

MONEYGRAM INTERNATIONAL INC
Form DEF 14A
March 28, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

MONEYGRAM INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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2828 North Harwood Street, 15th Floor

Dallas, Texas 75201

April 1, 2013

Dear MoneyGram Stockholder:

You are invited to attend our 2013 Annual Meeting of Stockholders, which will be held at 8:00 a.m. Central Time on Wednesday, May 8, 2013 in the Rosewood Crescent Hotel, Salons A/B, located at 400 Crescent Court, Dallas, Texas.

Details of the business to be conducted at the meeting are described in the attached Notice of Annual Meeting of Stockholders and proxy statement.

Your vote is important and we encourage you to vote whether or not you plan to attend the meeting. Please sign, date and return the enclosed proxy card in the envelope provided, or you may vote by telephone or on the Internet as described on your proxy card. If you plan to attend the meeting, you may vote in person.

Also enclosed is a copy of our Annual Report on Form 10-K for the year ended December 31, 2012. I encourage you to read the Annual Report on Form 10-K for information about the company's performance in 2012.

We look forward to seeing you at the meeting.

Sincerely,

Pamela H. Patsley

Chairman and Chief Executive Officer

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2828 North Harwood Street, 15th Floor

Dallas, Texas 75201

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

April 1, 2013

The Annual Meeting of Stockholders of MoneyGram International, Inc. will be held at 8:00 a.m. Central Time on Wednesday, May 8, 2013 in the Rosewood Crescent Hotel, Salons A/B, located at 400 Crescent Court, Dallas, Texas for the following purposes:

1. To elect eight directors to serve one-year terms;
2. To amend the MoneyGram International, Inc. 2005 Omnibus Incentive Plan;
3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2013; and

4. To act upon any other matters that may properly come before the meeting and any adjournment(s) or postponement(s) thereof. Only stockholders of record of common stock at the close of business on March 15, 2013, referred to herein as the record date, are entitled to receive this notice and to vote at the meeting.

To assure your representation at the meeting, please vote by telephone, on the Internet using the instructions on the proxy card, or by signing, dating and returning the proxy card in the postage-prepaid envelope provided.

By Order of the Board of Directors

Francis Aaron Henry

Executive Vice President, General Counsel and

Corporate Secretary

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MONEYGRAM INTERNATIONAL, INC.

PROXY STATEMENT

PART ONE

VOTING INFORMATION

A proxy is solicited on behalf of the Board of Directors of MoneyGram International, Inc. (MoneyGram, the Company, we, us or our) for us the Annual Meeting of Stockholders to be held on Wednesday, May 8, 2013, beginning at 8:00 a.m., Central Time, in the Rosewood Crescent Hotel, Salons A/B, located at 400 Crescent Court, Dallas, Texas, and at any adjournment(s) or postponement(s) thereof. We are first mailing the proxy statement and proxy card to holders of MoneyGram common stock on or about April 1, 2013.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 8, 2013

The Notice of Annual Meeting, proxy statement and 2012 Annual Report on Form 10-K are available at www.moneygram.com/MGICorp/InvestorRelations/index.htm.

Who May Vote/Voting Rights

MoneyGram has two classes of capital stock outstanding: common stock and Series D Participating Convertible Preferred Stock, or D Stock, a common stock equivalent.

Stockholders of record of MoneyGram common stock at the close of business on March 15, 2013, referred to herein as the record date, are entitled to receive the Notice of Annual Meeting and vote their shares at the meeting. On the record date, 57,856,925 shares of common stock and 109,239 shares of D Stock were outstanding. As of the record date, the 109,239 shares of D Stock are convertible into 13,654,930 shares of common stock upon transfer to any holder other than The Goldman Sachs Group, Inc. and its affiliates, or the Goldman Sachs Group.

Affiliates of Thomas H. Lee Partners, L.P., or THL, own approximately 62.8 percent of our common stock. The Goldman Sachs Group stockholders holding D Stock would own approximately 19.1 percent of our common stock on a diluted basis upon conversion of their D Stock, and THL would own approximately 50.8 percent of our common stock on a diluted basis. The D Stock, as held by the Goldman Sachs Group, is non-voting stock except for the rights to vote on limited matters specified in the Certificate of Designations, Preferences and Rights of the D Stock of the Company, none of which are being presented for a vote at this meeting.

A holder of common stock is entitled to one vote for each share of common stock held on the record date for each of the proposals set forth herein. There is no cumulative voting.

How You May Vote

You are entitled to vote at the meeting if you are a stockholder of record of common stock on the record date. You may vote in person at the meeting, by automated telephone voting, on the Internet or by proxy.

How You May Revoke or Change Your Vote

Proxies may be revoked or changed if you:

deliver a signed, written revocation letter, dated later than the proxy, to MoneyGram International, Inc., 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, Attention: Corporate Secretary;

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deliver a signed proxy, dated later than the prior proxy, to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717;

vote again by telephone or on the Internet prior to the meeting; or

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attend the meeting and give notice to the inspector of election that you intend to vote in person rather than by proxy. Your attendance at the meeting will not revoke your proxy unless you choose to vote in person.

If your shares are held in street name by a broker, bank, trust or other nominee, you must contact such organization and follow its procedures to revoke your proxy.

Costs of Solicitation

The cost of solicitation, if any, will be borne by MoneyGram. Proxies may be solicited on our behalf by directors, officers or employees, in person or by telephone, electronic transmission and facsimile transmission. No additional compensation will be paid to such persons for such solicitation. MoneyGram will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to beneficial owners of shares.

Difference between a Stockholder of Record and a Beneficial Owner of Shares Held in Street Name

If your shares are registered in your name with MoneyGram's transfer agent, Wells Fargo Shareowner Services, you are the stockholder of record of those shares. In such case, the Notice of Annual Meeting and proxy statement and any accompanying documents have been provided directly to you by MoneyGram.

If your shares are not registered in your own name and, instead, your broker, bank, trust or other nominee holds your shares, you are a beneficial owner of shares held in street name. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. The Notice of Annual Meeting and proxy statement and any accompanying documents have been forwarded to you by your broker, bank, trust or other nominee. As the beneficial owner, you have the right to direct your broker, bank, trust or other nominee how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

Votes Required/Voting Procedures

The presence at this annual meeting of stockholders, in person or by proxy, of a majority of voting power of our common stock issued and outstanding and eligible to vote will constitute a quorum for the transaction of business at the meeting. In general, shares of common stock either represented in person at the meeting or by a properly signed and returned proxy card, or properly voted by telephone or on the Internet, will be counted as present and entitled to vote at the meeting for purposes of determining the existence of a quorum. Proxies received but marked as abstentions (or withhold authority with respect to one or more directors) and broker non-votes will be included in the voting power considered to be present at the meeting for purposes of determining a quorum. Broker non-votes are shares held of record by a broker that are not voted on a matter because the broker has not received voting instructions from the beneficial owner of the shares and the broker either lacks or declines to exercise the authority to vote the shares in its discretion.

Proxies will be voted as specified by the stockholder. Signed proxies that lack any specification will be voted (i) FOR each of the Board's director nominees; (ii) FOR the amendment to the MoneyGram International, Inc. 2005 Omnibus Incentive Plan; and (iii) FOR the ratification of Deloitte & Touche LLP, or Deloitte, as our independent registered public accounting firm for 2013. Notwithstanding the foregoing, proxies corresponding to shares held through the MoneyGram International, Inc. 401(k) Plan, or the 401(k) plan, will be voted as described below. The proxy holders will use their best judgment with respect to any other matters properly brought before the meeting. If a nominee cannot or will not serve as a director, the proxy may be voted for another person as the proxy holders decide.

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Unless you provide voting instructions to any broker holding shares on your behalf, your broker may not use discretionary authority to vote your shares on any of the matters to be considered at the annual meeting other than the ratification of our independent registered public accounting firm. Please vote your proxy so your vote can be counted.

Election of Directors (Proposal 1). Each director nominee receiving a majority of the voting power of the then outstanding common stock, voted with respect to the director, will be elected as a director. This means that the voting power of the stock voted **FOR** a director nominee must exceed the voting power of the stock voted **AGAINST** that director nominee in order for that nominee to be elected as a director. Shares not represented at the meeting and proxies marked **ABSTAIN** have no effect on the election of directors. Affiliates of THL have indicated their intent to vote all of their shares of common stock, which represents approximately 62.8 percent of the voting power of our common stock, **FOR** each of the director nominees at this annual meeting of stockholders.

Approval of Amendment to 2005 Omnibus Incentive Plan (Proposal 2). The affirmative vote of a majority of the voting power of the then outstanding common stock voted with respect to this proposal is required for the approval of this proposal, provided the total number of shares that vote on the proposal represents a majority of the shares of common stock outstanding on the record date. A proxy marked **ABSTAIN** with regard to this proposal will have the effect of a vote against this proposal. Affiliates of THL have indicated their intent to vote all of their shares of common stock, which represents approximately 62.8 percent of the voting power of our common stock, **FOR** the amendment to the 2005 Omnibus Incentive Plan at this annual meeting of stockholders.

Ratification of Appointment of Independent Registered Public Accounting Firm for 2013 (Proposal 3). The affirmative vote of a majority of the voting power of the then outstanding common stock voted with respect to this proposal is required for the approval of this proposal. Shares not represented at the meeting and proxies marked **ABSTAIN** with regard to this proposal have no effect on this proposal. Affiliates of THL have indicated their intent to vote all of their shares of common stock, which represents approximately 62.8 percent of the voting power of our common stock, **FOR** the ratification of appointment of our independent registered public accounting firm for 2013 at this annual meeting of stockholders.

If you hold your shares in street name and do not provide voting instructions to your broker, the shares may be counted as present at the meeting for the purpose of determining a quorum and may be voted on Proposal 3 at the discretion of your broker. Such shares will not be voted at the discretion of your broker on Proposals 1 and 2 and will have no effect on the outcome of such proposals.

If you are a participant in MoneyGram's 401(k) plan, your proxy will serve as a voting instruction to the Independent Fiduciary (as defined in the 401(k) plan). The Independent Fiduciary shall instruct the Trustee how to vote. The Independent Fiduciary shall follow each participant's instructions unless it determines that doing so would be contrary to the Employee Retirement Income Security Act of 1974, as amended, or ERISA. If no voting instructions are received from a participant in the 401(k) plan, the Trustee will vote those shares in accordance with the majority of shares voted in the 401(k) plan for which instructions were received, unless the Independent Fiduciary determines that doing so would be contrary to ERISA and instructs the Trustee to vote such shares differently.

Reducing Duplicate Mailings

Because many stockholders hold shares of our common stock in multiple accounts or share an address with other stockholders, stockholders may receive duplicate mailings of notices or proxy materials. Stockholders may avoid receiving duplicate mailings as follows:

Stockholders of Record. If your shares are registered in your own name and you are interested in consenting to the delivery of a single notice or single set of proxy materials, you may contact Broadridge Householding Department by phone at 1-800-542-1061 or by mail to Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

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Beneficial Stockholders. If your shares are not registered in your own name, your broker, bank, trust or other nominee that holds your shares may have asked you to consent to the delivery of a single notice or single set of proxy materials if there are other MoneyGram stockholders who share an address with you. If you currently receive more than one copy of the notice or proxy materials at your household and would like to receive only one copy in the future, you should contact your nominee.

Right to Request Separate Copies. If you consent to the delivery of a single notice or single set of proxy materials but later decide that you would prefer to receive a separate copy of the notice or proxy materials, as applicable, for each stockholder sharing your address, then please notify Broadridge Householding Department or your nominee, as applicable, and they will promptly deliver the additional notices or proxy materials. If you wish to receive a separate copy of the notice or proxy materials for each stockholder sharing your address in the future, you may also contact Broadridge Householding Department by phone at 1-800-542-1061 or by mail to Broadridge Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

PART TWO

BOARD OF DIRECTORS AND GOVERNANCE

2008 Recapitalization

On March 25, 2008, MoneyGram completed a recapitalization transaction, referred to herein as the 2008 Recapitalization, pursuant to the terms of an amended and restated purchase agreement, or the Purchase Agreement, dated as of March 17, 2008, with THL and affiliates of Goldman, Sachs & Co., referred to herein as Goldman Sachs, and, together with THL, the Investors. Pursuant to the Purchase Agreement, we, among other things, sold shares of Series B Participating Convertible Preferred Stock, or B Stock, to THL and shares of Series B-1 Participating Convertible Preferred Stock, or B-1 Stock, to Goldman Sachs for an aggregate purchase price of \$760.0 million. In addition, the Company paid \$7.5 million of transaction costs relating to the issuance of the B Stock and B-1 Stock, referred to together herein as the Series B Stock, through the issuance of shares of B-1 Stock to Goldman Sachs. The issuance of the Series B Stock gave the Investors an initial equity interest of approximately 79 percent. For additional information regarding the 2008 Recapitalization, the Purchase Agreement, the terms of the Series B Stock and related matters, see Part Four Other Important Information Transactions with Related Persons in this proxy statement.

2011 Recapitalization/Offering

On March 7, 2011, MoneyGram entered into a Recapitalization Agreement, pursuant to which (i) THL converted all of the shares of B Stock into shares of our common stock in accordance with MoneyGram's Certificate of Designations, Preferences and Rights of the B Stock, (ii) Goldman Sachs converted all of the shares of B-1 Stock into shares of D Stock in accordance with MoneyGram's Certificate of Designations, Preferences and Rights of the B-1 Stock, (iii) THL received 3,520,358 additional shares of our common stock and \$140.8 million in cash, and (iv) Goldman Sachs received approximately 15,503 additional shares of D Stock (equivalent to 1,937,975 shares of our common stock) and \$77.5 million in cash. Such transactions are referred to collectively herein as the 2011 Recapitalization. On May 18, 2011, the Company and the Investors completed the 2011 Recapitalization.

In 2011, MoneyGram closed an underwritten secondary public offering, pursuant to which the Investors sold an aggregate of 10,237,524 shares of our common stock.

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Reverse Stock Split

On November 14, 2011, MoneyGram effected a one-for-eight reverse stock split of its issued and outstanding common stock and a corresponding decrease in its authorized shares of common stock to a total of 162.5 million shares. All share numbers in this proxy statement reflect the reverse stock split.

Board Representation

Pursuant to the Purchase Agreement, the Investors were provided with certain rights with respect to representation on the Board and committees of the Board, referred to herein as Board Representatives. Under the Purchase Agreement, THL has the right to designate two to four directors who each have equal votes and who are to have such number of votes equal to the number of directors as is proportionate to the Investors common stock ownership. Therefore, each director designated by THL has multiple votes and each other director has one vote. During 2012, THL designated Thomas M. Hagerty, Scott L. Jaeckel, Seth W. Lawry and Ganesh B. Rao to serve as its Board Representatives. On February 26, 2013, Scott L. Jaeckel provided notice to the Company that he will not stand for re-election in 2013, and THL has indicated to the Company that it will not designate a replacement representative for Mr. Jaeckel. The Purchase Agreement, together with the Second Amended Note Purchase Agreement, also provides for the general attendance by two representatives of Goldman Sachs to observe at Board meetings. However, during 2012 Goldman Sachs advised the Company that it had declined to designate any such representative at this time.

Board Structure and Composition

The Company's Amended and Restated Certificate of Incorporation provides that each director of the Company is elected for a one-year term by the vote of a majority of the voting power of the then outstanding common stock voted with respect to the director. Subject to certain rights of the Investors, the number of directors on the Board shall be fixed by a majority of the whole Board, but shall not be more than seventeen nor less than three. If a vacancy occurs, including as a result of an increase in the authorized number of directors, the vacant directorship may be filled by the affirmative vote of a majority of the remaining directors for a term expiring at the next annual meeting of stockholders, subject to certain rights provided to the Investors under the Purchase Agreement. Each director holds office until a successor has been duly elected and qualified.

The Board of Directors is currently comprised of ten members: five Independent Directors (as defined below), four Board Representatives and Pamela H. Patsley, Chairman and Chief Executive Officer, or CEO, of the Company. J. Coley Clark, Victor W. Dahir, Ambassador Antonio O. Garza, Ann Mather and W. Bruce Turner currently serve as Independent Directors on the Board. An Independent Director means a director or director nominee who satisfies all standards for independence under the New York Stock Exchange, Inc., or NYSE, listing standards and any other applicable laws. Messrs. Hagerty, Jaeckel, Lawry and Rao currently serve as Board Representatives, pursuant to the rights of the Investors under the Purchase Agreement. Pamela H. Patsley, the Company's CEO, serves as our Chairman of the Board. With the exceptions of Ms. Mather and Mr. Jaeckel, each of the Company's current directors is seeking re-election at the 2013 annual meeting of stockholders. Ms. Mather has indicated her intention not to stand for re-election at the 2013 annual meeting of stockholders due to the time and travel requirements related to continued service on the Company's Board. The Human Resources and Nominating Committee has engaged an outside search firm to assist in locating a new Independent Director to join the Board. Mr. Jaeckel has indicated his intention not to stand for re-election at the 2013 annual meeting of stockholders. Information about the nominees is set forth in Part Three Proposals to be Voted on at the 2013 Annual Meeting Proposal 1: Election of Directors in this proxy statement.

