RESMED INC
Form 424B3
February 15, 2002

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-70500

PROSPECTUS SUPPLEMENT NO. 8
(TO PROSPECTUS DATED OCTOBER 9, 2001)

$180,000,000
RESMED INC.

4% CONVERTIBLE SUBORDINATED NOTES DUE 2006
SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THE NOTES

This prospectus supplement relates to the resale by holders of our 4% Convertible Subordinated Notes Due 2006 and shares of our common stock issuable upon the conversion of the notes. This prospectus supplement should be read in conjunction with the prospectus dated October 9, 2001, prospectus supplement No. 1, dated October 17, 2001, prospectus supplement No. 2, dated October 25, 2001, prospectus supplement No. 3, dated November 5, 2001, prospectus supplement No. 4, dated November 14, 2001, prospectus supplement No. 5, dated November 21, 2001, prospectus supplement No. 6, dated December 14, 2001, and prospectus supplement No. 7, dated January 17, 2002, each of which are to be delivered with this prospectus supplement. All capitalized terms used but not defined in this prospectus supplement have the meanings given them in the prospectus.

The information appearing in the table below, as of the date hereof, supplements the information in the table appearing under the heading "Selling Securityholders" in the prospectus, and, where the name of a selling securityholder identified in the table below also appears in the table in the prospectus or in the table in a prospectus supplement dated prior to the date hereof, the information set forth in the table below regarding that selling securityholder supersedes the information in the prospectus or in that prospectus supplement:

Name	Principal Amount of Notes Beneficially Owned and Offered Hereby/(1)/	Percentage of Notes Outstanding	Common S Prior Off
Merrill, Lynch, Pierce, Fenner and Smith Inc.	$ 7,099,000	3.94%	1

/(1)/ We believe that any registered sales under the prospectus and its accompanying supplements that exceed the total principal amount of notes originally issued by us is the result of sales by selling securityholders that acquired previously registered notes and subsequently requested that those notes be registered.

The number of shares of common stock owned prior to the offering includes shares of common stock into which the notes are convertible. The number of shares of common stock offered hereby is based on a conversion price of $60.60 per share of common stock and a cash payment in lieu of any fractional share. Information concerning other selling securityholders will be set forth in prospectus supplements from time to time, if required. The number of shares of common stock owned by the other selling securityholders or any future transferee from any such holder assumes that they do not beneficially own any common stock other than common stock into which the notes are convertible at a conversion price of $60.60 per share.

Except as set forth in this paragraph, none of the selling securityholders nor any of their affiliates, officers, directors or principal equity holders has held any position or office or has had any material relationship with us within the past three years. Based exclusively on a Schedule 13G filed with the Securities and Exchange Commission, affiliates of Deutsche Banc Alex Brown Inc. own common stock and Chess Units of Foreign Securities ("CUFS") that are convertible into common stock which, assuming conversion of the CUFS, represent in the aggregate approximately 12.1% of our outstanding common stock as of September 30, 2001. Additionally, affiliates of Deutsche Banc Alex Brown Inc. provided us with a bridge loan facility used in connection with our purchase of MAP Medizin-Technologie GmbH in February, 2001. A portion of the proceeds we received upon the sale of the notes was used to repay this bridge loan.

INVESTING IN THE NOTES OR THE COMMON STOCK INTO WHICH THE NOTES ARE CONVERTIBLE INVOLVES A HIGH DEGREE OF RISK. PLEASE CONSIDER THE "RISK FACTORS" BEGINNING ON PAGE 5 OF THE PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus supplement is February 15, 2002.

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$
(0.69
)
Financial Position

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

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.

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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.

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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.

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RESULTS OF OPERATIONS

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

(Amounts in millions, except percentages)	2016	2015	2014	2016 vs 2015	2015 vs 2014	2016 vs 2015	2015 vs 2014
Revenue							
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)%
Expenses							
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)%
Other expenses (income)							
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.

(Amounts in millions, except percentages)	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 %	— %

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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:

(Amounts in millions)	2016	2015
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	$1,456.2	$1,366.9

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:

	2016 vs 2015	2015 vs 2014
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:

	2016	2015	2014
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:

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

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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:

(Amounts in millions)	2016	2015
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:	$791.9	$759.5

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.

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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.

(Amounts in millions, except percentages)	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:

(Amounts in millions, except percentages)	2016	2015	2014	2016 vs 2015	2015 vs 2014
Investment revenue	$18.0	$12.1	$16.5	49 %	(27)%
Investment commissions expense [1]	2.5	0.8	0.4	NM	100 %

[1]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:

	2016		2015		2014	
(Amounts in millions, except percentages)	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.

