consolidated basis as of the last day of each fiscal year of the Borrower for the four consecutive fiscal quarters then ended or (iii) has been designated as a Material Domestic Subsidiary by the Borrower.

“ **Material Indebtedness** ” means Indebtedness and/or Rate Management Obligations in an outstanding principal or net payment amount of \$35,000,000 or more in the aggregate (or the equivalent thereof in any currency other than U.S. dollars).

“ **Material Indebtedness Agreement** ” means any agreement under which any Material Indebtedness was created or is governed or which provides for the incurrence of Indebtedness in an amount which would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

“ **Material Registered IP** ” is defined in Section 5.18(b).

“ **Maturity Date** ” shall mean (i) with respect to the Term Loans in effect on the Amendment Effective Date, the Term Loan Maturity Date, (ii) with respect to the Revolving Credit Commitments in effect on the Amendment Effective Date, the Revolving Credit Maturity Date and (iii) with respect to any Incremental Term Loans or any Additional Revolving Facility, the final maturity date as specified in the applicable Incremental Amendment ; *provided* that if any such day is not a Business Day, the applicable Maturity Date shall be the Business Day immediately preceding such day (notwithstanding anything to the contrary in Section 1.05).

“ **Merrill Lynch** ” means Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“ **Moody’s** ” means Moody’s Investors Service, Inc.

“ **MPSW** ” has the meaning specified in the introductory paragraph to this Agreement.

“ **Multiemployer Plan** ” is defined in Section 5.09(c).

“ **Net Income** ” means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“ **Net Proceeds** ” means, with respect to any event, (i) the cash proceeds received in respect of such event, including (A) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment or earn-out, but excluding any reasonable interest payments), but only as and when received, (B) in the case of a casualty, cash insurance proceeds, and (C) in the case of a condemnation or similar event, cash condemnation awards and similar payments received in connection therewith, minus (ii) the sum of direct costs relating to such event and the sale or disposition of such non-cash proceeds, including, without limitation, legal, accounting and investment banking fees, brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and, if such costs have not been incurred or invoiced, the Borrower’s or the applicable Subsidiary’s good faith estimates thereof), amounts required to be applied to the repayment of principal, premium or penalty, if any, and interest on Indebtedness required to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Borrower or its Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Borrower or its Subsidiaries after such sale or other disposition thereof, including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

“ **Non-Defaulting Lender** ” means, at any time, each Lender that is not a Defaulting Lender at such time.

“ **Non-Extending Lender** ” shall have the meaning assigned to such term in Amendment No. 2.

“ **Non-Guarantor Subsidiary** ” means any Subsidiary of the Borrower that is not a Guarantor.

“ **Non-U.S. Lender** ” is defined in Section 3.05(d).

“ **Note** ” means any one or more of a Revolving Credit Note, Term Note or Swing Line Note.

“ **Obligations** ” means all unpaid principal of and accrued and unpaid interest on the Loans, all reimbursement obligations with respect to LC Disbursements, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower and the other Loan Parties to the Lenders or to any Lender, the Administrative Agent or any indemnified party arising under the Loan Documents. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.08. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“ **OFAC** ” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“ **OID** ” is defined in Section 2.25(b).

“ **Original Credit Agreement** ” is defined in the first recital hereto.

“ **Original Effective Date** ” means May 18, 2011.

“ **Original Lenders** ” is defined in the first recital hereto.

“ **Original Term Loans** ” means Term Loans (as such term is defined in the Original Credit Agreement) made under the Original Credit Agreement.

“ **Other Taxes** ” is defined in Section 3.05(b).

“ **Outstanding Letters of Credit** ” is defined in Section 2.22(1).

“ **Outstanding Revolving Credit Exposure** ” means, as to any Revolving Lender at any time, the sum of (i) the aggregate principal amount of its Revolving Loans outstanding at such time, *plus* (ii) an amount equal to its LC Exposure at such time, *plus* (iii) an amount equal to its Swing Line Exposure at such time.

“ **Pari Passu First Lien Notes** ” has the meaning set forth in Section 2.25.

“ **Participant** ” is defined in Section 12.01(d).

“ **Payment Date** ” means the last Business Day of each calendar year quarter.

“ **Payment Instruments Funding Amounts** ” means amounts advanced to and retained by the Borrower and its Subsidiaries as advance funding for the payment instruments or obligations arising under an official check agreement or a customer agreement entered into in the ordinary course of business.

“ **Payment Service Obligations** ” means all liabilities of the Borrower and its Subsidiaries calculated in accordance with GAAP for outstanding payment instruments (as classified and defined as Payment Service Obligations in the Borrower’s latest Annual Report on Form 10-K under the Exchange

Act, and if the Borrower is not subject to the reporting requirements of Section 13(a) or Section 15(d) of the Exchange Act, the Borrower's most recent audited financial statements).

“ **PBGC** ” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“ **Permits** ” means all permits, licenses, authorizations, orders and approvals of, and filings, applications and registrations with, Governmental Entities.

“ **Permitted Liens** ” means Liens permitted by Section 6.18.

“ **Person** ” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

“ **Plan** ” means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

“ **Portfolio Securities** ” means, collectively, portfolio securities (i) designated as “ **trading investments** ” on the Borrower's consolidated financial statements, (ii) designated as “ **available for sale investments** ” on the Borrower's consolidated financial statements or (iii) otherwise designated as investments on the Borrower's consolidated financial statements, in each case valued at fair value in accordance with GAAP.

“ **Prepayment Event** ” means:

(a) any sale, transfer or other disposition pursuant to Section 6.16(j) or (t) other than dispositions resulting in aggregate Net Proceeds not exceeding (1) \$5,000,000 in the case of any single transaction or series of related transactions or (2) \$15,000,000 for all such transactions during any fiscal year of the Borrower; or

(b) the incurrence by the Borrower or any Domestic Subsidiary after the Amendment Effective Date of any Indebtedness other than Indebtedness permitted under Section 6.14.

“ **Prime Rate** ” means the rate of interest per annum publicly announced from time to time by Bank of America, N.A. as its prime rate; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“ **Property** ” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“ **Pro Rata Share** ” means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Revolving Credit Commitment (or, if the Aggregate Revolving Credit Commitment has expired or been terminated, such Lender's Revolving Credit Commitment immediately prior to such expiration or termination, giving effect to any subsequent assignments made pursuant to the terms hereof and any subsequent repayments of such Lender's Revolving Loans and reductions in such Lender's participation exposure relative to Letters of Credit and Swing Line Loans) and the denominator of which is the Aggregate Revolving Credit Commitments (or, if the Aggregate Revolving Credit Commitment has expired or been terminated, the Aggregate Revolving Credit Commitment immediately prior to such expiration or termination, giving effect to any subsequent repayments of the Revolving

Loans and reductions in the aggregate participation exposure relative to Letters of Credit and Swing Line Loans).

“ **Purchase Agreement Equity** ” means Capital Stock of the Borrower issued to the Sponsors pursuant to the terms of (a) the Equity Purchase Agreement, including any Capital Stock into which such equity is converted or any additional Capital Stock issued after the Original Effective Date pursuant to the terms of the certificates of designation referred to in, and attached as exhibits to, the Equity Purchase Agreement, or (b) the Recapitalization Agreement.

“ **Rate Management Obligations** ” of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, (ii) any guaranty of obligations described under clause (i) and (iii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

“ **Rate Management Transaction** ” means any transaction (including an agreement with respect thereto) now existing or hereafter entered into by the Borrower or any of its Subsidiaries which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

“ **Recapitalization Agreement** ” means that certain Recapitalization Agreement dated as of March 7, 2011, among the Borrower, the THL Investors and the GS Investors (each as defined in the Recapitalization Agreement), as amended from time to time.

“ **Refinanced Commitment** ” and “ **Refinanced Term Loans** ” are each defined in Section 8.03.

“ **Refinanced Restricted Indebtedness** ” is defined in Section 6.13(e)(i).

“ **Refinancing Indebtedness** ” is defined in Section 6.14(j).

“ **Refinancing Restricted Indebtedness** ” is defined in Section 6.13(e).

“ **Register** ” is defined in Section 12.01(c).

“ **Regulation D** ” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

“ **Regulation U** ” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

“ **Related Parties** ” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“ **Release** ” means any release, spill, emission, leaking, pumping, emitting, discharging, injecting, escaping, leaching, dumping, disposing or migrating into or through the indoor or outdoor environment.

“ **Remaining Basket Amount** ” means, at any time, the excess (if any) of (i) the Basket Amount determined at such time over (ii) the aggregate amount, from and after the Amendment Effective Date up to the time of determination, of (A) all Restricted Payments made pursuant to Section 6.13(g) (excluding, for the avoidance of doubt, any payments made in connection with the Second Lien Redemption) and (B) Investments made pursuant to Section 6.17(a)(v)(C) or 6.17(t), all determined at the time of making any such Restricted Payment or Investment or incurring such Indebtedness (each, in this definition, a “transaction”), before giving effect to such transaction but after giving effect to any and all other simultaneous transactions.

“ **Rentals** ” of a Person means the aggregate fixed amounts payable by such Person under any Operating Lease.

“ **Replacement Commitments** ” and “ **Replacement Term Loans** ” are each defined in Section 8.03.

“ **Reportable Event** ” means a reportable event as defined in Section 4043(c) of ERISA and the regulations issued under such section, with respect to a Single Employer Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, *provided, however*, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

“ **Repricing Transaction** ” means the prepayment, refinancing, substitution or replacement of all or a portion of the Term Loans with the incurrence by the Borrower or any Subsidiary of any debt financing having an effective interest cost or weighted average yield (with the comparative determinations to be made by the Administrative Agent consistent with generally accepted financial practices, after giving effect to, among other factors, margin, interest rate floors, upfront or similar fees or original issue discount shared with all providers of such financing, but excluding the effect of any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared with all providers of such financing, and without taking into account any fluctuations in the Eurodollar Rate) that is less than the effective interest rate for or weighted average yield (as determined by the Administrative Agent on the same basis) of such Term Loans, including without limitation, as may be effected through any amendment to this Agreement relating to the interest rate for, or weighted average yield of, such Term Loans.

“ **Repurchase Agreement** ” means an agreement of a Person to purchase securities arising out of or in connection with the sale of the same or substantially similar securities.

“ **Required Amount of Loans** ” means, at any time, the amount of Loans required to be held by Lenders in order for such Lenders to constitute “ **Required Lenders** ” (without giving effect to the first proviso in Section 8.02).

“ **Required Lenders** ” means, at any time, Lenders having in the aggregate more than 50% of the sum of (i) the Term Balance at such time *plus* (ii) the sum of the Aggregate Outstanding Revolving Credit Exposure and the unused Revolving Credit Commitments at such time, in each case exclusive of Affected Lenders of the type described in clause (iii) or (iv) of Section 2.23(b) (such Affected Lender, a “ **Defaulting Lender** ”) and subject to Section 12.01(h)(iv).

“ **Required Term Lenders** ” means, at any time, Term Lenders having in the aggregate more than 50% of the sum of the Term Balance at such time.

“ **Restricted Investment Portfolio** ” means assets of the Borrower and its Subsidiaries which are restricted by state law, contract or otherwise designated by the Borrower for the payment of Payment Service Obligations.

“ **Restricted Payment** ” means (i) any dividend or distribution in respect of the Capital Stock of the Borrower or any Subsidiary, (ii) any redemption, repurchase, acquisition or other retirement of the Capital Stock of the Borrower and (iii) any principal or other payment on, or any redemption, repurchase, defeasance, acquisition or other retirement of any Subordinated Indebtedness (other than Indebtedness permitted under Sections 6.14(h), (r), (s), (t), (v) and (w) and excluding, for the avoidance of doubt, any payment made in connection with the Second Lien Redemption) in each case prior to any scheduled repayment, sinking fund or maturity.

“ **Revolver Financial Covenants** ” shall mean the covenants set forth in Section 6.22.

“ **Revolver Financial Covenant Default** ” means (i) a failure to comply with Section 6.22 or (ii) the taking of any action by the Borrower or its Subsidiaries if such action was prohibited hereunder solely due to the existence of a Revolver Financial Covenant Default of the type described in clause (i) of this definition. It is understood and agreed that this definition may not be amended without the written consent of the Majority Revolving Credit Facility Lenders.

“ **Revolver Step-Down Period** ” means any period, after the first six months after the Amendment Effective Date, during which the Secured Leverage Ratio is less than 2.5 to 1.0 (such period to be measured as provided in the definition of Applicable Margin).

“ **Revolver Termination Date** ” means the first date on which the Revolving Credit Commitments shall have been terminated in full, all Revolving Loans shall have been paid in full, all accrued and unpaid interest and fees payable in connection with the Revolving Credit Commitments and the Revolving Loans shall have been paid in full, and there shall be no Letter of Credit outstanding hereunder that has not been fully Cash Collateralized or backstopped by a letter of credit reasonably satisfactory to the applicable LC Issuer.

“ **Revolving Credit Advance** ” means an Advance made by the Revolving Lenders pursuant to Section 2.03 or any Additional Revolving Facilities.

“ **Revolving Credit Commitment** ” shall mean, as to each Revolving Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Swing Line Loans and Letters of Credit as provided for herein, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Lender’s name, on the Commitment Schedule or in the Assignment and Acceptance or Incremental Amendment pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“ **Revolving Credit Facility** ” means, at any time, the aggregate amount of the Revolving Credit Commitments at such time.

“ **Revolving Credit Maturity Date** ” means ~~March~~ (i) with respect to the Revolving Loans and Revolving Credit Commitment of any Extending Lender, September 28, 2018-2019, or, if such day is not a Business Day, the next preceding Business Day ~~-(the “ Initial Revolving Credit Maturity Date ”)~~ and (ii)

with respect to the Revolving Loans and Revolving Credit Commitments of any Non-Extending Lender, March 28, 2018, or, if such day is not a Business Day, the next preceding Business Day (the “**Extended Revolving Credit Maturity Date**”).

“**Revolving Credit Note**” means a promissory note in substantially the form of Exhibit A hereto, with appropriate insertions, and payable to the order of a Lender in the amount of its Revolving Credit Commitment, including any amendment, modification, renewal or replacement of such promissory note.

“**Revolving Lender**” means a Lender having a Revolving Credit Commitment.

“**Revolving Loan**” means, with respect to a Revolving Lender, such Lender’s loans made pursuant to Section 2.03 hereof and any Additional Revolving Facilities.

“**S&P**” means Standard and Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc.

“**Sanction(s)**” means any sanction administered or enforced by the United States Government (including without limitation, OFAC), the United Nations Security Council, the European Union or Her Majesty’s Treasury (“HMT”).

“**Scheduled Restricted Investments**” means the securities listed on Schedule 2 hereto.

“**SEC**” means the United States Securities and Exchange Commission.

“**Second Lien Indebtedness**” means the senior second lien indebtedness incurred by MPSW pursuant to that certain Indenture, dated as of March 25, 2008, among MPSW, the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee, as amended by supplements thereto prior to the Amendment Effective Date.

“**Second Lien Redemption**” means the prepayment and redemption in full of the Second Lien Indebtedness (including the payment of any premium in connection therewith) to occur on the Amendment Effective Date.

“**Secured Cash Management Obligation**” means any Cash Management Obligation that is owed by the Borrower or any of its Subsidiaries to any Cash Management Bank.

“**Secured Hedge Obligation**” means any Rate Management Obligation that is owing by the Borrower or any of its Subsidiaries to any Hedge Bank regardless of whether such Hedge Bank ceases to be a Lender or an Affiliate of a Lender, but excluding (a) Rate Management Obligations arising from trades or confirmations entered into after such Hedge Bank ceases to be a Lender or an Affiliate of a Lender and (b) solely with respect to any Guarantor that is not an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder, Excluded Swap Obligations owing by such Guarantor.

“**Secured Indebtedness**” means the sum of (a) Indebtedness of the Borrower and its Subsidiaries of the types referred to in clauses (i), (iii) and (iv) of the definition thereof, in each case to the extent secured by Liens plus (b) Indebtedness of the Borrower and its Subsidiaries of the type referred to in clause (v) of the definition thereof.



“ **Secured Leverage Ratio** ” means at any time the ratio of (i) Secured Indebtedness to (ii) Consolidated EBITDA of the Borrower and its Subsidiaries for the then most-recently ended four fiscal quarters.

“ **Secured Obligations** ” means, collectively, the Obligations, the Secured Cash Management Obligations and the Secured Hedge Obligations.

“ **Secured Parties** ” means the Administrative Agent, the Collateral Agent, the Lenders, the Hedge Banks and the Cash Management Banks.

“ **Securities Act** ” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“ **Similar Business** ” means (i) the global funds transfer and payment services business conducted by the Borrower and its Subsidiaries, (ii) any other business described under the heading “ **Business** ” in the Borrower’s Annual Report on Form 10-K under the Exchange Act for the fiscal year ended December 31, 2012, and (iii) any business that is similar, reasonably related, incidental, complementary or ancillary thereto or any reasonable extension thereof.

“ **Single Employer Plan** ” means a Plan (other than a Multiemployer Plan) maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

“ **Specified Debt Fund** ” means (i) any GSMP Investors and any GS Loan Funds and (ii) any other Affiliate of a Sponsor that is a bona fide debt fund or an investment vehicle that is primarily engaged in or advises debt funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course and with respect to which a Sponsor and investment vehicles managed or advised by a Sponsor that are not engaged primarily in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of business do not make the investment decisions for such entity.

“ **Specified Equity Contribution** ” is defined in Section 6.22.

“ **Specified Securities** ” means the securities set forth on Schedule 2 listed under “ **C-2** ” and “ **C-3** ”.

“ **SPEs** ” means Ferrum Trust, a Delaware business trust, Tsvavorite Trust, a Delaware business trust, Hematite Trust, a Delaware business trust, and, to the extent the formation thereof is not prohibited hereunder, any Wholly-Owned Subsidiary of the Borrower or trust (which is consolidated with the Borrower for financial statement purposes), in each case formed for the limited organizational purpose of isolating and transferring a limited and specified pool of assets and related rights and obligations with respect to Payment Service Obligations, which assets shall consist solely of (i) Cash and Cash Equivalents, (ii) Portfolio Securities (including, for purposes of clarity, Scheduled Restricted Investments), (iii) Accounts Receivable, (iv) Rate Management Obligations (with respect to interest rate hedging) that relate to Portfolio Securities and Payment Service Obligations.

“ **Sponsors** ” means Thomas H. Lee Partners L.P., Goldman Sachs Credit Partners L.P. and Goldman Sachs Mezzanine Partners, and their respective affiliates.

“ **Step-Down Period** ” means (i) for Revolving Loans or Swingline Loans, a Revolver Step-Down Period and (ii) for Term Loans, a Term Step-Down Period.

“ **Subordinated Indebtedness** ” means any Indebtedness which is by its terms subordinated in right of payment or in respect of the proceeds of any collateral to the Obligations.

“ **Subsidiary** ” of a Person means:

(a) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof;

(b) any partnership, joint venture, limited liability company or similar entity of which:

(i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity; and

(c) with respect to the Borrower and any Subsidiary which owns such SPE, any SPE.

Unless otherwise expressly provided, all references herein to a “ **Subsidiary** ” shall mean a Subsidiary of the Borrower.

“ **Substantial Portion** ” means, with respect to the Property of the Borrower and its Subsidiaries, Property which represents more than 10% of the consolidated assets (excluding Portfolio Securities) of the Borrower and its Subsidiaries, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made (or if financial statements have not been delivered hereunder for that month which begins the twelve-month period, then the financial statements delivered hereunder for the quarter ending immediately prior to that month).

“ **Swap Obligations** ” means with respect to any Guarantor any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“ **Swing Line Borrowing Notice** ” is defined in Section 2.07(b).

“ **Swing Line Commitment** ” means, with respect to the Swing Line Lender, its commitment to make Swing Line Loans to the Borrower pursuant to Section 2.07 in an aggregate outstanding amount at no time exceeding its Swing Line Commitment amount specified on the Commitment Schedule.

“ **Swing Line Exposure** ” means, at any time, the aggregate principal amount of all Swing Line Loans outstanding at such time. The Swing Line Exposure of any Lender at any time shall be its Pro Rata Share of the total Swing Line Exposure at such time.

“ **Swing Line Lender** ” means Bank of America.

“ **Swing Line Loan** ” means a Loan made available to the Borrower by the Swing Line Lender pursuant to Section 2.07.

“ **Swing Line Note** ” means a promissory note, in substantially the form of Exhibit C hereto, with appropriate insertions, and payable to the order of the Swing Line Lender in the principal amount of its Swing Line Commitment, including any amendment, modification, renewal or replacement of such promissory note.

“ **Syndication Agent** ” means Wells Fargo Bank, N.A. and its successor, in its capacity as syndication agent.

“ **Tax-Efficient Restructuring** ” means one or more transfers from MoneyGram Payment Systems, Inc. to one or more Non-Guarantors of Intellectual Property and related contracts with an aggregate fair market value, for all such transfers during the term of this Agreement, of not greater than \$100,000,000 as part of a restructuring deemed by the Borrower to be tax efficient for the Borrower and its Subsidiaries.

“ **Taxes** ” means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and any and all liabilities with respect to the foregoing, but excluding Excluded Taxes and Other Taxes.

“ **Term Balance** ” means, at any time, the then aggregate outstanding principal amount of the Term Loans.

“ **Term Facility** ” means the Term Loans and the Term Loan Commitments made available to the Borrower on the Amendment Effective Date.

“ **Term Lender** ” means, at any time, each Lender that has a Term Loan Commitment or is the holder of a Term Loan.

“ **Term Loan** ” means, with respect to each Lender, such Lender’s pro-rata portion of (i) any term Advance made by the Lenders on the Amendment Effective Date pursuant to Section 2.01 and (ii) any Incremental Term Loan, and, with respect to all Lenders, the aggregate of all such pro-rata portions.

“ **Term Loan Commitment** ” means, with respect to each Lender, the commitment, if any, of such Lender to make a Term Loan hereunder on the Amendment Effective Date, expressed as an amount representing the maximum principal amount of the Term Loan to be made by such Lender hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.10 and (b) reduced or increased from time to time pursuant to (i) assignments by or to such Lender pursuant to an Assignment and Acceptance or (ii) an Incremental Amendment. The amount of each Lender’s Term Loan Commitment is set forth on the Commitment Schedule or in the Assignment and Acceptance or Incremental Amendment pursuant to which such Lender shall have assumed its Term Loan Commitment, as the case may be.

“ **Term Loan Maturity Date** ” means March 28, 2020 or, with respect to any Incremental Term Loans, the final maturity date as specified in the applicable Incremental Amendment (or, in either case, if such day is not a Business Day, the next preceding Business Day).

“ **Term Note** ” means a promissory note, in substantially the form of Exhibit B hereto, with appropriate insertions, and payable to the order of a Lender in the amount of such Lender’s Term Loan, including any amendment, modification, renewal.

“ **Term Step-Down Period** ” means any period, after the first six months after the Amendment Effective Date, during which the Total Leverage Ratio is less than 2.5 to 1.0 (such period to be measured as provided in the definition of Applicable Margin).

“ **Total Leverage Ratio** ” means, at any time, the ratio of (i) Consolidated Total Indebtedness of the Borrower and its Subsidiaries at such time to (ii) Consolidated EBITDA of the Borrower and its Subsidiaries (a) for purposes of Section 6.22(d) only, for the four fiscal quarter period ending on such date of determination, or (b) for all other purposes herein, for the then most-recently ended four fiscal quarters for which financial statements are available.

“ **Total Leverage Threshold** ” means a Total Leverage Ratio of 4.5 to 1.0.

“ **Tranche B-1 Commitment** ” means, for each Tranche B-1 Lender, the amount as defined therefor in the First Incremental Agreement.

“ **Tranche B-1 Funding Date** ” means the date on which the Tranche B-1 Loans are made (if at all) pursuant to the First Incremental Agreement.

“ **Tranche B-1 Lender** ” means the “Tranche B-1 Lenders” identified in and party to the First Incremental Agreement.

“ **Tranche B-1 Loan** ” has the meaning set forth in Section 2.01.

“ **Transactions** ” means the transactions contemplated by this Agreement and the other Loan Documents including, without limitation, the borrowing of Loans hereunder, the refinancing of the Original Term Loans and the Second Lien Redemption.

“ **Transferee** ” is defined in Section 12.02.

“ **Type** ” means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurodollar Advance and with respect to any Loan, its nature as a Floating Rate Loan or a Eurodollar Loan.

“ **Unfunded Liabilities** ” means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87.

“ **Unmatured Default** ” means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

“ **Weighted Average Life to Maturity** ” means, when applied to any Indebtedness, Disqualified Stock or preferred stock, as the case may be, at any date, the quotient obtained by dividing:

(a) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or preferred stock multiplied by the amount of such payment, by

(b) the sum of all such payments.

“ **Wells Fargo** ” means Wells Fargo Bank, N.A.

“ **Wholly-Owned Subsidiary** ” of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

“ **Write-Down and Conversion Powers** ” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02 . *Terms Generally*. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “ **include** ”, “ **includes** ” and “ **including** ” shall be deemed to be followed by the phrase “ **without limitation** ”. The word “ **will** ” shall be construed to have the same meaning and effect as the word “ **shall** ”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s permitted successors and permitted assigns, (c) the words “ **herein** ”, “ **hereof** ” and “ **hereunder** ”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “ **asset** ” and “ **property** ” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.03 . *Rounding*. The calculation of any financial ratios under this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-down if there is no nearest number).

Section 1.04 . *Times of Day*. Unless otherwise specified, all references herein to times of day shall be references to New York time (daylight or standard, as applicable).

Section 1.05 . *Timing of Payment or Performance*. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; *provided* that with respect to any payment of interest on or principal of Eurodollar Loans, if such extension would cause any such payment to be made in the next succeeding calendar month, such payment shall be made on the immediately preceding Business Day.