Director Independence

Because more than 50 percent of the voting power of our stock is held by the Investors, the Company has elected to be treated as a controlled company for purposes of the NYSE listing

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standards. As a result, the NYSE listing standards do not require our Board to be comprised of at least a majority of Independent Directors or our Human Resources and Nominating Committee to be comprised entirely of Independent Directors. The NYSE listing standards do, however, require our Audit Committee to be comprised entirely of Independent Directors. As required by the NYSE listing standards, our Board makes a formal determination each year as to which of our directors and director nominees are independent. The Board has determined that the following directors or director nominees are independent within the meaning of the NYSE listing standards and the applicable Securities and Exchange Commission, or SEC, regulations: Ms. Mather, Messrs. Clark, Dahir and Turner and Amb. Garza.

Board Meetings

The Board held 17 meetings during 2012. Each director attended at least 75 percent of the aggregate number of meetings of the Board and meetings of the committees on which the director served.

Attendance at Annual Stockholder Meetings

Under our Corporate Governance Guidelines, directors are expected to attend the annual meeting of stockholders, Board meetings and meetings of committees on which they serve. Each director attended the 2012 annual meeting of stockholders.

Meetings of Non-Management Directors

The Board schedules regular executive sessions of the non-management directors. The Board chooses one of its members to preside over each executive session of non-management directors. In 2012, the Board held seven executive sessions of the non-management directors, which included all directors except Ms. Patsley.

Meetings of and Voting by Independent Directors

Pursuant to our Corporate Governance Guidelines and the NYSE listing standards, the Board schedules an executive session of the independent directors at least annually. In 2012, the Board held five executive sessions of the independent directors.

Board Leadership Structure

The Company does not have a lead independent director. The Board does, however, choose one non-management director to preside over each executive session of non-management directors. The Company has at various points in its history had a combined Chairman and CEO, and has also maintained separate Chairman and CEO positions. In September 2009, the Board appointed Ms. Patsley to serve as Chairman and CEO of the Company. At this time, we believe that a combined Chairman and CEO is the most desirable approach for the Company because it creates efficiencies and enables the CEO to act as a bridge between management and the Board, thereby promoting greater accountability and a unified approach to the development and execution of the Company's strategy.

Board's Role in Risk Oversight

The Board of Directors is responsible for providing oversight of risk management functions including the Company's policies and strategies relating to the management of credit, liquidity, market, financial and operational risks. The Board regularly assesses management's response to critical risks and recommends changes to management, including changes in leadership, where appropriate.

The Board of Directors meets periodically with key members of management to review the Company's business and agree upon its strategy and the risks involved with such strategy. Management and the Board discuss the amount of risk the Company is willing to accept related to

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implementing our strategy. On a periodic basis throughout the year, management responsible for managing credit, liquidity, market, financial and key operational risks, including legal, regulatory compliance, fraud, information technology and security, meet directly with the Board and with the Audit Committee to provide an update on key risks and their processes and systems to manage the risks. The Board approves management's policies related to key risk areas and provides timely input to management regarding risk issues and the appropriateness of management's response. The Board also approves actions surrounding our capital structure, debt agreements, dividend and interest payments, and legal settlements, evaluates potential acquisitions, and approves the annual budget. Key finance, accounting and treasury management meet directly with the Board to provide an update on our financial results.

The Board of Directors delegates responsibility for overseeing certain risks to the Audit Committee. The Audit Committee monitors the quality and integrity of our financial statements and our compliance with legal and regulatory requirements. The Audit Committee is also responsible for understanding risk assessment and risk management policies. The internal audit function reports directly to the Audit Committee and is responsible for testing, on a risk basis, management's compliance with policies and procedures. On an annual basis, the Audit Committee reviews internal audit's process for assessing risk and the results of such risk assessment and also regularly meets with management regarding updates on key risks and their processes and systems to manage the risks. The Audit Committee also reviews and approves the annual audit plan and regularly reports to the Board. For additional information with respect to the Audit Committee, see Part Two Board of Directors and Governance Audit Committee in this proxy statement.

The Company believes that its current leadership structure, which combines the role of Chairman and CEO, as discussed above, promotes effective oversight of the Company's risk management by providing united leadership through a single person, while allowing all directors to be actively involved in the risk oversight function and fully engaged in discussions with management and Board deliberations and decisions.

Compliance and Ethics Committee. We have established a Compliance and Ethics Committee comprised of certain non-management members of the Board. This committee, among other things, oversees the Company's programs, policies and procedures regarding compliance with applicable laws and regulations, including the Company's Code of Conduct, Foreign Corrupt Practices Act policy and anti-fraud and anti-money laundering policies, oversees the Company's chief compliance officer with respect thereto and oversees the Company's compliance with the Deferred Prosecution Agreement, referred to as the DPA, entered into among the Company and the U.S. Department of Justice and the U.S. Attorney's Office for the Middle District of Pennsylvania.

Board Committees

The Board currently maintains two standing committees: the Audit Committee and Human Resources and Nominating Committee. As a controlled company under the NYSE listing standards, MoneyGram is not required to maintain independent compensation and nominating committees.

Audit Committee

The Audit Committee currently consists of Ms. Mather (Chair) and Messrs. Dahir and Turner. Ms. Mather will not stand for re-election and, therefore, will no longer serve on the Audit Committee following the 2013 annual meeting of stockholders. However, the Board will appoint an additional Independent Director to serve on the Audit Committee immediately following the meeting and the Audit Committee will at all times comprise a minimum of three Independent Directors that are financially literate under the NYSE listing standards, including an audit committee financial expert under the rules of the SEC.

The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Membership on the Audit

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Committee is limited to Independent Directors, and the Board has determined that each member of the Audit Committee is an Independent Director. The Board has determined that all members of the Audit Committee are financially literate under the NYSE listing standards and that Ms. Mather and Mr. Dahir qualify as audit committee financial experts under the rules of the SEC. During 2012, Ms. Mather served on the audit committee of three other publicly traded companies. The Company's Board has determined that such simultaneous service did not impair the ability of Ms. Mather to effectively serve on the Company's Audit Committee. No other member of the Audit Committee simultaneously served on the audit committee of more than three public companies during 2012.

The Audit Committee held ten meetings in 2012. The Board has adopted a separate written charter for the Audit Committee, which is available in the Investor Relations section of our website at www.moneygram.com. A copy of the Audit Committee charter is also available in print to any stockholder who submits a request to MoneyGram International, Inc., 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, Attention: Corporate Secretary.

The Audit Committee reports regularly to the Board and annually evaluates its own performance. The Audit Committee meets periodically during the year, in conjunction with regular meetings of the Board, and to review quarterly earnings and related press releases and management's discussion and analysis of financial condition and results of operation for inclusion in our quarterly reports on Form 10-Q and our annual report on Form 10-K filed with the SEC. The Audit Committee appoints our independent registered public accounting firm and assists the Board in monitoring the quality and integrity of our financial statements, our compliance with legal and regulatory requirements and the independence and performance of our internal auditor and our independent registered public accounting firm. The Audit Committee meets regularly in executive session with our independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee, and the head of the Company's internal audit function reports directly to the Audit Committee Chair. For additional information regarding the responsibilities of the Audit Committee, see Part Two Board of Directors and Governance Board's Role in Risk Oversight in this proxy statement.

Human Resources and Nominating Committee

The Human Resources and Nominating Committee, or HRNC, currently consists of Messrs. Clark (Chair), Lawry and Jaeckel and Amb. Garza. Mr. Jaeckel will not stand for re-election and, therefore, will no longer serve on the HRNC following the 2013 annual meeting of stockholders.

The HRNC held seven meetings in 2012. The Board has adopted a separate written charter for the HRNC, which is available in the Investor Relations section of our website at www.moneygram.com. A copy of the HRNC charter is also available in print to any stockholder who submits a request to MoneyGram International, Inc., 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, Attention: Corporate Secretary.

The HRNC reports regularly to the Board and annually evaluates its own performance. It meets periodically during the year, in conjunction with regular meetings of the Board. The HRNC oversees development and implementation of a compensation strategy designed to enhance profitability and fundamental value for the Company. It also reviews and approves the salary and other compensation of the Chairman and CEO and our other executive officers, as well as the compensation and benefits of our non-employee directors. The HRNC determines incentive compensation targets and awards under various compensation plans and makes grants of stock options and other awards under our stock incentive plans. The HRNC also approves the grant of equity compensation to executive officers of the Company, and has delegated authority to the CEO for the recruitment and promotional grants of equity compensation to non-executive officers. During 2012, the HRNC utilized the services of Lyons, Benenson & Company Inc., or LB&Co., as its compensation consultant. In 2012, LB&Co. assisted the HRNC with an evaluation of the Company's peer group and executive compensation matters. For additional information regarding our compensation consultant, see Part Four Other Important Information Compensation Discussion and Analysis The Role of the Compensation Consultant in this proxy statement.

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The HRNC is also responsible for recommending to the Board a slate of directors for election by the stockholders at each annual meeting and for proposing candidates to fill any vacancies on the Board. The HRNC is also responsible for assessing the Board's performance and reviewing our Corporate Governance Guidelines. The HRNC may form subcommittees and delegate authority to such subcommittees when appropriate and when unanimously approved by the HRNC.

Compensation Committee Interlocks and Insider Participation

No member of the Company's HRNC is a current or former officer or employee of the Company. During the year ended December 31, 2012, none of our executive officers served as a director or member of the compensation committee (or other committee performing similar functions) of another entity when an executive officer of such entity served as a director of the Company or on our HRNC.

Communications with the Board

Stockholders or other interested parties may communicate with our non-management directors as a group, committees of the Board or individual directors by sending a writing to MoneyGram International, Inc., 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, Attention: Corporate Secretary. Upon receipt, the Corporate Secretary will forward all such correspondence, as appropriate. Complaints and concerns regarding MoneyGram may also be reported anonymously and confidentially via MoneyGram's Ethics Line at 800-494-3554. Our Policy on Communications with the Board is contained in our Corporate Governance Guidelines, which are posted in the Investor Relations section of our website at www.moneygram.com. Copies of the Guidelines are also available in print to any stockholder who submits a request to MoneyGram International, Inc., 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, Attention: Corporate Secretary.

Director Nominee Criteria and Process

Our Corporate Governance Guidelines describe the process for selection of director nominees, including desired qualifications. Although there are no minimum qualifications for nominees, a candidate for Board service must possess the ability to apply good business judgment, have demonstrated the highest level of integrity, be able to properly exercise the duties of loyalty and care in the representation of the interests of our stockholders and must be able to represent all of our stockholders fairly and equally. Candidates should also exhibit proven leadership capabilities, and experience in business, finance, law, education, technology or government. In addition, candidates should have an understanding of major issues facing public companies similar in scope to MoneyGram. Experience in payment or financial services or consumer products is an added benefit. Candidates must have, and be prepared to devote, adequate time to the Board and its committees. Although no formal policy exists, the HRNC seeks to promote through the nomination process an appropriate diversity of experience (including international experience), expertise, perspective, age, gender and ethnicity, and includes such diversity considerations when appropriate in connection with potential nominees. The Board will also consider the independence of a nominee under the NYSE listing standards and applicable SEC regulations.

In general, candidates for membership as Independent Directors are evaluated, regardless of the source of the nomination, by the HRNC for recommendation to the Board in accordance with its charter and the procedures described in the Corporate Governance Guidelines. So long as the Investors or their affiliates own, in the aggregate, common stock or D Stock representing an initial cost of not less than \$75 million, they are entitled to nominate and cause the Company to appoint replacements for the Board Representatives.

A stockholder who wishes to nominate a person for the election of directors must ensure that the nomination complies with our Bylaw provisions on making stockholder nominations at an annual meeting. For information regarding stockholder proposals for our 2014 annual meeting of stockholders, see the section entitled "Part Four Other Important Information Stockholder Proposals for the 2014 Annual Meeting" in this proxy statement.

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Other Corporate Governance Matters

Corporate Governance Guidelines. Our Board has adopted Corporate Governance Guidelines that describe corporate values and ethical business conduct, duties of directors, Board operations and committee matters, director qualifications and selection process, director compensation, director independence standards, director retirement age, CEO evaluation, management succession, process for stockholders or other interested parties to communicate with directors and annual Board evaluations. The Guidelines are available in the Investor Relations section of our website at www.moneygram.com. Copies of the Guidelines are also available in print to any stockholder who submits a request to MoneyGram International, Inc., 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, Attention: Corporate Secretary.

Code of Conduct. All of our directors and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, are subject to our Code of Conduct and the provisions regarding corporate values and ethical business conduct contained in our Corporate Governance Guidelines. These documents are available in the Investor Relations section of our website at www.moneygram.com. Copies of these documents are also available in print to any stockholder who submits a request to MoneyGram International, Inc., 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, Attention: Corporate Secretary. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver from, our Code of Conduct by posting such information on our website.

Committee Authority to Retain Independent Advisors. Each committee of the Board has the authority to retain independent advisors and consultants, with all fees and expenses to be paid by the Company.

Whistleblower Procedures. The Audit Committee has established procedures for complaints whereby employees of the Company may submit a good faith complaint of workplace practices or policies that they believe to be in violation of law, against public policy, and fraudulent or unethical, including accounting, internal accounting controls or auditing matters, without fear of dismissal or retaliation. MoneyGram is committed to achieving compliance with all applicable securities laws and regulations, accounting standards, accounting controls and auditing practices. In order to facilitate the reporting of employee complaints, the Audit Committee has established procedures for the receipt, retention and treatment of complaints, and confidential, anonymous submission by employees of concerns regarding such questionable matters.

Disclosure Committee. We have established a Disclosure Committee comprised of members of management and chaired by our Vice President and Controller to assist in fulfilling our obligations to maintain disclosure controls and procedures and to coordinate and oversee the process of preparing our periodic securities filings with the SEC.

Asset/Liability Committee. We have established an Asset/Liability Committee comprised of members of management and chaired by our Senior Vice President and Treasurer to oversee and make recommendations to the Board regarding financial policies and procedures of the Company.

No Executive Loans. We do not extend loans to our executive officers or directors and do not have any such loans outstanding.

Majority Vote Standard. In an uncontested election, our Bylaws require directors to be elected for a one-year term by the vote of the majority of the voting power of the then outstanding voting stock, voted with respect to the director. A majority of the votes cast means that the voting power of the stock voted FOR a director must exceed the voting power of the stock voted AGAINST that director. In a contested election, a situation in which the number of nominees exceeds the number of directors to be elected as of a date that is 14 days in advance of the date of filing of the definitive proxy statement, the standard for election of directors would be a plurality of the voting power of the stock represented in person or by proxy at any such meeting and entitled to vote on the election of directors. A plurality means that the nominees receiving the highest percentage of voting power of the stock would be elected.

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If a nominee who is serving as a director is not elected at this annual meeting of stockholders, under Delaware law the director would continue to serve on the Board as a holdover director. However, under our Bylaws, any director who fails to be elected must offer to tender his or her resignation to the Board. The HRNC will then make a recommendation to the Board whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the HRNC's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who tenders his or her resignation will not participate in the Board's decision. If a nominee who was not already serving as a director is not elected at this annual meeting of stockholders, under Delaware law that nominee would not become a director and would not serve on the Board as a holdover director.

PART THREE

PROPOSALS TO BE VOTED ON AT THE 2013 ANNUAL MEETING

PROPOSAL 1: ELECTION OF DIRECTORS

Director Nominees Qualifications and Background

The following individuals are nominated as directors for terms expiring at the 2014 annual meeting of stockholders: Ms. Patsley, Messrs. Clark, Dahir, Hagerty, Lawry, Rao and Turner and Amb. Garza. Each of these individuals is currently serving as a director of the Company. Each of the nominees has consented to being named in this proxy statement and to serve as a director if elected. Each nominee elected as a director will continue in office until his or her successor has been elected and qualified or until his or her death, resignation or retirement. If any nominee is unable to serve, proxies will be voted in favor of the remaining nominees and may be voted for another person nominated by the Board. In making its recommendation to the Board for a slate of directors for election by the Company's stockholders, the HRNC considered the criteria described in Part Two Board of Directors and Governance Director Nominee Criteria and Process in this proxy statement. The biographies of each of the director nominees below contain information regarding age, the year they first became directors, business experience, other public company directorships held currently or at any time during the last five years, involvement in certain legal or administrative proceedings, if applicable, and the experience, qualifications, attributes or skills that caused the HRNC to determine that they should serve as directors of the Company.