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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:

(Amounts in millions)	2016	2015
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	$295.1	$309.1

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.

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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:

(Amounts in millions)	2016	2015
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	$309.5	$324.8

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.

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Other Expenses (Income), Net

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

(Amounts in millions)	2016	2015	2014	2016 vs 2015	2015 vs 2014
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	$45.3	$45.3	$(1.2)	$—	$46.5

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:

(Amounts in millions, except percentages)	2016	2015	2014
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.

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Operating Income and Operating Margin

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

(Amounts in millions, except percentages)	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.

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

(Amounts in millions)	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
EBITDA	222.0	142.7	226.1
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 (1)	—	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
Adjusted EBITDA	$264.6	$243.1	$277.2
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)
Adjusted Free Cash Flow	$96.7	$0.4	$50.0

(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.

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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:

(Amounts in millions)	2016	2015
Cash and cash equivalents	$157.2	$164.5
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
	3,634.3	3,505.6
Payment service obligations	$(3,634.3)	$(3,505.6)

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

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

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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:

(Amounts in millions, except percentages)	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

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.

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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 prefunds 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:

	Payments due by period				
(Amounts in millions)	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.

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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

(Amounts in millions)	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.

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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.

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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.

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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,” 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;

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- 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.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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.

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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.

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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:

(Amounts in millions, except percentages and financial institutions)	Number of Financial Institutions[1]	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[2]	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		$2,792.1	100	%

[1] 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.

(2) 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.

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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.

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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:

	Basis Point Change in Interest Rates					
	Down	Down	Down	Up	Up	Up
(Amounts in millions)	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

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

	Basis Point Change in Interest Rates					
	Down	Down	Down	Up	Up	Up
(Amounts in millions)	200	100	50	50	100	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.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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.

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

None.

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Item 9A. CONTROLS AND PROCEDURES

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.

Item 9B. OTHER INFORMATION

None.

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PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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 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.

Item 11. EXECUTIVE COMPENSATION

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.

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

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.

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

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.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(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.

Item 16. FORM 10-K SUMMARY

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	Seth W. Lawry
J. Coley Clark	Ganesh B. Rao
Victor W. Dahir	W. Bruce Turner
Antonio O. Garza	Michael Rafferty
Peggy Vaughan	

By: /s/ F. Aaron Henry March 16, 2017
F. Aaron Henry
Attorney-in-fact

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EXHIBIT INDEX

Exhibit Number	Description
2.1	Separation and Distribution Agreement, dated as of June 30, 2004, by and among Viad Corporation, MoneyGram International, Inc., MGI Merger Sub, Inc. and Travelers Express Company, Inc. (Incorporated by reference from Exhibit 2.1 to Registrant's Quarterly Report on Form 10-Q filed on August 13, 2004).
2.2	Recapitalization Agreement, dated as of March 7, 2011, among MoneyGram International, Inc., certain affiliates and co-investors of Thomas H. Lee Partners, L.P. and Goldman, Sachs & Co. and certain of its affiliates (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).

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†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).

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†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).

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†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).

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†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

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*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.

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MoneyGram International, Inc.
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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.

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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

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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

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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)

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MONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS

AT DECEMBER 31,	2016	2015
(Amounts in millions, except share data)		
ASSETS		
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	$4,597.4	$4,505.2
LIABILITIES		
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	4,805.8	4,728.0
COMMITMENTS AND CONTINGENCIES (NOTE 14)		
STOCKHOLDERS' DEFICIT		
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	(208.4)	(222.8)
Total liabilities and stockholders' deficit	$4,597.4	$4,505.2

See Notes to the Consolidated Financial Statements

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MONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31,	2016	2015	2014
(Amounts in millions, except per share data)			
REVENUE			
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
EXPENSES			
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
OPERATING INCOME	88.4	16.2	71.4
Other expenses (income)			
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
NET INCOME (LOSS)	$16.3	$(76.9)	$72.1
EARNINGS (LOSS) PER COMMON SHARE			
Basic	$0.26	$(1.24)	$1.10
Diluted	$0.25	$(1.24)	$1.10
Weighted-average outstanding common shares and equivalents used in computing earnings (loss) per share			
Basic	62.3	62.1	65.3
Diluted	65.9	62.1	65.5

