

MONEYGRAM INTERNATIONAL INC
Form DEF 14A
April 02, 2015
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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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1) Title of each class of securities to which transaction applies:

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1) Amount Previously Paid:

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 2, 2015

Dear MoneyGram Stockholder:

You are invited to attend our 2015 Annual Meeting of Stockholders, which will be held at 8:00 a.m. Central Time on Friday, May 8, 2015 at Le Méridien, The Stoneleigh Hotel, Grand Salon, located at 2927 Maple Avenue, 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, 2014. I encourage you to read the Annual Report on Form 10-K for information about the Company's performance in 2014.

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 2, 2015

The Annual Meeting of Stockholders of MoneyGram International, Inc. will be held at 8:00 a.m. Central Time on Friday, May 8, 2015 at Le Méridien, The Stoneleigh Hotel, Grand Salon, located at 2927 Maple Avenue, Dallas, Texas for the following purposes:

1. To elect eight directors to serve one-year terms;
 2. To amend and restate the MoneyGram International, Inc. 2005 Omnibus Incentive Plan (the 2005 Plan) to increase the maximum number of available shares;
 3. To approve the material terms of the 2005 Plan for purposes of complying with Section 162(m) of the Internal Revenue Code of 1986, as amended;
 4. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2015; and
 5. 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 16, 2015, 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 (the Board) of MoneyGram International, Inc. (MoneyGram, the Company, we, us or our) for use at the Annual Meeting of Stockholders to be held on Friday, May 8, 2015, beginning at 8:00 a.m., Central Time, at Le Méridien, The Stoneleigh Hotel, Grand Salon, located at 2927 Maple Avenue, 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 2, 2015.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 8, 2015

The Notice of Annual Meeting, proxy statement and 2014 Annual Report on Form 10-K are available at <http://ir.moneygram.com/sec.cfm>.

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 16, 2015, 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, 53,188,905 shares of common stock and 71,281,9038 shares of D Stock were outstanding. As of the record date, the 71,281,9038 shares of D Stock, all of which are held by The Goldman Sachs Group, Inc. and its affiliates, or the Goldman Sachs Group, are convertible into 8,910,234 shares of common stock.

As of the record date, affiliates or coinvestors of Thomas H. Lee Partners, L.P., or THL, own approximately 44.6 percent of our common stock. As of the record date, the Goldman Sachs Group would own approximately 14.4 percent of our common stock on a diluted basis upon conversion of their D Stock, and THL would own approximately 38.2 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. If you require directions to attend the meeting, please call us at (214) 999-7552.

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 costs 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. In addition, the Company expects to engage Georgeson Inc. to assist with the solicitation effort, for which the Company expects to pay Georgeson Inc. a fee of approximately \$8,500. 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 the 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. If a quorum is not present at the meeting, the chairman of the meeting or the holders of a majority of the voting power of our common stock entitled to vote at the meeting who are present in person or by proxy at the meeting have the power to adjourn the meeting from time to time, until a quorum is present.

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 and restatement of the MoneyGram International, Inc. 2005 Omnibus Incentive Plan (the 2005 Plan); (iii) FOR approval of the material terms of the 2005 Plan for purposes of Section 162(m) (Section 162(m)) of the Internal Revenue Code of 1986, as amended (the Code); and (iv) FOR the ratification of Deloitte & Touche LLP, or Deloitte, as our independent registered public accounting firm for 2015.

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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.

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 common stock outstanding as of the record date and voted with respect to the director will be elected as a director, provided a quorum is present at the meeting. 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, broker non-votes 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 as of the record date represent approximately 44.6 percent of the voting power of our common stock, **FOR** each of the director nominees at this annual meeting of stockholders.

Amendment and Restatement of the 2005 Plan (Proposal 2). The affirmative vote of a majority of the voting power of the common stock outstanding as of the record date and voted with respect to this proposal is required for the approval of this proposal, provided a quorum is present at the meeting. Shares not represented at the meeting, broker non-votes and proxies marked **ABSTAIN** have no effect on this proposal. Affiliates of THL have indicated their intent to vote all of their shares of common stock, which as of the record date represents approximately 44.6 percent of the voting power of our common stock, **FOR** the amendment and restatement of the 2005 Plan at this annual meeting of stockholders.

Approval of the Material Terms of the 2005 Plan to Comply with Section 162(m) of the Code (Proposal 3). The affirmative vote of a majority of the voting power of the common stock outstanding as of the record date and voted with respect to this proposal is required for the approval of this proposal, provided a quorum is present at the meeting. Shares not represented at the meeting, broker non-votes and proxies marked **ABSTAIN** have no effect on this proposal. Affiliates of THL have indicated their intent to vote all of their shares of common stock, which as of the record date represent approximately 44.6 percent of the voting power of our common stock, **FOR** the approval of the Section 162(m) material terms of the 2005 Plan at this annual meeting of stockholders.