J. Coley Clark, 67, Director since 2010

Mr. Clark has been Chairman of the Board and Chief Executive Officer of BancTec, Inc., a global provider of document and payment processing solutions, since September 2004. In 2004, Mr. Clark retired from Electronic Data Systems Corporation, or EDS, an outsourcing services company that was acquired by Hewlett-Packard in 2008, as Senior Vice President and head of the Financial and Transportation Industry Group. He joined EDS in 1971 in the Systems Engineering Development Program and progressed through a variety of technical, sales and management roles related to the financial and insurance industries. He assumed responsibility for the Financial Industry Group in 1986 and was named a corporate officer in 1989. Mr. Clark was appointed a Senior Vice President in 1996 and served as a member of the Global Operations Council. In addition, Mr. Clark served three years in the U.S. Army, attaining the rank of Captain, and served as a company commander in Europe and Southeast Asia.

Other public company boards served on in the past five years: i2 Technologies, Inc. (2008-2010).

Other Director Criteria: Mr. Clark brings over 30 years of experience in the financial industry to the Board. Through his current position as Chairman of the Board and Chief Executive Officer of BancTec, Inc. and his numerous positions at EDS, Mr. Clark has demonstrated his strong leadership

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skills and his ability to understand day-to-day operations, as well as the broader strategic issues facing a public company. In addition, Mr. Clark's prior service on public company boards and committees provides him with a broad perspective on various governance and other matters.

Victor W. Dahir, 67, Director since 2010

Mr. Dahir worked for Visa U.S.A. Inc. (now Visa Inc.), a global payment technology company, from 1984 until his retirement in 2005, most recently as Executive Vice President, Finance and Administration and Chief Financial Officer of Inovant LLC, a subsidiary of Visa. He served as the Chief Financial Officer of Visa Inc. from 1991 to 2004 and held other positions of increasing responsibility from 1984 to 1991.

Other Director Criteria: Mr. Dahir brings over 40 years of finance and accounting experience to the Board, including serving over 15 years as Chief Financial Officer of Visa U.S.A., Inc. (now Visa, Inc.). Through these years Mr. Dahir has developed an expertise in financial services and has gained experience in several other areas that are valuable to the Board, including risk management, technology, legal, relationship management and banking regulation.

Antonio O. Garza, 53, Director since 2012

Amb. Garza has served as Counsel in the Mexico City office of White & Case LLP, an international law firm, since 2010. Amb. Garza has served as chairman of Vianovo Ventures, the cross-border business unit of a management consulting firm, since 2009. From 2002 to 2009, Amb. Garza was the U.S. Ambassador to Mexico. Prior to that time Amb. Garza served as chairman of the Texas Railroad Commission, having been elected to that statewide office in 1998. Mr. Garza is a past partner at Bracewell & Patterson (now Bracewell & Giuliani) and served as Secretary of State of the State of Texas and Senior Policy Advisor to the Governor of the State of Texas from 1994 to 1997. Amb. Garza currently serves as a director of Basic Energy Services, Inc., a well site service company to oil and gas companies, and Kansas City Southern, a railroad company. Amb. Garza serves on the Board of Trustees of Southern Methodist University, the Development Board of the University of Texas at Austin, and is on the Dean's Advisory Committee at the Harvard School of Public Health.

Other Director Criteria: Amb. Garza brings to the Board an extensive governance background and deep experience with international business, especially in Mexico and Latin America. Amb. Garza also has valuable perspective balancing management of initiatives to achieve corporate objectives in highly regulated environments both in the U.S. and Mexico.

Thomas M. Hagerty, 50, Director since 2008

Mr. Hagerty is a Managing Director of Thomas H. Lee Partners, L.P. and has been with THL since 1988. He currently serves as a director of MGIC Investment Corp., a private mortgage insurance company; Fidelity National Financial, Inc., a title insurance company; Fidelity National Information Services, Inc., a financial processing company; Ceridian Corporation, a processing services company and First BanCorp., a community banking services company. Mr. Hagerty was the Interim Chief Financial Officer of Conseco, Inc. from July 2000 through April 2001. On December 17, 2002, Conseco, Inc. voluntarily commenced a case under Chapter 11 of the United States Code in the United States Bankruptcy Court, Northern District of Illinois Eastern Division.

Other Director Criteria: Mr. Hagerty is one of the Board Representatives designated by THL, as discussed above in Part Two Board of Directors and Governance. Mr. Hagerty brings over 20 years of finance, banking and managerial experience to the Board that he gained from his positions at THL. In addition, his service as a director at several public companies throughout the years has provided him with leadership experience and valuable insights and perspectives that he shares with the Board.

Seth W. Lawry, 48, Director since 2008

Mr. Lawry is a Managing Director of Thomas H. Lee Partners, L.P. and has been with THL from 1989 to 1990 and rejoined the firm in 1994. From 1987 to 1989 and 1992 to 1994, Mr. Lawry worked at

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Morgan Stanley & Co. Incorporated, a global financial services company, in the Mergers & Acquisitions, Corporate Finance and Equity Capital Markets Departments. He currently serves as a director of Agencyport Software Ltd., a provider of software systems to the insurance industry, and is a director of various private and non-profit institutions.

Other public company boards served on in the past five years: Warner Music Group Corp. (2004-2011).

Director Criteria: Mr. Lawry is one of the Board Representatives designated by THL, as discussed above in Part Two Board of Directors and Governance. Mr. Lawry brings over 20 years of finance, banking and managerial experience to the Board that he gained from his positions at THL and Morgan Stanley, including experience in mergers and acquisitions and capital markets. In addition, his service as a director at various public and private companies and non-profit institutions provides him with unique and valuable perspectives that he shares with the Board.

Pamela H. Patsley, 56, Director since 2009

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

Other public company boards served on in the past five years: Molson Coors Brewing Company and its predecessor, Coors Brewing Company (1996-2009).

Director Criteria: Ms. Patsley brings to the Board a wealth of knowledge and expertise, as well as leadership experience, that she gained through numerous executive positions that she has held throughout the years, including serving as Chief Executive Officer, Chief Financial Officer and president of various companies in the payment services industry. Through these roles she has also gained experience in the area of international business. In addition, Ms. Patsley's service as a director at several public companies throughout the years has provided her with unique insights into various industries and issues facing boards.

Ganesh B. Rao, 36, Director since 2008

Mr. Rao is a Managing Director of Thomas H. Lee Partners, L.P. Mr. Rao worked at THL from 2000 to 2002 and rejoined the firm in 2004. From 1998 to 2000, Mr. Rao worked at Morgan Stanley & Co. Incorporated, a global financial services company, in the Mergers & Acquisitions Department.

Director Criteria: Mr. Rao is one of the Board Representatives designated by THL, as discussed above in Part Two Board of Directors and Governance. Mr. Rao brings significant finance and business experience, including mergers and acquisitions experience, to the Board that he gained through his positions at THL and Morgan Stanley. Mr. Rao's viewpoints and ability to communicate and work with management have proven valuable to the Board.

W. Bruce Turner, 53, Director since 2010

Mr. Turner served as the Chief Executive Officer of Lottomatica S.p.A., a global lottery operations and technology services company, from 2006 to 2008. From 2002 to 2006, he served as Chief Executive Officer, as well as other executive roles, of GTECH Holdings Corporation, a global technology services company in the government regulated lottery industry, and now a subsidiary of Lottomatica. From 2001 to 2002, Mr. Turner served as Chairman of GTECH and from 2000 to 2001 he served as Chairman and Acting Chief Executive Officer. Prior to joining GTECH, Mr. Turner was the Managing Director, Gaming Equity Research, of Salomon Smith Barney Inc. from 1993 to 1999.

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Other public company boards served on in the past five years: Lottomatica S.p.A. (2006-2011).

Director Criteria: Mr. Turner brings significant leadership experience, financial acumen and regulatory experience to the Board that he gained through the numerous executive positions that he has held throughout the years, including serving as chairman of the board and Chief Executive Officer of a public company. Mr. Turner also has substantial public company board and committee experience, through which he has handled a variety of governance, audit, regulatory and international issues. From this experience, Mr. Turner has been able to provide the Board with a diverse perspective and valuable insights.

Director Compensation

The HRNC is responsible for reviewing the total compensation of non-employee directors, including cash and equity compensation, and, from time to time, recommending adjustments to such compensation, as appropriate, to the Board. For 2012, non-employee directors of MoneyGram received compensation in the forms of annual cash and equity retainers; MoneyGram does not pay meeting fees. MoneyGram does, however, reimburse its directors for reasonable out-of-pocket expenses incurred in connection with a director's Board service.

MoneyGram's philosophy for non-employee director compensation is to provide competitive compensation, both cash and equity, to ensure the Company's ability to attract and retain highly qualified individuals to serve on our Board. In January 2012, following a competitive analysis of directors' compensation undertaken by the HRNC's former compensation consultant (AON Hewitt), the annual cash retainer was increased to \$90,000 (from \$75,000 in 2011). Also, effective as of the 2012 annual stockholder meeting, the annual equity retainer was increased to \$90,000 (from \$75,000 in 2011). Effective January 1, 2013, on the basis of a competitive analysis undertaken by LB&Co., the HRNC's current independent consultant, each Committee Chair, including the Chair of the newly-formed Compliance and Ethics Committee, will receive an annual cash retainer of \$15,000. Additionally, any non-employee director who is not a Committee Chair but who serves on two Committees of the Board will receive an annual multiple committee service cash retainer of \$10,000.

The annual equity retainer for non-employee directors will be granted as restricted stock units, or RSUs, having a fair market valuation of \$90,000 at the time of grant, which shall be coincident each year with the date of the annual stockholders' meeting. These RSUs vest one year from the date of grant.

The following table sets forth information on the compensation of MoneyGram's non-employee directors for the fiscal year ended December 31, 2012. Ms. Patsley does not receive any compensation for her services as a director.

NON-EMPLOYEE DIRECTOR	FEES EARNED OR PAID		STOCK AWARDS	TOTAL
	IN CASH (3)			
J. Coley Clark	\$ 95,293	\$ 90,000	\$ 90,000	\$ 185,293
Victor W. Dahir	\$ 90,000	\$ 90,000	\$ 90,000	\$ 180,000
Antonio O. Garza ¹	\$ 67,500	\$ 90,000	\$ 90,000	\$ 157,500
Thomas M. Hagerty ²	\$ 22,500	\$ 90,000	\$ 90,000	\$ 112,500
Scott L. Jaeckel ²	\$ 22,500	\$ 90,000	\$ 90,000	\$ 112,500
Seth W. Lawry ²	\$ 24,375	\$ 90,000	\$ 90,000	\$ 114,375
Ann Mather	\$ 105,000	\$ 90,000	\$ 90,000	\$ 195,000
Ganesh B. Rao ²	\$ 22,500	\$ 90,000	\$ 90,000	\$ 112,500
W. Bruce Turner	\$ 90,000	\$ 90,000	\$ 90,000	\$ 180,000

(1) Amb. Garza joined the Board in April 2012.

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- (2) *THL Directors Compensation:* Prior to the July 20, 2012 settlement of certain stockholder litigation, fees earned by Messrs. Hagerty, Jaeckel, Lawry and Rao, as well as reimbursements for Board-related expenses, were paid directly to THL Managers VI, LLC; following the settlement, THL has agreed to waive any future compensation for its Board Representatives.
- (3) *Cash Compensation:* For the year 2012, except as noted above, each of our non-employee directors received an annual cash retainer of \$90,000 for Board service. MoneyGram also paid annual cash retainers to each Committee Chair as follows: \$15,000 for the Audit Committee Chair; \$7,500 for the HRNC Chair. MoneyGram did not pay incremental fees for Committee member service in 2012. All cash retainers are paid by the company quarterly.
- (4) *Stock Awards:* In 2012, each of our non-employee directors received an equity grant of 5,386 RSUs, which RSUs had a grant-date value of \$90,000, for Board service. These grants, made on April 17, 2012, will vest in full on the first anniversary of the date of grant, or April 17, 2013. This award constitutes the aggregate outstanding awards for each of our directors as of December 31, 2012.

Director Stock Ownership Guidelines

In 2012, the Board adopted Stock Ownership Guidelines which require each non-employee director to own equity at least equal in value to three times the amount of the annual cash retainer payable to non-employee directors. Directors are expected to achieve these ownership levels within the later of five years of the implementation of the guidelines or five years of their election to the Board. To determine the value of each director's equity ownership, and for the purposes of satisfying the ownership guidelines, the following forms of equity will be included in the value calculation: shares beneficially owned by the incumbent, his or her spouse and / or minor children, whether owned outright or in trust; and any time-based restricted stock or RSUs.

Board Voting Recommendation

The Board unanimously recommends to the stockholders that they vote **FOR** the election of each director nominee.

Affiliates of THL have indicated their intent to vote all of their shares of common stock, which represents approximately 62.8 percent of the voting power of our common stock, **FOR** each of the director nominees at this annual meeting of stockholders.

PROPOSAL 2: AMENDMENT TO THE MONEYGRAM INTERNATIONAL, INC. 2005 OMNIBUS INCENTIVE PLAN

Background

After careful consideration, on March 25, 2013, the Board unanimously approved an amendment and restatement of the MoneyGram International, Inc. 2005 Omnibus Incentive Plan, which we refer to as the 2005 Plan, subject to stockholder approval. If approved by our stockholders, the amendment and restatement of the 2005 Plan will do the following:

Increase the aggregate number of shares that may be issued under awards under the 2005 Plan from 7.125 million to 12.925 million shares, with no more than 2.5 million of the additional shares available for grant as full-value awards such as restricted stock or restricted stock units.

Eliminate the availability for the grant of new awards of shares that are withheld in payment of the purchase or exercise price for an award or in satisfaction of tax obligations relating to an award.

Increase the aggregate number of shares that may be granted to an eligible person in any calendar year under performance awards denominated in shares from 250,000 to 350,000.

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Increase the number of shares available for granting incentive stock options from 937,500 to 1 million.

Change the aggregate limit on awards to any of our non-employee directors, individually, from three percent of the shares available for awards under the 2005 Plan to 50,000 shares.

Expand the business criteria on which performance goals may be based for performance awards.

Update the 2005 Plan to reflect recent changes to the Internal Revenue Code, or the Code, including revising the definition of fair market value to reflect the final regulations under Section 409A of the Code.

Provide clarification regarding the composition of the 2005 Plan administrative committee for purposes of Section 16 of the Exchange Act and Section 162(m) of the Code, and regarding the time and method of exercise of stock options granted under the 2005 Plan.

Extend the expiration date of the 2005 Plan from May 10, 2015, to March 24, 2023, the date that is the day before the 10th anniversary of the Board's adoption of the amendment and restatement of the 2005 Plan.

Rationale for Approval

The 2005 Plan was originally approved by our stockholders at the annual meeting of stockholders in May 2005, and amendments were approved by our stockholders at the annual meetings in May 2009, May 2010 and May 2011. The purpose of the 2005 Plan is to promote the interests of MoneyGram and our stockholders by aiding us in attracting and retaining employees, officers, consultants, advisors and non-employee directors, which we refer to as eligible participants, who we expect will contribute to our growth and financial performance for the benefit of our stockholders.

The 2005 Plan authorizes the grant of stock options and other forms of stock-based compensation. The Board believes that stock-based compensation is a very important factor in attracting and retaining experienced and talented employees who can contribute significantly to the management, growth and profitability of our business. Additionally, the Board believes that stock-based compensation aligns the interests of our management with the interests of our stockholders. The availability of stock-based compensation not only increases employees' focus on the creation of stockholder value, but also enhances employee retention and generally provides increased motivation for our employees to contribute to the future success of MoneyGram.

The 2005 Plan is the only plan pursuant to which the Company can grant stock options and other forms of stock-based compensation, and the limited number of shares remaining available under the 2005 Plan restricts the Board's ability to make stock-based awards. As of December 31, 2012, approximately 1.995 million shares remained available for future awards under the 2005 Plan.

The amendment to the 2005 Plan to eliminate the availability of shares that the Company withholds in payment of an award's purchase or exercise price or in satisfaction of an eligible individual's tax obligations relating to an award for granting of new awards reflects current market practices in compensation.

The aggregate number of shares that may be granted under share-denominated performance awards and the number of shares available for granting under incentive stock options are being increased to afford greater flexibility in granting such awards. The aggregate limit on the number of shares that may be granted to non-employee directors is being changed from a percentage of total shares available under the 2005 Plan to a fixed number of shares.