See Notes to the Consolidated Financial Statements

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

FOR THE YEAR ENDED DECEMBER 31,	2016	2015	2014
(Amounts in millions)			
NET INCOME (LOSS)	$16.3	$(76.9)	$72.1
OTHER COMPREHENSIVE (LOSS) INCOME			
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)
COMPREHENSIVE INCOME (LOSS)	$11.1	$(58.5)	$38.0

See Notes to the Consolidated Financial Statements

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MONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2016	2015	2014
(Amounts in millions)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
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	118.2	33.6	62.3
CASH FLOWS FROM INVESTING ACTIVITIES:			
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	(82.8)	(109.5)	(96.4)
CASH FLOWS FROM FINANCING ACTIVITIES:			
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	(42.7)	(10.2)	(34.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7.3)	(86.1)	(68.2)
CASH AND CASH EQUIVALENTS—Beginning of year	164.5	250.6	318.8
CASH AND CASH EQUIVALENTS—End of year	$157.2	$164.5	$250.6
Supplemental cash flow information:			
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

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MONEYGRAM INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

(Amounts in millions)	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
January 1, 2014	$ 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)
December 31, 2014	183.9	0.6	982.8	(1,144.6)	(67.1)	(138.3)	(182.7)
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
December 31, 2015	183.9	0.6	1,002.4	(1,226.8)	(48.7)	(134.2)	(222.8)
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)
December 31, 2016	$ 183.9	$ 0.6	$ 1,020.3	$ (1,247.6)	$ (53.9)	$ (111.7)	$ (208.4)

See Notes to the Consolidated Financial Statements

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MONEYGRAM INTERNATIONAL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Description of the Business and Basis of Presentation

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

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.

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The Company's licensed entity, MoneyGram Payment Systems, Inc. ("MPSI"), is regulated by various U.S. state agencies that generally require the Company to maintain a pool of assets with an investment rating 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 MPSI to maintain positive net worth, with certain states requiring that MPSI maintain positive tangible net worth. The Company was in compliance with its contractual and financial regulatory requirements as of December 31, 2016.

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

(Amounts in millions)	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
	3,634.3	3,505.6
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:

(Amounts in millions)	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	$11.8	$9.2	$10.7

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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.

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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:

Type of Asset	Useful Life
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:

Type of Intangible Asset	Useful Life
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.

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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.

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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:

(Amounts in millions)	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	65.9	62.1	65.5

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:

(Amounts in millions)	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	2.7	7.2	5.1

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.

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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.

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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:

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

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

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

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

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

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

(Amounts in millions)	2016	2015	2014
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

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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:

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

Note 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.

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

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

The following table provides a roll-forward of the other asset-backed securities classified as Level 3, which are measured at fair value on a recurring basis, for the years ended December 31:

(Amounts in millions)	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)
Ending balance	$10.6	$11.6	$12.6

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:

	Fair Value		Carrying Value	
(Amounts in millions)	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.

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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:

(Amounts in millions)	2016	2015
Cash	$1,514.5	$1,717.3
Money market securities	7.7	7.9
Cash and cash equivalents [(1)]	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	$2,792.1	$2,808.7

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

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:

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

As of 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.

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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:

	2016			2015		
(Amounts in millions, except percentages)	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:

(Amounts in millions)	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)

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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:

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

(Amounts in millions)	Balance Sheet Location	Gross Amount of Recognized Liabilities 2016	Gross Amount of Recognized Liabilities 2015	Gross Amount of Offset 2016	Gross Amount of Offset 2015	Net Amount of Liabilities Presented in the Consolidated Balance Sheets 2016	Net Amount of Liabilities Presented in the Consolidated Balance Sheets 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:

(Amounts in millions)	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.

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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:

(Amounts in millions)	2016 Gross Goodwill	2016 Accumulated Impairments	2015 Gross Goodwill	2015 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:

(Amounts in millions)	2016 Gross Carrying Value	2016 Accumulated Amortization	2016 Net Carrying Value	2015 Gross Carrying Value	2015 Accumulated Amortization	2015 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:

(Amounts in millions, except percentages)	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.

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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.

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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:

(Amounts in millions)	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	$157.2	$164.5

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.

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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
Net periodic benefit expense (income):									
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%	—	—	—
Medical trend rate:									
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
Benefit obligation:									
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%	—	—	—
Medical trend rate:									
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.