Ratification of Appointment of Independent Registered Public Accounting Firm for 2015 (Proposal 4). The affirmative vote of a majority of the voting power of the common stock outstanding as of the record date and voted with respect to this proposal is required for the approval of this proposal, provided a quorum is present at the meeting. 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 as of the record date represents approximately 44.6 percent of the voting power of our common stock, **FOR** the ratification of appointment of our independent registered public accounting firm for 2015 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 4 at the discretion of your broker. Such shares will not be voted at the discretion of your broker on Proposals 1, 2 and 3 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

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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.

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

Background

2008 Recapitalization

On March 25, 2008, MoneyGram completed a recapitalization transaction (the *2008 Recapitalization*), pursuant to the terms of an amended and restated purchase agreement (*Purchase Agreement*), dated as of March 17, 2008, with THL and affiliates of Goldman, Sachs & Co. (*Goldman Sachs* and, together with THL, the *Investors*). Pursuant to the Purchase Agreement, MoneyGram, among other things, sold shares of Series B Participating Convertible Preferred Stock (*B Stock*) to THL and shares of Series B-1 Participating Convertible Preferred Stock (*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 (*Series B Stock*) through the issuance of additional 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 and related matters, see *Transactions with Related Persons* in this proxy statement. See *Part Four Other Important Information Security Ownership of Certain Beneficial Owners* for more information regarding the Investors' equity interest in the Company.

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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 November 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.

Reverse Stock Split

On November 14, 2011, MoneyGram effected a one-for-eight reverse stock split of its issued and outstanding common stock. All share numbers in this proxy statement reflect the reverse stock split.

2014 Equity Transactions

On April 2, 2014, MoneyGram completed an underwritten secondary public offering by the Investors of an aggregate of 9,200,000 shares of MoneyGram's common stock. As part of the transaction, the affiliates of Goldman Sachs converted an aggregate of 37,957 shares of D Stock to 4,744,696 shares of common stock, which were sold as part of the transaction. The selling stockholders received all of the proceeds from the offering. Also on April 2, 2014, the Company completed the repurchase of 8,185,092 shares of common stock from the THL selling stockholders at a price of \$16.25 per share. MoneyGram funded the share repurchase with a \$130.0 million incremental term loan facility and cash on hand. The repurchased shares were cancelled and are no longer outstanding.

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, and such representatives are 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 aggregate number of votes equal to the number of directors as is proportionate to the Investors' common stock ownership (on an as-converted basis). Therefore, each director designated by THL has multiple votes and each other director has one vote. During 2014, THL designated Thomas M. Hagerty, Seth W. Lawry and Ganesh B. Rao to serve as its Board Representatives. On March 30, 2015, Thomas M. Hagerty provided notice to the Company that he will not stand for re-election in 2015, and THL has indicated to the Company that it will not designate a replacement representative for Mr. Hagerty at this time. Mr. Hagerty informed the Company that his decision not to stand for re-election is not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices. The Purchase Agreement also provides for the general attendance by two representatives of Goldman Sachs to observe at Board meetings. However, during 2014 Goldman Sachs did not designate any such representative.

So long as the Investors or their affiliates beneficially own, in the aggregate, common stock or D Stock representing an initial cost of not less than \$75 million, the Investors are entitled to nominate and cause the Company to appoint replacements for the Board Representatives. If the Investors and their affiliates at any time cease to meet such ownership requirements, the Investors will have no further rights with respect to representation on the Board or committees of the Board and, if so requested by

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the Company, will promptly cause the Board Representatives to resign, and take all other action reasonably necessary, or reasonably requested by the Company, to cause the prompt removal of, the Board Representatives.

Board Structure and Composition

The Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide 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 common stock outstanding as of the record date and voted with respect to the director, provided that in contested elections, the directors shall be elected by a plurality of the voting power of the common stock. 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 votes 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 is currently comprised of nine members: five independent directors (as defined below), three 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, W. Bruce Turner and Peggy Vaughan 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 Nasdaq Stock Market, or Nasdaq, listing standards. Messrs. Hagerty, 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 Chairman of the Board. With the exception of Mr. Hagerty, each of the Company's current directors is seeking re-election at the 2015 annual meeting of stockholders. Mr. Hagerty has indicated his intention not to stand for re-election at the 2015 annual meeting of stockholders. Information about the nominees is set forth in Part Three Proposals to be Voted on at the 2015 Annual Meeting Proposal 1: Election of Directors in this proxy statement.

Director Independence

Because the Board Representatives have the majority of the votes of our Board, the Company has elected to be treated as a controlled company for purposes of the Nasdaq listing standards. As a result, the Nasdaq 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 Nasdaq listing standards do, however, require our Audit Committee to be comprised entirely of independent directors. The Board has determined that the following directors or director nominees are independent within the meaning of the Nasdaq listing standards: Ms. Vaughan, Messrs. Clark, Dahir and Turner and Amb. Garza.

Board Meetings

The Board held 7 meetings during 2014. 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 2014 annual meeting of stockholders.

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Meetings of Non-Management Directors

The Board schedules regular executive sessions of the non-management directors. The Board chooses one of its non-management members to preside over each such executive session of non-management directors. In 2014, the Board held four executive sessions of the non-management directors, which included all directors except Ms. Patsley.