The business criteria on which performance goals may be based for performance awards are being expanded to better reflect our business and to permit performance goals that better align the interests of our management with those of the Company and our stockholders. Approval of the material

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terms of the performance goals set forth in the amendment and restatement of the 2005 Plan, including the expanded business criteria on which such performance goals may be based, should allow performance awards granted under the 2005 Plan to qualify as tax-deductible performance-based compensation under Section 162(m) of the Code.

The amendments to the 2005 Plan to reflect changes under the Code are intended to reduce the likelihood of potential negative tax consequences to eligible individuals for not complying with Section 409A of the Code and to better ensure that stock options, stock appreciation rights and performance awards under the 2005 Plan will qualify as tax-deductible performance-based compensation under Section 162(m) of the Code. The amendments clarifying the composition of the 2005 Plan administrative committee and the rules under the 2005 Plan governing the time and method of exercising stock options are intended to ensure continuing compliance with Section 16 of the Exchange Act and Section 162(m) of the Code. These amendments are not expected to have a significant effect on the 2005 Plan.

For the reasons discussed above, the Board believes that these amendments are needed to attract and retain employees to implement the Company's strategic plan and goals and is in the best interests of MoneyGram and our stockholders.

Summary of the 2005 Plan as Amended and Restated

The following is a summary of the material terms of the 2005 Plan as amended and restated. This summary is qualified in its entirety by reference to the 2005 Plan. A copy of the 2005 Plan, as amended and restated, is attached as [Appendix A](#) to this proxy statement.

Administration

The HRNC administers the 2005 Plan and has full power and authority to determine when and to whom awards will be granted, and the type, amount, form of payment and other terms and conditions of each award, consistent with the provisions of the 2005 Plan. In addition, the committee can specify whether, and under what circumstances, awards to be received under the 2005 Plan or amounts payable under such awards may be deferred automatically or at the election of either the holder of the award or the committee. Subject to the provisions of the 2005 Plan, the committee may amend or waive the terms and conditions, or accelerate the exercisability or the lapse of restrictions, of an outstanding award, and may provide in the terms of an award agreement for the acceleration of vesting and exercisability or lapse of restrictions upon the occurrence of certain events or transactions. The committee has authority to interpret the 2005 Plan and establish rules and regulations for the administration of the 2005 Plan.

The committee may delegate its powers under the 2005 Plan to a committee of one or more directors. In addition, the committee may authorize one or more of our non-director officers to grant stock options under the 2005 Plan, provided that stock option awards made by these officers may not be made to executive officers or directors who are subject to Section 16 of the Exchange Act. The Board may also exercise the powers of the committee at any time, so long as its actions would not violate Section 162(m) of the Code.

Eligible Participants

Any employee, officer, consultant, advisor or non-employee director providing services to us or any of our affiliates, who is selected by the committee, is eligible to receive an award under the 2005 Plan. As of the date of this proxy statement, over 200 employees, officers and directors were eligible as a class to be selected by the committee to receive awards under the 2005 Plan.

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Shares Available For Awards

The aggregate number of shares of our common stock that may be issued under all stock-based awards made under the 2005 Plan is currently 7.125 million. If this proposal is approved, 12.925 million shares may be awarded under the amended and restated plan. Certain awards under the 2005 Plan are subject to limitations as follows:

In any calendar year, no person may be granted stock options, stock appreciation rights or other awards, the value of which is based solely on an increase in the value of our common stock after the grant date of the award, of more than 1.5 million shares in the aggregate.

None of our non-employee directors individually may be granted awards in the aggregate of more than 50,000 shares.

A maximum of 1 million shares are available for granting incentive stock options under the 2005 Plan, subject to the provisions of Section 422 or 424 of the Code or any successor provision.

No more than 2.5 million of the 5.8 million shares added by this proposal are available for grant as full-value awards, such as restricted stock or restricted stock units.

The committee will adjust the number of shares and share limits described above in the case of a stock dividend or other distribution, including a stock split, merger or other similar corporate transaction or event, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be provided under the 2005 Plan.

If an award is terminated, forfeited or cancelled without the issuance of any shares or if shares covered by an award are not issued for any other reason, then the shares previously set aside for such award are available for future awards under the 2005 Plan. If shares of restricted stock awarded under the 2005 Plan are forfeited or otherwise reacquired by us prior to vesting, those shares are again available for awards under the 2005 Plan. However, shares withheld as payment of the purchase or exercise price of an award or in satisfaction of tax obligations relating to an award will not be available again for granting awards.

Types of Awards and Terms and Conditions

The 2005 Plan permits the grant of: stock options (including both incentive and non-qualified stock options); stock appreciation rights, or SARs; restricted stock and restricted stock units; dividend equivalents; performance awards of cash, stock or property; stock awards; and other stock-based awards.

Awards may be granted alone, in addition to, in combination with or in substitution for, any other award granted under the 2005 Plan or any other compensation plan, except that dividend equivalents may not be granted in tandem with any option or stock appreciation right. Awards can be granted for no cash consideration or for any cash or other consideration as may be determined by the committee or as required by applicable law. Awards may provide that upon the grant or exercise thereof, the holder will receive cash, shares of our common stock, other securities or property, or any combination of these in a single payment, installments or on a deferred basis. The exercise price per share under any stock option and the grant price of any SAR may not be less than the fair market value of our common stock on the grant date of such option or SAR except to satisfy legal requirements of foreign jurisdictions or if the award is in substitution for an award previously granted by an entity acquired by us. Determinations of fair market value under the 2005 Plan are made in accordance with methods and procedures established by the committee, and unless determined otherwise shall generally be the closing sale price for our common stock on the New York Stock Exchange on the grant date. The terms of awards are not longer than 10 years from the grant date.

Stock Options. The committee may grant options to purchase shares of our common stock that are either incentive stock options, meaning they are intended to satisfy the requirements of Section 422 of the Code, or non-qualified stock options, which are not intended to satisfy the

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requirements of Section 422 of the Code. The holder of an option is entitled to purchase a number of shares of our common stock at a specified exercise price during a specified time period, all as specified in the option award agreement as determined by the committee. The exercise price of an option under the 2005 Plan will not be less than the fair market value per share of our common stock on the date of grant, unless a lower exercise price is necessary to satisfy requirements of a foreign jurisdiction. The maximum term of an option granted under the 2005 Plan is ten years from the date of grant. The option exercise price may be payable either in cash or check or, at the discretion of the committee and to the extent permitted by law, with previously acquired shares of our common stock, through a broker-assisted cashless exercise mechanism, or by such other method as the committee may determine to be appropriate.

Stock Appreciation Rights. A SAR entitles the holder to receive, upon settlement, the excess of the fair market value as of the exercise date or, if the committee so determines, as of any time during a specified period before or after the exercise date, of a specified number of shares of our common stock over the grant price of the SAR. SARs vest and become exercisable in accordance with a vesting schedule established by the committee.

Restricted Stock and Restricted Stock Units. The holder of restricted stock will own shares of our common stock subject to restrictions imposed by the committee (including, for example, restrictions on the right to vote the restricted shares or to receive any dividends with respect to the shares) for a specified time period determined by the committee. The holder of restricted stock units will have the right, subject to any restrictions imposed by the committee, to receive shares of our common stock, or a cash payment equal to the fair market value of those shares, at some future date determined by the committee. There is an annual share-based limit of 350,000 shares per person for awards of performance-based restricted stock units intended to represent qualified performance-based compensation under Section 162(m) as described in more detail below. The minimum vesting period for these awards is three years from the grant date, unless the award is conditioned on personal performance, or the performance of MoneyGram or its affiliates, in which case the minimum vesting period is one year from the grant date; provided, however, that such minimum vesting period will not apply to grants of up to 200,000 shares of restricted stock and restricted stock units to non-employee directors. Despite these limitations, the committee also may permit accelerated vesting in the case of a participant's death or disability, or a change of control of MoneyGram. If the participant's employment or service as a director terminates during the vesting period for any other reason, the restricted stock and restricted stock units will be forfeited, unless the committee determines that it would be in our best interest to waive the remaining restrictions.

Dividend Equivalents. The holder of a dividend equivalent is entitled to receive payments (in cash, shares of our common stock, other securities, other awards or other property, as determined in the committee's discretion) equivalent to the amount of cash dividends paid by us to our stockholders, with respect to the number of shares determined by the committee. Dividend equivalents are subject to other terms and conditions determined by the committee. In no event may dividend equivalents be granted in tandem with or linked to any option or SAR, or be contingent on or otherwise payable on the exercise of any option or SAR.

Performance Awards. The committee may grant awards under the 2005 Plan that are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code. A performance award may be payable in cash or stock and will be conditioned solely upon the achievement of one or more objective performance goals established by the committee in compliance with Section 162(m) of the Code. In order to comply with Section 162(m) of the Code, under the 2005 Plan, the committee is required to certify that the applicable performance goals have been met prior to payment of any performance awards to participants. The maximum amount that may be paid with respect to performance awards to any participant in the aggregate in any calendar year is \$5 million in value, whether payable in cash, stock (other than stock options) or other property. The annual maximum amount payable to an eligible participant for performance awards denominated in cash is \$5 million in value, and the annual limit for awards denominated in shares is 350,000 shares. Subject

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to these limitations, the committee has sole discretion to designate participants and the type and amount of awards under the 2005 Plan. The committee must determine the length of the performance period, establish the performance goals for the performance period, and determine the amounts of the performance awards for each participant no later than the earlier of 90 days after the beginning of each performance period or the elapsing of 25% of the performance period, according to the requirements of Section 162(m) of the Code.

Performance goals must be based solely on one or more of the following business criteria, either individually, alternatively or in any combination, applied on a corporate, subsidiary, division, business unit or line of business basis: sales (including growth or growth rate), revenue (including growth or growth rate), costs, expenses, earnings (including one or more of net profit after tax, gross profit, operating profit, earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization and net earnings), earnings per share (including growth or growth rate), earnings per share from continuing operations, operating income, pre-tax income, operating income margin, net income (including income after capital costs and income before or after taxes), margins (including one or more of gross, operating and net income margins), returns (including one or more of return on actual or pro forma assets, average assets, net assets, equity, investment, capital and net capital employed), risk-adjusted return on capital or invested capital, weighted average cost of capital, stockholder return (including total stockholder return relative to an index or peer group), stock price (including growth or growth rate), economic value added, cash generation, cash flow, operating cash flow, free cash flow, unit volume, working capital, market share (in aggregate or by region), cost reductions, strategic plan development and implementation, total market value, and value measures including ethics compliance, regulatory compliance, employee satisfaction and customer satisfaction.

Specific goals need not be based on increases or positive results, but may be based on maintaining the status quo or limiting economic losses. The measure of performance may be set by reference to an absolute standard or a comparison to specified companies or groups of companies, or other external measures. The committee may establish rules during the first 90 days of a performance period, and in any event before 25 percent of the performance period has elapsed, to permit the committee to adjust any evaluation of the performance under the applicable goals to exclude the effect of certain events, including asset write-downs; litigation or claim judgments or settlements; changes in tax law, accounting principles or other such laws or provisions affecting reported results; severance, contract termination and other costs related to exiting certain business activities; and gains or losses from the disposition of businesses or assets or from the early extinguishment of debt.

Stock Awards. The committee may grant unrestricted shares of our common stock, subject to terms and conditions determined by the committee and the limitations in the 2005 Plan.

Other Stock-Based Awards. The committee is also authorized to grant other types of awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to our common stock, subject to terms and conditions determined by the committee and the limitations in the 2005 Plan.

Duration, Termination and Amendment of the 2005 Plan

Unless discontinued or terminated by the Board, the 2005 Plan will expire on March 24, 2023. No awards may be made after that date. However, unless otherwise expressly provided in an applicable award agreement, any award granted under the 2005 Plan prior to expiration may extend beyond the expiration of the 2005 Plan through the award's normal expiration date.

The Board may amend, alter, suspend, discontinue or terminate the 2005 Plan at any time, including to increase the cost of the plan to the Company or to alter the allocation of benefits, although stockholder approval must be obtained for any action that would (i) require stockholder approval under the rules and regulations of the SEC, the NYSE or any other securities exchange or the Financial Industry Regulatory Authority that are applicable to us, (ii) increase the number of shares of our common stock available under the 2005 Plan, (iii) increase the award limits under the 2005 Plan,

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(iv) permit repricing of options or SARs, (v) permit awards of options or SARs at a price less than fair market value, or (vi) cause Section 162(m) of the Code to become unavailable with respect to the 2005 Plan.

Prohibition on Repricing Awards

Without the approval of our stockholders, the committee will not reprice, adjust or amend the exercise price of any options or the grant price of any SAR previously awarded, whether through amendment, cancellation and replacement grant or any other means, except in connection with a stock dividend or other distribution, including a stock split, merger or other similar corporate transaction or event, in order to prevent dilution or enlargement of the benefits, or potential benefits intended to be provided under the 2005 Plan.

Transferability of Awards

Unless otherwise provided by the committee, awards under the 2005 Plan may only be transferred by will or by the laws of descent and distribution.

Federal Income Tax Consequences

The following is a general summary of the material U.S. federal income tax consequences of the grant, exercise and vesting of awards under the 2005 Plan and is intended to reflect the current provisions of the Code and the regulations thereunder. This summary is not intended to be a complete statement of applicable law, nor does it address foreign, state, local or payroll tax considerations. Moreover, the U.S. federal income tax consequences to any particular individual may differ from those described herein by reason of, among other things, the particular circumstances of such individual.

Grant of Options and SARs. The grant of a stock option or SAR is not expected to result in any taxable income for the recipient.

Exercise of Options and SARs. Upon exercising a non-qualified stock option, the optionee generally must recognize ordinary income equal to the excess of the fair market value of the shares of our common stock acquired on the date of exercise over the exercise price, and we should be entitled at that time to an income tax deduction for the same amount. The holder of an incentive stock option generally will have no taxable income upon exercising the option (except that an alternative minimum tax liability may arise), and we generally will not be entitled to an income tax deduction. Upon exercising a SAR, the amount of any cash received and the fair market value on the exercise date of any shares of our common stock received generally is taxable to the recipient as ordinary income and should be deductible by us.

Disposition of Shares Acquired Upon Exercise of Options and SARs. The tax consequence upon a disposition of shares acquired through the exercise of an option or SAR will depend on how long the shares have been held and whether the shares were acquired by exercising an incentive stock option or by exercising a non-qualified stock option or SAR. Generally, there will be no tax consequence to us in connection with the disposition of shares acquired under an option or SAR. However, if the shares acquired upon exercise of an incentive stock option are disposed of less than two years from the date of grant or one year from the date of exercise, referred to as a disqualifying disposition, the optionee generally will recognize ordinary compensation income in the year of disposition in an amount equal to the excess of the fair market value of the option shares at the time of exercise (or, if less, the amount realized on disposition), over the exercise price. In the event of a disqualifying disposition, we should be able to deduct the amount treated as taxable compensation to the optionee for U.S. federal income tax purposes.

Awards Other than Options and SARs. As to other awards granted under the 2005 Plan that are payable either in cash or shares of our common stock that are either transferable or not subject to substantial risk of forfeiture, the holder of the shares must recognize ordinary income equal to (a) the

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amount of cash received or, as applicable, (b) the excess of (i) the fair market value of the shares received (determined as of the date of receipt) over (ii) the amount (if any) paid for the shares by the holder of the award. We generally will be entitled at that time to an income tax deduction for the same amount.

As to an award that is payable in shares of our common stock that are restricted from transfer and subject to substantial risk of forfeiture, unless a special election is made by the holder of the award under the Code, the holder generally must recognize ordinary income equal to the excess of (i) the fair market value of the shares received (determined as of the first time the shares become transferable or not subject to substantial risk of forfeiture, whichever occurs first) over (ii) the amount (if any) paid for the shares by the holder of the award. We generally will be entitled at that time to an income tax deduction for the same amount.

Income Tax Deduction. Subject to rules concerning reasonable compensation, including our obligation to withhold or otherwise collect certain income and payroll taxes, and assuming that, as expected, stock options, SARs and certain other performance awards paid under the 2005 Plan are qualified performance-based compensation within the meaning of Section 162(m) of the Code, we will generally be entitled to a corresponding income tax deduction at the time a participant recognizes ordinary income from awards (other than incentive stock options) made under the 2005 Plan.

Section 162(m) of the Code. In general, Section 162(m) of the Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation exceeding \$1 million per year per person to its principal executive officer and the three other officers (other than the principal executive officer and principal financial officer) whose compensation is disclosed in its proxy statement as a result of their total compensation, subject to certain exceptions. The 2005 Plan is intended to satisfy an exception with respect to grants of options and stock appreciation rights to covered employees. In addition, the 2005 Plan is designed to permit granting certain performance awards intended to qualify under the performance-based compensation exception to Section 162(m) of the Code. However, we have not requested a ruling from the Internal Revenue Service or an opinion of counsel regarding this issue.