Section 1.06 . *Accounting*. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with generally accepted accounting principles as in effect from time to time in the United States, but (i) without giving effect to any changes in lease accounting after the Amendment Effective Date and (ii) any calculation or determination which is to be made on a consolidated basis shall be made for the Borrower

and all of its Subsidiaries, including those Subsidiaries, if any, which are unconsolidated on the Borrower's audited financial statements (such principles as so modified, "GAAP"). If at any time any change in GAAP or application thereof would affect the computation of any financial ratio or requirement set forth in any Loan Document, and the Borrower, the Administrative Agent or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP or the application thereof (subject to the approval of the Required Lenders); *provided* that, until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP or application thereof prior to such change therein and the Borrower shall provide to the Administrative Agent and the Lenders reconciliation statements showing the difference in such calculation, together with the delivery of quarterly and annual financial statements required hereunder.

Section 1.07 . *Pro Forma Calculations*. For purposes of determining compliance with any ratio set forth herein, such ratio shall be calculated in each case on a pro forma basis as follows:

(a) In the event that the Borrower or any Subsidiary incurs, assumes, guarantees or redeems any Indebtedness subsequent to the commencement of the period for which such ratio is being calculated but on or prior to or simultaneously with the event for which the calculation of such ratio is made (the "Calculation Date"), then such ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or redemption of Indebtedness, as if the same had occurred at the beginning of the applicable reference period.

(b) For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers and consolidations that have been made by the Borrower or any Subsidiary during the reference period or subsequent to the reference period and on or prior to or simultaneously with the Calculation Date shall be given pro forma effect as if all such Investments, acquisitions, dispositions, mergers and consolidations (and all related financing transactions) had occurred on the first day of the reference period. Additionally, if since the beginning of such reference period any Person that subsequently became a Subsidiary or was merged with or into the Borrower or any Subsidiary since the beginning of such reference period shall have made any Investment, acquisition, disposition, merger or consolidation that would have required adjustment pursuant to this definition, then such ratio shall be calculated giving pro forma effect thereto for such reference period as if such Investment, acquisition, disposition, merger or consolidation (and all related financing transactions) had occurred at the beginning of the reference period.

(c) For purposes of the calculations referred to herein, whenever pro forma effect is to be given to a transaction, the pro forma calculations (including any cost savings associated therewith) shall be made in good faith by a responsible financial or accounting officer of the Borrower. In addition, any such pro forma calculation may include adjustments appropriate, in the reasonable determination of the Borrower, to reflect any operating expense reductions and other operating improvements or synergies projected in good faith to result from any acquisition, amalgamation, merger or operational change (including, to the extent applicable, from the Transactions); provided that (x) such operating expense reductions and other operating improvements or synergies are reasonably identifiable and factually supportable, (y) with respect to operational changes resulting from an acquisition, such actions are taken or committed to be taken no later than 15 months after date of such acquisition and (z) the aggregate amount of projected operating expense reductions, operating improvements and synergies in respect of operational changes (not resulting from an acquisition) included in any pro forma calculation shall not exceed \$20,000,000 for any four consecutive fiscal quarter period unless otherwise approved by the Administrative Agent.

(d) If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Rate Management Obligations applicable to such Indebtedness). For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the reference period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate as the Borrower may designate.

(e) Any Person that is a Subsidiary on the Calculation Date will be deemed to have been a Subsidiary at all times during the reference period, and any Person that is not a Subsidiary on the Calculation Date will be deemed not to have been a Subsidiary at any time during the reference period.

Section 1.08 . *Letter of Credit Amount.* Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; *provided , however ,* that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

## ARTICLE 2 The Credits

Section 2.01 . *Term Loans.* (a) Each Term Lender severally (and not jointly) agrees, on the terms and conditions set forth in this Agreement, to make a Term Loan to the Borrower on the Amendment Effective Date in the amount of its respective Term Loan Commitment. No amount of the Term Loan which is repaid or prepaid by the Borrower may be reborrowed hereunder. Not later than 1:00 p.m., New York City time, on the Amendment Effective Date, each Term Lender shall make available funds equal to its Term Loan Commitment in immediately available funds to the Administrative Agent at its address specified pursuant to Article 13. Gross proceeds required to be funded by each Term Lender with respect to the Term Loans shall be equal to 100% of the principal amount of such Term Loan.

(b) Each Tranche B-1 Lender severally (and not jointly) agreed, on the terms and subject to the conditions set forth in the First Incremental Agreement, to make an Incremental Term Loan (each, a “ **Tranche B-1 Loan** ”) to the Borrower on the Tranche B-1 Funding Date in the amount of such Tranche B-1 Lender’s Tranche B-1 Commitment. The Tranche B-1 Loans shall constitute the same Class of Term Loans under the Credit Agreement as the Class of Term Loans made by the Lenders on the Amendment Effective Date. No amount of any Tranche B-1 Loan which is repaid or prepaid by the Borrower may be reborrowed hereunder. Not later than 1:00 p.m., New York City time, on the Tranche B-1 Funding Date, each Tranche B-1 Lender shall make available funds equal to its Tranche B-1 Commitment in immediately available funds to the Administrative Agent at its address specified pursuant to Article 13 of the Credit Agreement. Gross proceeds required to be funded by each Tranche B-1 Lender with respect to its Tranche B-1 Loan shall be equal to 99.875% of the principal amount of such Tranche B-1 Loan.

Section 2.02 . *Term Loan Repayment.* (a) From and after the Tranche B-1 Funding Date, the Borrower shall repay to the Administrative Agent for the ratable account of the applicable Term Lenders (including the Tranche B-1 Lenders) (i) on the last Business Day of each March, June, September and December, commencing with the last Business Day of June 2014, an amount equal to \$2,453,282.83

(which payments shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.10(a) and (ii) on the Term Loan Maturity Date, the aggregate principal amount of such Term Loans outstanding on such date (or, in the case of Incremental Term Loans other than the Tranche B-1 Loans, as provided in the applicable Incremental Amendment), together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment.

(b) To the extent not previously paid, all Term Loans shall be due and payable on the Term Loan Maturity Date, together with accrued and unpaid interest on the principal amount to be paid to but excluding the date of payment.

(c) All repayments pursuant to this Section 2.02 shall be subject to Section 3.04, but shall otherwise be without premium or penalty.

Section 2.03 . *Revolving Credit Commitments.* (a) From and including the Amendment Effective Date and prior to the Maturity Date, each Revolving Lender severally agrees, on the terms and conditions set forth in this Agreement, to (a) make or continue Revolving Loans to the Borrower from time to time and (b) participate in Letters of Credit issued upon the request of the Borrower; *provided* that, after giving effect to the making of each such Loan and the issuance of each such Letter of Credit, such Lender's Outstanding Revolving Credit Exposure shall not exceed in the aggregate the amount of its Revolving Credit Commitment and the Aggregate Outstanding Revolving Credit Exposure shall not exceed the Aggregate Revolving Credit Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Loans, in whole or in part, at any time prior to the Maturity Date. The Revolving Credit ~~Commitments~~ Commitment of each Revolving Credit Lender to extend credit hereunder shall expire on ~~the~~ (i) in the case of any Non-Extending Lender, the Initial Revolving Credit Maturity Date and (ii) in the case of any Extending Lender, the Extended Revolving Credit Maturity Date.

(b) The Revolving Credit Commitment of each Non-Extending Lender shall terminate, and its Revolving Credit Loans made by such Non-Extending Lender shall mature on the Initial Revolving Credit Maturity Date. On the Initial Revolving Credit Maturity Date the respective LC Exposures of the Extending Lenders shall be redetermined on the basis of their respective Revolving Credit Commitments after giving effect to such termination and the LC Exposure; *provided* that the Borrower shall, if and to the extent necessary to permit such redetermination of the respective LC Exposures of the Revolving Lenders within the limits of the Revolving Credit Commitments which are not terminated, prepay on such date all or a portion of the outstanding Revolving Loans, and such redetermination and termination of LC Exposures shall be conditioned upon its having done so.

Section 2.04 . *Other Required Payments.* All outstanding Revolving Loans, Swing Line Loans, unreimbursed LC Disbursements and all other unpaid Obligations shall be paid in full by the Borrower on the Maturity Date or, in the case of Additional Revolving Facilities, as specified in the Incremental Amendment.

Section 2.05 . *Ratable Loans.* Each Revolving Credit Advance hereunder shall consist of Revolving Loans made from the several Revolving Lenders ratably according to their Pro Rata Shares.

Section 2.06 . *Types of Advances.* The Advances may be Floating Rate Advances or Eurodollar Advances, or a combination thereof, selected by the Borrower in accordance with Sections 2.11 and 2.12, or Swing Line Loans selected by the Borrower in accordance with Section 2.07.

Section 2.07 . *Swing Line Loans.* (a) Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make Swing Line Loans to the Borrower from time to time from and



including the Amendment Effective Date and prior to ~~the~~ its Revolving Credit Maturity Date, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swing Line Loans exceeding \$50,000,000, (ii) the aggregate principal amount of the Swing Line Lender's outstanding Swing Line Loans exceeding its Swing Line Commitment, or (iii) the sum of the Aggregate Outstanding Revolving Credit Exposure exceeding the Aggregate Revolving Credit Commitment; *provided* that the Swing Line Lender shall not be required to make a Swing Line Loan to refinance an outstanding Swing Line Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swing Line Loans. The Borrower will repay in full each Swing Line Loan on or before the fifth (5th) Business Day after the Borrowing Date for such Swing Line Loan.

(b) To request a Swing Line Loan, the Borrower shall notify the Administrative Agent of such request by telephone or electronic mail (to such electronic mail addresses as the Administrative Agent shall specify) (in each case confirmed by telecopy), not later than 1:00 p.m., New York City time, on the day of a proposed Swing Line Loan. Each such notice (a “**Swing Line Borrowing Notice**”) shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swing Line Loan, which shall be an amount not less than \$1,000,000. The Administrative Agent will promptly advise the Swing Line Lender of any such notice received from the Borrower. The Swing Line Lender shall make each Swing Line Loan available to the Borrower by means of a credit to a general deposit account of the Borrower with the Swing Line Lender or wire transfer to an account designated by the Borrower (or, in the case of a Swing Line Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.22(e), by remittance to the LC Issuer) by 3:00 p.m., New York City time, on the requested date of such Swing Line Loan.

(c) The Swing Line Lender may (and shall on the fifth (5th) Business Day after the Borrowing Date of each Swing Line Loan made by it that is then still outstanding) by written notice given to the Administrative Agent not later than 1:00 p.m., New York City time, on any Business Day require the Revolving Lenders to acquire participations on such Business Day in all or a portion of its Swing Line Loans outstanding. Such notice shall specify the aggregate amount of Swing Line Loans in which Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Lender, specifying in such notice such Lender's Pro Rata Share of such Swing Line Loan or Loans. Each Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swing Line Lender, such Lender's Pro Rata Share of such Swing Line Loan or Loans. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations in Swing Line Loans pursuant to this paragraph is unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Administrative Agent, the Swing Line Lender or any other Person, (ii) the occurrence or continuance, prior to or after the funding of any Swing Line Loan, of a Default or Unmatured Default, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or (iv) any other circumstance, happening or event whatsoever, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.11 with respect to Loans made by such Lender (and Sections 2.11 and 2.21 shall apply, *mutatis mutandis*, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swing Line Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swing Line Loan acquired pursuant to this paragraph. Any amounts received by the Swing Line Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swing Line Loan after receipt by the Swing Line Lender of the proceeds of a sale of participations therein shall be promptly remitted to the

Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swing Line Lender, as their interests may appear; *provided* that any such payment so remitted shall be repaid to the Swing Line Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swing Line Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

Section 2.08 . *Commitment Fee; Reductions in Aggregate Revolving Credit Commitment.* (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee (other than any Revolving Lender that is a Defaulting Lender), which shall accrue at the rate of 0.50% calculated per annum on the daily amount of the difference between the Revolving Credit Commitment of such Lender and the Outstanding Revolving Credit Exposure (excluding Swing Line Exposure) of such Lender during the period from and including the Amendment Effective Date but excluding the date on which such Revolving Credit Commitment terminates. Accrued commitment fees shall be payable in arrears on the last Business Day of March, June, September and December of each year and on the date on which the Revolving Credit Commitments terminate, commencing on the first such date to occur after the Amendment Effective Date. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower may permanently reduce the Aggregate Revolving Credit Commitment in whole, or in part ratably among the Revolving Lenders in minimum amounts of \$10,000,000 and integral multiples of \$1,000,000 in excess thereof, upon at least three Business Days' written notice to the Administrative Agent, which notice shall specify the amount of any such reduction, *provided* , *however* , that the amount of the Aggregate Revolving Credit Commitment may not be reduced below the Aggregate Outstanding Revolving Credit Exposure and *further provided* that a notice of a reduction of the Aggregate Revolving Credit Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. All accrued commitment fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Credit Extensions hereunder.

Section 2.09 . *Minimum Amount of Each Advance.* Each Eurodollar Advance (other than an Advance to repay Swing Line Loans or with respect to any Incremental Term Loans or Additional Revolving Credit Facilities, to the extent otherwise provided in the related Incremental Amendment) shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof), and each Floating Rate Advance (other than a Swing Line Loan or with respect to any Incremental Term Loan or Additional Revolving Facility, to the extent otherwise provided in the related Incremental Amendment) shall be in the minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof), *provided* , *however* , that any Revolving Credit Advance which is a Floating Rate Advance may be in the amount of the unused Aggregate Revolving Credit Commitment.

Section 2.10 . *Optional and Mandatory Principal Payments.* (a) The Borrower may from time to time pay, without premium or penalty except as provided in clause (b) below, all outstanding Floating Rate Advances (other than Swing Line Loans), or, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof, any portion of the outstanding Floating Rate Advances (other than Swing Line Loans) upon one Business Day's prior notice to the Administrative Agent. The Borrower may at any time pay, without penalty or premium, all outstanding Swing Line Loans, or, in a minimum amount of \$1,000,000 and increments of \$500,000 in excess thereof, any portion of the outstanding Swing Line Loans, with notice to the Administrative Agent and the Swing Line Lender by

12:00 p.m., New York City time, on the date of repayment. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.04 and subject to clause (b) below, all outstanding Eurodollar Advances, or, in a minimum aggregate amount of \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof, any portion of the outstanding Eurodollar Advances upon three Business Days' prior notice to the Administrative Agent. All voluntary principal payments in respect of the Term Loan shall be applied to the principal installments thereof in such order as the Borrower may elect, or if not so specified on or prior to the date of such optional prepayment, in the direct order of maturity. All mandatory principal payments in respect of the Term Loan shall be applied to the principal installments thereof under Section 2.02 in the direct order of maturity.

(b) In the event that, on or prior to the date that is six months after the Tranche B-1 Funding Date, the Borrower (x) prepays, refinances, substitutes or replaces any Term Loans (including Tranche B-1 Loans) in connection with a Repricing Transaction (including, for avoidance of doubt, any prepayment made pursuant to Section 2.10(c) that constitutes a Repricing Transaction), or (y) effects any amendment of this Agreement resulting in a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Term Lenders, (I) in the case of clause (x), a prepayment premium of 1.00% of the aggregate principal amount of the Term Loans (including Tranche B-1 Loans) so prepaid, refinanced, substituted or replaced and (II) in the case of clause (y), a fee equal to 1.00% of the aggregate principal amount of the applicable Term Loans (including Tranche B-1 Loans) outstanding immediately prior to such amendment. Such amounts shall be due and payable on the date of effectiveness of such Repricing Transaction.

(c) In the event and on each occasion that any Net Proceeds are received by or on behalf of the Borrower or any of its Subsidiaries in respect of any Prepayment Event, the Borrower shall, within five Business Days after such Net Proceeds are received, prepay the Term Loan until paid in full and/or Revolving Credit Loans in accordance with Section 2.10(e) below; *provided* that in the case of any such event described in clause (a) of the definition of the term “**Prepayment Event**,” if the Borrower or any Subsidiary applies (or commits to apply) the Net Proceeds from such event (or a portion thereof) within 12 months after receipt of such Net Proceeds to pay all or a portion of the purchase price in connection with an Acquisition permitted hereunder of a Similar Business or to acquire, restore, replace, rebuild, develop, maintain or upgrade real property, equipment or other capital assets useful or to be used in the business of the Borrower and the Subsidiaries (and, in each case, the Borrower has delivered to the Administrative Agent within five Business Days after such Net Proceeds are received a certificate of its Financial Officer stating its intention to do so and certifying that no Default has occurred and is continuing), then, so long as no Default has occurred and is continuing at the time of the giving of such notice and at the time of the proposed reinvestment, no prepayment shall be required pursuant to this paragraph in respect of the Net Proceeds in respect of such event (or the portion of such Net Proceeds specified in such certificate, if applicable) except to the extent of any such Net Proceeds therefrom that have not been so applied (or committed to be so applied) by the end of such 12 month period, (or if committed to be so applied within such 12 month period, have not been so applied within 180 days after such 12 month period has expired). The Borrower shall provide to the Administrative Agent any such evidence reasonably requested by the Administrative Agent with respect to any commitment of the Borrower or any Subsidiary to apply Net Proceeds in accordance with this Section 2.10(c).

(d) Following the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2013, the Borrower shall prepay the Term Loans and/or Revolving Credit Loans in an aggregate amount equal to the ECF Percentage of Excess Cash Flow for such fiscal year (except, in the case of the fiscal year ending December 31, 2013, Excess Cash Flow shall be calculated without regard for the first fiscal quarter of such fiscal year). Each prepayment pursuant to this clause shall be made on or before the date that is five Business Days after the date on which annual financial statements are required to be delivered pursuant to Section 6.01(a) with respect to the fiscal year for which Excess Cash

Flow is being calculated. Notwithstanding the foregoing, the amount required to be prepaid pursuant to this clause with respect to any fiscal year shall be reduced dollar for dollar by the amount of (i) voluntary prepayments of Revolving Loans which were accompanied by corresponding permanent reductions in the Aggregate Revolving Credit Commitment, (ii) all optional prepayments of the Term Loans, and (iii) mandatory prepayments of the Term Loans, in each case only to the extent that such prepayments (A) were made by the Borrower or its Subsidiaries after the start of the applicable fiscal year and prior to the due date for (or, if earlier, the actual payment date of) the prepayment under this clause with respect to such fiscal year and (B) have not resulted in a reduction of Excess Cash Flow or prepayments pursuant to this clause with respect to any prior fiscal year.

(e) In the event of a prepayment pursuant to Section 2.10(c) or (d), the prepayment amount shall be applied, *first* to repay outstanding Term Loans (and principal installments thereof on a pro rata basis) and *second*, to repay outstanding Revolving Loans, without any corresponding reduction in the Revolving Credit Commitment.

Section 2.11 . *Method of Selecting Types and Interest Periods for New Advances.* The Borrower shall select the Type of Advance and, in the case of each Eurodollar Advance, the Interest Period applicable thereto from time to time. The Borrower shall give the Administrative Agent irrevocable notice (a “ **Borrowing Notice** ”) not later than 12:00 noon, New York City time, on the Borrowing Date of each Floating Rate Advance (other than a Swing Line Loan) and three Business Days before the Borrowing Date for each Eurodollar Advance. Each such notice shall specify:

- (a) the Borrowing Date, which shall be a Business Day, of such Advance,
- (b) the aggregate amount of such Advance,
- (c) the Type of Advance selected, and
- (d) in the case of each Eurodollar Advance, the Interest Period applicable thereto.

Not later than 1:00 p.m., New York City time, on each Borrowing Date, each Lender shall make available its Revolving Loan or Revolving Loans in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article 13. The Administrative Agent will make the funds so received from the Lenders available to the Borrower in an account designated in writing by the Borrower. Borrower shall not have more than 8 Eurodollar Loans outstanding at one time.

Section 2.12 . *Conversion and Continuation of Outstanding Advances.* Floating Rate Advances (other than Swing Line Loans) shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurodollar Advances pursuant to this Section 2.12 or are repaid in accordance with Section 2.10. Each Eurodollar Advance shall continue as a Eurodollar Advance until the end of the then applicable Interest Period therefor, at which time such Eurodollar Advance shall be automatically converted into a Floating Rate Advance unless (x) such Eurodollar Advance is or was repaid in accordance with Section 2.10 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurodollar Advance continue as a Eurodollar Advance for the same or another Interest Period. Subject to the terms of Section 2.09, the Borrower may elect from time to time to convert all or any part of a Floating Rate Advance (other than Swing Line Loans) into a Eurodollar Advance. The Borrower shall give the Administrative Agent irrevocable notice (a “ **Conversion/ Continuation Notice** ”) of each conversion of a Floating Rate Advance into a Eurodollar Advance or continuation of a Eurodollar Advance not later than 2:00 p.m., New York City time, at least three Business Days prior to the date of the requested conversion or continuation, specifying:

- (a) the requested date, which shall be a Business Day, of such conversion or continuation,
- (b) the aggregate amount and Type of the Advance which is to be converted or continued, and
- (c) the amount of such Advance which is to be converted into or continued as a Eurodollar Advance and the duration of the Interest Period applicable thereto.

Section 2.13 . *Changes in Interest Rate, Etc.* Each Floating Rate Advance (other than Swing Line Loans) shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurodollar Advance into a Floating Rate Advance pursuant to Section 2.12, to but excluding the date it is paid or is converted into a Eurodollar Advance pursuant to Section 2.12 hereof, at a rate per annum equal to the Floating Rate *plus* the Applicable Margin for such day. Each Swing Line Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made to but excluding the date it is paid hereof, at a rate per annum equal to the Floating Rate *plus* the Applicable Margin for such day. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurodollar Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined by the Administrative Agent as applicable to such Eurodollar Advance based upon the Borrower's selections under Sections 2.11 and 2.12 and otherwise in accordance with the terms hereof, *plus* the Applicable Margin. No Interest Period may end after the Maturity Date [applicable to each Lender](#) .

Section 2.14 . *Rates Applicable After Default.* Notwithstanding anything to the contrary contained in Section 2.11, 2.12 or 2.13, during the continuance of a Default, the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.02 requiring unanimous consent of the Lenders to changes in interest rates), declare that no Advance may be made as, converted into or continued as a Eurodollar Advance. During the continuance of a Default under Section 7.02, unless waived by the Required Lenders or until such defaulted amount shall have been paid in full, (a) each overdue Eurodollar Advance shall bear interest for the remainder of the applicable Interest Period at the rate otherwise applicable hereunder to such Interest Period *plus* 2% per annum and (b) each overdue Floating Rate Advance and all overdue fees and other overdue amounts payable hereunder shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time *plus* the Applicable Margin *plus* 2% per annum, in each case without any election or action on the part of the Administrative Agent or any Lender.

Section 2.15 . *Method of Payment.* All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at the Administrative Agent's address specified pursuant to Article 13, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by noon (local time) on the date when due and shall (except with respect to repayments of Swing Line Loans and except in the case of reimbursement obligations with respect to LC Disbursements for which the LC Issuer has not been fully indemnified by the Lenders, or as otherwise specifically required hereunder) be applied ratably by the Administrative Agent among the applicable Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at its address specified pursuant to Article 13 or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. Each reference to the Administrative Agent in this Section 2.15

shall also be deemed to refer, and shall apply equally, to the LC Issuer, in the case of payments required to be made by the Borrower to the LC Issuer pursuant to Section 2.22(e).

Section 2.16 . *Noteless Agreement; Evidence of Indebtedness.* (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain the Register as set forth in Section 12.01(c).

(c) The entries maintained in the accounts maintained pursuant to paragraphs (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded absent manifest error; *provided, however*, that the failure of the Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Loans be evidenced by a promissory note in substantially the form of a Revolving Credit Note, a Term Note or a Swing Line Note, in each case as applicable. In such event, the Borrower shall prepare, execute and deliver to such Lender such Note payable to the order of such Lender. Thereafter, the Loans evidenced by such Note and interest thereon shall at all times (prior to any assignment pursuant to Section 12.01) be represented by one or more Notes payable to the order of the payee named therein, except to the extent that any such Lender subsequently returns any such Note for cancellation and requests that such Loans once again be evidenced as described in paragraphs (a) and (b) above.

Section 2.17 . *Telephonic Notices.* The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

Section 2.18 . *Interest Payment Dates; Interest and Fee Basis.* Interest accrued on each Floating Rate Advance shall be payable on each Payment Date, commencing with the first such date to occur after the Amendment Effective Date and at maturity. Interest accrued on each Eurodollar Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurodollar Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurodollar Advance having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest on Eurodollar Advances, commitment fees and LC Fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest on Floating Rate Advances shall be calculated for actual days elapsed on the basis of a 365/366-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 12:00 noon, New York City time, at the place of payment. If any payment of principal of or interest on an Advance or other amount hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

Section 2.19 . *Notification of Advances, Interest Rates, Prepayments and Revolving Credit Commitment Reductions.* Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Revolving Credit Commitment reduction notice, Borrowing Notice, Swing Line Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. Promptly after notice from the LC Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Letter of Credit hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurodollar Advance promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

Section 2.20 . *Lending Installations.* Each Lender may book its Loans and its participation in any LC Exposure and the LC Issuer may book the Letters of Credit at any Lending Installation selected by such Lender or the LC Issuer, as the case may be, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Letters of Credit, participations in LC Exposure and any Notes issued hereunder shall be deemed held by each Lender or the LC Issuer, as the case may be, for the benefit of any such Lending Installation. Each Lender and the LC Issuer may, by written notice to the Administrative Agent and the Borrower in accordance with Article 13, designate replacement or additional Lending Installations through which Loans will be made by it or Letters of Credit will be issued by it and for whose account Loan payments or payments with respect to Letters of Credit are to be made.

Section 2.21 . *Non Receipt of Funds by the Administrative Agent.* Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (a) in the case of a Lender, the proceeds of a Loan or (b) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

Section 2.22 . *Letters of Credit.*

(a) *General* . Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the applicable LC Issuer, at any time and from time to time from and including the Amendment Effective Date and prior to the [Revolving Credit](#) Maturity Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any Letter of Credit Application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the LC Issuer relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding anything herein contained to the contrary, the LC Issuer shall not be under any obligation to issue any Letter of Credit if the issuance of the Letter of Credit would violate one or more policies of the LC Issuer applicable to letters of credit generally.