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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:

(Amounts in millions)	Level 1	Level 3	Total
December 31, 2016			
Real estate	$—	$ 5.6	$5.6
Total investments in the fair value hierarchy	$—	$ 5.6	$5.6
Investments measured at net asset value [1]			106.6
Total financial assets			$112.2
December 31, 2015			
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[1]			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:

(Amounts in millions)	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:

	Pension			Postretirement Benefits		
(Amounts in millions)	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)

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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:

(Amounts in millions)	Pension	Postretirement Benefits
2016		
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)
2015		
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)
2014		
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:

	Pension		Postretirement Benefits	
(Amounts in millions)	2016	2015	2016	2015
Change in benefit obligation:				
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	$199.0	$203.2	$ 0.8	$ 1.0
Change in plan assets:				
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	$112.2	$107.9	$ —	$ —
Unfunded status at the end of the year	$86.8	$95.3	$ 0.8	$ 1.0

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:

	Pension		Postretirement Benefits		Total	
(Amounts in millions)	2016	2015	2016	2015	2016	2015
Pension and other postretirement benefits liability	$86.8	$95.3	$ 0.8	$ 1.0	$87.6	$96.3
Accumulated other comprehensive loss:						
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	$44.5	$46.2	$ 0.3	$ 0.1	$44.8	$46.3

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:

	Pension Plan		SERPs		Postretirement Benefits	
(Amounts in millions)	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	—	—	—	—

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

(Amounts in millions)	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.

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.

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

(Shares in thousands)	D Stock Authorized	D Stock Issued	D Stock Outstanding	Common Stock Authorized	Common Stock Issued	Common Stock Outstanding	Treasury Stock
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.

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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:

(Amounts in millions)	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	$(53.9)	$(48.7)

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

(Amounts in millions)	Net unrealized gains on securities classified as available-for-sale, net of tax	Cumulative foreign currency translation adjustments, net of tax	Pension and Postretirement Benefits 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	$ 11.2	$ (5.4)	$ (72.9)	$(67.1)
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	$ 11.1	$ (13.5)	$ (46.3)	$(48.7)
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	$ 10.8	$ (19.9)	$ (44.8)	$(53.9)

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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:

(Amounts in millions)	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	$(0.3)	$(1.4)	$(5.9)	
Pension and Postretirement Benefits adjustments:				
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	$3.4	$13.9	$4.1	
Total reclassified for the period, net of tax	$3.1	$12.5	$(1.8)	

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:

(Amounts in millions)	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	$17.9	$19.6	$5.4

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.

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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:

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

(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:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value ($000,000)
Options outstanding at December 31, 2015	3,092,581	$ 19.20	5.2 years	$ —
Forfeited/Expired	(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:

(Amounts in millions)	2016	2015	2014
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.

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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

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

(Amounts in millions)	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:

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

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:

(Amounts in millions)	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)	19.3	22.2	(5.0)
Deferred income tax expense	7.5	25.6	5.5
Income tax expense	$26.8	$47.8	$0.5

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:

(Amounts in millions)	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	$26.8	$47.8	$0.5

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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:

(Amounts in millions)	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	93.7	90.3
Deferred tax liability:		
Depreciation and amortization	(100.8)	(92.0)
Total deferred tax liability	(100.8)	(92.0)
Net deferred tax liability	$(7.1)	$(1.7)

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:

(Amounts in millions)	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.

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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:

(Amounts in millions)	2016	2015	2014
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	$24.2	$30.5	$31.7

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.

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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:

(Amounts in millions)	2016	2015	2014
Rent expense	$16.4	$17.8	$18.0
Sublease agreements	—	(1.0)	(1.1)
Rent expense under leases	$16.4	$16.8	$16.9

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:

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

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.

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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.

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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.

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.

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

(Amounts in millions)	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:

(Amounts in millions)	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:

(Amounts in millions)	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:

(Amounts in millions)	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

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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:

(Amounts in millions)	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	$4,597.4	$4,505.2

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:

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

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.

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

	For the Year Ended December 31, 2015		
(Amounts in millions)	As Previously Reported	Correction	As Corrected
REVENUE			
Fee and other revenue	$1,422.6	$ 104.4	$ 1,527.0
Total revenue	1,434.7	104.4	1,539.1
EXPENSES			
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
OPERATING INCOME	$16.2	$ —	$ 16.2

	For the Year Ended December 31, 2014		
(Amounts in millions)	As Previously Reported	Correction	As Corrected
REVENUE			
Fee and other revenue	$1,438.4	$ 95.5	$ 1,533.9
Total revenue	1,454.9	95.5	1,550.4
EXPENSES			
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
OPERATING INCOME	$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:

	For the Year Ended December 31, 2015		
(Amounts in millions)	As Previously Reported	Correction	As Corrected
Global Funds Transfer results:			
Money transfer revenue	$1,262.7	$ 104.4	$ 1,367.1
Global Funds Transfer revenue	1,361.4	104.4	1,465.8
Revenue by major geographic area:			
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

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(Amounts in millions)	For the Year Ended December 31, 2014 As Previously Reported	Correction	As Corrected
Global Funds Transfer results:			
Money transfer revenue	$1,274.5	$ 95.5	$ 1,370.0
Global Funds Transfer revenue	1,374.6	95.5	1,470.1
Revenue by major geographic area:			
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:

(Amounts in millions, except per share data)	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
(Loss) earnings per common share										
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

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2015 Fiscal Quarters: (Amounts in millions, except per share data)	First			Second [1]			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.

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Note 19 — Condensed Consolidating Financial Statements

In the event the Company offers debt securities pursuant to an effective registration statement on Form S-3, these debt securities may be guaranteed by certain of its subsidiaries. Accordingly, the Company is providing condensed consolidating financial information in accordance with 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.

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

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
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	$915.1	$ 4,666.5	$ 392.3	$ (1,376.5)	$ 4,597.4
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
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	1,123.5	3,787.4	160.0	(265.1)	4,805.8
Total stockholders' (deficit) equity	(208.4)	879.1	232.3	(1,111.4)	(208.4)
Total liabilities and stockholders' (deficit) equity	$915.1	$ 4,666.5	$ 392.3	$ (1,376.5)	$ 4,597.4

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

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
REVENUE					
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
EXPENSES					
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
OPERATING (LOSS) INCOME	(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)	—
NET INCOME	16.3	47.1	15.4	(62.5)	16.3
TOTAL OTHER COMPREHENSIVE LOSS	(5.2)	(5.2)	(34.3)	39.5	(5.2)
COMPREHENSIVE INCOME (LOSS)	$11.1	$41.9	$ (18.9)	$ (23.0)	$ 11.1

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

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$(43.4)	$ 140.0	$ 21.6	$ —	$ 118.2
CASH FLOWS FROM INVESTING ACTIVITIES:					
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)
CASH FLOWS FROM FINANCING ACTIVITIES:					
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)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2.1)	40.6	(45.8)	—	(7.3)
CASH AND CASH EQUIVALENTS—Beginning of year	2.1	88.2	74.2	—	164.5
CASH AND CASH EQUIVALENTS—End of year	$—	$ 128.8	$ 28.4	$ —	$ 157.2

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

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

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

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
REVENUE					
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
EXPENSES					
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
OPERATING (LOSS) INCOME	(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	—
NET (LOSS) INCOME	(76.9)	(46.6)	14.8	31.8	(76.9)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	18.4	11.8	(20.4)	8.6	18.4
COMPREHENSIVE LOSS	$(58.5)	$ (34.8)	$ (5.6)	$ 40.4	$ (58.5)

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

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$(65.7)	$ 149.6	$ (50.3)	$ —	$ 33.6
CASH FLOWS FROM INVESTING ACTIVITIES:					
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)
CASH FLOWS FROM FINANCING ACTIVITIES:					
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)
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	(3.8)	(82.3)	—	(86.1)
CASH AND CASH EQUIVALENTS—Beginning of year	2.1	92.0	156.5	—	250.6
CASH AND CASH EQUIVALENTS—End of year	$2.1	$ 88.2	$ 74.2	$ —	$ 164.5

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

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
REVENUE					
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
EXPENSES					
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
OPERATING (LOSS) INCOME	(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)	—
NET INCOME	72.1	102.8	3.3	(106.1)	72.1
TOTAL OTHER COMPREHENSIVE LOSS	(34.1)	(34.1)	(18.6)	52.7	(34.1)
COMPREHENSIVE INCOME (LOSS)	$38.0	$68.7	$ (15.3)	$ (53.4)	$ 38.0

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

(Amounts in millions)	Parent	Subsidiary Guarantors	Non-Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$(27.4)	$ 48.3	$ 41.4	$ —	$ 62.3
CASH FLOWS FROM INVESTING ACTIVITIES:					
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)
CASH FLOWS FROM FINANCING ACTIVITIES:					
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)
NET CHANGE IN CASH AND CASH EQUIVALENTS	0.4	(132.9)	64.3	—	(68.2)
CASH AND CASH EQUIVALENTS—Beginning of year	1.7	224.9	92.2	—	318.8
CASH AND CASH EQUIVALENTS—End of year	$2.1	$ 92.0	$ 156.5	$ —	$ 250.6