Section 280G of the Code. Under certain circumstances, the granting or enhancement of awards, the accelerated vesting or exercise of stock options or the accelerated lapse of restrictions with respect to other awards in connection with a change in control might be deemed an excess parachute payment for purposes of the golden parachute tax provisions of section 280G of the Internal Revenue Code. To the extent it is so considered, the awardee may be subject to a 20% excise tax and we may be denied a federal income tax deduction.

Application of Section 409A of the Code. It is intended that the 2005 Plan and any awards granted under the 2005 Plan will comply with the provisions of Section 409A of the Code, to avoid any adverse tax results thereunder to a holder of any award.

Delivery of Shares for Tax Obligation. Under the 2005 Plan, the committee may permit participants receiving or exercising awards, subject to the discretion of the committee and upon such terms and conditions as it may impose, to deliver shares of our common stock (either shares received upon the receipt or exercise of the award or shares previously owned by the participant) to us to satisfy federal and state tax obligations.

Inapplicability of ERISA. Based on current law and published interpretations, we do not believe that the 2005 Plan is subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended.

New Plan Benefits

The committee in its sole discretion will determine the number and types of awards that will be granted. Thus, it is not possible to determine the benefits that will be received by eligible participants in the future if the amended 2005 Plan were to be approved by the stockholders. The closing price of a share of our common stock as reported on the NYSE on March 15, 2013, was \$16.89.

Table of Contents**Historical Awards Under the 2005 Plan**

The following table sets forth the number of shares of common stock covered by options and other awards granted to current and former executive officers listed in the Summary Compensation Table, director nominees and the specified groups set forth below under the 2005 Plan as of March 15, 2013:

Name and Principal Position	Stock Options Granted	Restricted Stock Units Granted
Pamela H. Patsley		
Chairman and CEO, and director nominee W. Alexander Holmes	1,664,073	250,865
Executive Vice President and Chief Financial Officer J. Lucas Wimer	223,611	58,977
Executive Vice President, Global Operations Carl Scheible	286,663	53,550
Executive Vice President, Europe and Africa F. Aaron Henry	112,469	88,917
Executive Vice President and General Counsel James E. Shields (1)	109,248	60,730
Former Executive Vice President and Chief Financial Officer Timothy C. Everett (1)	258,250	4,400
Former Executive Vice President, General Counsel and Secretary All current executive officers as a group (11 persons)	228,381	5,130
All current directors who are not executive officers as a group (9 persons)	3,074,114	745,808
J. Coley Clark		97,354
Director nominee Victor W. Dahir		11,496
Director nominee Antonio O. Garza		11,496
Director nominee Thomas M. Hagerty		5,386
Director nominee Seth W. Lawry		11,496
Director nominee Ganesh B. Rao		11,496
Director nominee W. Bruce Turner		11,496
Director nominee		11,496

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Each associate of the above-mentioned directors, executive officers or nominees		
Each other person who received or is to receive five percent of such awards		
All employees (other than executive officers) as a group	2,012,368	163,153

- (1) Due to termination of their employment, unvested options and RSUs held by Messrs. Shields and Everett have been cancelled.

Table of Contents**Equity Compensation Plan Information**

The following table provides information about our common stock that may be issued as of December 31, 2012 under the 2005 Plan and the 2004 incentive plan, which are our only existing equity compensation plans. The 2004 incentive plan was approved by Viad prior to the Spin-Off. No further awards can be made pursuant to the 2004 incentive plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price (\$) of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	4,944,300	\$ 21.53	1,995,184
Equity compensation plans not approved by stockholders			
Total	4,944,300	\$ 21.53	1,995,184

Board Voting Recommendation

The Board unanimously recommends to the stockholders that they vote **FOR** this Proposal 2.

Affiliates of THL have indicated their intent to vote all of their shares of common stock, which represents approximately 62.8 percent of the voting power of our common stock, **FOR** the amendments to the 2005 Plan at this annual meeting of stockholders.

**PROPOSAL 3: RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013**

The Audit Committee of our Board has selected Deloitte & Touche LLP, or Deloitte, as the independent registered public accounting firm to audit MoneyGram's books and accounts for the fiscal year ending December 31, 2013, subject to ratification by the stockholders. Deloitte has audited the books and accounts of MoneyGram since 2004. Representatives of Deloitte are expected to be present at the meeting with the opportunity to make a statement and to respond to appropriate questions. Stockholder ratification of the appointment of Deloitte as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the Board is submitting the appointment of Deloitte to the stockholders for ratification as a matter of good corporate practice. If this appointment is not ratified by our stockholders, the Audit Committee will reconsider its selection. Even if the appointment is ratified, the Audit Committee, which is solely responsible for appointing and terminating our independent registered public accounting firm, may in its discretion direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of MoneyGram and its stockholders.

Table of Contents**Independent Registered Public Accounting Firm Fees**

The aggregate fees billed to MoneyGram for fiscal years 2012 and 2011 by Deloitte are as follows (in thousands):

	2012	2011
Audit fees(1)	\$ 1,578	\$ 1,310
Audit-related fees(2)	\$ 335	\$ 549
Tax fees(3)	\$ 7	\$ 11
All other fees	\$	\$
Total fees	\$ 1,920	\$ 1,870

- (1) Audit fees for 2012 and 2011 include the audit of MoneyGram's consolidated financial statements, including quarterly reviews, the audit of management's assessment of the design and effectiveness of MoneyGram's internal control over financial reporting, international statutory audits and the separate audits of the financial statements of our subsidiaries MoneyGram Payment Systems Worldwide, Inc. and MoneyGram Payment Systems, Inc., as required for compliance and regulatory purposes.
- (2) Audit-related fees for 2012 and 2011 include professional fees for regulatory compliance filings in certain countries, benefit plan audits and two audits performed in accordance with Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization. The SSAE 16 audits encompass internal controls for the Company's general controls over information technology and for official check processing and electronic payments services.
- (3) Tax fees for 2012 and 2011 include professional international tax compliance services rendered.

Audit Committee Approval of Audit and Non-Audit Services

The Audit Committee pre-approves all audit, audit-related and permitted non-audit services provided by the independent registered public accounting firm, including the fees and terms for those services. The Audit Committee has adopted a policy and procedures governing the pre-approval process for audit, audit-related and permitted non-audit services. The Audit Committee pre-approves audit and audit-related services in accordance with its review and approval of the engagement letter and annual service plan with the independent registered public accounting firm. Tax consultation and compliance services are considered by the Audit Committee on a project-by-project basis. Non-audit and other services will be considered by the Audit Committee for pre-approval based on business purpose, reasonableness of estimated fees and the potential impact on the firm's independence. The Chair of the Audit Committee is authorized to grant pre-approval of audit, audit-related or permissible non-audit services on behalf of the Audit Committee and is required to review such pre-approvals with the full Audit Committee at its next meeting.

Board Voting Recommendation

The Board unanimously recommends to the stockholders that they vote **FOR** this Proposal 3.

Affiliates of THL have indicated their intent to vote all of their shares of common stock, which represents approximately 62.8 percent of the voting power of our common stock, **FOR** the ratification of appointment of our independent registered public accounting firm for 2013 at this annual meeting of stockholders.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board was comprised of the following non-employee directors during 2012: Ms. Mather (Chair), and Messrs. Dahir and Turner. All of the members of the Audit Committee are independent within the meaning of the NYSE listing standards and the applicable SEC regulations. In addition, the Board has determined that all members of the Audit Committee are financially literate under the NYSE listing standards.

The Audit Committee operates under a written charter adopted by the Board, which is evaluated annually. The charter of the Audit Committee is available in the Investor Relations section of our website at www.moneygram.com. The Audit Committee selects, evaluates and, where deemed appropriate, replaces MoneyGram's independent registered public accounting firm. The Audit Committee also pre-approves all audit services, engagement fees and terms and all permitted non-audit services.

Management is responsible for MoneyGram's internal controls and the financial reporting process. MoneyGram's independent registered public accounting firm is responsible for performing an independent audit of MoneyGram's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and issuing a report on MoneyGram's consolidated financial statements. The Audit Committee's responsibility is to monitor and oversee these processes.

The Audit Committee reviewed MoneyGram's audited financial statements for fiscal 2012 and met and held discussions with management and the independent registered public accounting firm, Deloitte. Management represented to the Audit Committee, and Deloitte concurred, that MoneyGram's consolidated financial statements for fiscal 2012 were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee discussed the consolidated financial statements with Deloitte. The Audit Committee discussed with Deloitte matters required to be discussed by Auditing Standards No. 61, as amended (American Institute of Certified Public Accountants, Professional Standards, Volume 1, AU section 380), as adopted by the Public Company Accounting Oversight Board, or PCAOB, in Rule 3200T.

The Audit Committee also reviewed and discussed with management its assessment and report on the effectiveness of MoneyGram's internal control over financial reporting as of December 31, 2012, and with Deloitte its attestation report on internal control over financial reporting. These reports are included in the 2012 Form 10-K.

Deloitte also provided to the Audit Committee its written disclosures and letter required by applicable requirements of the PCAOB regarding Deloitte's communications with the Audit Committee concerning independence, and the Audit Committee discussed with Deloitte the accounting firm's independence.

Based upon the Audit Committee's review and discussions set forth above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in the 2012 Form 10-K filed with the SEC.

Respectfully submitted,

Ann Mather (Chair)

Victor W. Dahir

W. Bruce Turner

Table of Contents**PART FOUR****OTHER IMPORTANT INFORMATION****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth information concerning beneficial ownership of our common stock and D Stock by those persons known by us to be the beneficial owners of more than five percent of any class of our equity securities as of March 15, 2013. Except as otherwise indicated, a person has sole voting and investment power with respect to the securities shown. We have determined beneficial ownership in accordance with the rules of the SEC. Under these rules, beneficial ownership generally includes voting or investment power over securities. The number of shares shown as beneficially owned in the table below are calculated pursuant to Rule 13d-3(d)(1) of the Exchange Act. Under Rule 13d-3(d)(1) of the Exchange Act, shares not outstanding that are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. Therefore, the aggregate beneficial ownership percentages shown in the table below may total more than 100 percent.

Name and Address	Shares of Common Stock Beneficially Owned	Percent of Common Stock(1)	Shares of D Stock Beneficially Owned	Percent of D Stock	Percent of Common Stock (including D Stock on an as-converted basis) (5)
Funds affiliated with Thomas H. Lee Partners, L.P.(2)	36,356,710	62.8%			50.8%
The Goldman Sachs Group, Inc.(3)	28,128	*	109,239.47	100%	19.1%
RS Investment Management Co. LLC(4)	3,721,946	6.4%			5.2%

* Less than 1 percent.

(1) Applicable percentage ownership is based on 57,856,925 shares of common stock outstanding as of March 15, 2013 for all stockholders.

(2) Certain of the information is based on information provided by the beneficial owners in Schedules 13D/A filed with the SEC on February 21, 2012. Includes 20,009,447 shares held by Thomas H. Lee Equity Fund VI, L.P.; 13,549,334 shares held by Thomas H. Lee Parallel Fund VI, L.P.; 2,366,797 shares held by Thomas H. Lee Parallel (DT) Fund VI, L.P.; 74,911 shares held by THL Equity Fund VI Investors (MoneyGram), LLC; 57,156 shares held by THL Coinvestment Partners, L.P.; 70,418 shares held by THL Operating Partners, L.P.; 24,440 shares held by THL Managers VI, LLC (the foregoing seven entities are referred to herein collectively as the THL Entities); 204,207 shares held by Great-West Investors L.P.; and 102,084 shares held by Putnam Investments Employees Securities Company III LLC (the foregoing nine entities are referred to herein collectively as the THL Holders). The general partner of the THL Entities (other than THL Coinvestment Partners, L.P., THL Operating Partners, L.P. and THL Managers VI, LLC) is THL Equity Advisors VI, LLC, whose sole member is Thomas H. Lee Partners, L.P., whose general partner is Thomas H. Lee Advisors, LLC, whose managing member is THL Holdco, LLC. Thomas H. Lee Partners, L.P. is the general partner of THL Coinvestment Partners, L.P. and THL Operating Partners, L.P. and is managing member of THL Managers VI, LLC, which is the investment manager to certain of the THL Entities. Great-West Investors L.P. and Putnam Investments Employees Securities Company III LLC are co-investment entities of the THL Entities, and are contractually obligated to co-invest (and dispose of securities) alongside certain of the THL Entities on a pro rata basis. Voting and investment determinations with respect to the shares held by the THL Entities are made by the management committee of THL Holdco, LLC. Anthony J. DiNovi and Scott M. Sperling are the members of the management committee of THL Holdco, LLC, and as such may be deemed to share beneficial ownership of the shares held or controlled by the THL Entities. Each of Messrs. DiNovi and Sperling disclaims beneficial ownership

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of such shares except to the extent of any pecuniary interest therein. The address of each of the THL Entities and Messrs. DiNovi and Sperling is c/o Thomas H. Lee Partners, L.P., 100 Federal Street, 35th Floor, Boston, MA 02110. The address of Great-West Investors L.P. is 8515 East Orchard Road, Greenwood Village, CO 80111. The address of Putnam Investments Employees Securities Company III LLC is One Post Office Square, Boston, MA 02109.

- (3) Certain of the information is based on information provided by the beneficial owners in Schedules 13D/A filed with the SEC on December 27, 2011. The Goldman Sachs Group may be deemed to beneficially own an aggregate of 13,683,058 shares of common stock, consisting of (i) 109,239,471 shares of D Stock, which are convertible by a holder other than the reporting persons or their affiliates, that receives such shares in a widely dispersed offering, into 13,654,930 shares of common stock and (ii) 28,128 shares of common stock acquired by Goldman Sachs or another wholly-owned broker or dealer subsidiary of the Goldman Sachs Group in ordinary course trading activities. Shares are beneficially owned by the following: the Goldman Sachs Group; Goldman, Sachs & Co.; GSCP VI Advisors, L.L.C.; GS Capital Partners VI Fund, L.P.; GS Advisors VI, L.L.C.; GSCP VI Offshore Advisors, L.L.C.; GS Capital Partners VI Offshore Fund, L.P.; Goldman, Sachs Management GP GmbH; GS Capital Partners VI Parallel, L.P.; GS Capital Partners VI GmbH & Co. KG; GSMP V Onshore US, Ltd.; GS Mezzanine Partners V Onshore Fund, L.P.; GS Mezzanine Partners V Onshore Fund, L.L.C.; GSMP V Institutional US, Ltd.; GS Mezzanine Partners V Institutional Fund, L.P.; GS Mezzanine Partners V Institutional Fund, L.L.C.; GSMP V Offshore US, Ltd.; GS Mezzanine Partners V Offshore Fund, L.P.; and GS Mezzanine Partners V Offshore Fund, L.L.C., collectively referred to herein as the Goldman Entities. The Goldman Entities disclaim beneficial ownership of such shares beneficially owned by (i) any client accounts with respect to which the Goldman Entities or their employees have voting or investment discretion, or both, and (ii) certain investment entities of which the Goldman Entities act as the general partner, managing general partner or other manager, to the extent interests in such entities are held by persons other than the Goldman Entities.

Of these shares: the Goldman Sachs Group has shared voting power over 13,683,058 shares and shared dispositive power over 13,683,058 shares; Goldman, Sachs & Co. has shared voting power over 13,307,235 shares and shared dispositive power over 13,307,235 shares; GSCP VI Advisors, L.L.C. has shared voting power over 4,958,851 shares and shared dispositive power over 4,958,851 shares; GS Capital Partners VI Fund, L.P. has shared voting power over 4,958,851 shares and shared dispositive power over 4,958,851 shares; GS Advisors VI, L.L.C. has shared voting power over 1,363,599 shares and shared dispositive power over 1,363,599 shares; GSCP VI Offshore Advisors, L.L.C. has shared voting power over 4,124,599 shares and shared dispositive power over 4,124,599 shares; GS Capital Partners VI Offshore Fund, L.P. has shared voting power over 4,124,599 shares and shared dispositive power over 4,124,599 shares; Goldman, Sachs Management GP GmbH has shared voting power over 176,237 shares and shared dispositive power over 176,237 shares; GS Capital Partners VI Parallel, L.P. has shared voting power over 1,363,599 shares and shared dispositive power over 1,363,599 shares; GS Capital Partners VI GmbH & Co. KG has shared voting power over 176,237 shares and shared dispositive power over 176,237 shares; GSMP V Onshore US, Ltd. has shared voting power over 1,024,970 shares and shared dispositive power over 1,024,970 shares; GS Mezzanine Partners V Onshore Fund, L.P. has shared voting power over 1,024,970 shares and shared dispositive power over 1,024,970 shares; GS Mezzanine Partners V Onshore Fund, L.L.C. has shared voting power over 1,024,970 shares and shared dispositive power over 1,024,970 shares; GSMP V Institutional US, Ltd. has shared voting power over 99,366 shares and shared dispositive power over 99,366 shares; GS Mezzanine Partners V Institutional Fund, L.P. has shared voting power over 99,366 shares and shared dispositive power over 99,366 shares; GS Mezzanine Partners V Institutional Fund, L.L.C. has shared voting power over 99,366 shares and shared dispositive power over 99,366 shares; GSMP V Offshore US, Ltd. has shared voting power over 1,531,485 shares and shared dispositive power over 1,531,485 shares; GS Mezzanine Partners V Offshore Fund, L.P. has shared voting power over 1,531,485 shares and shared dispositive power over 1,531,485 shares.