(b) *Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions* . To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall mail, hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the LC Issuer) to the LC Issuer and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit in Dollars, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the LC Issuer, the Borrower also shall submit a letter of credit application on the LC Issuer's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit, the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (x) the LC Exposure shall not exceed \$50,000,000 and (y) the Aggregate Outstanding Revolving Credit Exposure shall not exceed the Aggregate Revolving Credit Commitment.

(c) *Expiration Date* . Each Letter of Credit shall expire at or prior to the close of business on the earlier of (x) the date one year after the date of the issuance of such Letter of Credit and (y) seven days prior to the [Extended Revolving Credit](#) Maturity Date then in effect; *provided* that any Letter of Credit with a one year period may provide for the renewal thereof for additional one year periods but in no event shall the date of such Letters of Credit extend beyond the period in clause (y) hereof.

(d) *Participations* . By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the LC Issuer or the Lenders, the LC Issuer hereby grants to each Lender, and each Lender hereby acquires from the LC Issuer, a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the LC Issuer, such Lender's Pro Rata Share of each LC Disbursement made by the LC Issuer and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) *Reimbursement* . If the LC Issuer shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, New York City time, on the Business Day next following the date notice of such drawing is given to the Borrower (any such notice received after 1:00 p.m., New York City time, shall be deemed received by the Borrower on the next Business Day); *provided* that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.07 or 2.11 that such payment be financed with a Revolving Credit Advance which is a Floating Rate Advance or Swing Line Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Revolving Credit Advance or Swing Line Loan. If the Borrower fails to reimburse an LC Disbursement when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Pro Rata



Share thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Pro Rata Share of the payment then due from the Borrower, in the same manner as provided in Section 2.11 with respect to Loans made by such Lender (and Sections 2.11 and 2.21 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the LC Issuer the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the LC Issuer or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse the LC Issuer, then to such Lenders and the LC Issuer as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse the LC Issuer for any LC Disbursement (other than the funding of a Revolving Credit Advance or a Swing Line Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement. Until each Lender funds its Revolving Credit Advance or Swing Line Loan pursuant to this Section 2.22(e) to reimburse the LC Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the LC Issuer.

(f) *Obligations Absolute*. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the LC Issuer under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the LC Issuer, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the LC Issuer; *provided* that the foregoing shall not be construed to excuse the LC Issuer from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the LC Issuer's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence, willful misconduct or bad faith, in each case on the part of the LC Issuer, the LC Issuer shall be deemed to have exercised care in each such determination. The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will promptly notify the LC Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the LC Issuer and its correspondents unless such notice is given as aforesaid. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the LC Issuer may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such

Letter of Credit. The LC Issuer shall not be under any obligation to issue any Letter of Credit if any Revolving Lender is at such time a Defaulting Lender hereunder, unless the LC Issuer has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the LC Issuer's risk with respect to such Lender (after giving effect to Section 2.26(a)(iii)). The LC Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) *Disbursement Procedures* . The LC Issuer shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The LC Issuer shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the LC Issuer has made or will make an LC Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the LC Issuer and the Lenders with respect to any such LC Disbursement.

(h) *Interim Interest* . If the LC Issuer shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made (or, if notice of such LC Disbursement is given later than 1:00 p.m., New York City time, on the date of such LC Disbursement, then from and including the next Business Day) to but excluding the date that the Borrower reimburses such LC Disbursement, at the Floating Rate *plus* the Applicable Margin; *provided* that, if the Borrower fails to reimburse such LC Disbursement within five Business Days of the date when due pursuant to paragraph (e) of this Section, then the unpaid amount thereof shall bear interest, for each day from and including the date when due to and including the date that the Borrower reimburses such LC Disbursement, at the Floating Rate *plus* the Applicable Margin *plus* 2% per annum. Interest accrued pursuant to this paragraph shall be for the account of the LC Issuer with respect to the applicable Letter of Credit, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such LC Issuer shall be for the account of such Lender to the extent of such payment.

(i) *Replacement of the LC Issuer* . An LC Issuer may be replaced at any time by written agreement among the Borrower, the Administrative Agent and the successor LC Issuer. The Administrative Agent shall notify the Lenders of any such replacement of an LC Issuer. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced LC Issuer pursuant to paragraph (k) of this Section. From and after the effective date of any such replacement, (x) the successor LC Issuer shall have all the rights and obligations of an LC Issuer under this Agreement with respect to Letters of Credit to be issued thereafter and (y) references herein to the term "**LC Issuer**" shall be deemed to refer to such successor or to any previous LC Issuer, or to such successor and all previous LC Issuers, as the context shall require. After the replacement of an LC Issuer hereunder, the replaced LC Issuer shall remain a party hereto and shall continue to have all the rights and obligations of an LC Issuer under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) *Cash Collateralization* . If any Default shall occur and be continuing and the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding that the Borrower provide Cash Collateral for the LC Exposure (which notice shall be delivered no earlier than the earlier of the fifth Business Day of such Default continuing and the date of any acceleration of the Obligations with respect to such Default), the Borrower shall, on the Business Day of the receipt of such notice, Cash Collateralize the LC Exposure; *provided* that the obligation to deposit

such Cash Collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Default with respect to the Borrower described in Section 7.06 or 7.07. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the LC Issuer for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of a Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Defaults have been cured or waived.

(k) *Fees*. The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender (other than any Revolving Lender that is a Defaulting Lender) a participation fee (the “**LC Fee**”) with respect to its participations in Letters of Credit, which shall accrue at a per annum rate equal to the Applicable Margin then in effect with respect to Revolving Loans that are Eurodollar Loans on the face amount of such Letters of Credit during the period from and including the Amendment Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to each LC Issuer a fronting fee, which shall accrue at the rate per annum separately agreed upon (but no more than 0.125% per annum) between the Borrower and such LC Issuer on the daily amount of the LC Exposure with respect to Letters of Credit issued by such LC Issuer (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Amendment Effective Date to but excluding the later of the date of termination of the Revolving Credit Commitments and the date on which there ceases to be any LC Exposure, as well as such LC Issuer's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. LC Fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Amendment Effective Date; *provided* that all such fees shall be payable on the date on which the Revolving Credit Commitments terminate and any such fees accruing after the date on which the Revolving Credit Commitments terminate shall be payable on demand. Any other fees payable to the LC Issuers pursuant to this paragraph shall be payable within 30 days after demand. All LC Fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(l) *Outstanding Letters of Credit*. The letters of credit set forth on Schedule 2.22 hereto (the “**Outstanding Letters of Credit**”) were issued or deemed issued pursuant to the Original Credit Agreement and remain outstanding as of the date of this Agreement. The Borrower, the LC Issuer and each of the Revolving Lenders hereby agree with respect to the Outstanding Letters of Credit that effective upon the Amendment Effective Date (A) such Outstanding Letters of Credit shall be deemed to be Letters of Credit issued under and governed in all respects by the terms and conditions of this Agreement and (B) each Lender shall participate in each Outstanding Letter of Credit in an amount equal to its Pro Rata Share of the face amount of such Outstanding Letter of Credit.

(m) *Benefits and Immunities.* The LC Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the LC Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article 10 with respect to any acts taken or omissions suffered by the LC Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term “Administrative Agent” as used in Article 10 included the LC Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the LC Issuer.

Section 2.23 . *Mitigation Obligations; Replacement of Lender.* (a) If any Lender requires the Borrower to pay any additional amount to any Lender or to any Governmental Entity for the account of any Lender pursuant to Section 3.05, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole good faith judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.05, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) the Borrower is required pursuant to Section 3.01, 3.02 or 3.05 to make any additional payment to any Lender, (ii) any Lender’s obligation to make or continue, or to convert Floating Rate Advances into, Eurodollar Advances shall be suspended pursuant to Section 3.03, (iii) any Lender shall (x) default in its obligation to fund Loans hereunder or to pay to the Administrative Agent, the LC Issuer, Swing Line Lender or any other Lender any other amount required to be paid by it hereunder, (y) notify the Borrower, the Administrative Agent, the LC Issuer or the Swing Line Lender in writing that it does not intend to comply with its obligation to fund Loans hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied) or (z) fail, within five Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder ( *provided* that such Lender shall cease to be an “Affected Lender” pursuant to this clause (z) upon receipt of such written confirmation by the Administrative Agent and the Borrower), (iv) any Lender or such Lender’s direct or indirect parent company shall become the subject of a bankruptcy, insolvency, reorganization, receivership, liquidation or any similar proceeding ( *provided* that a Lender shall not be an “Affected Lender” hereunder solely by virtue of the ownership or acquisition of any Capital Stock in that Lender or any direct or indirect parent company thereof by a Governmental Entity so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Entity) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender) ~~or~~, (v) any Lender shall fail to consent to a departure or waiver of any provision of the Loan Documents or fail to agree to any amendment thereto, which waiver, consent or amendment requires the consent of all Lenders or of all Lenders directly affected thereby and has been consented to by the Required Lenders ~~or~~ (vi) **any Revolving Lender shall become subject to a Bail-In Action** (any Lender described in clause (i), (ii), (iii), (iv) ~~or~~, (v) **or (vi)** ) being an “ **Affected Lender** ”), the Borrower may (x) elect to replace such Affected Lender as a Lender party to this Agreement; *provided* that the Borrower shall have such right only if (i) concurrently with such replacement, (A) another bank or other entity (other than a Disqualified Institution at the time of assignment) which is reasonably satisfactory to the Borrower and the Administrative Agent shall agree, as of such date, to purchase for

cash the Loans and other Obligations due to the Affected Lender pursuant to an assignment substantially in the form of Exhibit D and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be terminated as of such date and to comply with the requirements of Section 12.01 applicable to assignments, and (B) the Borrower shall pay to such Affected Lender in same day funds on the day of such replacement (x) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Affected Lender under Sections 3.01, 3.02 and 3.05, and (y) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.04 had the Loans or other Obligations of such Affected Lender been prepaid on such date rather than sold to the replacement Lender, (ii) in the case of clause (i) or (ii) above, such additional payments continue to be required or such suspension is still effective and will be reduced or negated by such assignment and (iii) in the case of (iv) above, the applicable Eligible Assignee shall have agreed to the applicable departure, waiver or amendment of the Loan Documents or (y) terminate all Commitments of such Affected Lender and repay all Obligations of the Borrower owing to such Lender as of such termination date (including any amounts owing pursuant to Section 3.04 as a result of such repayment).

Section 2.24 . *Pro Rata Treatment.* (i) Except as provided below in this Section 2.24 and as required under Section 2.07, 3.01, 3.02, 3.04, 3.05 or 11.02, each Advance, each payment or prepayment of principal of any Advance, each payment of interest on the Loans, each payment of the commitment fee set forth in Section 2.08 and the LC Fee, each reduction of the Revolving Credit Commitment and each conversion of any Advance to or continuation of any Advance as an Advance of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their respective applicable outstanding Loans).

(b) Notwithstanding anything to the contrary contained in this Agreement, any payment or other distribution (whether from proceeds of Collateral or any other source, whether in the form of cash, securities or otherwise, and whether made by any Loan Party or in connection with any exercise of remedies by the Administrative Agent, the Collateral Agent or any Lender) made or applied in respect of any of the Obligations (i) following any acceleration of the Obligations, (ii) during the existence of a Default under Section 7.02 or (iii) during or in connection with Insolvency Proceedings involving any Loan Party (or any plan of liquidation, distribution or reorganization in connection therewith), shall be made or applied, as the case may be, in the following order of priority (with higher priority Obligations to be paid in full prior to any payment or other distribution in respect of lower priority Obligations): (A) *first* , to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts, including attorney fees, payable to the Administrative Agent in its capacity as such, the LC Issuer in its capacity as such and the Collateral Agent in its capacity as such (ratably among the Administrative Agent, the LC Issuer and the Collateral Agent in proportion to the respective amounts described in this clause first payable to them); (B) *second* , to payment of (i) that portion of the Obligations constituting principal of and accrued and unpaid interest (including any default interest) on the Loans (ratably among such Lenders in proportion to the respective amounts described in this clause (B) payable to them), including interest accruing after the filing or commencement of any Insolvency Proceedings in respect of any Loan Party, whether or not any claim for post-filing or post-petition interest is or would be allowed, allowable or otherwise enforceable in any such Insolvency Proceedings, and reimbursement obligations, interest and fees in respect of Letters of Credit, (ii) Secured Hedge Obligations and Secured Cash Management Obligations and (iii) an amount to the Administrative Agent for the account of each applicable LC Issuer equal to one hundred and one percent (101%) of LC Exposure to be held as Cash Collateral; and (C) *third* , to payment of any other Obligations due to the Administrative Agent or any Lender, ratably; and (D) *last* , in the case of proceeds of Collateral, the

balance, if any, thereof, after all of the Obligations (including, without limitation, all Obligations in respect of LC Exposure but excluding any contingent obligations) have been paid in full, to the Borrower or as otherwise required by a court of competent jurisdiction. Each Lender agrees that the provisions of this Section 2.24 (including, without limitation, the priority of the Obligations as set forth herein) constitute an intercreditor agreement among them for value received that is independent of any value received from the Loan Parties, and that such agreement shall be enforceable as against each Lender, including, without limitation, in any Insolvency Proceedings in respect of any Loan Party (including without limitation with respect to interests and costs regardless of whether or not such interest or costs are allowed as a claim in any such Insolvency Proceedings or enforceable or recoverable against the Loan Party or its bankruptcy estate), to the same extent that such agreement is enforceable under applicable non-bankruptcy law (including, without limitation, pursuant to Section 510(a) of the U.S. federal Bankruptcy Code or any comparable provision of applicable insolvency law), and that, if any Lender receives any payment or distribution in respect of any Obligation (including, without limitation, in connection with any Insolvency Proceedings or any plan of liquidation, distribution or reorganization therein) to which such Lender is not entitled in accordance with the priorities set forth in this Section 2.24, such amount shall be held in trust by such Lender for the benefit of the Person or Persons entitled to such payment or distribution hereunder, and promptly shall be turned over by such Lender to the Administrative Agent for distribution to the Person or Persons entitled to such payment or distribution in accordance with this Section 2.24. Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section.

(c) In the event there is any Disgorged Recovery in respect of any Lender's Revolving Loans, Term Loans, Swing Line Loans or LC Exposure in any Insolvency Proceedings of any Loan Party, such Revolving Loans, Term Loans, Swing Line Loans and LC Exposure shall be deemed to be outstanding as if such Disgorged Recovery had never been received by such Lender, and each Lender agrees that the intercreditor agreements and priorities set forth in this Section 2.24 shall be enforced in accordance with their terms in respect of such Revolving Loans, Term Loans, Swing Line Loans or LC Exposure, including, without limitation, for purposes of the allocation of payments and distributions made or applied in respect of the Obligations (whether from proceeds of Collateral or otherwise), as well as for purposes of determining whether such other Lender must turn over all or any portion of any payment or other distribution received by such other Lender (whether before or after occurrence of such Disgorged Recovery) to the Administrative Agent for redistribution in accordance with the last sentence of Section 2.24(b).

Notwithstanding the foregoing, Secured Cash Management Obligations and Secured Hedge Obligations shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to the Credit Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article 10 hereof for itself and its Affiliates as if a "Lender" party hereto.

Section 2.25 . *Incremental Credit Facilities.* (a) The Borrower may at any time or from time to time after the Amendment Effective Date, by notice to the Administrative Agent (whereupon the Administrative Agent shall promptly make available to each of the Lenders), request (i) one or more additional tranches or additions to an existing tranche of term loans (the "**Incremental Term Loans** ") or (ii) one or more increases in the amount of the Revolving Credit Commitments on the same terms as the Revolving Loans or the establishment of one or more revolving credit commitments (each such increase

or new commitments, an “ **Additional Revolving Facility** ”), *provided* that (A) both at the time of any such request and upon the effectiveness of any Incremental Amendment referred to below, no Default or Unmatured Default shall exist and at the time that any such Incremental Term Loan is made (and after giving effect thereto) no Default or Unmatured Default shall exist, (B) if such Incremental Facility is to become effective prior to the Revolver Termination Date, the Borrower shall be in compliance with the covenants set forth in clauses (a), (c) and (d) of Section 6.22 determined on a pro forma basis as of the last day of the date of the most-recently ended fiscal quarter, in each case, as if such Incremental Term Loans or any borrowings under any such Additional Revolving Facility, as applicable, had been outstanding on the last day of such fiscal quarter of the Borrower for testing compliance therewith; *provided* that any Additional Revolving Facility shall be tested as fully drawn, (C) the First Lien Leverage Ratio calculated on a pro forma basis shall not exceed 4.0 to 1.0, in the case of the first \$170,000,000 of Indebtedness incurred pursuant to this Section 2.25(a) after the Tranche B-1 Funding Date and 3.5 to 1.0 for all other Indebtedness incurred pursuant to this Section 2.25(a) (other than the Tranche B-1 Loans and other than in connection with the First Incremental Revolving Commitment), in each case tested as of the last day of the most-recently ended period of four consecutive fiscal quarters of the Borrower for which financial statements are internally available (calculated as if such Incremental Term Loans or borrowings under any such Additional Revolving Facilities (in an amount equal to the full amount of such Additional Revolving Facilities), as applicable, had been outstanding on such last day; *provided* that any Additional Revolving Facility shall be tested as fully drawn) and (D) the Borrower shall have delivered a certificate of a Financial Officer to the effect set forth in clauses (A), (B) and (C) above, together with reasonably detailed calculations demonstrating compliance with clauses (B) and (C) above, if applicable, (which calculations shall, if made as of the last day of any fiscal quarter of the Borrower for which the Borrower has not delivered to the Administrative Agent the financial statements and compliance certificate required to be delivered by Section 6.01(d), be accompanied by a reasonably detailed calculation of Consolidated EBITDA and Consolidated Interest Expense for the relevant period). Each tranche of Incremental Term Loans shall be in an aggregate principal amount that is not less than \$10,000,000 and each Additional Revolving Facility shall be in an aggregate principal amount that is not less than \$5,000,000, and in all cases shall be in an increment of \$1,000,000 (*provided* that such amount may be less than \$10,000,000 or \$5,000,000, as applicable, if such amount represents all remaining availability under the limit set forth in the next sentence). Notwithstanding anything to the contrary herein, the aggregate amount of the Incremental Term Loans and the Additional Revolving Facilities incurred after the Tranche B-1 Funding Date shall not exceed \$370,000,000; *provided* that the aggregate amount of Additional Revolving Facilities incurred after the Tranche B-1 Funding Date shall not exceed \$75,000,000. In no event shall the Incremental Facilities be used for any purpose other than for the purposes set forth in Section 6.02. Notwithstanding anything herein to the contrary, in lieu of requesting Incremental Term Loans or an Additional Revolving Facility, the Borrower may issue first lien notes on a *pari passu* basis (the “ **Pari Passu First Lien Notes** ”), second lien notes (the “ **Incremental Second Lien Notes** ”) or unsecured notes (the “ **Incremental Unsecured Notes** ”), subject to, in the case of Pari Passu First Lien Notes and Incremental Second Lien Notes, an intercreditor agreement reasonably satisfactory to the Administrative Agent, which Pari Passu First Lien Notes, Incremental Second Lien Notes and/or Incremental Unsecured Notes shall be treated the same as Incremental Term Loans for the purposes of this Agreement; *provided* that in no event will the aggregate amount of Incremental Term Loans, Additional Revolving Facilities, Pari Passu First Lien Notes, Incremental Second Lien Notes and Incremental Unsecured Notes incurred after the Tranche B-1 Funding Date exceed \$370,000,000.

(b) The following terms shall apply to any Incremental Term Loans and any Additional Revolving Facilities established pursuant to an Incremental Amendment: (i) such Incremental Term Loans and the borrowings under such Additional Revolving Facilities shall rank *pari passu* in right of payment and of security with the Revolving Loans and the Term Loans, (ii) the maturity date of such Incremental Term Loans shall not be earlier than the Maturity Date of the existing Term Loans, (iii) the

Weighted Average Life to Maturity of such Incremental Term Loans is not less than the remaining Weighted Average Life to Maturity of the exiting Term Loans, (iv) the applicable yield relating to any term loans or revolving loans incurred pursuant to such Incremental Amendment (each facility thereunder, the “ **Incremental Facility** ”), as applicable, shall not be greater than that with respect to the existing Term Loans or existing Revolving Credit Commitments, as applicable, plus 0.50% per annum (or, in the case of any Incremental Facility consisting of fixed rate notes, 1.00% per annum) unless the yield applicable to the existing Term Loans or existing Revolving Credit Commitments, as applicable, is increased so that the yield applicable to the applicable Incremental Facility does not exceed the yield applicable to the existing Term Loans or existing Revolving Credit Commitments, by more than 0.50% per annum (or, in the case of any Incremental Facility consisting of fixed rate notes, 1.00% per annum) ; *provided* that in determining the yield applicable to the existing Term Loans or existing Revolving Credit Commitments, as applicable, and the applicable Incremental Facility, (A) original issue discount (“ **OID** ”) or upfront fees (which shall be deemed to constitute like amounts of OID) payable by the Borrower to the Lenders of the existing Term Loans or existing Revolving Credit Commitments, as applicable, or the applicable Incremental Facility in the primary syndication thereof shall be included (with OID being equated to interest based on an assumed four-year life to maturity or, if less, the remaining life to maturity of the applicable Incremental Facility), (B) customary arrangement or commitment fees payable to the joint bookrunners (or their affiliates) in connection with the existing Term Loans or existing Revolving Credit Commitments, as applicable, or to one or more arrangers (or their affiliates) of the applicable Incremental Facility shall be excluded, (C) if the Eurodollar Base Rate in respect of such Incremental Facility includes a floor greater than any such floor that may be applicable to the analogous existing credit facility, such increased amount shall be equated to interest margin for purposes of determining any increase to the applicable yield under the analogous existing credit facility and (D) in the case of any Incremental Facility consisting of fixed rate notes, the comparable rate shall be determined by inclusion of the applicable US Treasury to LIBOR swap rate applied in customary fashion and (E) the revolving loans incurred pursuant to such Additional Revolving Facility will mature no earlier than, and will require no scheduled amortization or mandatory commitment reduction prior to, the **Extended Revolving Credit** Maturity Date ~~of the existing Revolving Credit Commitments~~ and all other terms of any such Incremental Facility (except as set forth in the foregoing clauses) shall be substantially identical to the existing Revolving Credit Commitments or otherwise reasonably acceptable to the Administrative Agent.

(c) Each notice from the Borrower pursuant to this Section 2.25(b) shall set forth (i) the requested amount and proposed terms of the relevant Incremental Term Loans or Additional Revolving Facilities and (ii) the date on which such the relevant increase is requested to become effective (which shall not be less than 10 Business Days nor more than 60 days after the date of such notice); *provided, however*, that notwithstanding anything to the contrary contained in this Agreement, no notice shall be required from the Borrower pursuant to Section 2.25 with respect to the Borrower’s request for the Tranche B-1 Loans and the First Incremental Revolving Commitment. Incremental Term Loans may be made, and Additional Revolving Facilities may be provided by any existing Lender (but each existing Lender will not have an obligation to make a portion of any Incremental Term Loan or any portion of any Additional Revolving Facility) or by any other bank or other financial institution that are Eligible Assignees (any such other bank or other financial institution being called an “ **Additional Lender** ”), *provided* that the Administrative Agent, and to the extent of an Additional Revolving Facility, the LC Issuer and/or Swing Line Lender, as applicable, shall have consented (not to be unreasonably withheld or delayed) to such Lender’s or Additional Lender’s making such Incremental Term Loans or providing such Additional Revolving Facilities (collectively, the “ **Incremental Lenders** ”) to the extent any such consent would be required under Section 12.01 for an assignment of Loans or Revolving Credit Commitments, as applicable, to such Incremental Lender. Commitments in respect of Incremental Term Loans and Additional Revolving Facilities shall become Commitments under this Agreement pursuant to an amendment (an “ **Incremental Amendment** ”) to this Agreement and, as appropriate, the other Loan



Documents, executed by the Borrower, each Incremental Lender and the Administrative Agent. The Incremental Amendment shall be on the terms and pursuant to documentation to be determined by the Borrower and the Incremental Lenders providing the relevant Incremental Terms Loans or Additional Revolving Facilities, as applicable; *provided* that to the extent such terms and documentation are not consistent with this Agreement (except to the extent permitted by the foregoing clauses), they shall be reasonably satisfactory to the Administrative Agent. The effectiveness of any Incremental Amendment shall be subject to the satisfaction on the date thereof of each of the conditions set forth in Section 4.01 and, to the extent reasonably requested by the Administrative Agent, receipt by the Administrative Agent of legal opinions, board resolutions, officers' certificates and/or reaffirmation agreements consistent with those delivered on the Amendment Effective Date under Section 4.02 (other than changes to such legal opinions resulting from a change in law, change in fact or change to counsel's form of opinion reasonably satisfactory to the Administrative Agent). No Lender shall be obligated to provide any Incremental Term Loans or Additional Revolving Facilities, unless it so agrees.

(d) Upon each increase in the Revolving Credit Commitments (which for purposes of this Section 2.25(d) shall be deemed to include any new revolving commitments provided under an Incremental Amendment) pursuant to this Section 2.25, (i) each Revolving Lender immediately prior to such increase will automatically and without further act be deemed to have assigned to each Incremental Lender providing a portion of the Additional Revolving Facility (each, an “**Additional Revolving Facility Lender**”), and each such Additional Revolving Facility Lender will automatically and without further act be deemed to have assumed (in the case of an increase to the Revolving Loans only), a portion of such Revolving Lender's participations hereunder in outstanding Letters of Credit and Swing Line Loans such that, after giving effect to each such deemed assignment and assumption of participations, the percentage of the aggregate outstanding (A) participations hereunder in Letters of Credit and (B) participations hereunder in Swing Line Loans held by each Revolving Lender (including each such Additional Revolving Facility Lender) will equal the percentage of the aggregate Revolving Credit Commitments of all Additional Revolving Facility Lenders represented by such Additional Revolving Facility Lender's Revolving Credit Commitment and (C) if, on the date of such increase, there are any Revolving Loans under the applicable facility outstanding, such Revolving Credit Loans shall on or prior to the effectiveness of such Additional Revolving Credit Facility be prepaid from the proceeds of additional Revolving Loans made hereunder (reflecting such increase in Revolving Credit Commitments), which prepayment shall be accompanied by accrued interest on the Revolving Loans being prepaid and any costs incurred by any Lender in accordance with Section 3.04. The Administrative Agent and the Lenders hereby agree that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to the immediately preceding sentence.