Meetings of Independent Directors

Pursuant to our Corporate Governance Guidelines and the Nasdaq listing standards, the Board schedules an executive session of the independent directors at least twice annually. In 2014, the Board held four executive sessions of the independent directors. The Company does not have a lead independent director. The Board does, however, choose one independent director to preside over each executive session of independent directors.

Board Leadership Structure

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.

Board's Role in Risk Oversight

The Board 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 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 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 key 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 delegates responsibility for overseeing certain risks to the Audit Committee. The Audit Committee monitors the quality and integrity of our financial statements and, along with the Compliance and Ethics Committee, 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 the internal audit function and internal audit reports and 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 Board Committees Audit Committee in this proxy statement.

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Board Committees

The Board currently maintains two standing committees: the Audit Committee and Human Resources and Nominating Committee. As a controlled company under the Nasdaq listing standards, MoneyGram is not required to maintain compensation and nominating committees comprised only of independent directors. In addition, we have established a Compliance and Ethics Committee comprised of certain non-employee members of the Board.

Audit Committee

The Audit Committee currently consists of Ms. Vaughan and Messrs. Dahir (Chair) and Turner.

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 Committee is limited to independent directors, and the Board has determined that each member of the Audit Committee is an independent director under the Nasdaq listing standards and the rules of the Securities and Exchange Commission, or the SEC. The Board has also determined that all members of the Audit Committee are financially literate under the Nasdaq listing standards and that Mr. Dahir qualifies as an audit committee financial expert under the rules of the SEC and possesses financial sophistication as defined under the Nasdaq listing standards. See Part Three Proposals to be Voted on at the 2015 Annual Meeting Proposal 1: Election of Directors. No member of the Audit Committee simultaneously served on the audit committee of more than three public companies during 2014.

The Audit Committee held nine meetings in 2014. The Board has adopted a separate written charter for the Audit Committee, which is available at ir.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 reports 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, the independence and performance of our internal auditor and our independent registered public accounting firm, and, along with the Compliance and Ethics Committee, our compliance with legal and regulatory requirements. 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 the HRNC, currently consists of Messrs. Clark (Chair) and Lawry and Amb. Garza.

The HRNC held six meetings in 2014. The Board has adopted a separate written charter for the HRNC, which is available at ir.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

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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 and the chief human resources officer for the recruitment and promotional grants of equity compensation to non-executive officers. During 2014, the HRNC utilized the services of Lyons, Benenson & Company Inc., or LB&Co., as its compensation consultant. In 2014, 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.

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.

Compliance and Ethics Committee

The Compliance and Ethics Committee currently consists of Amb. Garza (Chair) and Messrs. Lawry, Rao and Turner. 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, anti-corruption policy and anti-fraud and anti-money laundering policies and oversees the activities of the Company's chief compliance officer with respect thereto. The Compliance and Ethics Committee also oversees the Company's compliance with the Deferred Prosecution Agreement (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.

Compensation Committee Interlocks and Insider Participation

The directors that served as members of the HRNC during the year ended December 31, 2014 were Messrs. Clark (Chair), Lawry and Amb. Garza. No member of the Company's HRNC is a current or former officer or employee of the Company. During the year ended December 31, 2014, 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 the 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 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 at ir.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

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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 payments, financial services, technology 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 Nasdaq listing standards and applicable SEC regulations.

In general, candidates for membership to the Board 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.

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 2016 annual meeting of stockholders, see the section entitled **Part Four Other Important Information Stockholder Proposals for the 2016 Annual Meeting** in this proxy statement.

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. See **Part Two Board of Directors and Governance Board Representation** for more information regarding the Investors' rights with respect to representation on the Board.

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 at ir.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 at ir.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.

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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, 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 Senior Vice President and Corporate 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 voting stock outstanding as of the record date and 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. 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 the 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 2015 ANNUAL MEETING

PROPOSAL 1: ELECTION OF DIRECTORS

Director Nominees Qualifications and Background

The following individuals are nominated as directors for terms expiring at the 2016 annual meeting of stockholders: Mmes. Patsley and Vaughan, Messrs. Clark, Dahir, 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,

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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, 69, Director since 2010

Mr. Clark has been Co-Chairman of the Board of BancTec, Inc., a global provider of document and payment processing solutions, since 2014, and, prior to that, was Chairman of the Board and Chief Executive Officer of BancTec, Inc. 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 at EDS, which was the senior management group within the company. 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 Co-Chairman of the Board and previously as Chief Executive Officer of BancTec, Inc. and his numerous positions at EDS, Mr. Clark has demonstrated his strong leadership 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, 69, 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 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, 55, Director since 2012

Amb. Garza has served as Counsel in the Mexico City office of White & Case LLP, an international law firm, since 2009. 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

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Bracewell & Patterson LLP (now Bracewell & Giuliani LLP) 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 and the Board of the Texas Exes, the alumni association of the University of Texas at Austin.

Other Director Criteria: Amb. Garza brings to the Board an extensive government and regulatory 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.