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shares; and GS Mezzanine Partners V Offshore Fund, L.L.C. has shared voting power over 1,531,485 shares and shared dispositive power over 1,531,485 shares. Additionally, Goldman Sachs or another broker dealer subsidiary of the Goldman Sachs Group may, from time to time, hold shares of common stock acquired in ordinary course trading activities. The address of the Goldman Sachs Group is 200 West Street, New York, NY 10282-2198.

- (4) Certain of the information is based on information provided by the beneficial owners in Schedule 13G filed with the SEC on February 15, 2013. Each of RS Investment Management Co. LLC, The Guardian Life Insurance Company of America and Guardian Investor Services LLC may be deemed to beneficially own an aggregate of 3,721,946 shares of common stock. Of these shares: RS Investment Management Co. LLC has shared voting power over 3,668,119 shares and shared dispositive power over 3,721,946 shares; The Guardian Life Insurance Company of America has shared voting power over 3,668,119 shares and shared dispositive power over 3,721,946 shares; and Guardian Investor Services LLC has shared voting power over 3,668,119 shares and shared dispositive power over 3,721,946 shares. The address for the beneficial owners is 388 Market Street, Suite 1700, San Francisco, California 94111.
- (5) Applicable percentage ownership is based on 71,511,855 shares of common stock outstanding, which gives effect to the 109,239 shares of D Stock that are immediately convertible into 13,654,930 shares of common stock by a holder other than the Goldman Sachs Group.

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The following table sets forth information as of March 15, 2013 (except where otherwise noted therein) concerning beneficial ownership of our common stock by each director and director nominee, the Company's named executives and all of our directors and executive officers as a group. None of these individuals owns shares of D Stock. Except as otherwise indicated, a person has sole voting and investment power with respect to the common stock beneficially owned by that person. We have determined beneficial ownership in accordance with the rules of the SEC. Under these rules, beneficial ownership generally includes voting or investment power over securities. The number of shares shown as beneficially owned in the table below are calculated pursuant to Rule 13d-3(d)(1) of the Exchange Act. Under Rule 13d-3(d)(1) of the Exchange Act, shares not outstanding that are subject to options, warrants, rights or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but not deemed outstanding for the purpose of calculating the percentage owned by each other person listed. Therefore, the aggregate beneficial ownership percentages shown in the table below may total more than 100 percent.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned (1)(2)	Percent of Common Stock(3)
J. Coley Clark	11,496	*
Victor W. Dahir	11,496	*
Antonio O. Garza	5,386	*
Thomas M. Hagerty(4)	36,362,096	62.8%
Scott L. Jaeckel(4),(5)	36,362,096	62.8%
Seth W. Lawry(4)	36,362,096	62.8%
Ann Mather(6)	9,771	*
Pamela H. Patsley	838,209	1.4%
Ganesh B. Rao(4)	36,362,096	62.8%
W. Bruce Turner	17,918	*
W. Alexander Holmes	49,368	*
J. Lucas Wimer	77,063	*
Carl Scheible	18,769	*
F. Aaron Henry	13,305	*
James E. Shields		
Timothy C. Everett		
All Directors and Executive Officers as a Group (20 persons total)(7)	1,217,138	2.1%

* Less than 1 percent.

- (1) Includes shares underlying options exercisable within 60 days of March 15, 2013, as follows: Ms. Patsley 811,571 shares; Mr. Holmes 47,945 shares; Mr. Wimer 77,063 shares; Mr. Scheible 18,769 shares; and Mr. Henry 13,305 shares.
- (2) Includes 5,386 shares underlying restricted stock units vesting within 60 days of March 15, 2013 for each of the following: Ms. Mather and Messrs. Clark, Dahir, Garza, Hagerty, Jaeckel, Lawry, Rao and Turner.
- (3) Applicable percentage ownership is based on 57,856,925 shares of common stock outstanding as of March 15, 2013.
- (4) Each of Messrs. Hagerty, Jaeckel, Lawry and Rao is a Board Representative of THL. The total shares represented for each Board Representative includes 5,386 shares underlying restricted stock units vesting within 60 days of March 15, 2013 currently held by each Board Representative granted as director compensation to each Board Representative and 36,356,710 shares of

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common stock held by the THL Holders. Each of Messrs. Hagerty, Jaeckel, Lawry and Rao disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. Please see footnote (2) to the Security Ownership of Certain Beneficial Owners table above for more information regarding the shares of common stock held by the THL Holders.

- (5) Mr. Jaeckel has informed the Company that he will not stand for re-election at the 2013 annual meeting of stockholders.
- (6) Ms. Mather has informed the Company that she will not stand for re-election at the 2013 annual meeting of stockholders.
- (7) Includes: 1,106,789 shares underlying options exercisable within 60 days of March 15, 2013; 2,997 shares held in the 401(k) plan or an IRA or trust, for which participants have shared voting power and sole investment power, as of March 15, 2013; and 5,386 shares underlying restricted stock units vesting within 60 days of March 15, 2013 for each of the following: Ms. Mather and Messrs. Clark, Dahir, Garza, Hagerty, Jaeckel, Lawry, Rao and Turner. Does not include 36,356,710 shares of common stock held by the THL Holders.

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HUMAN RESOURCES AND NOMINATING COMMITTEE REPORT

The Human Resources and Nominating Committee of the Board has reviewed and discussed with management the Compensation Discussion and Analysis section that follows and, based on such review and discussion, has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully Submitted,

J. Coley Clark (Chair)

Scott L. Jaeckel

Seth W. Lawry

Antonio O. Garza

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COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Our executive compensation program is designed to attract, motivate, and retain top executive and managerial talent, and to reward our executives and managers for delivering the results that are expected to build sustainable growth and value for our stockholders over the long term. We believe that our compensation program and plans serve to align the interests of our top executives with those of our stockholders, and we seek to ensure and reinforce this alignment by tying our short- and long-term incentive compensation specifically to our short- and long-term performance achievement. Despite being confronted by a challenging economic environment and complex legal and regulatory environments, our management team delivered strong transaction and revenue results and accomplished significant milestones in 2012 consistent with our strategic priorities that position us well for shareholder value creation in 2013 and beyond.

Since January of 2012, we have made a number of enhancements to our executive compensation program to further strengthen the alignment of performance and compensation, as well as to remain competitive to ensure our ability to attract and retain the best executive and managerial talent available. The details of our current executive compensation programs are set forth later in this Compensation Discussion and Analysis.

Overview of Our Business

MoneyGram, a leading global money transfer company, enables consumers who are not typically fully served by traditional financial institutions to meet certain financial needs. We offer money transfer services worldwide and bill payment services in the United States and Canada through a global network of more than 310,000 agent locations including retailers, international post offices and financial institutions in 197 countries and territories around the world. Additionally, we offer financial paper products such as money orders to consumers in the United States and Puerto Rico, and provide official check services for financial institutions in the United States.

2012 Performance Highlights

Despite continued global economic challenges and regulatory and litigation proceedings, overall, 2012 was a year of continued success for MoneyGram. In general, we generated strong results relative to our corporate goals and objectives, and relative to our competitors; we launched several innovative new strategic relationships, which lay the foundation for a new and enhanced digital and mobile product set; and we believe we have positioned the Company well for growth in the coming years.

Our total revenues were \$1,341.2 million, up 7.5 percent in aggregate from 2011; U.S. and international revenues were up 7.0 percent and 8.3 percent, respectively.

Revenues generated by money transfers grew to 86 percent of total revenues, versus 83 percent of total revenues in 2011.

We achieved adjusted EBITDA of \$278.9 million, up 5.8 percent versus 2011, and Free Cash Flow of \$115.8 million, up 11 percent versus 2011.

We expanded the number of MoneyGram agent locations to more than 310,000 globally, up 16.1 percent over 2011, which has also enabled us to grow our money transfer transaction volume by roughly 14 percent amidst continually challenging economic times.

We extended and expanded several strategic relationships, including those with Walmart, Advance America, Wegmans and Bank of America, among others, as well as adding new relationships outside the United States including Elektra in Mexico.

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We entered into several new relationships, including those with ZipZap, PayPal, Gemalto and RNKO Payment Center, among others, which will allow the Company to enhance and expand its offering in the digital and mobile money transfer and payments markets.

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Department of Justice Settlement / Deferred Prosecution Agreement

In November 2012, we announced that a settlement was reached with the U.S. Attorney’s Office for the Middle District of Pennsylvania, or MDPA, and the Asset Forfeiture and Money Laundering Section of the Criminal Division of the Department of Justice, or US DOJ, relating to the previously disclosed investigation of transactions involving certain of our U.S. and Canadian agents, as well as fraud complaint data and consumer anti-fraud program, during the period from 2003 to early 2009. In connection with this settlement, we entered into the DPA with the MDPA and US DOJ dated November 8, 2012. Under the DPA, among other matters, we have agreed to revise our bonus plan to provide that, going forward, certain executives, including the Named Executives, will be rated on his or her success in meeting the Company’s compliance obligations, with a failing score in compliance rendering such executive ineligible for any bonus for that year. The Company will include in this bonus plan a provision that allows the Company to recoup or clawback prior bonuses from executives who have later been determined to have responsibility for compliance failures.

Executive Compensation Philosophy and Program Design

MoneyGram, its executives and directors are committed to ensuring that our pay and performance are closely linked, and that our compensation program is soundly based in these principles.

MoneyGram believes that a well-designed compensation program is a powerful tool for a company seeking to attract, motivate, reward and retain top executive and managerial talent. We further believe that compensation programs should align the interests of stockholders and executives in achieving and sustaining significant increases in stockholder value over the short- and long terms. Our compensation program has been designed with the following objectives in mind:

- | | |
|---------------------------|--|
| Overall Objectives | <ul style="list-style-type: none"> Motivate our executives to: Perform at a high level with the utmost integrity and accountability. Support growth and long-term value creation for our stockholders. Align the interests of our executives with those of our stockholders. Position the Company to compete effectively in recruiting high-caliber, experienced leaders instrumental to the Company’s long-term success. Support the long-term retention of the Company’s executives to maximize opportunities for teamwork, continuity of management and overall effectiveness. Discourage excessive and imprudent risk-taking and encourage legal and regulatory compliance consistent with our business model and strategies. |
| Pay Mix Objectives | <ul style="list-style-type: none"> Pay our employees (1) competitively relative to the marketplace for talent in which we operate and (2) equitably relative to one another based on job scope and impact, the capabilities and experiences they possess and the performance they demonstrate by: Providing a mix of both fixed and variable (at-risk) compensation, each of which has a different time horizon and payout form (cash and equity), to reward the achievement of annual and sustained, long-term performance. |
| Pay-For- | <ul style="list-style-type: none"> Provide a strong link between pay and performance by: |
| Performance | <ul style="list-style-type: none"> Ensuring our compensation programs are consistent with, and supportive of, our short- and long-term strategic, operating and financial objectives. |
| Objective | <ul style="list-style-type: none"> Placing a significant portion of our executives’ compensation at risk, with payouts dependent on the achievement of both corporate and individual performance goals, which are set annually by the HRNC. |

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Encouraging balanced performance by employing a variety of performance measures to avoid over-emphasis on the short-term or any one metric.

Applying judgment and reasonable discretion in making compensation decisions to avoid relying solely on formulaic program design, and to take into account both what has been accomplished and how it has been accomplished in light of the existing commercial environment.

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Consistent with our philosophy, key features of our executive compensation program design are:

Fifty-six percent of the total direct compensation paid to our CEO and between 37 and 86 percent of the total direct compensation paid to our Named Executives in 2012 was variable and dependent upon performance of both the individual and the Company.

Our HRNC employs a framework to assess our performance on an absolute basis relative to our goals and objectives, which goals are designed to support our Board-approved business and financial plans; and on our progress against strategic initiatives.

All of our incentive plans provide for maximum payout limits or caps .

At least annually, our HRNC performs a risk assessment of our executive compensation arrangements to assess the relationship between the Company's risk management policies and practices and our compensation program and to ensure that our program does not motivate our executives to take excessive or unnecessary risks.

Our long-term incentive awards include both time- and performance-vested stock options, which deliver value only to the extent that our stock appreciates in value between the grant and exercise dates, ensuring that our executives benefit only if our stockholders benefit; and performance-vested RSUs which are granted contingently, and are earned only on the basis of achieving certain growth targets over two- and three-year performance periods.

Say-On-Pay and Say-When-On-Pay Advisory Votes

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank), our Board of Directors, at our annual meeting of stockholders in May 2011, provided our stockholders with an opportunity to cast a non-binding advisory vote on executive compensation (a say-on-pay vote) and also a non-binding advisory vote on the frequency with which MoneyGram should hold future say-on-pay votes (a say-when-on-pay vote).

Through this say-on-pay vote, in which we received approximately 97 percent approval, our stockholders expressed their strong support for our executive compensation program and practices. Following the say-on-pay vote, the HRNC considered the results of this vote and concluded that the Company's executive compensation program provides a competitive pay-for-performance package that effectively incentivizes our Named Executives and encourages long-term retention. As such, no significant changes were made to the program as a result of the vote. Through the say-when-on-pay vote, approximately 90 percent of votes were cast in favor of the Company holding a say-on-pay vote once every three years. As a result, our next say-on-pay vote will be conducted at the 2014 annual meeting of stockholders.

2012 Key Actions / Enhancements to the Executive Compensation Program

It is MoneyGram's goal to maintain an executive compensation program that is competitive, rooted in the principles of pay-for-performance and that conforms with best practices in executive compensation and corporate governance. To this end, the HRNC routinely evaluates our practices and programs with respect to executive compensation in an effort to identify any opportunities for improvement that might exist. As a result of the HRNC's evaluation, we have made a number of enhancements to our executive compensation program that we believe will further strengthen our compensation program and the link between pay and performance. The following table summarizes these enhancements.

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<i>Adoption of Stock</i>	Our Board approved and adopted stock ownership guidelines for both executives and directors in 2012.
<i>Ownership Guidelines</i>	
<i>Elimination of Excise Tax</i>	Upon the effective date of the new CEO Employment Agreement discussed below, the Company no longer has legacy compensation provisions which would allow for excise tax gross-ups; the Company also does not plan to provide such excise tax gross-ups in the future.
<i>Gross-Ups</i>	
<i>Elimination of Share</i>	
<i>Recycling</i>	The 2005 Plan currently permits what is known as liberal share recycling, or the reuse of those shares withheld in full or partial payment of the exercise price relating to an award or in connection with the satisfaction of tax obligations relating to an award. We do not intend to permit liberal share recycling going forward, and we are recommending an amendment to the 2005 Plan that would eliminate liberal share recycling.
<i>Equity Grant Guidelines</i>	Taking into consideration the need to define annual long-term incentive opportunities for our executives, the Company has adopted a new methodology for making equity grants. Beginning in 2013, the Company will adhere to regular, annual grant guidelines, which guidelines will be reviewed and approved by the HRNC from time to time, but at least annually, as appropriate. It is further anticipated that these grant guidelines will aid the Company in reducing the rate at which it issues equity to its executives (i.e., its burn rate) over the longer-term.

The Role of the Human Resources and Nominating Committee

Structure of the HRNC: Currently, the HRNC consists of four members of the Board of Directors, two of whom qualify as independent under NYSE listing standards, including the Chairman of the HRNC. As a controlled company (also as defined by NYSE listing standards) with a single class of common stock and two stockholders owning approximately 70 percent of our common stock (on an as-converted basis), we believe that the HRNC's composition is representative of the composition of our current Board. We do recognize the value of independent perspectives on the Board, however, and as such, all of the independent members of our Board, including the independent members of the HRNC, meet regularly in executive session. In 2012, the HRNC held seven meetings, all of which ended with executive sessions without management present.