(e) The Administrative Agent is hereby irrevocably authorized to effect such amendments to this Agreement as are required to effectuate the terms of any Incremental Amendment to the extent such terms are permitted under this Section 2.25. Notwithstanding the foregoing, each of the Administrative Agent and the Collateral Agent shall have the right (but not the obligation) to seek the advice or concurrence of the Required Lenders with respect to any matter contemplated by this Section 2.25 and, if either the Administrative Agent or the Collateral Agent seeks such advice or concurrence, it shall be permitted to enter into such amendments with the Borrower in accordance with any instructions actually received by such Required Lenders and shall also be entitled to refrain from entering into such amendments with the Borrower unless and until it shall have received such advice or concurrence if the Administrative Agent reasonably determines that such concurrence is required under the terms of this Agreement ; *provided, however* , that whether or not there has been a request by the Administrative Agent or the Collateral Agent for any such advice or concurrence, all such amendments entered into with the

Borrower by the Administrative Agent or the Collateral Agent hereunder shall be binding and conclusive on the Lenders.

(f) This Section 2.25 shall supersede any provisions in Section 2.24(a), 11.01 or 8.02 to the contrary.

Section 2.26. *Defaulting Lenders.*

(a) *Adjustments.* Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) *Waivers and Amendments.* Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 8.02.

(ii) *Defaulting Lender Waterfall.* Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 8 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 11.01 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the LC Issuer or Swing Line Lender hereunder; *third*, to Cash Collateralize the LC Issuer's LC Exposure with respect to such Defaulting Lender; *fourth*, as the Borrower may request (so long as no Default or Unmatured Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the LC Issuer's future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement; *sixth*, to the payment of any amounts owing to the Lenders, the LC Issuer or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the LC Issuer or the Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its Pro Rata Share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and Obligations in respect of Letters of Credit owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or Obligations in respect of Letters of Credit owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to clause (iii) of this Section 2.26(a). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting

Lender or to post Cash Collateral pursuant to this Section 2.26(a) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Reallocation of Applicable Percentages to Reduce Fronting Exposure.* All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(iv) *Cash Collateral, Repayment of Swing Line Loans.* If the reallocation described in clause (a)(iii) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, (x) *first*, prepay Swing Line Loans in an amount equal to such Defaulting Lender's Swing Line Exposure (after giving effect to any partial reallocation pursuant to clause (a)(iii) above) and (y) *second*, Cash Collateralize such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (a)(iii) above).

(b) *Defaulting Lender Cure.* If the Borrower, the Administrative Agent, Swing Line Lender and the LC Issuer agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Shares (without giving effect to clause (a) (iii) of this Section 2.26), whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided further* that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

### ARTICLE 3 Yield Protection; Taxes

Section 3.01 . *Yield Protection.* If, after the date of this Agreement (or, in the case of any assignee, after the date it became a party to this Agreement), the adoption of any law (including any CPA Change) or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or applicable Lending Installation

or any LC Issuer with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(a) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurodollar Advances), or

(b) imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation or any LC Issuer of making, funding or maintaining its Eurodollar Loans, or of issuing or participating in Letters of Credit, or reduces any amount receivable by any Lender or any applicable Lending Installation in connection with its Eurodollar Loans, Letters of Credit or participations therein, or requires any Lender or any applicable Lending Installation or any LC Issuer to make any payment calculated by reference to the amount of Eurodollar Loans, Letters of Credit or participations therein held or interest or LC Fees received by it, in each case by an amount deemed material by such Lender or such LC Issuer as the case may be, and the result of any of the foregoing is to increase the cost to such Lender or applicable Lending Installation or such LC Issuer, as the case may be, of making or maintaining its Eurodollar Loans or Commitment or of issuing or participating in Letters of Credit or to reduce the return received by such Lender or applicable Lending Installation or such LC Issuer, as the case may be, in connection with such Eurodollar Loans, Commitment, Letters of Credit or participations therein, then, within 30 days of written demand by such Lender or such LC Issuer, as the case may be, the Borrower shall pay such Lender or such LC Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such LC Issuer, as the case may be, for such increased cost or reduction in amount received. Notwithstanding the foregoing, this Section 3.01 shall not apply to any tax-related matters.

Section 3.02 . *Changes in Capital Adequacy Regulations.* If a Lender or an LC Issuer determines the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or such LC Issuer, or any corporation controlling such Lender or such LC Issuer is increased as a result of a Change, then, within 30 days of written demand by such Lender or such LC Issuer, the Borrower shall pay such Lender or such LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender or such LC Issuer determines is attributable to this Agreement, its Outstanding Credit Exposure or its Commitment to make Loans and issue or participate in Letters of Credit, as the case may be, hereunder (after taking into account such Lender's or such LC Issuer's policies as to capital adequacy). “ **Change** ” means (a) any change after the Amendment Effective Date in the Risk Based Capital Guidelines, or (b) any adoption of or change in any other law (including any CPA Change), governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the Amendment Effective Date which affects the amount of capital required or expected to be maintained by any Lender or any LC Issuer or any Lending Installation or any corporation controlling any Lender or any LC Issuer. “ **Risk Based Capital Guidelines** ” means (a) the risk based capital guidelines in effect in the United States on the Amendment Effective Date, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basel Committee on Banking Regulation and Supervisory Practices Entitled “ **International Convergence of Capital Measurements and Capital Standards,** ” including transition rules, and any amendments to such regulations adopted prior to the Amendment Effective Date.

Section 3.03 . *Availability of Types of Advances.* If any Lender determines that maintenance of its Eurodollar Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or if the Required Lenders determine that (a) deposits of a type and maturity appropriate to match fund Eurodollar Advances are not available or (b) the interest

rate applicable to Eurodollar Advances does not accurately reflect the cost of making or maintaining Eurodollar Advances, then the Administrative Agent shall suspend the availability of Eurodollar Advances and require any affected Eurodollar Advances to be repaid or converted to Floating Rate Advances, subject to the payment of any funding indemnification amounts required by Section 3.04.

Section 3.04 . *Funding Indemnification.* If any payment of a Eurodollar Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurodollar Advance is not made on the date specified by the Borrower for any reason other than default by the Lenders, the Borrower will indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurodollar Advance.

Section 3.05 . *Taxes.* (a) All payments by the Borrower to or for the account of any Lender, any LC Issuer or the Administrative Agent hereunder or under any Note or Letter of Credit Application shall be made free and clear of and without deduction for any and all Taxes. If the Borrower shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder to any Lender, any LC Issuer or the Administrative Agent, (i) the sum payable shall be increased as necessary so that after making all required deductions or withholdings (including deductions applicable to additional sums payable under this Section 3.05) such Lender, such LC Issuer or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the Borrower shall make such deductions or withholdings, (iii) the Borrower shall pay the full amount deducted or withheld to the relevant Governmental Entity in accordance with applicable law and (iv) the Borrower shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof within 30 days after such payment is made.

(b) In addition, the Borrower hereby agrees to pay any present or future stamp or documentary taxes and any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any Loan Document (“**Other Taxes**”).

(c) The Borrower hereby agrees to indemnify the Administrative Agent, such LC Issuer and each Lender for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed on amounts payable under this Section 3.05) paid by the Administrative Agent, such LC Issuer or such Lender as a result of its Commitment, any Loans made by it hereunder, or otherwise in connection with its participation in this Agreement and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. Payments due under this indemnification shall be made within 30 days of the date the Administrative Agent, such LC Issuer or such Lender makes written demand therefor pursuant to Section 3.06. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or LC Issuer or by the Administrative Agent, on its own behalf or on behalf of a Lender or LC Issuer, shall be conclusive absent manifest error.

(d) Each Lender and LC Issuer that is not incorporated under the laws of the United States of America, a state thereof or the District of Columbia (each a “**Non-U.S. Lender**”) agrees that it will, on or before the date that it becomes party to this Agreement, (i) deliver to the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-8BEN or W-8ECI, certifying in either case that such Non-U.S. Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, a certificate to the effect that such Non-U.S. Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, is not a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and is not a “controlled foreign corporation” described in Section 881(c)(3)(C) of

the Code, and (ii) deliver to the Borrower and the Administrative Agent a United States Internal Revenue Form W-8 and certify that it is entitled to an exemption from United States backup withholding tax. Each Non-U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete or upon the reasonable request of the Borrower or the Administrative Agent, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto. All forms or amendments described in the preceding sentence shall certify that such Non-U.S. Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required that renders all such forms inapplicable or that would prevent such Non-U.S. Lender from duly completing and delivering any such form or amendment with respect to it and such Non-U.S. Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax. For the avoidance of doubt, the failure to provide certification evidencing a complete exemption from U.S. withholding taxes as required in this Section 3.05(d) shall not prevent a Person from becoming a Non-U.S. Lender under this Agreement (including for purposes of Section 12.03 in the case of a transfer), but shall affect such Person's entitlement to indemnification or gross-up under this Section 3.05 as provided herein.

(e) Each Lender and LC Issuer that is incorporated under the laws of the United States of America, a state thereof or the District of Columbia (each a “**U.S. Lender**”) agrees that it will, on or before the date that it becomes a party to this Agreement, deliver to the Borrower and the Administrative Agent two duly completed copies of United States Internal Revenue Service Form W-9, certifying that it is entitled to an exemption from United States backup withholding tax. Each U.S. Lender further undertakes to deliver to each of the Borrower and the Administrative Agent (x) renewals or additional copies of such form (or any successor form) on or before the date that such form expires or becomes obsolete or upon the reasonable request of the Borrower or the Administrative Agent, and (y) after the occurrence of any event requiring a change in the most recent forms so delivered by it, such additional forms or amendments thereto. All forms or amendments described in the preceding sentence shall certify that such U.S. Lender is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such U.S. Lender from duly completing and delivering any such form or amendment with respect to it and such U.S. Lender advises the Borrower and the Administrative Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

(f) For any period during which a Lender or LC Issuer has failed to provide the Borrower with an appropriate form pursuant to clause (d) or (e) of this Section 3.05 (unless such failure is due to a change in treaty, law or regulation, or any change in the interpretation or administration thereof by any governmental authority, occurring subsequent to the date on which a form originally was required to be provided), such Lender or LC Issuer shall not be entitled to indemnification or gross-up under this Section 3.05 with respect to Taxes imposed by the United States; *provided* that, should a Lender or LC Issuer that is otherwise exempt from or subject to a reduced rate of withholding tax become subject to Taxes because of its failure to deliver a form required under clause (d) or (e) of this Section 3.05, the Borrower shall take such steps at such Lender's or LC Issuer's expense as such Lender or LC Issuer shall reasonably request to assist such Lender or LC Issuer to recover such Taxes.

(g) Any Lender or LC Issuer that is entitled to an exemption from or reduction of withholding tax with respect to payments under this Agreement or any Note pursuant to the law of any

relevant jurisdiction or any treaty shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(h) If the U.S. Internal Revenue Service or any other Governmental Entity of the United States or any other country or any political subdivision thereof asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered or properly completed, because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered its exemption from withholding ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax, withholding therefor, or otherwise, including penalties and interest, and including taxes imposed by any jurisdiction on amounts payable to the Administrative Agent under this subsection, together with all costs and expenses related thereto (including attorneys' fees and time charges of attorneys for the Administrative Agent, which attorneys may be employees of the Administrative Agent). The obligations of the Lenders under this Section 3.05(g) shall survive the payment of the Obligations and termination of this Agreement.

(i) In the case of an Administrative Agent, Lender or LC Issuer that would be subject to withholding tax imposed by FATCA on payments made under this Agreement or any other Loan Document if such Administrative Agent, Lender or LC Issuer fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender, Administrative Agent or LC Issuer, as applicable, shall provide such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower or Administrative Agent as may be necessary for Borrower or Administrative Agent to comply with its obligations under FATCA, to determine that such Administrative Agent, Lender or LC Issuer has complied with such Administrative Agent's, Lender's or LC Issuer's obligations under FATCA, or to determine the amount to deduct and withhold from any such payments.

(j) If a Lender or LC Issuer determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 3.05 it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 3.05 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender or LC Issuer and without interest (other than any interest paid by the relevant Governmental Entity with respect to such refund); *provided* that (i) the Borrower, upon the request of the Lender or LC Issuer, agrees to repay the amount paid over to the Borrower ( *plus* any penalties, interest or other charges imposed by the relevant Governmental Entity) to the Lender or LC Issuer in the event the Lender or LC Issuer is required to repay such refund to such Governmental Entity and (ii) nothing herein contained shall interfere with the right of a Lender or LC Issuer to arrange its tax affairs in whatever manner it thinks fit nor oblige any Lender or LC Issuer to claim any tax refund or to make available its tax returns or disclose any information relating to its tax affairs or any computations in respect thereof or require any Lender or LC Issuer to do anything that would prejudice its ability to benefit from any other refunds, credits, reliefs, remissions or repayments to which it may be entitled.

Section 3.06 . *Lender Statements; Survival of Indemnity.* To the extent reasonably possible, each Lender shall designate an alternate Lending Installation to reduce any liability of the Borrower to such Lender under Sections 3.01, 3.02 and 3.05 or to avoid the unavailability of Eurodollar Advances under Section 3.03, so long as such designation is not, in the commercially reasonable judgment of such Lender,

materially disadvantageous to such Lender. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.01, 3.02, 3.04 or 3.05. Such written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under Section 3.01, 3.02, 3.04 or 3.05 in connection with a Eurodollar Loan shall be calculated as though each Lender funded its Eurodollar Loan through the purchase of a deposit of the type and maturity corresponding to the deposit used as a reference in determining the Eurodollar Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The Borrower shall not be required to indemnify any Lender pursuant to Section 3.01, 3.02, 3.04 or 3.05 for any amounts paid or losses incurred by such Lender as to which such Lender has not made demand hereunder within 120 days after the date such Lender has actual knowledge of such amounts or losses and their applicability to the lending transactions contemplated hereby. The obligations of the Borrower under Section 3.01, 3.02, 3.04 or 3.05 shall survive payment of the Obligations and termination of this Agreement.

#### ARTICLE 4 Conditions Precedent

Section 4.01 . *Conditions to Initial Credit Extension.* The obligation of each Lender to fund the initial Credit Extension requested to be made by it shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 4.01:

- (a) Each Loan Party, each Lender, the Administrative Agent and the Collateral Agent shall each have executed and delivered to the Administrative Agent each of the Loan Documents to which it is a party.
- (b) Liens creating a first (subject only to Permitted Liens) priority security interest in the Collateral shall have been perfected or documents required to perfect such security interest shall have been delivered to the Administrative Agent or arrangements have been made with respect thereto satisfactory to the Administrative Agent.
- (c) The Administrative Agent shall have received such corporate records, officer's certificates and other instruments as are customary for transactions of this type or as it may reasonably request, all in form and substance reasonably satisfactory to the Administrative Agent.
- (d) [Reserved].
- (e) Since December 31, 2012, no change or event shall have occurred and no circumstances shall exist which have had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.
- (f) On the Amendment Effective Date (i) all representations and warranties in the Loan Documents are true and correct in all material respects after giving effect to the substantially contemporaneous consummation of the transactions contemplated hereby on the Amendment Effective Date, (ii) after giving effect to the Credit Extensions and other substantially contemporaneous transactions consummated on the Amendment Effective Date, no Default or Unmatured Default has occurred and is continuing, and (iii) the Administrative Agent shall have received a satisfactory certificate to such effect dated the Amendment Effective Date and signed by a Financial Officer of the Borrower.



(g) The Administrative Agent shall have received satisfactory evidence that substantially simultaneously with any Credit Extensions made on the Amendment Effective Date all Existing Debt shall have been repaid in full.

(h) The Lenders, the Administrative Agent and the Arrangers shall have received all fees and expenses (including the reasonable fees and expenses of one special counsel (including any one local counsel) for the Administrative Agent) required to be paid, and all expenses for which invoices have been presented, on or before the Amendment Effective Date.

(i) After giving effect to the making and application of the proceeds of the Amendment Effective Date transactions contemplated hereby, there shall exist unused Aggregate Revolving Credit Commitments of at least \$125,000,000 less the amount of the Outstanding Letters of Credit.

(j) Any Notes requested by a Lender pursuant to Section 2.16 shall have been issued by the Borrower payable to the order of each such requesting Lender.

(k) The Administrative Agent shall have received such legal opinions as are customary for transactions of this type or as it may reasonably request, all in form and substance reasonably satisfactory to the Administrative Agent.

(l) The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 6.06 and the applicable provisions in the Collateral Documents, each of which shall be endorsed or otherwise amended to include a “standard” or “New York” lender’s loss payable or mortgagee endorsement (as applicable) and, with respect to any liability insurance policies, shall name the Collateral Agent, on behalf of the Secured Parties, as additional insured, in form and substance satisfactory to the Administrative Agent.

(m) The Administrative Agent shall have received a solvency certificate in the form of Exhibit G, dated the Amendment Effective Date and signed by the Chief Financial Officer of the Borrower.

Section 4.02 . *Each Subsequent Credit Extension.* The Lenders shall not be required to make any Credit Extension (except as otherwise set forth in Section 2.07 with respect to Revolving Loans for the purpose of repaying Swing Line Loans) after the Amendment Effective Date unless on the applicable Credit Extension Date:

(a) There exists no Default or Unmatured Default.

(b) The representations and warranties contained in Article 5 are true and correct as of such Credit Extension Date in all material respects except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date.

Each Borrowing Notice, Swing Line Borrowing Notice, or request for issuance of a Letter of Credit, as the case may be, with respect to each such Credit Extension shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.02(a) and (b) have been satisfied.

ARTICLE 5  
Representations and Warranties

The Borrower represents and warrants to the Lenders that:

Section 5.01 . *Existence and Standing*. Each of the Borrower and its Material Domestic Subsidiaries is a corporation, partnership, trust or limited liability company duly and properly incorporated or organized, as the case may be, and validly existing, duly qualified or licensed to do business and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted in each case (other than as to the valid existence of the Borrower), except where, individually or in the aggregate, the failure to exist, qualify, be licensed or be in good standing or have such power and authority could not reasonably be expected to result in a Material Adverse Effect.

Section 5.02 . *Authorization and Validity*. Each of the Loan Parties has the power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each of the Loan Parties of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper corporate or other organizational proceedings, and the Loan Documents to which each such Loan Party is a party constitute legal, valid and binding obligations of such Loan Party enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles.

Section 5.03 . *No Conflict; Government Consent*. Neither the execution and delivery by any Loan Party of the Loan Documents to which it is a party, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate (a) any applicable law, rule, regulation, ruling, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries or any Property of such Person or (b) the Borrower's or any Material Domestic Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by laws, or operating or other management agreement, or substantially equivalent governing document, as the case may be, or (c) the provisions of any note, bond, mortgage, deed of trust, license, lease indenture, instrument, agreement or other obligation (each a "**Contract**") to which the Borrower or any Subsidiary is a party or is subject, or by which it, or its Property, is bound, or conflict with, result in a breach of any provision thereof or constitute a default thereunder (or result in an event which, with notice or lapse of time or both, would constitute a default thereunder), or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or (except for the Liens created by the Loan Documents and Permitted Liens) result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or any of its Subsidiaries pursuant to the terms of any such note, bond, mortgage, deed of trust, license, lease indenture, instrument, agreement or other obligation, except with respect to clause (a) or (c), to the extent, individually or in the aggregate, that such violation, conflict, breach, default or creation or imposition of any lien could not reasonably be expect to result in a Material Adverse Effect. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower or any of its Material Domestic Subsidiaries, is required to be obtained by the Borrower or any of its Material Domestic Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

Section 5.04 . *Financial Statements*. The consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered to the Lenders as of and for the fiscal year ended December 31, 2012 were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present in all material respects the consolidated financial condition and operations of the Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended.

Section 5.05 . *Material Adverse Change*. Since December 31, 2012 no change or event has occurred and no circumstance, event or circumstance exists which has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.06 . *Taxes*. The Borrower and its Subsidiaries have filed or caused to be filed all United States federal tax returns and all other material tax returns and reports required to be filed and have paid or caused to be paid all taxes due pursuant to said returns or pursuant to any assessment received by such Persons, except such taxes, if any, which are not overdue by more than 30 days or that (a) are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP or (b) the non-payment of which could not reasonably be expected to have a Material Adverse Effect. The United States federal income tax returns of the Borrower and its Subsidiaries have been audited by the Internal Revenue Service (or the statute of limitations applicable to audits of such tax returns has run) through the fiscal year ended December 31, 2004. As of the Amendment Effective Date, neither the Borrower nor any of its Subsidiaries has entered into any “**listed transaction**” as defined under Section 1.6011-4(b)(2) of the Treasury Regulations promulgated under the Code.

Section 5.07 . *Litigation*. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their senior officers, threatened against or affecting the Borrower or any of its Subsidiaries which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries is subject to any order, judgment or decree that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.08 . *Subsidiaries; Capital Stock; Loan Parties*. As of the Amendment Effective Date, no Loan Party has any Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.08, and all of the outstanding Capital Stock in such Subsidiaries has been validly issued, is fully paid and non-assessable and is owned by a Loan Party in the amounts specified on Part (a) of Schedule 5.08 free and clear of all Liens except Permitted Liens. As of the Amendment Effective Date, no Loan Party has equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of Schedule 5.08. Set forth on Part (c) of Schedule 5.08 is a complete and accurate list of all Loan Parties, showing as of the Amendment Effective Date (as to each Loan Party) the jurisdiction of its incorporation, the address of its principal place of business and its U.S. taxpayer identification number or, in the case of any non-U.S. Loan Party that does not have a U.S. taxpayer identification number, its unique identification number issued to it by the jurisdiction of its incorporation. As of the Amendment Effective Date, the copy of the charter of each Loan Party and each amendment thereto provided pursuant to Section 4.01(c) is a true and correct copy of each such document, each of which is valid and in full force and effect.

Section 5.09 . *ERISA; Labor Matters*. (a) No Reportable Event has occurred with respect to any Single Employer Plan that could reasonably be expected to have a Material Adverse Effect. Neither the Borrower, any of its Subsidiaries nor any other member of the Controlled Group has withdrawn from any Multiemployer Plan or has incurred or reasonably expects to incur any liability (other than that which could not reasonably be expected to have a Material Adverse Effect) as a result of a complete or partial

withdrawal. No ERISA Event with respect to any Single Employer Plan has occurred or is reasonably expected to occur that could reasonably be expected to have a Material Adverse Effect.

(b) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) the Borrower and each of its Subsidiaries has made all required contributions to each Plan in accordance with its terms; (ii) there is not now, nor do any circumstances exist that are likely to give rise to any requirement for the posting of security with respect to a Plan or the imposition of any material liability or material lien on the assets of the Borrower or any of its Subsidiaries under ERISA or the Code in respect of any Plan, and no liability (other than for premiums to the PBGC) under Title IV of ERISA or under Section 412 or 4971 of the Code has been or is reasonably expected to be incurred by the Borrower or any of its Subsidiaries; and (iii) there are no pending or, to the knowledge of the Borrower, threatened claims (other than claims for benefits in the ordinary course), lawsuits or arbitrations which have been asserted or instituted against the Plans or the assets of any of the trusts under any of the Plans.

(c) None of the Borrower, any of its Subsidiaries or any other person or entity under common control with the Borrower within the meaning of Section 414(b), (c), (m) or (o) of the Code participates in, or is required to contribute to, any “**multiemployer plan**” (within the meaning of Section 3(37) of ERISA) (a “**Multiemployer Plan**”).

(d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, with respect to any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Borrower or any of its Subsidiaries with respect to employees employed outside the United States (a “**Foreign Plan**”), (i) each Foreign Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities; and (ii) all Foreign Plans that are required to be funded are funded in accordance with applicable Laws, and with respect to all other Foreign Plans, adequate reserves therefore have been established on the accounting statements of the Borrower or its applicable Subsidiary.

Section 5.10 . *Accuracy of Information.* (i) As of the Amendment Effective Date, no information, exhibit or report (as modified or supplemented by other information so furnished) furnished by the Borrower or any of its Subsidiaries to the Administrative Agent or to any Lender (other than projections and other forward looking information and information of a general economic or industry specific nature) in connection with the negotiation of, or compliance with, the Loan Documents contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not misleading.

(b) As of the Amendment Effective Date, any projections and other financial estimates and forecasts furnished by the Borrower to the Administrative Agent or to any Lender on or prior to the Amendment Effective Date in connection with the negotiation of, or compliance with, this Agreement were based on good faith estimates and assumptions believed by the Borrower to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results.

Section 5.11 . *Regulation U.* Margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Borrower and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

Section 5.12 . *Compliance With Laws.* The Borrower and its Subsidiaries have complied with all applicable Laws of any Governmental Entity having jurisdiction over the conduct of their respective

businesses or the ownership of their respective Property, except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

Section 5.13 . *Ownership of Properties.* Except as set forth on Schedule 5.13, the Borrower and its Subsidiaries have good and marketable title to or valid leasehold interests in, free of all Liens other than Permitted Liens, to all of the Property and assets reflected in the Borrower's most recent consolidated financial statements provided to the Administrative Agent as owned by the Borrower and its Subsidiaries, in each case except to the extent that the failure to possess such title or interests could not reasonably be expected to have a Material Adverse Effect.