Seth W. Lawry, 50, Director since 2008

Mr. Lawry is a Managing Director of Thomas H. Lee Partners, L.P. and worked at THL from 1989 to 1990, rejoining the firm in 1994. From 1987 to 1989 and 1992 to 1994, Mr. Lawry worked at 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, 58, 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.

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Ganesh B. Rao, 38, 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.

Other public company boards served on in the past five years: Nielsen Holdings N.V. (2013-2014).

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, 55, 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. He currently serves as a member of the International Advisory Board of GTECH.

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.

Peggy Vaughan, 61, Director since February 2014

Ms. Vaughan was elected to the Board in February 2014. Ms. Vaughan currently advises portfolio companies in technology, life sciences, consumer goods, financial services and media industries, and also serves on the advisory committee for TWV Capital Management, LLC. From 1979 to 2001, Ms. Vaughan held various consulting positions of increasing responsibility with PricewaterhouseCoopers, becoming a partner in 1988 and serving on the PWC U.S. Board of Partners and Global Oversight Board. Following the acquisition of PWC Consulting by IBM in 2002, Ms. Vaughan served as a member of the Global Management Board with responsibility for the integration of consulting practices and also served as the global leader of consulting services lines.

Other Director Criteria: Ms. Vaughan's experience includes more than 25 years leading large-scale strategic, operational improvement, restructuring, technology and change management engagements. Her expertise includes information technology governance, digital technology, mergers and acquisitions and transaction integration, business strategy and operational management processes for industries such as energy, high technology, consumer products, financial services and telecommunications.

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 2014, non-employee directors of MoneyGram

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received compensation in the form of annual cash and equity retainers. While MoneyGram does not pay meeting fees, the Company does 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. For 2014, on the basis of a competitive analysis undertaken by LB&Co., the HRNC's current independent consultant, non-employee directors (other than the Board Representatives) received the following compensation:

Each Committee Chair, including the Chair of the Compliance and Ethics Committee, received an annual cash retainer of \$20,000 (increased from \$15,000 for 2013).

Each non-employee director who was not a Committee Chair, but who served on two Committees of the Board, received an annual multiple committee service cash retainer of \$10,000.

Each non-employee director also received a cash retainer of \$100,000 (increased from \$90,000 for 2013), paid in arrears in four equal installments on the first business day following each calendar quarter.

The annual equity retainer for non-employee directors was granted as restricted stock units, or RSUs, having a fair market valuation of \$100,000 (increased from \$90,000 for 2013) at the time of grant, rounded up to the next whole share in order to avoid the issuance of fractional shares. Annual equity retainers for non-employee directors are 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, 2014. Ms. Patsley is compensated only in her capacity as Chief Executive Officer and does not receive any additional compensation for her services as a director.

NON-EMPLOYEE DIRECTOR	FEES EARNED		TOTAL
	OR PAID IN CASH (2)	STOCK AWARDS (3)	
J. Coley Clark	\$ 120,000	\$ 100,010	\$ 220,010
Victor W. Dahir	\$ 120,000	\$ 100,010	\$ 220,010
Antonio O. Garza	\$ 120,000	\$ 100,010	\$ 220,010
Thomas M. Hagerty ⁽¹⁾			
Seth W. Lawry ⁽¹⁾			
Ganesh B. Rao ⁽¹⁾			
W. Bruce Turner	\$ 110,000	\$ 100,010	\$ 210,010
Peggy Vaughan	\$ 86,389	\$ 121,106	\$ 207,495

(1) *THL Directors Compensation:* In connection with the settlement of certain stockholder litigation in 2012, THL agreed to waive any compensation for its Board Representatives.

(2) *Cash Compensation:* For the year 2014, except as noted above, each of our non-employee directors received an annual cash retainer of \$100,000 for Board service. MoneyGram also paid an annual cash retainer of \$20,000 to each Committee Chair. Additionally, each non-employee director who was not a Committee Chair but who served on two Committees of the Board was paid an annual multiple committee service cash retainer of \$10,000.

(3)

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Stock Awards: These awards constitute the aggregate stock awards granted to each of our non-employee directors for the year ended December 31, 2014. In 2014, each of our non-employee directors other than the Board Representatives received an equity grant of 7,931 RSUs, which RSUs had a grant-date fair value of \$100,010, for Board service. Award amount reflects RSUs

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with a grant date fair market value equal to \$100,000, rounded up to the next whole share in order to avoid the issuance of fractional shares. These grants, which were made on May 6, 2014, will vest in full on the first anniversary of the date of grant, or May 6, 2015. In addition, on May 6, 2014, Peggy Vaughan received an additional 1,673 RSUs as compensation for her service as director for the period from her appointment to the Board in February 2014 to her election by the stockholders of the Company at the 2014 annual stockholders meeting on May 6, 2014. These 1,673 RSUs had a grant date fair value of \$21,096 and will vest in full on the first anniversary of the date of grant, or May 6, 2015. The grant date fair values of the RSUs reported above have been determined based on the assumptions and methodologies set forth in Note 13 Stock-Based Compensation of the Notes to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K. As of December 31, 2014, each of our non-employee directors (other than the Board Representatives) held 7,931 outstanding, unvested RSUs, other than Ms. Vaughan, who held 9,604 outstanding, unvested RSUs.