Decision Making: The primary goal of the HRNC is to assist the Board in fulfilling its oversight responsibilities related to setting, monitoring and implementing the Company's compensation philosophy, strategy and programs. In discharging its duties, the HRNC works very closely with its independent consultant, LB&Co. and management to examine pay and performance matters throughout the year. In determining the compensation of the Named Executives other than the CEO, the HRNC considers the recommendations of the CEO, which are based on Company and individual performance as well as competitive market data.

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The HRNC's Performance Review & Measurement Process:

Responsibilities: The HRNC has responsibility for the following in regard to MoneyGram's compensation program and policies, and discharges its duties annually, carefully considering each of the tasks set forth below.

- Executive Compensation Matters**
- Assisting the Board in fulfilling its oversight responsibilities related to setting, monitoring and implementing the Company's compensation philosophy, strategy and program.
 - Setting the corporate goals and objectives for the CEO and for reviewing, at least annually, the CEO's performance in light of those goals and objectives.
 - Reviewing and approving the compensation of our CEO as well as that of our Named Executives (*i.e.* base salaries, annual incentives and long-term incentives), including individual arrangements, and/or other benefits and perquisites. Obtaining from the full Board ratification of the compensation of our CEO.
 - Reviewing, designing and recommending the adoption of all executive compensation plans and administering those plans, as appropriate.
 - Reviewing and approving grants of equity compensation to all employees and establishing the policies and procedures governing those grants; the HRNC has delegated to the CEO the authority to approve recruitment and retention grants of equity compensation to non-executive officers. The HRNC will obtain full Board ratification of any equity grants to the CEO.
 - Assisting in the preparation of and reviewing the Company's disclosures made in the CD&A, and making a recommendation to the Board regarding its inclusion in the Company's proxy statement and Annual Report on Form 10-K to be filed with the SEC.
 - Reviewing and recommending to the Board the adoption of any employee benefit plans including, when applicable, any amendments to such plans.
 - Reviewing and approving annual profit sharing contributions, if any, to 401(k) plan or similar qualified pension plans.

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Reviewing the Company's management succession plans for key executive positions.

Reviewing and approving all employment agreements, severance agreements, change in control provisions and agreements and any special/supplemental benefits to the Company's Named Executives.

Determining the appropriateness of (if applicable) the stock ownership guidelines for the CEO, other Named Executives and directors, and for monitoring compliance with any such guidelines.

Reviewing the risk assessment of the Company's compensation arrangements and discussing, at least annually, the relationship between risk management policies and practices and executive compensation at MoneyGram.

Advising the Board regarding the say-on-pay and say-when-on-pay advisory votes required under Dodd-Frank and considering the results of the most recent vote on executive compensation when determining compensation policy and making compensation decisions.

Retaining and obtaining the advice of one or more compensation consultants as it deems necessary to discharge its duties and responsibilities, evaluating any conflicts of interest that may exist in accordance with Regulation S-K and considering the independence of any consultants chosen, as required under Dodd-Frank.

Corporate

Assisting the full Board in its efforts to identify prospective Board members; retaining or obtaining the advice of any search firm as it deems necessary to aid in the identification of director candidates.

Governance

Recommending to the Board those director nominees for election by the stockholders at the annual stockholders' meeting.

Matters

Developing, and recommending for adoption (or revision), the Company's Corporate Governance Guidelines.

Assisting the Board in fulfilling its obligations relating to the compensation of the Company's Directors.

Leading the Board in its annual review/self-appraisal, including conducting the HRNC self-appraisal.

Reviewing and making recommendations regarding the composition and size of the Board.

Recommending to the full Board the chairpersons and membership of each Committee of the Board.

Making regular reports to the Board on all matters concerning executive compensation and corporate governance.

Other Matters

Making regular reports to the Board.

Reviewing and assessing the adequacy of the HRNC Charter at least annually, and recommending any changes to the Board for approval.

Performing other such duties, and making such reports, as the Board may reasonably request from time to time, or as the HRNC may deem appropriate.

Forming and delegating authority to subcommittees when appropriate and unanimously approved by the HRNC.

The Charter of the Human Resources And Nominating Committee of MoneyGram International, Inc. is available online at:

<http://www.moneygram.com/MGICorp/InvestorRelations/Governance/index.htm>.

Performance Review: In 2012, the HRNC's review process considered a variety of factors in determining base salary levels, annual incentive opportunities and long-term incentive opportunities for incumbent executives, including, among others, performance, potential, position, scope and market rates.

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The Role of the Compensation Consultant

The HRNC engaged LB&Co. in January of 2012 as MoneyGram's independent compensation consultant to assist and advise the HRNC on all aspects of the Company's executive and director compensation programs. LB&Co. attended or participated by teleconference in all meetings of the HRNC in 2012. MoneyGram paid fees of \$172,258 to LB&Co. in 2012 relating to these matters, and LB&Co. provided no other services to MoneyGram. The services that LB&Co. provides to the HRNC include:

Reviewing and advising regarding the Company's compensation philosophy, strategy and program.

Providing advice and counsel on best practices in compensation and corporate governance, and keeping the Company and the HRNC apprised of trends, developments, legislation and regulations affecting executive and director compensation.

Providing and analyzing competitive market compensation data.

Analyzing the effectiveness of executive compensation programs and making recommendations, as appropriate.

Assisting in the design and negotiation of executive employment agreements.

Analyzing the appropriateness of the Compensation Peer Group (discussed below).

Evaluating how well our compensation programs adhere to the philosophies and principles stated in this CD&A.

Providing advice and counsel on directors' compensation.

In 2012, Aon Hewitt was retained by MoneyGram to complete calculations pertaining to change-in-control severance payments for our Named Executives. Aon Hewitt provided no other services to MoneyGram in 2012.

Compensation Consultant Conflict Of Interest Assessment: As required by rules adopted by the SEC under the Dodd-Frank Act, the HRNC assessed all relevant factors and determined that the work of LB&Co. did not raise any conflict of interest in 2012. In making this determination, the HRNC considered all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act.

Role of the Chief Executive Officer

The HRNC determines the compensation of the CEO without management input, but is assisted in this determination by LB&Co. and reviews its determination with the independent members of the Board (without members of management present). Terms of the employment agreement with the CEO are approved by the non-management members of the Board, after considering the recommendation of the HRNC.

In making determinations regarding compensation for other Named Executives, the HRNC considers the recommendations of the CEO and the input received from LB&Co. The CEO recommends compensation, including the compensation provisions of employment agreements for those who have them, for Named Executives other than herself and for all others whose compensation is determined by the HRNC. In making these recommendations, the CEO evaluates the performance of each executive, considers each executive's responsibilities and compensation in relation to other officers of the Company, and considers publicly available information regarding the competitive marketplace for talent and information provided to her by the Company and information provided to the HRNC by LB&Co. The HRNC advises the Board of its deliberations regarding annual and long-term incentive awards for Named Executives.

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Mitigation of Excessive Risk-Taking

The HRNC oversees the Company’s executive compensation program, including the design of the program and whether it appropriately balances risk taking and incentives. The HRNC meets periodically to review the risk assessment of the Company’s compensation arrangements, and reviews and discusses (at least annually) the relationship between risk management policies and practices and compensation. The HRNC further uses this assessment in its determination of the company’s bonus pool and its consideration of incentive compensation payouts and the overall compensation of our senior executives. Key factors in mitigating any risks associated with the Company’s compensation programs and practices are outlined below. The HRNC will also consider recommendations from the newly established Compliance and Ethics Committee regarding risks and risk mitigation.

Balanced Weighting of Performance Metrics in Incentive Compensation Programs

The MoneyGram International, Inc. Performance Bonus Plan, referred to herein as the annual cash incentive plan, and the 2005 Plan use a balanced weighting of multiple performance metrics to determine incentive payouts to our executives. This discourages excessive risk-taking by eliminating any inducement to over-emphasize one goal to the detriment of others. The annual cash incentive plan and the 2005 Plan are discussed in detail on pages 46 and 48, respectively.

Stock Ownership Guidelines for Executives

The Company believes that ownership guidelines serve to align the interests of management with those of stockholders by requiring executives to acquire and maintain a meaningful equity position in the Company, which, in turn, supports the Company’s objective of building long-term stockholder value. Furthermore, the Company believes that ownership of equity mitigates the risk of executive actions that could potentially damage or destroy equity value.

In 2012, therefore, the HRNC recommended to the Board, and the Board approved, the adoption of Stock Ownership Guidelines for our senior-most executives who are also participants under the 2005 Plan. The newly adopted guidelines prescribe the following ownership guidelines for our executives:

POSITION	OWNERSHIP GUIDELINE
CEO	5x Base Salary
EVPs	3x Base Salary
SVPs	2x Base Salary
VPs	1x Base Salary

Each covered officer is expected to achieve these levels of ownership within the later of five years of the implementation of the ownership guidelines or their first becoming eligible to participate in the 2005 Plan at the level of VP and above. Additionally, if an officer receives a promotional salary increase during this time, the Company, in its discretion, may extend that officer’s time to meet the ownership requirements by one year. Failure to meet or, in certain circumstances, to show sustained progress toward meeting the above ownership guidelines may result in a reduction in future long-term incentive equity grants, and/or payment of future annual and/or long-term cash incentive payouts in the form of equity, at the discretion of the HRNC.

To determine the value of each officers’ equity ownership, and for the purposes of satisfying the ownership guidelines, the following forms of equity will be included in the value calculation: shares owned by the officer, his or her spouse and/or minor children, whether owned outright or in trust; any time-based restricted stock or RSUs awarded; any vested stock options; and any stock held for the incumbent’s benefit in any pension or 401(k) plans.

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Policy Regarding Trading in Company Stock

The Company maintains policies and procedures for transactions in the Company’s securities that are designed to ensure compliance with all insider trading rules. The Company’s policies and procedures also prohibit employees, officers and directors from engaging in any transaction designed to hedge or offset any decrease in market value of the Company’s securities held by such employees, officers and directors.

Clawback Policy

Currently, the Company’s incentive compensation plans and the terms of our stock options and RSU agreements provide that the HRNC may seek reimbursement of incentives paid or stock options and restricted stock/RSU proceeds provided to a Named Executive or other executive if it is later determined that the Named Executive or other executive engaged in misconduct, acted in a manner contrary to the Company’s interest or breached a non-competition agreement. To date, the HRNC has not exercised this right with respect to any plan award previously paid.

During 2012, the Company has enhanced its clawback policy such that:

Certain executives, including the Named Executives, will be rated on his or her success in meeting the Company’s compliance obligations, with a failing score in compliance rendering an executive ineligible for any bonus for that year.

The bonus plan will include a provision that allows the Company to recoup or clawback prior bonuses from executives who have later been determined to have contributed to compliance failures.

Peer Group Selection and Competitive Benchmarking

Our executive compensation program is designed to reward achievement of goals and to attract, retain, and motivate our leaders in an increasingly competitive talent market. The HRNC examines the executive compensation of a group of peer companies (our Compensation Peer Group) to stay current with market pay practices and trends, and to understand the competitiveness of our total compensation and its various elements. The HRNC reviews at least annually the Compensation Peer Group to confirm that it includes companies that are comparable to MoneyGram on the basis of industry focus, scope of operations, size (based on revenues) and the competitive marketplace for talent. We use this data solely for informational purposes and do not target a specific percentile or make significant pay decisions based on market data alone. Although we believe this information can be helpful, we recognize that benchmarking is not always reliable and is subject to significant change from one year to the next particularly for companies in the financial services industry. As a result, we use both Company and individual performance as a primary driver of pay levels, as opposed to market data.

The following 23 companies comprised the 2012 Compensation Peer Group.

- | | | |
|--------------------------------------|---|----------------------------------|
| ACI Worldwide, Inc. | The Dun & Bradstreet Corporation | Jack Henry & Associates, Inc. |
| Axiom Corporation | Equifax Inc. | Lender Processing Services, Inc. |
| Advance America Cash Advance Centers | Euronet Worldwide, Inc. | Online Resources Corporation |
| Alliance Data Systems Corporation | Fidelity National Information Systems, Inc. | TeleTech Holdings, Inc. |
| Broadridge Financial Solutions, Inc. | Fiserv, Inc. | Total System Services, Inc. |
| Convergys Corporation | Genpact Limited | Verifone Systems, Inc. |
| CoreLogic, Inc. | Global Payments, Inc. | The Western Union Company |
| DST Systems, Inc. | Heartland Payment Systems, Inc. | |

Competitive Benchmarking: Historically, MoneyGram has targeted total estimated cash compensation (base salary plus annual incentive opportunity) between the 50th and 75th percentile of the Compensation Peer Group. In concert with the compensation program enhancements made in 2012, we now use this market data for informational purposes only, and do not target a specific percentile or make significant pay decisions based on market data alone, to avoid a ratcheting up impact. Further, we currently find this data, and market data in general, less reliable since it is subject

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to significant change from one year to the next particularly for those companies in the financial services industry. As a result, beginning with 2012 compensation decisions, the HRNC has determined to use performance as opposed to market data as a primary driver of pay levels.

2013 Compensation Peer Group: For the upcoming compensation review, the HRNC removed *Advance America, Cash Advance Centers, Inc.* from the Compensation Peer Group for 2013, based on its recent merger with a foreign company.

The following 22 companies comprise the 2013 Compensation Peer Group.

ACI Worldwide, Inc.	Equifax Inc.	Lender Processing Services, Inc.
Axiom Corporation	Euronet Worldwide, Inc.	Online Resources Corporation
Alliance Data Systems Corporation	Fidelity National Information Systems, Inc.	TeleTech Holdings, Inc.
Broadridge Financial Solutions, Inc.	Fiserv, Inc.	Total System Services, Inc.
Convergys Corporation	Genpact Limited	Verifone Systems, Inc.
CoreLogic, Inc.	Global Payments, Inc.	The Western Union Company
DST Systems, Inc.	Heartland Payment Systems, Inc.	
The Dun & Bradstreet Corporation	Jack Henry & Associates, Inc.	

2012 Performance

Despite continued global economic challenges and regulatory and litigation proceedings, overall, 2012 was a year of continued success for MoneyGram. In general, we generated strong results relative to our corporate goals and objectives, and relative to our competitors; we launched several innovative new partnerships which lay the foundation for a new and enhanced digital and mobile product set; and we positioned the Company well for growth in the coming years.

We continue to experience strong revenue performance, registering growth of 7.5 percent over 2011; we also experienced healthy growth in other key financial measures including *Revenues Generated By Money Transfers* (up 10.5 percent), *Adjusted EBITDA* (up 5.8 percent), *Free Cash Flow* (up 11.0 percent), and *Adjusted Operating Income* (up 9.2 percent). We expanded our agent network, growing our base to more than 310,000 at the end of 2012 (up 16.1 percent versus 2011), with such growth ultimately contributing significantly to our increased transaction volume, which grew approximately 14 percent year-over-year. We also saw 18 percent growth in *Money Transfers (or sends) Originating Outside Of The U.S.*, which is among the fastest developing and most important growth areas for the Company. See page 46 of this proxy statement for reconciliation of *Adjusted Operating Income* discussed above and below to the related GAAP financial measure and pages 42 through 44 and pages 58 through 59 of the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for reconciliation of *Adjusted EBITDA* and *Free Cash Flow* discussed above and below to the related GAAP financial measures.

We have expanded and improved our consumer-facing fraud prevention website (moneygram-preventfraud.com), providing enhanced fraud prevention resources and tools, as well as increased education, to our consumers. We also continued to expand our compliance programs and technology. At the same time, we continued to prudently manage our investment portfolio while also maintaining excess liquidity to address changes in the Company's payment services obligation balance. We manage a portfolio of short-dated, high quality investments that provide sufficient access to funds while preserving value.

In 2012, we also introduced several strategic relationships, including those with PayPal, Gemalto and RNKO Payment Center, not only representing a new level of innovation for MoneyGram, but also enhancing our growth into new areas of the payments industry, and in particular growing our presence in digital and mobile. For example, through our relationship with PayPal, in 2013 we will launch the first global solution for consumers who do not have or use a bank account or credit card to fund and maintain a PayPal account, giving them access to ecommerce. Additionally, the financial institutions group added 12 new banking relationships.

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These results were reviewed by the HRNC to make compensation decisions.

CEO Pay At-A-Glance

The HRNC determined that the appropriate Total Direct Compensation, or TDC, for Ms. Patsley for 2012 performance was \$1.965 million, a decrease of 22 percent over the prior year. The HRNC considered our performance to be very competitive considering the economic environment and especially given our peer group's performance.