Section 5.14 . *Plan Assets; Prohibited Transactions.* Neither the Borrower nor any of its Subsidiaries is an entity deemed to hold “**plan assets**” within the meaning of 29 C.F.R. § 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the making of the Loans or Letters of Credit hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

Section 5.15 . *Environmental Matters.* Except for those matters that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (a) each of the Borrower and its Subsidiaries is and has been in compliance with all applicable Environmental Laws, and neither the Borrower nor any of its Subsidiaries has received any communication alleging or has any other basis to believe that the Borrower or any subsidiary is in violation of, has any liability under, or has assumed the liability of any other Person under any Environmental Law or with respect to Hazardous Materials, (b) each of the Borrower and its Subsidiaries validly possesses and is in compliance with all Permits required under Environmental Laws to conduct its business as presently conducted, and all such Permits are valid and in good standing, (c) there are no claims relating to Environmental Laws or Hazardous Materials, pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened against the Borrower or any of its Subsidiaries and (d) none of the Borrower or any of its Subsidiaries or any of their respective predecessors has released used, handled, or managed any Hazardous Materials in a manner that would reasonably be expected to result in any claim or liability relating to Environmental Laws against the Borrower or any of its Subsidiaries.

Section 5.16 . *Investment Company Act.* Neither the Borrower nor any of its Subsidiaries is an “**investment company**” or a company “**controlled**” by an “**investment company**”, within the meaning of the Investment Company Act of 1940, as amended.

Section 5.17 . ~~Reserved~~-*Sanctions and Anti-Corruption Laws, With respect to borrowings of Revolving Loans made after the Amendment No. 2 Effective Date,*

(a) Neither the Borrower, nor any of its Subsidiaries, nor, to the knowledge of the Borrower and its Subsidiaries, any director, officer, employee, agent or affiliate thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals and Blocked Persons or HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list administered by the United States government, the United National Security Council, the European Union or HMT or (iii) located, organized or resident in a Designated Jurisdiction. The Borrower, its Subsidiaries, and, to the knowledge of the Borrower and its Subsidiaries, their directors, officers, employees, agents and affiliates are in compliance in all material respects with applicable anti-money laundering laws and regulations, and the Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve compliance with such laws and regulations.

(b) The Borrower and its Subsidiaries have conducted their businesses in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions that are applicable to the Borrower or its Subsidiaries, and the Borrower and its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve compliance with such laws.

Section 5.18 . *Intellectual Property*. As of the Amendment Effective Date,

(a) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) the Borrower and each of its Subsidiaries own, free of all encumbrances except Permitted Liens, or have the valid right to use all the Intellectual Property used or held for use in, or necessary to, the conduct their respective businesses as currently conducted and (ii) the conduct of the business of the Borrower and each of its Subsidiaries as currently conducted does not infringe, misappropriate or otherwise violate any Intellectual Property rights of any third party. Except as would not reasonably be expected to have a Material Adverse Effect, there is no claim, demand, investigation, suit or proceeding pending, or to the knowledge of the Borrower, threatened, against the Borrower or any of its Subsidiaries (i) based upon, or challenging or seeking to deny or restrict, the rights of the Borrower or any of its Subsidiaries in any Intellectual Property owned by or licensed to it (including by way of any opposition, cancellation or interference proceeding or similar action challenging the validity or ownership of such Intellectual Property) or (ii) alleging that their respective use of any Intellectual Property or the conduct of their respective businesses infringes, misappropriates or otherwise violates the Intellectual Property rights of any third party. Except as would not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Borrower and the Borrower, no third parties are infringing the Intellectual Property rights of the Borrower or any of its Subsidiaries.

(b) All material registered trademarks, service marks, patents, copyrights and applications for the foregoing, in each case owned by the Borrower or any of its Subsidiaries and material to the business of the Borrower and its Subsidiaries, taken as a whole (collectively, the “**Material Registered IP**”), have been duly registered or applied for with the U.S. Patent and Trademark Office, United States Copyright Office, and their foreign equivalents, as applicable, and no such Material Registered IP as has been adjudged to be invalid or unenforceable in whole or in part.

Section 5.19 . *Collateral*. As of the Amendment Effective Date, the Collateral Documents are effective to create (to the extent described therein), in favor of and for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein, except as may be limited by applicable domestic or foreign bankruptcy, insolvency, fraudulent transfer, reorganization, receivership, moratorium and other similar laws of general applicability relating to or affecting creditors’ rights generally and general equitable principles (whether considered in a proceeding in equity or at law). When the actions specified in each Collateral Document have been duly taken, the security interests granted pursuant thereto shall constitute (to the extent described therein) a perfected security interest (subject only to Permitted Liens) in all right, title and interest of each pledgor party thereto in the Collateral described therein with respect to such pledgor if and to the extent perfection can be achieved by taking such actions.

## ARTICLE 6 Covenants

During the term of this Agreement (or, in the case of Section 6.22, prior to the Revolver Termination Date), unless the Required Lenders shall otherwise consent in writing (or, in the case of Section 6.22, unless the Majority Revolving Credit Facility Lenders shall otherwise consent in writing):

Section 6.01 . *Financial Reporting*. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and will furnish to the Administrative Agent for further distribution to the Lenders the following:

(a) within 90 days after the close of each fiscal year of the Borrower, an audit report certified by independent certified public accountants of recognized national standing (which in each case shall be without a “ **going concern** ” or like qualification or exception and without any qualification or exception as to the scope of such audit), prepared in accordance with GAAP on a consolidated and consolidating basis (consolidating statements need not be certified by such accountants) for the Borrower and its Subsidiaries, including balance sheets as of the end of such period, related profit and loss and reconciliation of surplus statements, and a statement of cash flows on a consolidated and consolidating basis, accompanied by any final management letter prepared by said accountants to the Borrower;

(b) within 45 days after the close of the first three quarterly periods of each of the Borrower’s fiscal years (commencing with the first fiscal quarter ending after the Amendment Effective Date), for the Borrower and its Subsidiaries, consolidated and consolidating unaudited balance sheets as at the close of each such period, consolidated and consolidating profit and loss and reconciliation of surplus statements and a consolidated and consolidating statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, certified by a Financial Officer of the Borrower as in each case fairly presenting, in all material respects, the consolidated financial condition of the Borrower and its consolidated Subsidiaries (subject to normal year-end adjustments and the absence of footnotes) and having been prepared in reasonable detail;

(c) [Reserved];

(d) together with the financial statements required under Sections 6.01(a) and (b), a compliance certificate in substantially the form of Exhibit E signed by a Financial Officer showing the calculations necessary to determine compliance with this Agreement (including, for fiscal periods ending prior to the Revolver Termination Date, Sections 6.22(a), 6.22(b), 6.22(c) and 6.22(d)) and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof;

(e) within 60 days after the commencement of each fiscal year of the Borrower and its Subsidiaries, a financial forecast of the Borrower and its Subsidiaries for such fiscal year;

(f) within 270 days after the close of each fiscal year, a statement of the Unfunded Liabilities of each Single Employer Plan, certified as correct by an actuary enrolled under ERISA;

(g) within 30 Business Days after the Borrower knows that any Reportable Event has occurred with respect to any Single Employer Plan, a statement, signed by a Financial Officer of the Borrower describing said Reportable Event and the action which the Borrower or any Affiliate of the Borrower proposes to take with respect thereto;

(h) promptly upon the filing thereof, electronic notice to the Administrative Agent of the filing of all proxy statements, registration statements and periodic and current reports on forms 10K, 10Q and 8K which the Borrower or any of its Subsidiaries files with the SEC;

(i) as soon as possible and in any event on the later of (i) 30 days following the occurrence of the following events or (ii) the first date required for delivery of the financial statements pursuant to Section 6.01(a) or 6.01(b) after the occurrence of the following events, written notice of the creation,

establishment or acquisition of any Subsidiary or the issuance by or to the Borrower or any of its Subsidiaries of any Capital Stock; and

(j) such other information (including non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

Information required to be delivered pursuant to this Section 6.01 shall be deemed to have been delivered if such information, or one or more annual or quarterly reports containing such information, shall have been posted by the Administrative Agent on an IntraLinks or similar site to which the Lenders have been granted access or such reports shall be available on the website of the SEC at <http://www.sec.gov> or on the website of the Borrower at <http://www.moneygram.com> and the Borrower has given notice that such reports are so available. Information required to be delivered pursuant to this Section may also be delivered by electronic communications pursuant to procedures approved by the Administrative Agent. If any information which is required to be furnished to the Lenders under this Section 6.01 is required by law or regulation to be filed by the Borrower or the Borrower with a government body on an earlier date, then the information required hereunder shall be furnished to the Lenders at such earlier date (which delivery may be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes).

Section 6.02 . *Use of Proceeds.*

(a) The Borrower will, and will cause each Subsidiary to, use the proceeds of the Credit Extensions for general corporate purposes, including the repayment or refinancing of the Existing Debt (including the Second Lien Redemption), making Restricted Payments (including, without limitation, the repurchase of Capital Stock of the Borrower) and the payment of the costs, fees and expenses of the Transactions and acquisitions permitted hereunder. Neither the Borrower, nor any of its Subsidiaries will use any of the proceeds of the Advances to purchase or carry any “margin stock” (as defined in Regulation U) in violation of Regulation U.

(b) With respect to Revolving Loans made after the Amendment No. 2 Effective Date,

(i) Neither the Borrower nor any of its Subsidiaries will, directly, or to the Borrower’s or its Subsidiaries’ knowledge, indirectly, use the proceeds of any Credit Extension, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other individual or entity, to fund any activities of or business with any individual or entity, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions (except to the extent permitted for a Person required to comply with the Sanctions), or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as Lender, Arranger, Administrative Agent, letter of credit issuer, swing line lender, or otherwise) of Sanctions.

(ii) Neither the Borrower nor any of its Subsidiaries will, directly, or to the Borrower’s or its Subsidiaries’ knowledge, indirectly, use the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, or other similar anti-corruption legislation in any other jurisdiction applicable to the Borrower or its Subsidiaries.

Section 6.03 . *Notices.* The Borrower will promptly notify the Administrative Agent of:

- (a) the occurrence of any Default or Unmatured Default;
- (b) [Reserved]; and



(c) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a contractual obligation of the Borrower or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Borrower or any Subsidiary and any Governmental Entity; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary.

Each notice pursuant to Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto.

Section 6.04 . *Conduct of Business.* The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in the financial or payment services industry or the support thereof and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted except as permitted by Sections 6.15 and 6.16 or where the failure to maintain such authority could not reasonably be expected to have a Material Adverse Effect.

Section 6.05 . *Payment of Obligations.* The Borrower will, and will cause each Subsidiary to, pay and discharge as the same shall become due and payable, all its obligations and liabilities, including all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless (i) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary or (ii) the failure to pay any such taxes or other amounts could not reasonably be expected to have a Material Adverse Effect.

Section 6.06 . *Insurance.* The Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, insurance on all its Property as may customarily be carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses of similar sizes, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons. The Borrower will furnish to any Lender upon request full information as to the insurance carried (but no more often than once per year absent a Default).

Section 6.07 . *Compliance with Laws.* The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws, the noncompliance with which could reasonably be expected to have a Material Adverse Effect.

Section 6.08 . *Maintenance of Properties.* The Borrower will, and will cause each of its Subsidiaries to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition (other than wear and tear occurring in the ordinary course of business, routine obsolescence and casualty or condemnation), and from time to time make or cause to be made, all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times, in each case, except to the extent such non-compliance could not reasonably be expected to have a Material Adverse Effect.

Section 6.09 . *Inspection.* The Borrower will, and will cause each of its Subsidiaries to, keep adequate books of record and accounts to allow preparation of financial statements in accordance with GAAP and permit the Administrative Agent and the Lenders, by their respective representatives and

agents, to inspect any of the Property, books and financial records of the Borrower and each of its Subsidiaries, to examine and make copies of the books of accounts and other financial records of the Borrower and each of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and each of its Subsidiaries with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate. The costs of such inspections shall be for the account of the Borrower, except in the case of (a) a Lender inspection in the absence of the occurrence and continuation of a Default, which shall be done at such Lender's expense, or (b) any Administrative Agent inspections in excess of one inspection during any 12-month period in the absence of the occurrence and continuation of a Default, each of which shall be done at the Administrative Agent's expense.

Section 6.10 . *Compliance With Environmental Laws*. The Borrower will, and will cause each of its Subsidiaries to, comply, and undertake all commercially reasonable actions to cause all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and any permits issued pursuant to Environmental Laws; obtain and renew all permits issued pursuant to Environmental Laws necessary for its operations and properties; and conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws; *provided , however ,* that neither the Borrower nor any of its Subsidiaries shall be required to so comply with such Environmental Laws, or undertake any such cleanup, removal, remedial or other action to the extent that (a) its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP or (b) the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 6.11 . *Further Assurances*. Promptly upon reasonable request by the Administrative Agent, or any Lender through the Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (iii) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

Section 6.12 . *Maintenance Of Ratings*. The Borrower will use commercially reasonable efforts to maintain a public corporate rating from S&P and a public corporate family rating from Moody's.

Section 6.13 . *Restricted Payments*. The Borrower will not, nor will it permit any of its Subsidiaries to, declare or pay any Restricted Payments, except that, in each case, so long as no Default or Unmatured Default then exists or would result therefrom, the following shall be permitted:

- (a) the payment by the Borrower or any Subsidiary of dividends payable in its own Capital Stock (other than Disqualified Stock);
- (b) the making of any Restricted Payment in exchange for, or out of the proceeds of, the substantially concurrent contribution of common equity capital to the Borrower; *provided* that the amount

of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (b) of the definition of Basket Amount;

(c) repurchases of Capital Stock deemed to occur upon exercise of stock options or warrants if such Capital Stock represents a portion of the exercise price of such options or warrants;

(d) the declaration and payment of dividends or distributions to holders of any class or series of preferred stock of any Subsidiary issued in accordance with Section 6.14;

(e) the defeasance, redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Borrower made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Subordinated Indebtedness (“**Refinancing Restricted Indebtedness**”) of the Borrower, as the case may be, that is incurred in compliance with Section 6.14 so long as:

(i) the principal amount (or accreted value, if applicable) of such Refinancing Restricted Indebtedness does not exceed the principal amount *plus* any accrued and unpaid interest on the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired for value (in any case, the “**Refinanced Restricted Indebtedness**”), *plus* the amount of any premium required to be paid under the terms of the instrument governing the Refinanced Restricted Indebtedness and any fees and expenses incurred in the issuance of such Refinancing Restricted Indebtedness;

(ii) such Refinancing Restricted Indebtedness is subordinated to the Obligations at least to the same extent as such Refinanced Restricted Indebtedness;

(iii) such Refinancing Restricted Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Refinanced Restricted Indebtedness; and

(iv) such Refinancing Restricted Indebtedness has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Refinanced Restricted Indebtedness;

(f) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Capital Stock of the Borrower held by any current or former employee, director, manager or consultant of the Borrower or any Subsidiary (or their respective estates, heirs, beneficiaries, transferees, spouses or former spouses) pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or similar agreement; *provided* that the aggregate amount of Restricted Payments made pursuant to this clause (f) in any four-fiscal quarter period shall not exceed \$5,000,000 as of the last day of such four-fiscal quarter period;

(g) Restricted Payments in an amount not to exceed the Remaining Basket Amount determined at such time, so long as after giving effect to any such Restricted Payment made pursuant to this clause (g), the Total Leverage Ratio, determined on a pro forma basis, does not exceed the Total Leverage Threshold;

(h) the payment by any Subsidiary of any dividends or distributions to the Borrower and to any other Subsidiary (and, in the case of a Restricted Payment by a non- Wholly-Owned Subsidiary, to the Borrower and any other Subsidiary and to each other owner of Capital Stock of such Subsidiary based on their relative ownership interests);

(i) Restricted Payments constituting the repurchase, retirement or other acquisition or retirement for value of Capital Stock of the Borrower held by the Sponsors, in an amount not to exceed \$300,000,000 during the term of this Agreement; and

(j) other Restricted Payments which, when aggregated with all other Restricted Payments made pursuant to this clause (j) after the Amendment Effective Date do not exceed \$50,000,000.

Notwithstanding the foregoing, the making of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as applicable, will not be prohibited if, at the date of declaration or notice such payment or redemption would have complied with the provisions of this Agreement.

Section 6.14. *Indebtedness*. The Borrower will not, nor will it permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, nor will it permit Borrower or any of its Subsidiaries to issue preferred stock (other than shares of preferred stock of the Borrower or any of its Subsidiaries issued to the Borrower or a Guarantor), except:

(a) Obligations of the Loan Parties under the Loan Documents;

(b) Indebtedness existing on the Amendment Effective Date and described in all material respects in Schedule 6.14;

(c) [Reserved];

(d) unsecured Indebtedness for borrowed money incurred by any Loan Party; *provided, however*, that after giving effect to the incurrence of such Indebtedness, the Total Leverage Ratio, determined on a pro forma basis, does not exceed the Total Leverage Threshold;

(e) Indebtedness or preferred stock of (i) the Borrower or a Guarantor incurred to finance an acquisition permitted hereunder or (ii) Persons that are acquired by the Borrower or a Guarantor or merged into the Borrower or a Guarantor in accordance with the terms of this Agreement; *provided, however*, that after giving effect to such acquisition or merger, the Total Leverage Ratio, determined on a pro forma basis, does not exceed the greater of (x) Total Leverage Threshold or (y) the Total Leverage Ratio in effect immediately prior to giving effect to such transaction;

(f) Indebtedness incurred by the Borrower or any Subsidiary constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business in respect of workers' compensation claims, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; *provided, however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(g) Indebtedness arising from agreements of the Borrower or a Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided, however*, that:

(i) such Indebtedness is not reflected on the balance sheet of the Borrower or any Subsidiary (contingent obligations referred to in a footnote to financial statements and not

otherwise reflected on the balance sheet will be deemed to be reflected on such balance sheet for purposes of this clause (g)(i); and

(ii) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Borrower or any Subsidiary in connection with such disposition;

(h) (i) Indebtedness of the Borrower to a Guarantor or (ii) Indebtedness of a Guarantor to the Borrower or another Guarantor; *provided* that any such Indebtedness is made pursuant to an intercompany note; *provided further* that any subsequent transfer of any such Indebtedness (except to the Borrower or another Guarantor) shall be deemed, in each case, to be an incurrence of such Indebtedness that was not permitted by this clause (h);

(i) the guarantee by the Borrower or any of the Guarantors of Indebtedness of the Borrower or a Subsidiary that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to the Obligations, then the guarantee shall be subordinated to the same extent as the Indebtedness guaranteed;

(j) the incurrence by the Borrower or any Subsidiary of Indebtedness or issuance of preferred stock that serves to extend, refund, refinance, renew, replace or defease any Indebtedness or preferred stock incurred or issued as permitted under clause (b), (d) or (e) above, this clause (j) or any Indebtedness or preferred stock incurred or issued to so refund or refinance such Indebtedness or preferred stock (the “**Refinancing Indebtedness**”) prior to its respective maturity; *provided , however ,* that such Refinancing Indebtedness:

(i) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness or preferred stock being refunded or refinanced;

(ii) to the extent such Refinancing Indebtedness refinances (A) Indebtedness subordinated or *pari passu* to the Obligations, such Refinancing Indebtedness is subordinated or *pari passu* to the Obligations at least to the same extent as the Indebtedness being refinanced or refunded; or (B) preferred stock, such Refinancing Indebtedness must be preferred stock;

(iii) shall not include:

(A) Indebtedness or preferred stock of a Subsidiary that refinances Indebtedness or preferred stock of the Borrower; or

(B) Indebtedness or preferred stock of a Subsidiary that is not the Borrower or a Guarantor that refinances Indebtedness or preferred stock of the Borrower or a Guarantor; and

(iv) is in a principal amount not in excess of the principal amount of Indebtedness being refunded or refinanced (including additional Indebtedness incurred to pay premiums, fees and expenses in connection therewith);

- (k) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* such Indebtedness is extinguished within five Business Days of its incurrence;
- (l) the incurrence by the Borrower or any Subsidiary of Indebtedness in respect of workers' compensation claims, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations in the ordinary course of business;
- (m) Indebtedness that may be deemed to exist pursuant to any performance, completion or similar guarantees, performance, surety, statutory, appeal, bid, payment (other than payment of Indebtedness) or reclamation bonds, statutory obligations or similar obligations (including any bonds or letters of credit issued with respect thereto and all guarantee, reimbursement and indemnity agreements entered into in connection therewith) incurred in the ordinary course of business;
- (n) obligations incurred in connection with any management or director deferred compensation plan;
- (o) Indebtedness in respect of (i) employee credit card programs and (ii) netting services, cash pooling arrangements or similar arrangements in connection with cash management and deposit accounts; *provided* that, with respect to any such arrangements, the total amount of all deposits subject to such arrangement at all times equals or exceeds the total amount of overdrafts subject to such arrangement;
- (p) (x) overnight Repurchase Agreements incurred in the ordinary course of business and (y) Repurchase Agreements with maturities of less than 30 days (and excluding Indebtedness incurred pursuant to clause (x) of this clause (p)) which at any one time outstanding do not exceed \$100,000,000;
- (q) Indebtedness (including Capitalized Lease Obligations) and preferred stock incurred by the Borrower or any Guarantor, the proceeds of which are applied to finance the development, construction, purchase, lease, repairs, additions or improvement of property (real or personal), equipment or other fixed or capital assets that are used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, in an aggregate principal amount which, when aggregated with the principal amount of all other Indebtedness and preferred stock then outstanding and incurred pursuant to this clause (q) and including all Indebtedness and preferred stock incurred to refund, refinance or replace any other Indebtedness incurred pursuant to this clause (q), does not exceed \$35,000,000;
- (r) (A) Indebtedness or preferred stock of the Borrower or of a Guarantor owing to a Non-Guarantor (other than an SPE) that is subordinated in right of payment to the Obligations of the Borrower or such Guarantor and (B) Indebtedness or preferred stock in an aggregate principal amount outstanding at any time not to exceed \$150,000,000 of a Non-Guarantor (other than an SPE) owing to the Borrower or a Guarantor; *provided* that any subsequent transfer of any such Indebtedness or preferred stock (except to the Borrower or a Subsidiary) shall be deemed to be an incurrence of such Indebtedness that was not permitted by this clause (r);
- (s) loans and advances owing by any Non-Guarantor to another Non-Guarantor;
- (t) Indebtedness owing by any Non-Guarantor so long as the aggregate amount of Indebtedness incurred pursuant to this clause (t) does not at any one time outstanding exceed \$50,000,000 and guarantees of such Indebtedness by the Borrower or any Guarantor;

(u) Indebtedness in respect of Pari Passu First Lien Notes, Incremental Second Lien Notes and Incremental Unsecured Notes issued pursuant to Section 2.25(a);

(v) Indebtedness owing by a Non-Guarantor to the Borrower or a Guarantor as a result of any Investment permitted under Section 6.17(d), 6.17(s), 6.17(t) or 6.17(v); and

(w) Indebtedness of the Borrower and Indebtedness or preferred stock of the Borrower or any Guarantor not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness or preferred stock then outstanding and incurred pursuant to this clause (w), does not at any one time outstanding exceed \$100,000,000.

Without limiting the generality of the foregoing, neither the Borrower nor any Subsidiary shall incur or have outstanding any Indebtedness to the SPEs.

For purposes of determining compliance with this Section 6.14: (i) in the event that an item of Indebtedness or preferred stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness or preferred stock described in clauses (a) through (w) above, the Borrower, in its sole discretion, may classify or reclassify such item of Indebtedness or preferred stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness or preferred stock in one of the above clauses; and (ii) at the time of incurrence or reclassification, the Borrower will be entitled to divide and classify an item of Indebtedness or preferred stock in more than one of the types of Indebtedness or preferred stock described in clauses (a) through (w) above.

Accrual of interest, the accretion of accreted value and the payment of interest or dividends in the form of additional Indebtedness will not be deemed to be an incurrence of Indebtedness for purposes of this Section 6.14.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Section 6.15 . *Merger.* (i) The Borrower will not consolidate, merge, liquidate or dissolve with or into (whether or not the Borrower is the surviving entity), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all the properties or assets of the Borrower and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(ii) either:

(A) the Borrower is the surviving company; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Borrower) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the “**Successor Company**”);

(iii) the Successor Company, if other than the Borrower, expressly assumes all the Obligations of the Borrower under the Loan Documents pursuant to documents in form reasonably satisfactory to the Administrative Agent;

(iv) immediately before and after such transaction, no Default or Unmatured Default exists;

(v) the Total Leverage Ratio of the Successor Company, determined on a pro forma basis as if such transaction had occurred at the beginning of the applicable four-quarter period, would not exceed the greater of (x) Total Leverage Threshold or (y) the Total Leverage Ratio in effect immediately prior to giving effect to such transaction;

(vi) each Guarantor, unless it is the other party to the transactions described above, in which case clause (b) below applies, shall have confirmed that its Obligations under the applicable Loan Documents to which it is a party remain outstanding pursuant to documentation reasonably satisfactory to the Administrative Agent; and

(vii) the Borrower shall have delivered to the Administrative Agent an officer’s certificate stating that such consolidation, merger or transfer complies with the provisions described in this clause (a).

The Successor Company will succeed to, and be substituted for the Borrower under this Agreement and each other Loan Document.

Notwithstanding the foregoing (but subject to clause (b) below), any Subsidiary of the Borrower may consolidate with, merge, liquidate or dissolve into or transfer all or part of its properties and assets to the Borrower or to another Subsidiary.

(b) No Guarantor will, and the Borrower will not permit any Guarantor to, consolidate or merge with or into or dissolve or liquidate into (whether or not such Guarantor is the surviving entity), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all its properties or assets in one or more related transactions, to any Person unless:

(i) (A) such Guarantor is the surviving entity or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, conveyance or other disposition will have been made is an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the “**Successor Person**”); and



(B) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Loan Documents pursuant to documents in form reasonably satisfactory to the Administrative Agent; and

(C) immediately before and after such transaction, no Default or Unmatured Default exists; or

(ii) such transaction is made in compliance with Section 6.16 (without regard to Section 6.16(k)) or constitutes an Investment permitted by Section 6.17.

The Successor Person will succeed to, and be substituted for such Guarantor under the Guaranty and each other Loan Document.

Notwithstanding the foregoing, any Guarantor may consolidate with, merge into or transfer all or part of its properties and assets to the Borrower or to another Guarantor.