Director Stock Ownership Guidelines

The Board has adopted Stock Ownership Guidelines that 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 as of the record date represents approximately 44.6 percent of the voting power of our common stock, **FOR** each of the director nominees at this annual meeting of stockholders.

PROPOSAL 2: AMENDMENT AND RESTATEMENT OF THE MONEYGRAM INTERNATIONAL, INC. 2005 OMNIBUS INCENTIVE PLAN

At the 2015 Annual Meeting, the stockholders will be asked to approve the amendment and restatement (the **Amendment and Restatement**) of the 2005 Plan. If the Amendment and Restatement is approved at the 2015 Annual Meeting, it will become effective as of May 8, 2015. The Company believes approval of the Amendment and Restatement is advisable in order to ensure the Company has an adequate number of shares of common stock available in connection with its compensation programs.

Background and Purpose of the Proposal

The Company's stockholders approved the 2005 Plan at the 2005 Annual Meeting and most recently approved an amendment and restatement of the 2005 Plan at the 2013 Annual Meeting. The purpose of this Amendment and Restatement is to:

Increase the number of shares of common stock that the Company may issue under the 2005 Plan,

Extend the term of the 2005 Plan to May 7, 2025;

Include fungible share counting provisions;

Increase the per person annual limit on certain share-based awards; and

Make certain other clarifying changes to the 2005 Plan.

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On March 30, 2015, the Board unanimously approved the Amendment and Restatement to effect the revisions described above, subject to stockholder approval at the 2015 Annual Meeting. If the Amendment and Restatement is not approved by the stockholders at the 2015 Annual Meeting, then the 2005 Plan will continue in effect in its present form. If the Amendment and Restatement is approved, the Company intends to file, pursuant to the Securities Act of 1933, as amended (the Securities Act), a registration statement on Form S-8 to register the additional shares available for issuance under the 2005 Plan. The closing price of the Company's common stock as of March 16, 2015 was \$8.61 per share, as reported on the Nasdaq.

While the Company is aware of the potential dilutive effect of compensatory equity awards, the Company also recognizes the significant motivational and performance benefits that may be achieved from making such awards. As described in greater detail below in Compensation Discussion and Analysis, the Company's ability to grant compensatory equity awards is essential to fulfilling the objectives of its compensation program, which include attracting and retaining the services of individuals who are motivated to support long-term value creation for the Company's stockholders and aligning the interests of the Company's executives and other service providers with those of its stockholders. Information regarding shares currently outstanding under the 2005 Plan and shares remaining available for issuance under the 2005 Plan, both currently and as proposed to be amended pursuant to the Amendment and Restatement, is provided below under Summary of the 2005 Plan Shares Available for Awards.

Summary of the 2005 Plan

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 RSUs, stock options and other forms of stock-based or performance-based compensation. The Board believes that stock-based compensation is a very important component of a compensation program that is competitive with similar companies and therefore is critical to 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 participants' focus on the creation of stockholder value, but also enhances retention and generally provides increased motivation for our employees to contribute to the future success of MoneyGram.

The following is a summary of the material terms of the 2005 Plan, as amended to reflect the Amendment and Restatement. This summary does not purport to be a complete description of all provisions of the 2005 Plan and is qualified in its entirety by reference to the 2005 Plan, as amended by the Amendment and Restatement. A copy of the 2005 Plan, as amended by the Amendment and Restatement, is attached as [Appendix A](#) to this proxy statement.

Key Features of the 2005 Plan

Key features of the 2005 Plan, as amended by the Amendment and Restatement, include:

No discounted options or other awards may be granted;

No recycling of shares that are withheld or tendered to pay the exercise price of an award or to satisfy tax obligations relating to an award;

Awards are non-transferable, except by will or by the laws of descent and distribution;

No automatic award grants are made to any eligible individual;

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Awards may be designed to meet the requirements for deductibility as performance-based compensation under Section 162(m) of the Code (see Proposal 3: Approval of the Material Terms of the MoneyGram International, Inc. 2005 Omnibus Incentive Plan for Purposes of Complying with Section 162(m) of the Internal Revenue Code);

Limitations on the maximum number or amount of awards that may be granted to certain individuals during any calendar year;

No repricing of stock options or stock appreciation rights without stockholder approval; and

No single trigger vesting of awards upon a change in control.

Administration

The HRNC or any successor committee designated by the Board serves as the committee under, and 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 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 March 16, 2015, there were eight non-employee directors, 10 Section 16 officers and approximately 2,717 other employees who would be eligible to participate in the 2005 Plan. In addition, individuals who are not employees or directors but who provide consulting, advisory or other similar services to us and our subsidiaries are also potentially eligible to participate in the 2005 Plan, although it has not been our practice to make awards to such individuals.

Shares Available For Awards

Share Reserve Limit. 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 12,925,000. The Amendment and Restatement would increase the number of shares of common stock available under the 2005 Plan by 2,500,000 shares. Accordingly, the aggregate maximum number of shares authorized to be issued under the 2005 Plan as amended by the Amendment and Restatement is 15,425,000 (the Share Reserve Limit), subject to the share counting requirements described below.