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Ms. Patsley's Total Direct Compensation (\$ Thousands)

Snapshot: How Compensation Is Delivered To Our CEO And Named Executives (Pay Mix)

	COMPENSATION ELEMENT	UNDERLYING PRINCIPLE	COMMENTS
<i>Fixed Compensation</i>	Base Salary	To provide a competitive level of fixed compensation that serves to attract and retain high-caliber talent and is predicated on responsibility, skills and experience.	Base salaries are generally reviewed annually and may be modified on the basis of merit, promotion, internal equity considerations and/or market adjustments.
<i>Variable Compensation</i>	Annual Incentive Award	To reward achievement of corporate, business unit (where applicable) and individual Named Executive goals and contributions to the Company.	Based on objective performance metrics, but also allows the HRNC to apply discretion in considering quantitative and qualitative performance.
	Long-Term Incentive Award	To promote the recruitment and retention of our CEO and Named Executives, to reward performance that drives stockholder value creation, and to align the interests of our management team with those of our stockholders.	Annual incentive awards are delivered to our CEO and our Named Executives in cash. Long-term incentive awards are delivered to our CEO and Named Executives in a combination of stock options, which are subject to time- and performance-based vesting, and performance-based RSUs.

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2012 Compensation Review and Decisions

As discussed above (under Peer Group Selection and Competitive Benchmarking), beginning this year, we now use competitive market data for informational purposes only, basing our decisions instead upon Company and individual performance as it relates to our goals and objectives. We believe this approach further strengthens the relationship between pay and performance for our senior executives and avoids the ratcheting up effect of tying compensation to market levels.

Overview of Year-End 2012 Total Direct Compensation

INCENTIVE TYPE	COMPENSATION ELEMENT	WHAT IT DOES	HOW IT'S SET/LINKS TO
			PERFORMANCE
Fixed	Base Salary	Provides competitive fixed compensation	Job scope and impact, experience and capability, market compensation levels
		Balances risk-taking concerns with pay for performance	
Variable	Annual Cash Incentive	Provides a competitive annual incentive opportunity	Payout range: 0% - 200% of target
		Aligns with individual business unit and Company performance	Based on achievement of financial goals (Total Revenue and Operating Income)
	Stock Options	Aligns with share price growth	Risk/control and compliance goals Based on objective performance metrics, but also allows the HRNC to use judgment in considering quantitative and qualitative performance factors
			<u>Options Granted In 2011 & 2012</u>
			Ten-year term
			Four-year ratable vesting
			<u>Options Granted Prior To 2011</u>
			Ten-year term
			50% time-based with five-year ratable vesting (except Ms. Patsley, with four-year vesting for 2009 grants)
			50% performance-based, with vesting predicated on share price
	Performance-Based Restricted Stock Units	Aligns with share price	RSUs Granted In 2011
		Vest based on annual adjusted EBITDA growth target	Payout range: 0% - 200% of target
			Annual adjusted EBITDA growth targets and payouts for 2012 - 2014
			RSUs Granted In 2012

Payout range: 0% - 200% of target

Annual adjusted EBITDA growth targets and payouts
for 2012 - 2014

Base Salary

Base salary decisions for 2012 were determined by the HRNC based on the following factors:

Recommendations from the CEO (for Named Executives other than the CEO);

Performance achievement (both Company and individual) relative to goals and objectives;

Scope and impact of each role and changes in job responsibility (in particular with respect to promotional increases);

Internal pay equity considerations.

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Having considered these factors, the HRNC approved the following base salary increases in 2012:

NAMED EXECUTIVE	BASE SALARY INCREASE		EFFECTIVE DATE	REASON FOR INCREASE
	%	\$		
Pamela H. Patsley	0.0%	\$ 0	N/A	N/A
W. Alexander Holmes	26.0%	\$ 65,000	3/21/2012	Promoted to CFO.
	7.9%	\$ 25,000	8/18/2012	Assumed additional responsibilities.
J. Lucas Wimer	5.9%	\$ 20,000	3/17/2012	Merit increase.
Carl Scheible ¹	0.0%	\$ 0	N/A	N/A
F. Aaron Henry	4.0%	\$ 10,000	3/17/2012	Merit increase.
	15.4%	\$ 40,000	7/1/2012	Promoted to Interim General Counsel.
	13.3%	\$ 40,000	8/18/2012	Promoted to General Counsel.
James E. Shields ²	0.0%	\$ 0	N/A	N/A
Timothy E. Everett ²	3.0%	\$ 10,800	3/17/2012	Merit increase.

N/A Not Applicable

(1) Mr. Scheible joined the Company effective April 16, 2012.

(2) Messrs. Shields and Everett ceased to serve as executive officers of MoneyGram, effective March 21, 2012, and July 6, 2012, respectively.

Annual Cash Incentive Plan

The annual cash incentive plan provides for annual cash incentive awards based on overall Company performance, individual business unit performance (where applicable), and individual performance and contribution. The HRNC sets specific performance objectives for the Company to achieve under the annual cash incentive plan. The performance measures governing these objectives under the terms of the 2005 Plan (as amended and restated pursuant to Proposal 2) may include: sales (including growth or growth rate), revenue (including growth or growth rate), costs, expenses, earnings (including one or more of net profit after tax, gross profit, operating profit, earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization and net earnings), earnings per share (including growth or growth rate), earnings per share from continuing operations, operating income, pre-tax income, operating income margin, net income (including income after capital costs and income before or after taxes), margins (including one or more of gross, operating and net income margins), returns (including one or more of return on actual or pro forma assets, average assets, net assets, equity, investment, capital and net capital employed), risk-adjusted return on capital or invested capital, weighted average cost of capital, stockholder return (including total stockholder return relative to an index or peer group), stock price (including growth or growth rate), economic value added, cash generation, cash flow, operating cash flow, free cash flow, unit volume, working capital, market share (in aggregate or by region), cost reductions, strategic plan development and implementation, total market value, value measures including ethics compliance, regulatory compliance, employee satisfaction and customer satisfaction, or other applicable measures as the HRNC deems appropriate.

Award Levels

In February 2012, the HRNC reviewed the annual incentive targets for each Named Executive to ensure that the Company is competitive under this element of compensation. Consistent with our compensation objectives, as an executive assumes greater responsibility within the Company, a larger portion of his or her compensation is at risk and tied directly to the achievement of Company and individual performance goals.

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For 2012, the HRNC established annual incentive targets for our Named Executives as follows:

NAMED EXECUTIVE	ANNUAL INCENTIVE TARGET AS A PERCENT OF BASE SALARY AS OF:	
	12/31/2012	12/31/2011
	Pamela H. Patsley	120%
W. Alexander Holmes	70%	60%
J. Lucas Wimer	70%	70%
Carl Scheible ¹	75%	N/A
F. Aaron Henry	60%	40%
James E. Shields ²	N/A	70%
Timothy E. Everett ²	N/A	60%

N/A Not Applicable

(1) Mr. Scheible joined the Company effective April 16, 2012.

(2) Messrs. Shields and Everett ceased to serve as executive officers of MoneyGram, effective March 21, 2012, and July 6, 2012, respectively. Each Named Executive's actual annual cash incentive award depends on the Company's achievement of annual financial results relative to performance objectives established by the HRNC, including business unit performance (where applicable) as well as individual performance and contribution to the Company's overall results (which is reflected in each Named Executive's performance rating). The HRNC sets the financial objectives for each Named Executive so as to place the appropriate focus on the desired results and key initiatives. In setting these goals the HRNC considers input from management. There is a performance overlay range associated with each Named Executive's performance rating, which allows a Named Executive's annual incentive payout to be increased or decreased depending on the executive's performance rating.

2012 Performance Objectives and Funding Formula

Under the annual cash incentive plan, the HRNC sets specific performance objectives for the Company, as well as threshold, target and maximum payout levels predicated on actual achievement, as set forth below.

	THRESHOLD	TARGET	MAXIMUM
Performance Achievement	94%	100%	108%
Payout	50%	100%	200%

For 2012, the HRNC approved Revenue and Operating Income, each weighted equally, as the performance measures governing annual incentive payouts.

These measures are also consistent with those selected by the HRNC in 2011.

PERFORMANCE MEASURES (\$ IN MILLIONS)	WEIGHT	THRESHOLD	TARGET	MAXIMUM	2012 RESULTS	2012 RESULTS AS A PERCENT OF TARGET

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Revenue	50%	\$	1,274.6	\$	1,356.0	\$	1,464.5	\$	1,363.1	101%
Operating Income ¹	50%	\$	197.8	\$	210.4	\$	227.2	\$	203.4	97%

- (1) Operating income as reported, adjusted for any items included in the Company's Adjusted EBITDA metric and the impact of foreign currency fluctuations.

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The following table indicates a summary of the determination of the results achieved under the plan.

	REVENUE (\$ IN MILLIONS)	OPERATING INCOME (\$ IN MILLIONS)
Metric As Reported	\$ 1,341.2	\$ 52.4
Adjustments to EBITDA ¹	\$ 0.0	\$ 147.5
Changes In Foreign Currency ²	\$ 21.9	\$ 3.5
Metric Achievement Approved by the HRNC	\$ 1,363.1	\$ 203.4

(1) The HRNC established this metric to incorporate into the reported metric the adjustments to EBITDA that impact operating income, as the HRNC believes that these items are not indicative of the core results of operations and management performance.

(2) Changes to foreign currency reflect the net effect of constant currency adjustments and exchange rate fluctuations.

2012 Actual Annual Cash Incentive Payouts

Based on the results achieved and the relative weighting of each performance objective (as shown in the table above), the 2012 level of performance achievement for the annual cash incentive plan pool was 89.4 percent of target. Each Named Executive also received an individual performance rating, as set forth below, which served either as a multiplier or a detractor to his or her annual cash incentive payout. In addition to Company and Business Unit performance (where applicable), the Named Executives' performance ratings also consider his or her technical and leadership competency and abilities in his or her role. All annual cash incentive payouts were approved by the HRNC. The performance goals for all Named Executives were based solely on overall corporate performance.

NAMED EXECUTIVE	PERFORMANCE PERCENTAGE (%)	ANNUAL CASH INCENTIVE AS A PERCENT OF TARGET (3)
Pamela H. Patsley	120%	107%
W. Alexander Holmes	120%	107%
J. Lucas Wimer	95%	85%
Carl Scheible ¹	110%	98%
F. Aaron Henry	120%	107%
James E. Shields ²	N/A	N/A
Timothy E. Everett ²	N/A	N/A

N/A Not Applicable

(1) Mr. Scheible joined the Company effective April 16, 2012.

(2) Messrs. Shields and Everett ceased to serve as executive officers of MoneyGram, effective March 21, 2012, and July 6, 2012, respectively.

(3) Represents a percentage comparison between the actual cash incentive amount paid to the Named Executive and such Named Executive's target payout amount.

Long-Term Incentives*Stock Options and Restricted Stock Units*

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In 2012, the HRNC's decisions relating to equity awards were primarily influenced by the need to recruit and retain certain Named Executives as well as to align the interests of the Named Executives with those of our stockholders. Historically, MoneyGram has granted stock options and RSUs to Named Executives that vest both on the basis of time and performance. MoneyGram has developed

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these vesting criteria to be both motivational and retentive, with performance-vesting criteria serving to motivate the creation of long-term stockholder value and time-based vesting criteria serving to retain key executives.

No annual grants of stock options and RSUs were granted to Named Executives during 2012; however, stock options and RSUs were granted during 2012 to certain Named Executives in connection with new hires and internal promotions. The table below sets forth the total number of stock options and RSUs granted to each Named Executive during 2012:

NAMED EXECUTIVE	STOCK OPTIONS (#)	RESTRICTED STOCK UNITS (#)
Pamela H. Patsley	0	0
W. Alexander Holmes ¹	13,526	8,157
J. Lucas Wimer	0	0
Carl Scheible ^{1,2}	75,075	60,168
F. Aaron Henry ¹	16,693	12,600
James E. Shields ³	0	0
Timothy E. Everett ³	0	0

(1) The RSUs granted to Messrs. Holmes, Henry and Scheible will vest on the basis of the Company’s average annual adjusted EBITDA performance over a period of two or three years, which is targeted at the Company achieving an average annual adjusted EBITDA increase target over two or three years. Fifty percent of the RSUs will vest if the performance goal is achieved as of the second anniversary of the date of grant and 50 percent of the RSUs will vest if the performance goal is achieved as of the third anniversary of the date of grant. Additionally, under the terms of the award agreements, these RSUs have the potential to pay out at 50 percent of the number of units awarded if the Company achieves a threshold performance target or 200 percent if the Company achieves a maximum performance target.

(2) Represents Mr. Scheible’s sign-on grant, split equally between stock options and RSUs.

(3) Messrs. Shields and Everett ceased to serve as executive officers of MoneyGram, effective March 21, 2012, and July 6, 2012, respectively. All participants in our long-term incentive program, including our Named Executives, are required to sign a post-employment restriction agreement providing for non-disclosure, non-solicitation and non-competition following termination of employment. For all equity participants other than Ms. Patsley, a discussion of the treatment of unvested equity upon the termination of employment is included below under Restricted Stock Unit Agreements and Stock Option Agreements. The treatment of Ms. Patsley’s equity upon termination is discussed under Executive Employment Agreements.

Annual Equity Grant Guidelines

In 2012, the HRNC established equity grant guidelines to develop a consistent approach to the granting of equity-based awards. These equity grant guidelines were implemented in 2013. The equity grant guidelines, expressed as a multiple of base salary, are set forth below.

LEVEL	PERCENT
CEO	400%
Executive Committee Member	200%
Senior Vice President	50%
Vice President	40%
Senior Director	25%
Director	20%

The HRNC will determine the split between stock options and RSUs and also set the vesting criteria at the time of each grant.

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Other Compensation

A portion of our Named Executives' compensation includes other market competitive, non-variable compensation and benefits. These other compensation and benefits elements aid us in being able to recruit more effectively and to retain highly qualified executive talent while competing with other companies that offer similar programs.

Retirement Benefits and Deferred Compensation

MoneyGram does not offer any form of pension or deferred compensation to any of the Named Executives other than the 401(k) Plan.

Severance Benefits

A discussion of the Company's severance benefits is set forth below under **Severance Benefits**.

Moving Allowances

MoneyGram did not offer any moving allowances to any Named Executives in 2012.

2013 Compensation Decisions

Base Salary

Base salary decisions for 2013 were determined by the HRNC based on the following factors:

Recommendations from the CEO (for Named Executives other than the CEO);

Performance achievement (both Company and individual) relative to goals and objectives;

Scope and impact of each role and changes in job responsibility (in particular with respect to promotional increases);

Internal pay equity considerations.

Peer group data.

Having considered these factors, the HRNC approved the following base salary increases in 2013.

NAMED EXECUTIVE	BASE SALARY INCREASE		EFFECTIVE DATE	REASON FOR INCREASE
	%	\$		
Pamela H. Patsley	6.9%	\$ 60,000	March 27, 2013	Merit increase; resulting salary increase is reflected in terms of new CEO Employment Agreement.
W. Alexander Holmes	8.8%	\$ 30,000	April 2013	Merit increase.
J. Lucas Wimer	1.4%	\$ 5,000	April 2013	Merit increase.
Carl Scheible	2.9%	\$ 13,421	April 2013	Merit increase.
F. Aaron Henry	5.9%	\$ 20,000	April 2013	Merit increase.

2013 Performance Measures

Annual Cash Incentive Plan

For 2013, the HRNC approved Total Revenue and Adjusted EBITDA (excluding restructuring, stock based compensation, net securities gains/losses, recapitalization, asset impairment charges, debt extinguishment, and certain legal accruals), each weighted equally, as the performance measures governing annual incentive payouts.

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In accordance with the annual grant guidelines established by the HRNC in 2012, the HRNC approved long-term equity incentive grants in February 2013. The value of the awards was split evenly between stock options and RSUs. Stock options are subject to four-year ratable vesting, with 25 percent of the awards vesting on each of the first four anniversaries of the grant date. The RSUs are subject to three-year cliff vesting, based on Adjusted EBITDA growth during the applicable performance period (2013 – 2015). The details of the 2013 long-term equity grants are set forth below.

NAMED EXECUTIVE	DATE OF GRANT	TOTAL GRANT DATE AWARD (\$)	AWARD SPLIT BETWEEN:	
			Stock Options (#)	RSUs (#)
Pamela H. Patsley	2/26/2013	\$ 3,460,000	136,543	104,975
W. Alexander Holmes	2/26/2013	\$ 680,000	26,835	20,631
J. Lucas Wimer	2/26/2013	\$ 720,000	28,413	21,844
Carl Scheible	2/26/2013	\$ 947,580	37,394	28,749
F. Aaron Henry	2/26/2013	\$ 680,000	26,835	20,631

Contingent Performance Awards