Section 6.16 . *Sale of Assets*. The Borrower will not, nor will it permit any Subsidiary to, lease, sell or otherwise dispose of its Property to any other Person, except:

(a) the disposition of (i) Cash and Cash Equivalents in the ordinary course of business, (ii) obsolete or worn out equipment or other tangible personal property or (iii) inventory sales in the ordinary course of business;

(b) transfers of property subject to casualty, condemnation or similar events (including in lieu thereof) upon receipt of the Net Proceeds in respect thereof;

(c) the disposition of Portfolio Securities (other than Specified Securities) for Cash and Cash Equivalents or securities contained in the Restricted Investment Portfolio;

(d) the making of any Restricted Payment or Investment that is permitted to be made, and is made, under Section 6.13 or 6.17, as applicable;

(e) the unwinding of any Rate Management Transaction;

(f) [Reserved];

(g) sales of securities pursuant to Repurchase Agreements;

(h) sales, transfers or other dispositions of its Property to an SPE made in compliance with Section 6.17(f);

(i) transfers from a Subsidiary to the Borrower, from the Borrower to any Guarantor, from a Guarantor to any other Guarantor or from a Non-Guarantor to the Borrower or a Subsidiary;

(j) sales or dispositions of the official check business by the Borrower and the Subsidiaries;

(k) the disposition of all or substantially all the assets of the Borrower or any Subsidiary in a manner permitted pursuant to Section 6.15;

(l) to the extent allowable under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

- (m) surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims;
- (n) the lease, assignment or sub-lease of any real or personal property in the ordinary course of business;
- (o) foreclosures on assets;
- (p) sales of assets pursuant to any financing transaction otherwise permitted by this Agreement with respect to property built or acquired by the Borrower or a Subsidiary after the Amendment Effective Date, including sale and leaseback transactions;
- (q) the granting of Liens otherwise permitted by this Agreement;
- (r) sales of accounts receivable in connection with the collection or compromise thereof;
- (s) the abandonment of Intellectual Property rights in the ordinary course of business, which in the reasonable good faith determination of the Borrower, are not material to the conduct of the business of the Borrower and its Subsidiaries taken as a whole;
- (t) leases, sales or other dispositions of its Property that, together with all other Property of the Borrower and the Subsidiaries previously leased, sold or disposed of as permitted by this clause (t) during the twelve month period ending with the month in which any such lease, sale or other disposition occurs, do not constitute a Substantial Portion of the Property of the Borrower and the Subsidiaries;
- (u) the abandonment of the Investments described on Schedule 6.16;
- (v) the sale or other disposition of Specified Securities; and
- (w) sales or other dispositions comprising all or a portion of the Tax-Efficient Restructuring.

For purposes of this Section 6.16, Property of a Subsidiary shall be deemed to include Capital Stock (other than preferred stock) of such Subsidiary issued or sold to any Person other than (x) a Loan Party, (y) in the case of a Foreign Subsidiary, a Wholly-Owned Subsidiary of the Borrower, or (z) any Capital Stock issued to an equity holder other than the Borrower or a Subsidiary to maintain its pro rata ownership.

Section 6.17 . *Investments and Acquisitions*. The Borrower will not, nor will it permit any Subsidiary to, make any Acquisition of any Person or make any Investment in any Person, except:

- (a) Acquisitions of (or all or substantially all of the assets of) entities engaged in a Similar Business, so long as (i) the acquired entity becomes a Subsidiary of the Borrower and, if the acquired entity is a Domestic Subsidiary, the acquired entity (x) becomes a Guarantor to the extent required by Section 6.23 and, to the extent required by Section 6.24, pledges its assets as Collateral or (y) is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all its assets to, or is liquidated into, the Borrower or a Guarantor; (ii) after giving effect to such acquisition and determined on a pro forma basis, the Total Leverage Ratio shall not exceed the greater of (x) the Total Leverage Threshold or (y) the Total Leverage Ratio in effect immediately prior to giving effect to such acquisition; (iii) for any Acquisition with aggregate consideration in excess of \$50,000,000, the Borrower shall have delivered to the Administrative Agent a certificate executed by an Authorized Officer setting forth the calculations demonstrating such compliance; (iv) both before and after giving effect to such acquisition

no Default or Unmatured Default exists and (v) in the case of Acquisitions of Subsidiaries that are Non-Guarantors, the aggregate amount of Investments in all Non-Guarantors for all such Acquisitions shall not exceed (A) \$125,000,000 *plus* (B) (I) \$150,000,000 *less* (II) the aggregate amount of all Investments made at or prior to such time pursuant to clause (d) of this Section 6.17 *plus* (C) the Remaining Basket Amount *plus* (D)(1) \$50,000,000 *less* (II) the aggregate amount of all Investments made at or prior to such time pursuant to clause (v) of this Section 6.17;

- (b) [Reserved];
- (c) any Investment in the Borrower or any Guarantor;
- (d) any Investments by the Borrower or any Guarantor in any Non-Guarantor (other than any SPE) that together with all Investments made pursuant to this clause (d) after the Amendment Effective Date shall not exceed \$150,000,000 *less* the aggregate amount of Investments made at or prior to such time pursuant to clause (a)(v)(B) above;
- (e) Investments made in any Non-Guarantor (but not any SPE) by another Non-Guarantor;
- (f) Investments in SPEs to provide for payment obligations in the ordinary course pursuant to arrangements with customers and counterparties existing on the Amendment Effective Date;
- (g) any Investment in Cash or Cash Equivalents;
- (h) any Investment in the Restricted Investment Portfolio;
- (i) any Investment existing on the Amendment Effective Date (excluding assets held by any SPE) or made pursuant to legally binding written commitments in existence on Amendment Effective Date which, in either case, is set forth in all material respects on Schedule 6.17(i), and any Investment that replaces, refinances or refunds any such Investment; *provided* that such replacing, refinancing or refunding Investment is in an amount that does not exceed the amount replaced, refinanced or refunded, and is made in the same Person as the Investment replaced, refinanced or refunded;
- (j) loans and advances to employees, directors, managers or consultants of the Borrower or any of its Subsidiaries for reasonable and customary business related travel expenses, moving expenses and similar expenses, in each case incurred in the ordinary course of business whether or not consistent with past practice, and payroll advances in an aggregate outstanding amount at any time (without giving effect to any writeoffs, writedowns or forgiveness) not exceeding \$10,000,000;
- (k) any Investment acquired by the Borrower or any Subsidiary:
  - (i) in exchange for any other Investment or accounts receivable held by the Borrower or any Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of such other Investment or accounts receivable; or
  - (ii) as a result of a foreclosure by the Borrower or any Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (l) Investments to the extent the payment for which consists of Capital Stock (other than Disqualified Stock) of the Borrower;

(m) Investments consisting of Indebtedness owing by Non-Guarantors to any Loan Party permitted under Section 6.14(r) and Investments consisting of guarantees by the Borrower or any Subsidiary of Indebtedness owing by Non-Guarantors permitted under Section 6.14(t);

(n) any Investments received in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Borrower or any Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (ii) litigation, arbitration or other disputes with Persons who are not Affiliates;

(o) any Investment in securities or other assets not constituting Cash or Cash Equivalents and received in connection with an asset sale made pursuant to Section 6.16;

(p) Rate Management Obligations permitted hereunder;

(q) receivables owing to the Borrower or any of its Subsidiaries created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(r) upfront payments, signing bonuses and similar payments paid to agents and guaranties of agent commissions, in each case in the ordinary course of business and consistent with past practice;

(s) Investments by MoneyGram Payment Systems, Inc. in one or more Non-Guarantors arising directly as a result of the Tax-Efficient Restructuring (through contributions to equity of, or intercompany loans or advances to, such Non-Guarantors);

(t) any Investment not permitted by the other provisions of this Section 6.17 in an amount not to exceed the Remaining Basket Amount determined at such time;

(u) transfers from the Borrower or a Guarantor to a Non-Guarantor of Property with an aggregate fair market value not greater than \$35,000,000 in any fiscal year of the Borrower and which constitute Investments; and

(v) additional Investments in an aggregate amount, taken together with all other Investments previously made (I) pursuant to this clause (v) or (II) pursuant to subclause (D) of clause (a) above, not to exceed \$50,000,000 (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

Section 6.18. *Liens*. The Borrower will not, nor will it permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any of its Subsidiaries, except:

(a) [Reserved];

(b) Liens created pursuant to the Collateral Documents (which Liens shall equally and ratably secure Secured Hedge Obligations and Secured Cash Management Obligations);

(c) Liens for taxes, assessments or governmental charges, claims or levies not yet overdue for a period of more than 30 days or subject to penalties for nonpayment, or which are being contested in good faith and by appropriate proceedings;

(d) Liens imposed by law, such as landlord's, carriers', warehousemen's and mechanics' Liens and other similar Liens arising in the ordinary course of business which secure payment of obligations not more than 30 days past due or which are being contested in good faith by appropriate

proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding in good faith with an appeal or other proceeding for review so long as no such Lien secures claims constituting a Default under Section 7.08;

(e) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(f) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties;

(g) Liens in existence on the Amendment Effective Date and identified in all material respects on Schedule 6.18 hereto;

(h) ordinary course pledges or deposits to secure bids, tenders, contracts (other than for the payment of Indebtedness for borrowed money) or leases to which such Person is a party or deposits as security for contested taxes, import duties or the payment of rent;

(i) Liens in favor of the issuer of stay, customs, appeal, performance and surety bonds or bid bonds or with respect to other regulatory requirements or securing bonds required by applicable state regulatory licensing requirements or letters of credit or bank guarantees or similar instruments in lieu of such items or to support the issuance thereof issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(j) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however*, such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided further* that such Liens may not extend to any other property owned by the Borrower or any Subsidiary and that such Liens are released within 30 days of such Person becoming a Subsidiary;

(k) Liens on property at the time the Borrower or a Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Borrower or any Subsidiary; *provided, however*, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; and *provided further* that the Liens may not extend to any other property owned by the Borrower or any Subsidiary;

(l) licenses, sublicenses, leases or subleases entered into in the ordinary course of business that do not materially impair their use in the operation of the business of the Borrower and the Subsidiaries, taken as a whole;

(m) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases of personal property entered into in the ordinary course of business;

(n) deposits made in the ordinary course of business to secure liability to insurance carriers;

(o) Liens (i) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection, (ii) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and (iii) in favor of banking institutions arising as a matter of law

encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(p) any attachment or judgment Lien against the Borrower or any Subsidiary, or any property of the Borrower or any Subsidiary, so long as such Lien secures claims not constituting a Default under Section 7.08;

(q) the deposit or pre-funding of amounts (including through delivery to a payment agent) to satisfy payment service or reimbursement obligations owed or estimated to be owed by the Borrower or any of its Subsidiaries, in each case in the ordinary course of business;

(r) Liens securing Indebtedness permitted to be incurred pursuant to Section 6.14(e)(ii) or Section 6.14(q); *provided* that Liens securing Indebtedness permitted to be incurred pursuant to Section 6.14(e)(ii) or Section 6.14(q) are solely on the assets financed, purchased, constructed, improved or acquired or assets of the acquired entity as the case may be, and the proceeds and products thereof and accessions thereto;

(s) Liens securing Rate Management Obligations not exceeding \$50,000,000 in the aggregate outstanding at any time;

(t) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(u) any Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien of the type referred to in clause (b), (g), (j), (k) or (r) (or in this clause (u) and originally of the type referred to in such other clauses); *provided, however*, that (x) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property and the proceeds and products thereof), and (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (i) the outstanding principal amount of the Indebtedness permitted pursuant to such clause (b), (g), (j), (k) or (r) and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(v) Liens in favor of the Borrower or any Guarantor;

(w) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

(x) Liens solely on any cash earnest money deposits relating to asset sales or acquisitions not in the ordinary course in connection with any letter of intent or purchase agreement not prohibited by this Agreement;

(y) Liens securing Indebtedness evidenced by Pari Passu First Lien Notes and Incremental Second Lien Notes issued pursuant to Section 2.25(a);

(z) Liens securing Indebtedness or other obligations of a Subsidiary owing to the Borrower or a Guarantor permitted to be incurred in accordance with Section 6.14;

(aa) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business; and

(bb) other Liens not otherwise permitted by this Section 6.18 securing obligations not at any time exceeding \$100,000,000 in the aggregate.

Section 6.19. *Affiliates*. The Borrower will not, and will not permit any Subsidiary to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Borrower, except:

(a) on terms not materially less favorable to the Borrower or such Subsidiary as the Borrower or such Subsidiary would obtain in a comparable arms' length transaction, and in connection with such transaction or series of related transactions involving aggregate annual payments or consideration in excess of \$10,000,000 the Borrower delivers to the Administrative Agent a resolution adopted by the disinterested members of the board of directors of the Borrower approving such transaction and set forth in an officer's certificate certifying that such transaction complies with this clause (a);

(b) any Restricted Payments permitted under Section 6.13, any Investments permitted under Section 6.17 and any transactions permitted under Section 6.14(r), Section 6.16(h) or Section 6.16(i);

(c) reimbursement of the Sponsors or their Affiliates for expenses in accordance with the provisions of the Equity Purchase Agreement as in effect on the Original Effective Date; *provided, however*, that notwithstanding anything contained in this Agreement to the contrary, the Borrower will not, and will not permit any Subsidiary to, pay any management fees to the Sponsors or their Affiliates;

(d) reasonable and customary fees, expenses and indemnities provided in the ordinary course of business to officers, directors, managers, employees or consultants of the Borrower or any Subsidiary;

(e) customary tax sharing arrangements among the Borrower and its Subsidiaries entered into in the ordinary course of business;

(f) transactions among the Loan Parties not expressly prohibited under this Agreement;

(g) any transaction or series of transactions involving consideration of less than \$1,000,000;

(h) transactions in existence as of the Amendment Effective Date set forth in all material respects on Schedule 6.19;

(i) payments or loans (or cancellation of loans) to employees of the Borrower or any Subsidiary and employment agreements, severance agreements, stock option plans and other similar arrangements with such employees which, in each case are approved by the disinterested members of the board of directors of the Borrower in good faith that are not otherwise prohibited by this Agreement;

(j) the Transactions and the payment of all fees and expenses related to the Transactions; and

(k) the payment of reasonable charges for travel in the ordinary course of business by any officer, director, manager, employee, agent, consultant, Affiliate or advisor of the Borrower or any Subsidiary.

Section 6.20 . *Amendments to Agreements.* The Borrower will not, and will not permit any of its Subsidiaries to, amend or terminate the Equity Purchase Agreement, the certificates of designation with respect to the Series B Preferred Stock, the Series B-1 Preferred Stock or the Series D Preferred Stock, in each case as defined in, and attached as an exhibit to, the Equity Purchase Agreement, the organizational documents of the Borrower or any Subsidiary or any documents with respect to Subordinated Debt which is Material Indebtedness, in each case in any manner which could reasonably be expected to be materially adverse to the interests of the Lenders or would result in a material breach of this Agreement.

Section 6.21 . *Inconsistent Agreements.* The Borrower shall not, and shall not permit any Subsidiary to, enter into any indenture, agreement, instrument (or amendment thereto) or other arrangement which directly or indirectly prohibits or restrains, or has the effect of prohibiting or restraining (x) the incurrence or repayment of the Obligations or the ability of the Borrower or any Subsidiary to create or suffer to exist Liens on such Person's Property securing the Obligations or (y) the ability of any Subsidiary to (a) pay dividends or make other distributions on its capital or (b) pay any Indebtedness owed to, or make loans or advances to, or sell, lease or transfer any of its Property to, the Borrower or any Subsidiary, except that the following are permitted:

- (a) contractual encumbrances or restrictions contained in any Loan Document (including any related Rate Management Transaction and its related documentation) or otherwise in effect on the Amendment Effective Date;
- (b) purchase money obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions on disposition of the property so acquired;
- (c) applicable law or any applicable rule, regulation or order or similar restriction;
- (d) any agreement or other instrument of a Person acquired by the Borrower or any Subsidiary in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;
- (e) contracts for the sale of assets, including, without limitation, customary restrictions with respect to a Subsidiary pursuant to an agreement that has been entered into relating to the sale or disposition of all or substantially all the Capital Stock or assets of that Subsidiary pursuant to a transaction otherwise permitted by this Agreement;
- (f) restrictions imposed by the terms of secured Indebtedness otherwise permitted to be incurred pursuant to Sections 6.14 and 6.18 hereof that, in the case of a Loan Party, relate to the assets securing such Indebtedness;
- (g) restrictions on cash or other deposits or portfolio securities or net worth imposed by customers or Governmental Entities under contracts entered into in the ordinary course of business;
- (h) customary provisions in joint venture agreements, asset sale agreements, sale-lease back agreements and other similar agreements;
- (i) customary provisions contained in leases and other agreements entered into in the ordinary course of business;
- (j) any agreement for the sale or other disposition of a Subsidiary that restricts dividends, distributions, loans or advances by such Subsidiary pending such sale or other disposition;



(k) Permitted Liens;

(l) restrictions and conditions on the creation or existence of Liens imposed by the terms of the documentation governing any Indebtedness or preferred stock of a Non-Guarantor, which Indebtedness or preferred stock is permitted by Section 6.14;

(m) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 6.17 and applicable solely to such joint venture entered into in the ordinary course of business; and

(n) any encumbrances or restrictions of the type referred to in the lead-in to this Section 6.21 imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (m) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such encumbrance and other restrictions than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

Section 6.22 . *Revolver Financial Covenants.*

(a) *Interest Coverage Ratio* . Prior to the Revolver Termination Date, the Interest Coverage Ratio, determined for each of the dates set forth below, shall not be less than the applicable ratio set forth below opposite such fiscal quarter:

Fiscal Quarter Ending	Interest Coverage Ratio
June 30, 2013	
September 30, 2013	
December 31, 2013	2.15:1.00
March 31, 2014	
June 30, 2014	
September 30, 2014	
December 31, 2014 (and each fiscal quarter end thereafter)	2.25:1.00

(b) *Secured Leverage Ratio*. Prior to the Revolver Termination Date, the Secured Leverage Ratio, determined for each of the dates set forth below, shall not be greater than the applicable ratio set forth below opposite such fiscal quarter:

Fiscal Quarter Ending	Secured Leverage Ratio
June 30, 2013	4.625:1.000
September 30, 2013	
December 31, 2013	4.375:1.000
March 31, 2014	
June 30, 2014	5.000:1.000
September 30, 2014	
December 31, 2014	
March 31, 2015	4.750:1.000
June 30, 2015	
September 30, 2015	
December 31, 2015	
March 31, 2016	4.250:1.000
June 30, 2016	
September 30, 2016	
December 31, 2016	
March 31, 2017	3.75-4.25 0:1.000
June 30, 2017	
September 30, 2017	
December 31, 2017	
March 31, 2018	4.000:1.000
June 30, 2018	
September 30, 2018	3.750:1.000
December 31, 2018	
March 31, <del>2018</del> 2019 (and each fiscal quarter end thereafter)	3.5-3.50 0:1.000

(c) *Asset Coverage*. Prior to the Revolver Termination Date, the Borrower shall not permit, as of any date, the aggregate assets of the Borrower and its Subsidiaries, determined in accordance with GAAP as shown in the most recently prepared consolidated balance sheet of the Borrower and listed therein as Cash and cash equivalents, Cash and cash equivalents (substantially restricted), Receivables, net (substantially restricted), Short-term investments (substantially restricted), and Available-for-sale investments (substantially restricted) (or substantially equivalent categories or any other assets otherwise designated by the Borrower for the payment of Payment service obligations as reflected in such balance sheet), to be less than its Payment service obligations reflected in such consolidated balance sheet.

(d) *Total Leverage*. Prior to the Revolver Termination Date, the Total Leverage Ratio, determined as of the last day of each fiscal quarter, shall not be greater than 5.00:1.00.

Notwithstanding anything to the contrary contained in this Section, if (i) the Borrower fails to comply with the requirements of Section 6.22(a), (b), (c) or (d) as of the end of any fiscal quarter prior to the Revolver Termination Date and (ii) at any time during such fiscal quarter or thereafter until the date that is 15 days after the date the Borrower is required to deliver financial statements with respect to such period pursuant to Section 6.01, the Borrower receives a cash contribution to its equity capital in exchange for common shares of its Capital Stock and gives written notice to the Administrative Agent that such cash contribution has been received and is a Specified Equity Contribution (any amount so identified, a “**Specified Equity Contribution**”), then the amount of such Specified Equity Contribution

will be deemed to be an increase to Consolidated EBITDA and to the aggregate amount of assets used in calculating compliance with Section 6.22(c) solely for the purposes of determining compliance with Sections 6.22(a), (b), (c) and (d) at the end of such fiscal quarter (and for purposes of determining compliance with future periods that include such fiscal quarter) (but such Specified Equity Contribution shall not be included for purposes of determining the Basket Amount or any other purposes hereunder); *provided* that (A) in each four fiscal quarter period, there shall be a period of at least two fiscal quarters in respect of which no Specified Equity Contribution is made, and no more than four Specified Equity Contributions may be made from the Amendment Effective Date through the Revolver Termination Date and (B) the amount of any Specified Equity Contribution shall be no greater than the amount required to cause the Borrower to be in compliance with Sections 6.22(a), (b), (c) and (d). If after giving effect to the foregoing recalculations the Borrower shall be in compliance with the requirements of Sections 6.22(a), (b), (c) and (d), the Borrower shall be deemed to have satisfied the requirements of such covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable Default in respect of such covenant that had occurred shall be deemed cured for this purposes of this Agreement. From the date on which the Borrower gives the Administrative Agent written notice of a Specified Equity Contribution with respect to a fiscal period until the 20th day after financial statements are required to be delivered pursuant to Section 6.01 for such fiscal period, none of the Administrative Agent, the Collateral Agent, any Lender or any Secured Party shall exercise any rights or remedies with respect to a breach of Sections 6.22(a), (b), (c) or (d) with respect to such fiscal period, but any such breach shall not be deemed waived for purposes of Section 4.02 until such Specified Equity Contribution is received by the Borrower.

Section 6.23 . *Subsidiary Guarantees*. On the Amendment Effective Date and thereafter, on or before the 30<sup>th</sup> day following each date required for delivery of financial statements pursuant to Section 6.01(a) or (b), the Borrower shall cause the following entities to be or become Guarantors hereunder: (i) each Material Domestic Subsidiary at such time and (ii) other Wholly-Owned Domestic Subsidiaries such that, after giving effect thereto, the Subsidiaries of the Borrower that are Guarantors (considered without duplication and without consolidation with any of their respective Subsidiaries that are Non-Guarantors) account for at least (A) 90% of the total consolidated assets and (B) 90% of the total consolidated revenues, in each case of the Borrower and its Domestic Subsidiaries determined for the most recent fiscal quarter then ended (in the case of (A)) or most recent fiscal year then ended (in the case of (B)). To effect the foregoing, the Borrower shall cause an Authorized Officer of each Subsidiary that is so required to become a Guarantor at such time to execute and deliver to the Administrative Agent for the benefit of the Lenders a joinder agreement under the Guaranty in a form (together with any related certificates and opinions reasonably requested by the Administrative Agent) reasonably acceptable to the Administrative Agent. The Borrower shall promptly notify the Administrative Agent at which time any Authorized Officer becomes aware that a Wholly-Owned Subsidiary has become a Material Domestic Subsidiary.

Section 6.24 . *Collateral*. Effective upon any Subsidiary becoming a Guarantor after the Amendment Effective Date, the Borrower shall cause such Guarantor within fifteen Business Days after becoming a Guarantor (or such later date as the Administrative Agent may agree) to grant to the Collateral Agent for the benefit of the Secured Parties a first (subject to Permitted Liens) priority security interest in all assets (including real property and the Capital Stock of its Subsidiaries) of such Guarantor pursuant to documentation (including related certificates and opinions) reasonably acceptable to the Administrative Agent. The Borrower will, and will cause the Borrower and each of the Guarantors to, at the expense of the Borrower, make, execute, endorse, acknowledge, file and/or deliver to the Administrative Agent from time to time such schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral as the Administrative Agent may reasonably require. Notwithstanding any of the foregoing, (a) neither the Borrower nor any other Guarantor shall be obligated

hereby to grant a security interest in any asset if the granting of such security interest would result in the violation of any applicable law or regulation, (b) the Collateral shall not include a security interest in any asset if the granting of such security interest would be prohibited by enforceable anti-assignment provisions of contracts or applicable law (after giving effect to relevant provisions of the Uniform Commercial Code), (c) fee-owned real property having an individual fair market value of less than \$2,500,000 or aggregate fair market value of less than \$10,000,000 shall be excluded from the Collateral, (d) the Collateral shall not include cash and cash equivalents, accounts receivable or Portfolio Securities, or deposit or security accounts (except to the extent that the foregoing are proceeds of Collateral; *provided* that in no event shall any control agreements be required) containing any of the foregoing, other assets requiring perfection through control agreements, letter-of-credit rights, leasehold real property, motor vehicles and other assets subject to certificates of title (other than any corporate aircraft), interests in certain joint ventures and non-Wholly-Owned Subsidiaries which cannot be pledged without the consent of one or more third parties and obligations the interest on which is wholly exempt from the taxes imposed by subtitle A of the Code, (e) the pledge of the Capital Stock of Foreign Subsidiaries shall be limited to 65% of the Capital Stock of material first-tier Foreign Subsidiaries, (f) the Administrative Agent shall have the discretion to exclude from the Collateral immaterial assets, assets as to which it and the Borrower determine that the cost of obtaining such security interest would outweigh the benefit to the Lenders and other assets in which it may determine that the taking of a security interest would not be advisable, and (g) no foreign law security or pledge agreements shall be required.

Section 6.25 . *Commodity Exchange Act Keepwell Provisions.* The Borrower hereby guarantees the payment and performance of all Secured Obligations of each other Loan Party and absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each such other Loan Party in order for such other Loan Party to honor its obligations under the Guaranty including obligations with respect to Rate Management Transactions (*provided, however*, that the Borrower shall only be liable under this Section 6.25 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 6.25, or otherwise under this Agreement or any Loan Document, as it relates to such other Loan Parties, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of the Borrower under this Section 6.25 shall remain in full force and effect until this Agreement is terminated. The Borrower intends that this Section 6.25 constitute, and this Section 6.25 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 6.26 . *Anti-Corruption Laws.* With respect to the Revolving Credit Facility after the Amendment No. 2 Effective Date, the Borrower will, and will cause each of its Subsidiaries to, conduct its businesses in compliance in all material respects with (i) the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions that are applicable to the Borrower or its Subsidiaries and (ii) applicable anti-money laundering laws and regulations, and maintain policies and procedures designed to promote and achieve compliance with such laws.