The committee will adjust the share limits in the 2005 Plan 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.

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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, 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.

Share Counting Requirements. Prior to the amendment and restatement of the 2005 Plan that was approved by stockholders at the 2013 Annual Meeting (the 2013 Amendment), there were a total of 7,125,000 shares reserved for issuance under the 2005 Plan (the Prior Pool). The 2013 Amendment added 5,800,000 shares to the 2005 Plan (the 2013 Pool), and provided that no more than 2,500,000 of the shares in the 2013 Pool were available for grant as Full Value Awards, which are awards other than 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. The Amendment and Restatement will remove the limitation on Full Value Awards and will provide for a Fungible Share Pool, which is comprised of an aggregate of 8,300,000 shares, which includes (i) the 5,800,000 shares reserved for issuance pursuant to the 2013 Pool, and (ii) the 2,500,000 additional shares reserved for issuance under the 2005 Plan pursuant to the Amendment and Restatement.

Any shares that are subject to awards granted under the Prior Pool shall be counted against the Share Reserve Limit as one share for every one share subject to the granted award. Any shares that are subject to awards granted under the Fungible Share Pool will be counted against the Share Reserve Limit as one share for every one share subject to a granted award if the award is an option or stock appreciation right and as 1.75 shares for every one share subject to a granted award if the award is a Full Value Award.

For awards granted under the Prior Pool, any shares that again become available for issuance pursuant to new awards under the Prior Pool pursuant to the share recycling provisions of the 2005 Plan described above will be added back to the Prior Pool as one share for each share that was subject to each type of the originally granted award (without regard to whether the originally granted award was an option, stock appreciation right or Full Value Award). For awards granted under the Fungible Share Pool prior to May 8, 2015, any shares that again become available for issuance under the Fungible Share Pool of the 2005 Plan pursuant to the share recycling provisions of the 2005 Plan described above will be added back to the Fungible Share Pool as one share for each share that was subject to each type of the originally granted award, whether an option, stock appreciation right or Full Value Award. For awards granted under the Fungible Share Pool on or after May 8, 2015, any shares that again become available for issuance under the Fungible Share Pool of the 2005 Plan pursuant to the share recycling provisions of the 2005 Plan described above will be added back to the Fungible Share Pool as one share if such shares were subject to an option or a stock appreciation right and as 1.75 shares if such shares were subject to a Full Value Award.

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Shares Outstanding and Remaining Available for Issuance. Set forth below is information regarding shares currently outstanding under the 2005 Plan and shares remaining available for issuance under the 2005 Plan, both currently and as proposed to be amended pursuant to the Amendment and Restatement. The Company made its annual long-term incentive grants to employees in February 2015 and those awards are reflected in the data provided below.

Shares Subject to Awards Outstanding as of March 16, 2015

Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	8,008,320
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Shares Remaining Available for Issuance under the 2005 Plan as of March 16, 2015

	Prior Pool	2013 Pool (to be replaced by Fungible Share Pool)	Fungible Share Pool(2) (subject to approval of the Amendment and Restatement)
Total shares available for issuance	1,552,570	2,693,767	5,193,767
Of total shares, number available for Full Value Awards	1,552,570	0	2,967,867

- (1) Includes: 1,067,198 outstanding stock options held by Pamela H. Patsley, 161,111 outstanding stock options held by W. Alexander Holmes, 109,248 outstanding stock options held by F. Aaron Henry, 56,236 outstanding stock options held by Carl Scheible (who departed the Company as of February 28, 2015, but continues to hold outstanding, vested stock options), 113,292 outstanding stock options held by J. Lucas Wimer (who departed the Company as of December 31, 2014, but continues to hold outstanding, vested stock options), 2,069,596 outstanding stock options held by all executive officers as a group (12 persons), and 1,585,870 outstanding stock options held by all current employees, excluding executive officers, as a group. No stock option awards have been granted under the 2005 Plan to any (i) non-employee director or nominee for election as a non-employee director, or (ii) any associate of a non-employee director, nominee or executive officer, and no other person has been granted five percent or more of the total amount of awards granted under the 2005 Plan.
- (2) Reflects shares that would be available for issuance under the Fungible Share Pool as of March 16, 2015, as if the Amendment and Restatement had been approved as of that date. If the Amendment and Restatement is approved, (a) the 2013 Pool will be included within (and will not be in addition to) the Fungible Share Pool, (b) the current limitation on Full Value Awards will be eliminated, and (c) the Prior Pool will be retained and continue to be available for future awards under the 2005 Plan, as described above.

Certain Award Limitations. Certain awards under the 2005 Plan are subject to limitations as follows (which such limitations are subject to adjustment in a manner consistent with the other provisions of the 2005 Plan):

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 1,500,000 shares in the aggregate.

In any calendar year, none of our non-employee directors individually may be granted awards in the aggregate of more than 50,000 shares.

A maximum of 1,000,000 shares may be granted as incentive stock options under the 2005 Plan, subject to the provisions of Section 422 or 424 of the Code or any successor provision.

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 RSUs; dividend equivalents; performance awards of cash, stock or property; stock awards; and other stock-based awards.

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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 Nasdaq 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 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 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 RSUs. 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 RSUs 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 on the number of shares per person for awards of performance-based restricted stock and RSUs intended to represent qualified performance-based compensation under Section 162(m), which is proposed to be increased to 550,000 shares subject to approval of the Amendment and Restatement of the 2005 Plan and approval of the material terms of the 2005 Plan pursuant to Proposal 3.

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

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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 annual maximum amount payable to an eligible participant for performance awards denominated in cash is \$5,000,000 in value, and the annual limit for awards denominated in shares is 350,000 shares, which is proposed to be increased to 550,000 shares subject to approval of the Amendment and Restatement of the 2005 Plan and approval of the material terms of the 2005 Plan pursuant to Proposal 3. Subject 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. See Proposal 3: Approval of the Material Terms of the 2005 Omnibus Incentive Plan for Purposes of Complying with Section 162(m) of the Internal Revenue Code under the heading Business Criteria for more information regarding the potential performance goals.

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

Following the amendment and restatement of the 2005 Plan that was approved by stockholders at the 2013 Annual Meeting, the term of the 2005 Plan was originally scheduled to end on March 24, 2023. The Amendment and Restatement would extend the 2005 Plan's term to end on May 7, 2025, unless discontinued or terminated earlier by the Board. As a result, 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, any securities exchange or the National Association of Securities Dealers, Inc. 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, (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.

Minimum Vesting Requirements

Awards under the 2005 Plan generally will be subject to a minimum vesting period of three years from the grant date, unless the award is an option or SAR or 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 periods will not apply to grants of awards to non-employee directors with respect to up to an aggregate of 325,000 shares, which is equal to (i) 200,000 shares (which is currently carved out from the minimum vesting requirements under the 2005 Plan and is less than 5% of the total number of shares reserved for issuance under the 2005 Plan prior to the Amendment and Restatement), plus (ii) 5% of the 2,500,000 additional shares reserved for issuance under the 2005 Plan pursuant to the Amendment and Restatement. Despite

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these limitations, the committee also may permit accelerated vesting in the case of a participant's death, disability or retirement, 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 awards will be forfeited, unless the committee determines that it would be in our best interest to waive the remaining restrictions.

Prohibition on Repricing Awards

Without the approval of our stockholders, the committee may 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.

Certain Federal Income Tax Consequences

The following discussion is for general information only and is intended to summarize briefly the U.S. federal income tax consequences of certain transactions contemplated under the 2005 Plan. This description is based on current laws in effect on March 16, 2015, which are subject to change (possibly retroactively). The tax treatment of participants in the 2005 Plan may vary depending on each participant's particular situation and may, therefore, be subject to special rules not discussed below. No attempt has been made to discuss any potential foreign, state or local tax consequences or any tax consequences related to the transfer of awards, which is generally prohibited under the 2005 Plan except in limited circumstances. Participants are advised to consult with a tax advisor concerning the specific tax consequences of participating in the 2005 Plan.

Tax Consequences to Participants under the 2005 Plan

Stock Options and Stock Appreciation Rights. Participants will not realize taxable income upon the grant of a stock option or a SAR. Upon the exercise of a non-qualified stock option or a SAR, a participant will recognize ordinary compensation income (subject to withholding if an employee) in an amount equal to the excess of (i) the amount of cash and the fair market value of the common stock received, over (ii) the exercise price of the award. A participant will generally have a tax basis in any shares of common stock received pursuant to the exercise of a non-qualified stock option or SAR that equals the fair market value of such shares on the date of exercise. Subject to the discussion under "Tax Consequences to the Company" below, the Company will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

Participants eligible to receive a stock option intended to qualify as an incentive stock option under Section 422 of the Code will not recognize taxable income on the grant of an incentive stock option. Upon the exercise of an incentive stock option, a participant will not recognize taxable income, although the excess of the fair market value of the shares of common stock received upon exercise of the incentive stock option (ISO Stock) over the exercise price will increase the alternative minimum taxable income of the participant, which may cause such participant to incur alternative minimum tax. The payment of any alternative minimum tax attributable to the exercise of an incentive stock option would be allowed as a credit against the participant's regular tax liability in a later year to the extent the participant's regular tax liability is in excess of the alternative minimum tax for that year.

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Upon the disposition of ISO Stock that has been held for the required holding period (generally, at least two years from the date of grant and one year from the date of exercise of the incentive stock option), a participant will generally recognize capital gain (or loss) equal to the excess (or shortfall) of the amount received in the disposition over the exercise price paid by the participant for the ISO Stock. However, if a participant disposes of ISO Stock that has not been held for the requisite holding period (a Disqualifying Disposition), the participant will recognize ordinary compensation income in the year of the Disqualifying Disposition in an amount equal to the amount by which the fair market value of the ISO Stock at the time of exercise of the incentive stock option (or, if less, the amount realized in the case of an arm's length disposition to an unrelated party) exceeds the exercise price paid by the participant for such ISO Stock. A participant would also recognize capital gain to the extent the amount realized in the Disqualifying Disposition exceeds the fair market value of the ISO Stock on the exercise date. If the exercise price paid for the ISO Stock exceeds the amount realized (in the case of an arm's-length disposition to an unrelated party), such excess would ordinarily constitute a capital loss.