## ARTICLE 7 Defaults

The occurrence of any one or more of the following events shall constitute a Default:

Section 7.01 . *Representation or Warranty.* Any representation or warranty made or deemed made by or on behalf of the Borrower or any of the Subsidiaries to the Lenders or the Administrative Agent under or in connection with any Loan Document, any Credit Extension, or any certificate or information required to be delivered under any Loan Document shall be materially false on the date as of

which made ~~;~~ *provided* that any breach of the representation and warranty in Section 5.17 shall not constitute a Default with respect to the Term Loans until the date on which any Revolving Loans have been declared to be due and payable pursuant to Section 8.01.

Section 7.02 . *Non-Payment*. Nonpayment of principal of any Loan when due, nonpayment of any reimbursement obligation in respect of any LC Disbursement within three Business Days after the same becomes due and the Borrower has received written notice of such fact, or nonpayment of interest upon any Loan or of any commitment fee, LC Fee or other obligations under any of the Loan Documents within three Business Days after the same becomes due.

Section 7.03 . *Specific Defaults*. The breach by any Loan Party of any of the terms or provisions of Section 6.02(b), Section 6.03, Sections 6.13 through and including 6.22; *provided* that any Default with respect to Section 6.02(b), Section 6.26 or a Revolver Financial Covenant Default shall not constitute a Default with respect to the Term Loans until the date on which any Revolving Loans have been declared to be due and payable pursuant to Section 8.01.

Section 7.04 . *Other Defaults*. The breach by any Loan Party (other than a breach which constitutes a Default under Section 7.02 or 7.03 of this Article 7) of any of the terms or provisions of this Agreement or any other Loan Document which is not remedied within thirty days after written notice thereof from the Administrative Agent to the Borrower.

Section 7.05 . *Cross-Default*. Failure of the Borrower or any of its Subsidiaries to pay when due any Material Indebtedness; or the default by the Borrower or any of its Subsidiaries in the performance (beyond the applicable grace period with respect thereto, if any, and *provided* that such default has not been cured or waived) of any term, provision or condition contained in any Material Indebtedness Agreement, or any other event shall occur or condition exist, the effect of which default, event or condition is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, such Material Indebtedness to become due prior to its stated maturity; or any Material Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof.

Section 7.06 . *Insolvency; Voluntary Proceedings*. The Borrower or any of its Subsidiaries shall (a) have an order for relief entered with respect to it under the Federal or state bankruptcy laws as now or hereafter in effect, (b) make a general assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property, (d) institute any proceeding seeking an order for relief under the Federal or state bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.06, (f) fail to contest in good faith any appointment or proceeding described in Section 7.07 or (g) not pay, or admit in writing its inability to pay, its debts generally as they become due.

Section 7.07 . *Involuntary Proceedings*. Without the application, approval or consent of the Borrower or any of its Subsidiaries, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any of its Subsidiaries or any Substantial Portion of its Property, or a proceeding described in Section 7.06(d) shall be instituted against the Borrower or any of its Subsidiaries

and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 45 consecutive days.

Section 7.08 . *Judgments*. The Borrower or any of its Subsidiaries shall fail within 30 days to pay, bond or otherwise discharge one or more final, non-appealable judgments or orders for the payment of money in excess of \$25,000,000 (or the equivalent thereof in currencies other than Dollars) in the aggregate.

Section 7.09 . *Unfunded Liabilities; Reportable Event*. Any Reportable Event shall occur in connection with any Single Employer Plan , and, 30 days after notice thereof shall have been given to the Borrower, such Reportable Event shall not have been corrected and shall have created and caused to be continuing a material risk of Plan termination or liability for withdrawal from the Plan as a “substantial employer” (as defined in Section 4001(a)(2) of ERISA), which termination or liability for withdrawal could reasonably be expected to have a Material Adverse Effect.

Section 7.10 . *Change in Control*. Any Change in Control shall occur.

Section 7.11 . *Withdrawal Liability*. The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification) could reasonably be expected to have a Material Adverse Effect.

Section 7.12 . *Loan Document*. Any Loan Document shall fail to remain in full force or effect (other than by reason of a release of a Loan Party in accordance with the terms hereof and thereof) or any Loan Party shall assert in writing the invalidity or unenforceability of any Loan Document, or any Loan Party shall deny in writing that it has any further liability under any guaranty of the Obligations to which it is a party, or shall give notice to such effect.

Section 7.13 . *Events Not Constituting Default*. Notwithstanding the provisions of Sections 7.01 and 7.04, (a) any breach of any representation and warranty made hereunder or under or in connection with any Loan Document, (b) any falsity of any certificate or information required to be delivered under any Loan Document or (c) any breach under Section 7.04 of this Agreement or any other Loan Document that, in the case of each of clauses (a) through (c) above, arises, directly or indirectly, out of the restatement of the consolidated financial statements of the Borrower and its Subsidiaries heretofore delivered or of the Borrower and its Subsidiaries required to be delivered to the Lenders under this Agreement (such financial statements so restated, the “ **Restated Financial Statements** ”) as a result of the historical valuation, accounting and/or processes, in each case for fiscal periods ended prior to the Amendment Effective Date, related to the investment portfolio of the Borrower and its Subsidiaries shall in no event constitute a Default or Unmatured Default under this Agreement; *provided , however* , that (i) the Borrower furnishes to the Lenders the Restated Financial Statements promptly after the public filing thereof (and in the case of Restated Financial Statements of the Borrower, promptly after public filing of the corresponding restated financial statements of the Borrower) and (ii) in the event of a breach described in clause (c) of this Section 7.13 consisting of any failure to deliver financial statements required by Section 6.01(a) or (b) to be delivered for periods ending after the earliest period for which financial statements are being restated (the “ **Subsequent Financial Statements** ”), (A) the Borrower furnishes to the Lenders the Subsequent Financial Statements as to which such a breach exists not later than the earlier of (x) the public filing of the corresponding financial statements of the Borrower and (y) the date that is 45 days, in the case of any delivery of financial statements for the first three fiscal quarters of any fiscal year, or 60 days, in the case of financial statements for any fiscal year, after the public filing

of any Restated Financial Statements (and in the case of Restated Financial Statements of the Borrower, promptly after public filing of the corresponding restated financial statements of the Borrower), (B) during such period for which the Subsequent Financial Statements or related audit report, if applicable, required by Section 6.01(a) or (b) were not available (which period shall in no event extend beyond the dates set forth in clause (i) above), the Borrower furnishes to the Lenders, in lieu thereof, internal unaudited annual financial statements and internal unaudited quarterly financial statements within the time periods set forth in Section 6.01(a) or (b) respectively which are prepared on a consistent basis as internal unaudited financial statements prepared by the Borrower and its Subsidiaries which shall be certified by a Financial Officer as (subject to the effect of adjustments for any pending restatement, normal year-end adjustments and the absence of footnotes) fairly presenting, in all material respects, the consolidated financial condition and operations at such date and the consolidated results of operations for the period then ended, in each case of the Borrower and its Subsidiaries (it being understood that neither (x) the fact that such certification is subject to such adjustments for any pending restatement nor (y) any failure, as a result of such adjustments for any pending restatement, of such internal unaudited financial statements to fairly present, in all material respects, such consolidated financial condition and operations and consolidated results of operations shall constitute a Default or Unmatured Default under this Agreement or any other Loan Document), and (C) within one year of the date an audit report would be due under Section 6.01(a) with respect to Subsequent Financial Statements for any fiscal year, the Borrower delivers to the Lenders an audit report as required by Section 6.01(a) with respect to the applicable Subsequent Financial Statements (which audit report may include a qualification relating to any pending restatement described above and which qualified report shall not constitute a Default or Unmatured Default under this Agreement or any other Loan Document).

## ARTICLE 8

### Acceleration, Waivers, Amendments and Remedies

Section 8.01 . *Acceleration*. If any Default described in Section 7.06 or 7.07 occurs with respect to the Borrower, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Letters of Credit shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, the LC Issuer or any Lender. If (i) a Revolver Financial Covenant Default occurs, the Majority Revolving Credit Facility Lenders (or the Administrative Agent with the consent of the Majority Revolving Credit Facility Lenders) may terminate or suspend the obligations of the Revolving Lenders to make Revolving Loans hereunder, or declare the Obligations with respect to the Revolving Loans to be due and payable, or both, and (ii) any other Default occurs, subject to Section 8.02 below, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuer to issue Letters of Credit, or declare the Obligations to be due and payable, or both, whereupon, in the case of both (i) and (ii) above, the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives.

Section 8.02 . *Amendments*. Subject to the provisions of this Section 8.02 and Sections 8.03 and 8.04 below, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default or Unmatured Default hereunder; *provided, however*, that the portion of any Loans held by Specified Debt Funds in the aggregate in excess of 49.9% of the Required Amount of Loans shall be disregarded in determining Required Lenders at any time and *provided further* that no such supplemental agreement shall, without the consent of all of the Lenders adversely affected thereby (or in the case of subsections 8.02(b), (d), (e) and (f), all of the Lenders):

(a) Extend the final maturity of any Loan, or extend the expiry date of any Letter of Credit to a date after the Maturity Date or forgive all or any portion of the principal amount thereof or any LC Disbursements, or reduce the rate or extend the time of payment of interest or fees hereunder or LC Disbursements (it being understood that the waiver of default interest pursuant to Section 2.14 shall only require the consent of Required Lenders), or amend Section 2.24.

(b) Reduce the percentage specified in the definition of Required Lenders.

(c) Increase or extend any Commitment of any Lender hereunder (it being understood that any change to or waivers or modifications of conditions precedent, covenants, Defaults or Unmatured Defaults or of a mandatory prepayment shall not constitute an increase or extension of the Commitments of any Lender).

(d) Permit the Borrower to assign its rights under this Agreement (it being understood that any modification to Section 6.15 or 6.16 shall only require approval of the Required Lenders).

(e) Amend this Section 8.02 or Section 11.02 (it being understood that with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement (including pursuant to Section 2.25) may be included in the determination of the Required Lenders on substantially the same basis as the Commitments and extensions of credit thereunder on the Amendment Effective Date and this Section 8.02 may be amended by the Required Lenders to reflect such extensions of credit).

(f) Release all or substantially all of the Collateral or release all or substantially all of the Guarantors from their obligations under the Guaranty, except, in either case, as contemplated by Section 10.10;

Without limiting the foregoing and notwithstanding anything herein or in Section 2.25 to the contrary: the consent of the Required Term Lenders shall be required with respect to any amendment that (A) extends the scheduled date of payment of the principal amount of any Term Loan or (B) alters the amount or application of any prepayment pursuant to Section 2.10 in a manner adverse to the interests of Lenders with Term Loans. Notwithstanding anything to the contrary set forth herein or in any other Loan Document but subject to the proviso in Section 7.03, (i) no Term Lender shall have any right to exercise, or direct the Administrative Agent to exercise or refrain from exercising, any right or remedy arising or available hereunder or under any other Loan Document upon the occurrence or during the continuance of an Unmatured Default or a Default if the only such Unmatured Default or Default that shall have occurred and be continuing is a Revolver Financial Covenant Default, (ii) no Term Lender shall have any right to approve or disapprove (x) any amendment or modification to Section 6.22, (y) any waiver of a Revolver Financial Covenant Default or (z) any waiver or amendment of any requirement under Section 4.02 or any other provision that impacts only the Revolving Lenders or the Revolving Credit Commitments and (iii) it is understood and agreed that any Term Loans held by any Term Lender shall be excluded from any vote of the Lenders (and shall be deemed to not be outstanding) for the purposes described in clause (i) above and clause (ii) above, including in determining whether the “Required Lenders” have directed the Administrative Agent to exercise or refrain from exercising any such rights or remedies or to approve or disapprove any such amendment, modification or waiver. For the avoidance of doubt, nothing in this paragraph shall in any way limit or restrict the rights or remedies of the Term Lenders in connection with any Unmatured Default or Default other than a Revolver Financial Covenant Default (whether arising before or after the occurrence of the Revolver Financial Covenant Default) or the right of any Term Lenders to approve or disapprove any amendment or modification to any other provision hereof or of any other Loan Document or to waive any Unmatured Default or Default other than a Revolver Financial Covenant Default.



No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent, and no amendment of any provision relating to the LC Issuer shall be effective without the written consent of the LC Issuer. No amendment of any provision of this Agreement relating to the Swing Line Lender or any Swing Line Loan made by such Swing Line Lender shall be effective without the written consent of the Swing Line Lender. The Administrative Agent may waive payment of the fee required under Section 12.01(b)(iv) without obtaining the consent of any other party to this Agreement. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the consent of each such Lender directly affected thereby shall be required to (i) increase or extend the Commitment of such Lender, (ii) extend the final maturity of any Loan, (iii) forgive all or any portion of the principal amount thereof or any LC Disbursements or (iv) amend Section 2.24. Notwithstanding anything to the contrary contained herein, the definition of “Revolver Financial Covenant Default” may not be amended without the written consent of the Majority Revolving Credit Facility Lenders.

At the request of the Administrative Agent, the Borrower shall identify from the list of Lenders maintained by the Administrative Agent, to the best of Borrower’s knowledge, those Lenders that are Affiliated Lenders.

Section 8.03 . *Replacement Loans*. In addition, subject to Section 2.10(b) and 2.25, this Agreement and the other Loan Documents may be amended (or amended and restated) with the written consent of the Administrative Agent, the Borrower and the Lenders providing the relevant Replacement Term Loans to permit the refinancing of all of the outstanding Term Loans (the “**Refinanced Term Loans**”) or the replacement of the Aggregate Revolving Credit Commitment (the “**Refinanced Commitment**”) with one or more replacement term loan tranches hereunder which shall be Loans hereunder (“**Replacement Term Loans**”) or one or more new revolving commitments (the “**Replacement Commitments**”); *provided* that (a) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans, (b) the Applicable Margin for such Replacement Term Loans shall not be higher than the Applicable Margin for such Refinanced Term Loans, respectively, (c) the Weighted Average Life to Maturity of such Replacement Term Loans shall not be shorter than the Weighted Average Life to Maturity of such Refinanced Term Loans, respectively, at the time of such refinancing, (d) the aggregate amount of the Replacement Commitment shall not exceed the Refinanced Commitment, (e) the Applicable Margin for such Replacement Commitment shall not exceed the Applicable Margin for the Refinanced Commitment, (f) the borrower of such Replacement Term Loans or Replacement Commitment shall be the Borrower and (g) all other terms applicable to such Replacement Term Loans or Replacement Commitments shall be substantially identical to, or not materially more favorable to the Lenders providing such Replacement Loans or Replacement Commitments than, those applicable to such Refinanced Term Loans or Refinanced Commitments, except to the extent necessary to provide for covenants and other terms applicable to any period after the latest final maturity of the Term Loans, as applicable, in effect immediately prior to such refinancing.

Section 8.04 . *Errors*. Further, notwithstanding anything to the contrary contained in Section 8.02, if following the Amendment Effective Date, the Administrative Agent and the Borrower shall have agreed in their sole and absolute discretion that there is an ambiguity, inconsistency, manifest error or any error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Documents if the same is not objected to in writing by the Required Lenders within ten Business Days following receipt of notice thereof (it being understood that the Administrative Agent has no obligation to agree to any such amendment).

Section 8.05 . *Preservation of Rights*. No delay or omission of the Lenders, the LC Issuer or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and a Credit Extension notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 8.02 or as otherwise provided in Section 8.03 or 8.04, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the LC Issuer and the Lenders until the Obligations have been paid in full.

## ARTICLE 9 General Provisions

Section 9.01 . *Survival of Representations*. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

Section 9.02 . *Governmental Regulation*. Anything contained in this Agreement to the contrary notwithstanding, neither the LC Issuer nor any Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

Section 9.03 . *Headings*. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

Section 9.04 . *Entire Agreement*. Other than those certain fee letter agreements dated March 15, 2013 among MPSW, the Administrative Agent and the Bookrunners, the Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the LC Issuer and the Lenders and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the LC Issuer and the Lenders relating to the subject matter thereof which shall survive and remain in full force and effect during the term of this Agreement.

Section 9.05 . *Several Obligations; Benefits of This Agreement*. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, *provided, however*, that the parties hereto expressly agree that the Arranger shall enjoy the benefits of the provisions of Sections 9.06 and 9.08 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

Section 9.06 . *Expenses; Indemnification; Damage Waiver*. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of one counsel for the Administrative Agent and, if reasonably necessary, of one local counsel in any relevant jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the

provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the LC Issuer (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the LC Issuer) in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or the LC Issuer (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the LC Issuer), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Arranger, each Bookrunner, the Syndication Agent, each Co-Documentation Agent, each Lender and the LC Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an “**Indemnitee**”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the LC Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any liability arising under Environmental Laws related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party or any of the Borrower’s or such Loan Party’s directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of, or material breach of any Loan Document by, such Indemnitee or (y) arise from disputes solely among Indemnitees, and in such event solely to the extent that the underlying dispute does not arise as a result of an action, inaction or representation of, or information provided by or on behalf of, the Borrower or any of its Subsidiaries or Affiliates.

(c) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), the LC Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the LC Issuer or such Related Party, as the case may be, such Lender’s Pro Rata Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the LC Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative

Agent (or any such sub-agent) or LC Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 9.05.

(d) To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) The agreements in this Section shall survive the resignation of the Administrative Agent, the LC Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

Section 9.07 . *Severability of Provisions.* Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

Section 9.08 . *Nonliability of Lenders.* The relationship between the Borrower on the one hand and the Lenders, the LC Issuer and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent, the Arrangers, the LC Issuer nor any Lender shall have any fiduciary responsibilities to the Borrower. Neither the Administrative Agent, the Arrangers nor any Lender undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations. The Borrower agrees that neither the Administrative Agent, the Arrangers, the LC Issuer nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence, bad faith or willful misconduct of, or breach of the Loan Documents by, the party from which recovery is sought or any dispute solely between or among the Administrative Agent, the Arrangers, the LC Issuer and/or any Lender and not involving the Borrower, the Sponsors or their respective Affiliates. Neither the Administrative Agent, the Arrangers, the LC Issuer nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

Section 9.09 . *Confidentiality.* The Administrative Agent and each Lender agrees to hold any Information (as defined below) which it may receive from the Borrower in connection with this Agreement in confidence, except for disclosure (a) to its Affiliates and to the Administrative Agent and

any other Lender and their respective Affiliates for use solely in connection with the performance of their respective obligations hereunder contemplated hereby, (b) to legal counsel, accountants, and other professional advisors to such Lender, (c) to regulatory or self-regulatory officials, (d) to any Person as required by law, regulation, or legal process, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to the Loan Documents or the enforcement of rights thereunder, (f) to its direct or indirect contractual counterparties in swap agreements or to legal counsel, accountants and other professional advisors to such counterparties, *provided* that each such Person agreed to be bound by confidentiality provisions at least as restrictive as provided under this Section 9.09, (g) permitted by Section 12.02, and (h) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances hereunder. Without limiting Section 9.04, the Borrower agrees that the terms of this Section 9.09 shall set forth the entire agreement between the Borrower and each Lender (including the Administrative Agent) with respect to any Information previously or hereafter received by such Lender in connection with this Agreement, and this Section 9.09 shall supersede any and all prior confidentiality agreements entered into by such Lender with respect to such Information. For the purposes of this Section, “ **Information** ” means all information received from the Borrower, its Subsidiaries or their agents or representatives relating to the Borrower, its Subsidiaries or their agents or other representatives or its business, other than any such information that is available to the Administrative Agent, the LC Issuer or any Lender on a non-confidential basis prior to disclosure by the Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

**EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THIS SECTION 9.09 FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS AFFILIATES, THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.**

**ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS AFFILIATES, THE LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.**

Section 9.10 . *Nonreliance*. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U) for the repayment of the Credit Extensions provided for herein.

Section 9.11 . *Disclosure*. The Borrower and each Lender hereby acknowledge and agree that Bank of America and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates.

Section 9.12 . *No Advisory or Fiduciary Responsibility*. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower and each Loan Party acknowledge and agree, and acknowledge their respective Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Lenders and the Arrangers are arm's-length commercial transactions between the Borrower, each Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent, the Lenders and the Arrangers on the other hand, (B) the Borrower and each Loan Party have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Borrower and each Loan Party are capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Administrative Agent, each Lender and each Arranger are and have been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower, any Loan Party or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent, any Lender nor any Arranger has any obligation to the Borrower nor any Loan Party nor any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, each Lender and each Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the Loan Parties and any of their respective Affiliates, and neither the Administrative Agent, any Lender nor any Arranger has any obligation to disclose any of such interests to the Borrower, any Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, the Borrower and each Loan Party hereby waive and release any claims that it may have against the Administrative Agent, the Lenders and the Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 9.13 . *USA PATRIOT Act*. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “ **Act** ”) hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

## ARTICLE 10 The Administrative Agent

Section 10.01 . *Appointment and Authority* . (a) Each of the Lenders and the LC Issuer hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the LC Issuer, and neither the Borrower nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions.

(b) The Administrative Agent shall also act as the Collateral Agent under the Loan Documents, and each of the Lenders (including in its capacities as a potential Hedge Bank and a potential Cash Management Bank) and the LC Issuer hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and the LC Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with

such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as Collateral and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 10.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of Article 8, Article 9 and this Article 10 (including Section 9.06, as though such co-agents, sub-agents and attorneys-in-fact were the Collateral Agent under the Loan Documents) as if set forth in full herein with respect thereto.

Section 10.02 . *Rights as a Lender* . The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 10.03 . *Exculpatory Provisions*. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

- (a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;
- (b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and
- (c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.
- (d) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 8.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower, a Lender or the LC Issuer.
- (e) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the

validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

(f) The Administrative Agent shall not be liable for any assignment or participation made to a Disqualified Institution.

Section 10.04 . *Reliance by Administrative Agent* . The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the LC Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or the LC Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or the LC Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 10.05 . *Delegation of Duties* . The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 10.06 . *Resignation of Administrative Agent* . The Administrative Agent may at any time give notice of its resignation to the Lenders, the LC Issuer and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States and shall in no event be a Disqualified Institution. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and the LC Issuer, appoint a successor Administrative Agent meeting the qualifications set forth above; *provided* that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the LC Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and the LC Issuer directly,



until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 8.02 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as LC Issuer and Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring LC Issuer and Swing Line Lender, (ii) the retiring LC Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor LC Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring LC Issuer to effectively assume the obligations of the retiring LC Issuer with respect to such Letters of Credit.

Section 10.07 . *Non-reliance On Administrative Agent And Other Lenders*. Each Lender and the LC Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the LC Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 10.08 . *No Other Duties, Etc* . Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers, Documentation Agents or Syndication Agent listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or the LC Issuer hereunder.

Section 10.09 . *Administrative Agent May File Proofs of Claim* . In case of the pendency of any Insolvency Proceeding or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or LC Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Exposures and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the LC Issuer and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the LC Issuer and the Administrative Agent and their

respective agents and counsel and all other amounts due the Lenders, the LC Issuer and the Administrative Agent under Sections 2.08, 2.22(k) and 9.06) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequesteror or other similar official in any such judicial proceeding is hereby authorized by each Lender and the LC Issuer to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the LC Issuer, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.08 and 9.06.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or the LC Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or the LC Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or the LC Issuer or in any such proceeding.

Section 10.10. *Collateral and Guaranty Matters.* Each of the Lenders (including in its capacities as a potential Cash Management Bank and a potential Hedge Bank) and the LC Issuer irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Commitments and payment in full of all Obligations (other than (A) contingent indemnification obligations and (B) Secured Cash Management Obligations and Secured Hedge Obligations as to which arrangements satisfactory to the applicable Cash Management Bank or Hedge Bank shall have been made) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the LC Issuer shall have been made), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing in accordance with Section 8.02;

(b) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder; and

(c) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 6.18(r).

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 10.10. In each case as specified in this Section 10.10, the Administrative Agent will, at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 10.10.

Section 10.11. *Intercreditor Agreement.* Each Lender hereby authorizes and directs the Administrative Agent and the Collateral Agent to enter into any intercreditor agreement that may become

necessary in connection with the issuance by the Borrower of any Pari Passu First Lien Notes or Incremental Second Lien Notes pursuant to Section 2.25 as attorney-in-fact on behalf of such Lender and agrees that in consideration of the benefits of the security being provided to such Lender in accordance with the Collateral Documents and any such intercreditor agreement and by acceptance of those benefits, each Lender (including any Lender which becomes such by assignment pursuant to Section 12.01 after the date hereof) shall be bound by the terms and provisions of any such intercreditor agreement and shall comply (and shall cause any Affiliate thereof which is the holder of any First Priority Obligations (as defined therein) to comply) with such terms and provisions.

ARTICLE 11  
Setoff; Ratable Payments

Section 11.01 . *Setoff*. If a Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the Obligations of the Borrower now or hereafter existing under this Agreement held by such Lender or Affiliate, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured; *provided* , that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.26 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the LC Issuer and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender under this Section 11.01 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

Section 11.02 . *Ratable Payments*. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements or Swing Line Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and Swing Line Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swing Line Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swing Line Loans; *provided* that (a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (b) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant pursuant to Section 12.01.

ARTICLE 12  
Benefit of Agreement; Assignments; Participations

Section 12.01 . *Successors and Assigns* . (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 12.01(b), (ii) by way of participation in accordance with the provisions of Section 12.01(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 12.01(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the LC Issuer and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans (including for purposes of this Section 12.01(b), participations in LC Exposures and in Swing Line Loans) at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) (A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment under any facility and the Loans at the time owing to it under such Facility or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "trade date" is specified in the Assignment and Assumption, as of the trade date, shall not be less than \$5,000,000, in the case of any assignment in respect of the Revolving Credit Loans, or \$1,000,000, in the case of any assignment in respect of the Term Loans, unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld); *provided, however* , that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not (A) apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans or (B) prohibit any Lender from assigning all or a portion of its rights and obligations among separate facilities on a non-pro rata basis;

(iii) No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld) shall be required unless (1) a Default has occurred and is continuing at the time of such assignment, (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund (or in the case of an assignment of a Revolving Commitment, is to a Revolving Lender, an Affiliate of a Revolving Lender or an Approved Fund in respect of a Revolving Lender) or (3) in the case of assignments during the primary syndication of the Term Loan Commitments; *provided* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (1) any Term Commitment or Revolving Credit Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of the applicable Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender or (2) any Term Loan to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund or the Borrower or any of its Affiliates, an Affiliated Lender or a Specified Debt Fund;

(C) the consent of the LC Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Credit Commitments.

(iv) The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption (and such Assignment and Assumption shall include a representation by any Affiliated Lender party thereto as to its status as an Affiliated Lender), together with a processing and recordation fee in the amount of \$3,500; *provided, however*, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No such assignment shall be made (x) to the Borrower or any of the Borrower's Affiliates (other than Specified Debt Funds, *provided* no such assignment in respect of the Revolving Credit Commitments or Revolving Loans shall be made to a Specified Debt Fund) or Subsidiaries (except with respect to the assignment of Term Loans in accordance with Section 12.01(h) or 12.01(i)) or (y) to any person that is Disqualified Institution at the time of such assignment.

(vi) No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the Amendment Effective Date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such

Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 9.06 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.01(c).

Each Lender hereby agrees that it shall not make an assignment of any of its rights and obligations under this Agreement with respect to the Loans or the Commitment to any Disqualified Institution.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and LC Exposures owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or a Disqualified Institution) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in LC Exposures and/or Swing Line Loans) owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the LC Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 12.01 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.01(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.01 as though it were a Lender, *provided* such Participant agrees to be subject to Section 11.02 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register in the United States of America on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, letters of credit or its obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under section

5f.103-1(c) of the United States Treasury Regulations. Each Lender hereby agrees that it shall not sell any participations of its rights and obligations under this Agreement with respect to the Loans or the Commitment to any person who is a Disqualified Institution at the time of such sale.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.05 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a foreign lender if it were a Lender shall not be entitled to the benefits of Section 3.05 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.05(d) as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Notwithstanding anything to the contrary contained herein, if at any time Bank of America or JPMorgan Chase Bank, N.A. assigns all of its Revolving Credit Commitment and Revolving Credit Loans pursuant to Section 12.01(b), Bank of America or JPMorgan Chase Bank, N.A., as applicable, may, (i) upon 30 days' notice to the Borrower and the Lenders, resign as LC Issuer and/or (ii) in the case of Bank of America, upon 30 days' notice to the Borrower, resign as Swing Line Lender. In the event of any such resignation as LC Issuer or Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor LC Issuer or Swing Line Lender hereunder; *provided, however*, that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America or JPMorgan Chase Bank, N.A. as LC Issuer or Swing Line Lender, as the case may be. If Bank of America or JPMorgan Chase Bank, N.A. resigns as LC Issuer, it shall retain all the rights, powers, privileges and duties of the LC Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as LC Issuer and all LC Exposures with respect thereto (including the right to require the Lenders to make Floating Rate Loans or fund risk participations in unreimbursed amounts pursuant to Section 2.22(d)). If Bank of America or JPMorgan resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Floating Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.07. Upon the appointment of a successor LC Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring LC Issuer or Swing Line Lender, as the case may be, and (b) the successor LC Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America or JPMorgan Chase Bank, N.A., as applicable, to effectively assume the obligations of Bank of America or JPMorgan Chase Bank, N.A., as applicable, with respect to such Letters of Credit.

(h) Any Lender may, at any time, assign all or a portion of its rights and obligations under this Agreement in respect of its Term Loans to any Affiliated Lender on a non-pro rata basis through (x) Dutch Auctions open to all Lenders on a pro rata basis in accordance with the Auction Procedures or (y) open market purchases, subject to the following limitations:

(i) [Reserved];

(ii) Affiliated Lenders will not be entitled to receive, and will not receive, information provided solely to Lenders by the Administrative Agent or any Lender and will not be permitted to attend or participate in, and will not attend or participate in, meetings attended

solely by the Lenders and the Administrative Agent, other than the right to receive notices of borrowings hereunder, notices of prepayments and other administrative notices in respect of its Loans or Commitments required to be delivered to Lenders pursuant to Article 2; and

(iii) the aggregate principal amount of Term Loans held at any one time by Affiliated Lenders may not exceed 25% of the aggregate principal amount of all Term Loans (including any Incremental Term Loans) outstanding at such time under this Agreement.

(iv) Notwithstanding anything in Section 12.01 or the definition of “Required Lenders” to the contrary, for purposes of determining whether the Required Lenders have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, or any plan of reorganization pursuant to the U.S. Bankruptcy Code, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent, Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, all Loans (or Commitments in respect thereof) held by any Affiliated Lenders shall be deemed to have been voted pro rata in accordance with the votes of all Lenders other than Affiliated Lenders for all purposes of calculating whether the Required Lenders have taken any such actions.

(i) If any assignment is made (i) to an Affiliated Lender such that the aggregate principal amount of Term Loans held at any one time by Affiliated Lenders described in subsection (h)(iii) above exceeds 25% (a “**Disqualified Affiliated Lender**”) or (ii) to a Disqualified Institution (a “**Disqualified Assignee**” and, together with the Disqualified Affiliated Lender, the “**Disqualified Assignees**”), such assignment shall be null and void ab initio. Any Disqualified Assignee shall be deleted from the Register as of the date that the Administrative Agent has knowledge of its status as a Disqualified Assignee. The Administrative Agent shall not be responsible for reversing payments made to any Disqualified Assignee following its receipt of an assignment.

(j) So long as no Default has occurred or is continuing or would result therefrom, any Lender may, at any time, assign all or a portion of its rights and obligations under this Agreement in respect of its Term Loans to the Borrower or any of its Subsidiaries on a non-pro rata basis through (x) Dutch Auctions open to all Lenders on a pro rata basis in accordance with the Auction Procedures or (y) open markets purchases, subject to the following limitations and other provisions:

(i) The Borrower shall represent and warrant as of the date of any such purchase and assignment that neither the Borrower nor any of its directors or officers has any material non-public information with respect to the Borrower or any of its Subsidiaries or securities that has not been disclosed to the assigning Lender (other than because such assigning Lender does not wish to receive material non-public information with respect to Holdings, the Borrower and their respective Subsidiaries or securities) prior to such date to the extent such information could reasonably be expected to have a material effect upon, or otherwise be material, to a Term Lender’s decision to assign Term Loans to the Borrower as applicable;

(ii) The Borrower will not be entitled to receive, and will not receive, information provided solely to Lenders by the Administrative Agent or any Lender and will not be permitted to attend or participate in, and will not attend or participate in, meetings or conference calls attended solely by the Lenders and the Administrative Agent;

(iii) borrowings of Revolving Loans shall not be made to directly fund the purchase or assignment;



(iv) any Term Loans purchased by the Borrower shall be automatically and permanently cancelled immediately upon acquisition by the Borrower;

(v) notwithstanding anything to the contrary contained herein (including in the definitions of “Consolidated Net Income” and “Consolidated EBITDA”) any non-cash gains in respect of “cancellation of indebtedness” resulting from the cancellation of any Term Loans purchased by the Borrower or the Borrower shall be excluded from the determination of Consolidated Net Income and Consolidated EBITDA; and

(vi) the cancellation of Term Loans in connection with a Dutch Auction shall not constitute a voluntary or mandatory prepayment for purposes of Section 2.10, but the face amount of Term Loans cancelled as provided for in above shall be applied on a pro rata basis to the remaining scheduled installments of principal due in respect of the Term Loans.

Section 12.02 . *Dissemination of Information.* The Borrower authorizes each Lender to disclose to any Participant, actual or proposed assignee of an interest in the Obligations or Loan Documents (each a “**Transferee**”) and any prospective Transferee any and all information in such Lender’s possession concerning the creditworthiness of the Borrower and its Subsidiaries, including without limitation any information contained in any financial statements delivered pursuant to Section 6.01 hereof; *provided* that each Transferee and prospective Transferee agrees to be bound by an agreement with provisions at least as restrictive as those provided under Section 9.09 of this Agreement.

Section 12.03 . *Tax Treatment.* If any interest in any Loan Document is transferred to any Transferee, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.05(d) or (e), as applicable.

## ARTICLE 13 Notices

Section 13.01 . *Notices; Effectiveness; Electronic Communication.*

(a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(i) if to the Borrower, to it at:  
MoneyGram International, Inc.  
2828 N. Harwood Street, 17th Floor  
Dallas, TX 75201  
Attn: Lawrence Angelilli,  
Sr. Vice President and Treasurer  
Telecopier: (214) 999-7696  
E-mail: [langelilli@moneygram.com](mailto:langelilli@moneygram.com)

With a copy to:

MoneyGram International, Inc.  
2828 N. Harwood Street, 15th Floor  
Dallas, TX 75201  
Attn: John McWilliams, IV

Vice President, Capital Market  
E-mail: [jmcwilliams@moneygram.com](mailto:jmcwilliams@moneygram.com)

With courtesy email copies to:

Blake Rodee, Sr. Treasury Manager  
E-mail: [brodee@moneygram.com](mailto:brodee@moneygram.com)

Jay Bulkley, Jr., Treasury Analyst  
E-mail: [jbulkley@moneygram.com](mailto:jbulkley@moneygram.com)

Aaron Henry, Executive Vice President and General Counsel  
E-mail: [ahenry@moneygram.com](mailto:ahenry@moneygram.com)

Corinna Ulrich, Vice President, Associate General Counsel  
E-mail: [culrich@moneygram.com](mailto:culrich@moneygram.com)

Leesa Mason, Sr. Legal Specialist  
E-mail: [lmason@moneygram.com](mailto:lmason@moneygram.com)

- (ii) if to the Administrative Agent for payments and requests for credit extensions, to it at:

Bank of America, N.A.  
101 N. Tryon Street  
Mail Code: NC1-001-05-46  
Charlotte, NC 28255  
Attention: Eileen Deacon  
Telephone: 980-683-8758  
Telecopier: 617-310-2255  
Electronic Mail: [eileen.marie.deacon@baml.com](mailto:eileen.marie.deacon@baml.com)

- (iii) if to the Administrative Agent for all other notices, to it at:

Bank of America, N.A.  
Agency Management  
1455 Market Street  
Mail Code: CA5-701-05-19  
San Francisco, CA 94103-1399  
Attention: Kevin Ahart  
Telephone: 415-436-2750  
Telecopier: 415-503-5000  
Electronic Mail: [kevin.ahart@baml.com](mailto:kevin.ahart@baml.com)

- (iv) if to Bank of America as LC Issuer, to it at:

Bank of America, N.A.  
Trade Operations  
1000 West Temple Street

Mail Code: CA9-705-07-05  
Los Angeles, CA 90012-1514  
Attention: Stella Rosales  
Telephone: 213-481-7828  
Telecopier: 213-457-8841  
Electronic Mail: stella.rosales@baml.com;

(v) if to JPMorgan Chase Bank, N.A. as LC Issuer, to it at:

JPMorgan Chase Bank, N.A.  
10 S. Dearborn, Floor 7  
Chicago, IL 60603-2003  
Attention: Kimberly Perdue  
Telephone: 312-732-9642  
Electronic Mail: [kimberly.d.perdue@jpmchase.com](mailto:kimberly.d.perdue@jpmchase.com);

(vi) if to a Lender, to it at its address or telecopier number set forth in its Administrative Questionnaire provided to the Administrative Agent.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) *Electronic Communications*. Notices and other communications to the Lenders may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Administrative Agent or as otherwise determined by the Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication and, in the case of notice of Default or Unmatured Default, shall permit notification only by Intralinks or a similar website. The Administrative Agent or the Borrower may, in its respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines, *provided* that such determination or approval may be limited to particular notices or communications. The Borrower agrees to accept notices and other communications sent to the email addresses set forth above in Section 13.01(a)(i) so long as such notices are also delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "**return receipt requested**" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (a) of notification that such notice or communication is available and identifying the website address therefor.

(c) *Change of Address, Etc* . Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

#### ARTICLE 14

##### Counterparts; Integration; Effectiveness; Electronic Execution; No Novation

Section 14.01 . *Counterparts; Effectiveness*. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Article 4, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy (or other electronic means) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 14.02 . *Electronic Execution of Assignments*. The words “ **execution,** ” “ **signed,** ” “ **signature,** ” and words of like import in any assignment and assumption agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other state laws based on the Uniform Electronic Transactions Act.

Section 14.03 . *Amendment and Restatement; No Novation*. This Agreement constitutes for all purposes an amendment and restatement of the Original Credit Agreement. The Original Credit Agreement, as amended and restated hereby, continues in full force and effect as so amended and restated by this Agreement. Nothing contained in this Agreement or any other Loan Document shall constitute or be construed as a novation of any of the Obligations.

#### ARTICLE 15

##### Choice of Law; Consent to Jurisdiction; Waiver of Jury Trial ; [Acknowledgement and Consent to Bail-In of EEA Financial Institutions](#)

Section 15.01 . *Choice of Law*. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

Section 15.02 . *Consent to Jurisdiction*. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT, THE LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL

PROCEEDING BY THE BORROWER AGAINST THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK, NEW YORK.

Section 15.03 . *Waiver of Jury Trial*. THE BORROWER, THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, EACH LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

Section 15.04 . *Acknowledgement and Consent to Bail-In of EEA Financial Institutions*. Solely to the extent any Revolving Lender or LC Issuer that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Revolving Lender or LC Issuer that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Revolving Lender or LC Issuer that is an EEA Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[signature pages follow]

Revolving Lender	Extending Lender	Revolving Credit Commitment
[*]	Yes	\$24,166,666.67
[*]	Yes	\$22,500,000.00
[*]	Yes	\$22,500,000.00
[*]	No	\$22,500,000.00
[*]	Yes	\$16,666,666.67
[*]	No	\$16,666,666.67
<b>Total Revolving Credit Commitment</b>		<b>\$125,000,000.00</b>

[\*] Please refer to footnote 1 on page 1 of this Exhibit 10.107.

AMENDMENT NO. 3 TO AMENDED AND RESTATED CREDIT AGREEMENT

AMENDMENT NO. 3 TO AMENDED AND RESTATED CREDIT AGREEMENT (this “ **Amendment** ”) dated as of December 30, 2016 (the “ **Amendment Effective Date** ”) relating to the Amended and Restated Credit Agreement dated as of March 28, 2013 (as amended prior to the date hereof, the “ **Credit Agreement** ”) among MoneyGram International, Inc., a Delaware corporation (the “ **Borrower** ”), the Lenders from time to time party thereto and Bank of America, N.A., a national banking association, as LC Issuer, as the Swing Line Lender, as Administrative Agent (in such capacity, the “ **Administrative Agent** ”) and as Collateral Agent.

WHEREAS, the Administrative Agent and the Borrower have agreed that there is an inconsistency of a technical nature in the provision of the Credit Agreement and that the Administrative Agent and the Borrower are authorized to amend such provision without any further action or consent of any other party to any Loan Documents, as provided in Section 8.04 of the Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**SECTION 1. Defined Terms.** Unless otherwise defined herein, capitalized terms which are defined in the Credit Agreement are used herein as therein defined.

**SECTION 2. Amendment.** The definition of “Revolving Credit Maturity Date” in Section 1.01 of the Credit Agreement is hereby amended and restated to read in full as follows:

“ **Revolving Credit Maturity Date** ” means (i) with respect to the Revolving Loans and Revolving Credit Commitment of any Extending Lender, September 28, 2019, or, if such day is not a Business Day, the next preceding Business Day (the “ **Extended Revolving Credit Maturity Date** ”) and (ii) with respect to the Revolving Loans and Revolving Credit Commitments of any Non-Extending Lender, March 28, 2018, or, if such day is not a Business Day, the next preceding Business Day (the “ **Initial Revolving Credit Maturity Date** ”).

**SECTION 3. Effectiveness.** This Amendment shall become effective when each of the following conditions has been satisfied or waived:

(i) the Administrative Agent shall have received this Amendment, executed and delivered by the Administrative Agent and the Borrower, as required under Section 8.04 of the Credit Agreement to approve the Amendment;

(ii) the Required Lenders (as defined in the Credit Agreement) shall have not objected to this Amendment in writing within ten Business Days following the notice thereof.

**SECTION 4. Representations and Warranties.** The Borrower represents and warrant that as of the date hereof:

(a) Each of the representations and warranties contained in Article 5 of the Credit Agreement is true and correct as of the date hereof in all material respects except to the extent any such

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representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date;

(b) Each of the Loan Parties has the power and authority and legal right to execute and deliver this Amendment and to perform its obligations under the Loan Documents to which it is a party (in each case in this Section 4, as amended by this Amendment). The execution and delivery by each of the Loan Parties of this Amendment and the performance of its obligations under the Loan Documents to which it is a party have been duly authorized by proper corporate or other organizational proceedings, and the Loan Documents to which each such Loan Party is a party constitute legal, valid and binding obligations of such Loan Party enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles; and

(c) Neither the execution and delivery by any Loan Party of this Amendment, nor the consummation of the transactions contemplated by the Loan Documents, nor compliance with the provisions thereof will violate (x) any applicable law, rule, regulation, ruling, order, writ, judgment, injunction, decree or award binding on the Borrower or any of its Subsidiaries or any Property of such Person or (y) the Borrower's or any Material Domestic Subsidiary's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by laws, or operating or other management agreement, or substantially equivalent governing document, as the case may be, or (z) the provisions of any note, bond, mortgage, deed of trust, license, lease indenture, instrument, agreement or other obligation (each a "**Contract**") to which the Borrower or any Subsidiary is a party or is subject, or by which it, or its Property, is bound, or conflict with, result in a breach of any provision thereof or constitute a default thereunder (or result in an event which, with notice or lapse of time or both, would constitute a default thereunder), or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or (except for the Liens created by the Loan Documents and Permitted Liens) result in, or require, the creation or imposition of any Lien in, of or on the Property of the Borrower or any of its Subsidiaries pursuant to the terms of any such note, bond, mortgage, deed of trust, license, lease indenture, instrument, agreement or other obligation, except with respect to clauses (x) or (z), to the extent, individually or in the aggregate, that such violation, conflict, breach, default or creation or imposition of any lien could not reasonably be expected to result in a Material Adverse Effect. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by the Borrower or any of its Material Domestic Subsidiaries, is required to be obtained by the Borrower or any of its Material Domestic Subsidiaries in connection with the execution and delivery of the Loan Documents, the borrowings under this Amendment, the payment and performance by the Borrower of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

**SECTION 5. Effect of Amendment.** By signing this Amendment, each Loan Party hereby confirms that (i) the obligations of the Credit Parties under the Credit Agreement as modified hereby and the other Loan Documents are entitled to the benefits of the guarantees and the security interests set forth or created in the Guaranty, the Collateral Documents and the other Loan Documents and (ii) notwithstanding the effectiveness of the terms hereof, the Guaranty, the Collateral Documents and the other Loan Documents are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects. Each Loan Party ratifies and confirms that all Liens granted, conveyed, or assigned to the Collateral Agent by such Person pursuant to each Loan Document to which it is a party remain in full force and effect, are not released or reduced, and continue to secure full payment and performance of the Obligations as increased hereby.



**SECTION 6. Counterparts.** This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

**SECTION 7. Miscellaneous.** This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents. The Borrower shall pay all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent incurred in connection with the negotiation, preparation and execution of this Amendment and the transactions contemplated hereby (including reasonable fees and expenses of Davis Polk & Wardwell LLP). The provisions of this Amendment are deemed incorporated into the Credit Agreement as if fully set forth therein.

*[ The remainder of this page is intentionally left blank. ]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MONEYGRAM INTERNATIONAL, INC.

By: /s/ Lawrence Angelilli  
Name: Lawrence Angelilli  
Title: Chief Financial Officer

MONEYGRAM PAYMENT SYSTEMS WORLDWIDE, INC.  
MONEYGRAM PAYMENT SYSTEMS, INC.  
MONEYGRAM OF NEW YORK LLC

By: /s/ Lawrence Angelilli  
Name: Lawrence Angelilli  
Title: Chief Financial Officer

[Signature page to Amendment No. 3]

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BANK OF AMERICA, N.A., as Administrative Agent

By: \_\_\_\_\_  
/s/ Kevin L. Ahart

\_\_\_\_\_  
Name: Kevin L. Ahart

Title: Vice President

[Signature page to Amendment No. 3]

## Active Subsidiaries of MoneyGram International, Inc. as of December 31, 2016

	Entity
1	MoneyGram International, Inc. (MGI)
2	MoneyGram Payment Systems Worldwide, Inc. (MPSW)
3	MoneyGram Payment Systems, Inc. (MPSI)
4	Ferrum Trust
5	MoneyGram International Payment Systems, Inc. (MIPSI)
6	MoneyGram Payment Systems Canada, Inc.
7	Travelers Express Company (P.R.), Inc.
8	MoneyGram Mexico S.A. de C.V.
9	MoneyGram of New York LLC
10	MoneyGram International Holdings Limited (MIHL)
11	MoneyGram International Limited UK (MIL)
12	MIL Overseas Limited (MILOL)
13	MoneyGram Payment Systems Spain S.A.
14	MoneyGram Payment Systems Italy S.r.l.
15	MoneyGram Payment Systems Belgium N.V.
16	MoneyGram Payment Systems(Netherlands) B.V.
17	MPS France S.A.
18	MoneyGram Overseas (Pty) Limited South Africa
19	MIL Overseas Nigeria Limited
20	MoneyGram India Private Limited
21	MoneyGram International Pte. Ltd. Singapore
22	Money Globe Payment Institution S.A. (Greece)
23	MoneyGram Payment Systems Brasil LTDA (Brazil)
24	MoneyGram Payment Systems Greece S.A. (Greece)
25	MoneyGram Payment Systems Ireland Limited (Ireland)
26	MoneyGram Payment Systems Malaysia Sdn. Bhd (Malaysia)
27	MoneyGram Payment Systems Poland sp. Zoo (Poland)
28	MoneyGram Payment Systems South Africa Proprietary Limited (South Africa)
29	MTI Money Transfer Limited (United Kingdom)
30	MTI Norway AS (Norway)
31	PT MoneyGram Payment Systems Indonesia (Indonesia)
32	MONEYGRAM TURKEY ÖDEME HİZMETLERİ ANONİM ŞİRKETİ (Turkey)
33	MoneyGram Consulting (Shanghai) Co. Ltd.
34	MPSG Holdings Limited
35	MPSG International Limited
36	MPSG Limited
37	MoneyGram Payment Services GmbH
38	MoneyGram International B.V.

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
MoneyGram International, Inc.:

We consent to the incorporation by reference in the registration statements No. 333-176567, No. 333-159709, No. 333-125122, No. 333-116976, No. 333-190257 and No. 333-204934 on Form S-8 and with the registration statements No. 333-171151 and No. 333-197055 on Form S-3 of MoneyGram International, Inc. of our reports dated March 16, 2017, with respect to the consolidated balance sheet of MoneyGram International, Inc. and subsidiaries (the Company) as of December 31, 2016, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and stockholders' deficit for the year then ended, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 annual report on Form 10-K of the Company.

/s/ KPMG LLP

Dallas, Texas  
March 16, 2017

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-176567, No. 333-159709, No. 333-125122, No. 333-116976, No. 333-190257 and No. 333-204934 on Form S-8 and in Registration Statement No. 333-171151 and No. 333-197055 on Form S-3 of our reports dated March 2, 2016 ( March 16, 2017 as to the effects of the immaterial error correction disclosed in Note 16 to the consolidated financial statements and the adoption of ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, discussed in Notes 2 and 10 to the consolidated financial statements) relating to the consolidated financial statements of MoneyGram International, Inc. and subsidiaries appearing in this Annual Report on Form 10-K of MoneyGram International, Inc. for the year ended December 31, 2016 .

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas  
March 16, 2017

**POWER OF ATTORNEY**

KNOW ALL BY THESE PRESENTS, that each director whose signature appears below constitutes and appoints Francis Aaron Henry and Paul Beck, and each of them severally, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign MoneyGram International, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

/s/ Pamela H. Patsley 3/16/2017  
Pamela H. Patsley

/s/ J. Coley Clark 3/16/2017  
J. Coley Clark

/s/ Victor W. Dahir 3/16/2017  
Victor W. Dahir

/s/ Antonio O. Garza 3/16/2017  
Antonio O. Garza

/s/ Seth W. Lawry 3/16/2017  
Seth W. Lawry

/s/ Ganesh B. Rao 3/16/2017  
Ganesh B. Rao

/s/ Michael P. Rafferty 3/16/2017  
Michael P. Rafferty

/s/ W. Bruce Turner 3/16/2017  
W. Bruce Turner

/s/ Peggy Vaughan 3/16/2017  
Peggy Vaughan

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

I, W. Alexander Holmes, certify that:

1. I have reviewed this Annual Report on Form 10-K of MoneyGram International, Inc. for the fiscal year ended December 31, 2016 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2017

/s/ W. Alexander Holmes

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



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

I, Lawrence Angelilli, certify that:

1. I have reviewed this Annual Report on Form 10-K of MoneyGram International, Inc. for the fiscal year ended December 31, 2016 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2017

/s/ Lawrence Angelilli

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Lawrence Angelilli  
Chief Financial Officer  
(Principal Financial Officer)

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

In connection with the Annual Report on Form 10-K (the "Report"), of MoneyGram International, Inc. (the "Company") for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof, I, W. Alexander Holmes, Director and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 16, 2017

/s/ W. Alexander Holmes

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

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

In connection with the Annual Report on Form 10-K (the "Report"), of MoneyGram International, Inc. (the "Company") for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof I, Lawrence Angelilli, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: March 16, 2017

/s/ Lawrence Angelilli

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Lawrence Angelilli  
Chief Financial Officer  
(Principal Financial Officer)