The Company will generally not be entitled to any federal income tax deduction upon the grant or exercise of an incentive stock option, unless a participant makes a Disqualifying Disposition of the ISO Stock. If a participant makes a Disqualifying Disposition, the Company will then, subject to the discussion below under Tax Consequences to the Company, be entitled to a tax deduction that corresponds as to timing and amount with the compensation income recognized by a participant under the rules described in the preceding paragraph.

Under current rulings, if a participant transfers previously held shares of common stock (other than ISO Stock that has not been held for the requisite holding period) in satisfaction of part or all of the exercise price of a stock option, whether a non-qualified stock option or an incentive stock option, no additional gain will be recognized on the transfer of such previously held shares in satisfaction of the non-qualified stock option or incentive stock option exercise price (although a participant would still recognize ordinary compensation income upon exercise of a non-qualified stock option in the manner described above). Moreover, that number of shares of common stock received upon exercise which equals the number of shares of previously held common stock surrendered in satisfaction of the non-qualified stock option or incentive stock option exercise price will have a tax basis that equals the tax basis of the previously held shares of common stock surrendered in satisfaction of the non-qualified stock option or incentive stock option exercise price. Any additional shares of common stock received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the participant, plus the amount of compensation income recognized by the participant under the rules described above.

Other Awards: Cash Awards, RSUs, Dividend Equivalents, Restricted Stock and Stock Awards. A participant will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time the cash is otherwise made available for the participant to draw upon. Individuals will not have taxable income at the time of grant of a RSU, but rather, will generally recognize ordinary compensation income at the time he or she receives cash or shares of common stock in settlement of the RSU award, as applicable, in an amount equal to the cash or the fair market value of the common stock received. The dividend equivalents, if any, received with respect to a RSU or other award will be taxable as ordinary compensation income, not dividend income, when paid.

A recipient of restricted stock or a stock award generally will be subject to tax at ordinary income tax rates on the fair market value of the common stock when it is received, reduced by any amount paid by the recipient; however, if the common stock is not transferable and is subject to a substantial risk of forfeiture when received, a participant will recognize ordinary compensation income in an amount equal to the fair market value of the common stock (i) when the common stock first becomes transferable and is no longer subject to a substantial risk of forfeiture, in cases where a participant does not make a valid election under Section 83(b) of the Code, or (ii) when the award is received, in cases where a participant makes a valid election under Section 83(b) of the Code. If a Section 83(b) election is made and the shares are subsequently forfeited, the recipient will not be allowed to take a deduction for the value of the forfeited shares. If a Section 83(b) election has not been made, any dividends received with respect to restricted stock that is subject at that time to a risk of forfeiture or

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restrictions on transfer generally will be treated as compensation that is taxable as ordinary income to the recipient; otherwise the dividends will be treated as dividends.

A participant who is an employee will be subject to withholding for federal, and generally for state and local, income taxes at the time he or she recognizes income under the rules described above. The tax basis in the common stock received by a participant will equal the amount recognized by him or her as compensation income under the rules described in the preceding paragraph. Subject to the discussion below under *Tax Consequences to the Company*, the Company will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

Code Section 409A. Awards under the 2005 Plan are intended to be designed, granted and administered in a manner that is either exempt from the application of or complies with the requirements of Section 409A of the Code in an effort to avoid the imposition of taxes and/or penalties. To the extent that an award under the 2005 Plan fails to comply with Section 409A, such award will, to the extent possible, be modified to comply with such requirements.

Tax Consequences to the Company

Reasonable Compensation. In order for the amounts described above to be deductible by the Company (or a subsidiary), such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

Golden Parachute Payments. The ability of the Company (or the ability of one of its subsidiaries) to obtain a deduction for future payments under the 2005 Plan could also be limited by the golden parachute rules of Section 280G of the Code, which prevent the deductibility of certain excess parachute payments made in connection with a change in control of an employer-corporation.

Performance-Based Compensation. The ability of the Company (or the ability of one of its subsidiaries) to obtain a deduction for amounts paid under the 2005 Plan could be limited by Section 162(m). Section 162(m) limits the Company's ability to deduct compensation, for federal income tax purposes, paid during any year to a Covered Employee in excess of \$1,000,000. However, an exception applies to this limitation in the case of certain performance-based compensation. In order to exempt performance-based compensation from the \$1,000,000 deductibility limitation, the grant, vesting, exercise or settlement of the award must be based on the satisfaction of one or more performance goals selected by the Committee and certain other requirements must be met, including stockholder approval requirements. To allow awards to qualify as performance-based compensation, the Company is seeking stockholder approval of the 2005 Plan and the material terms thereof, including the maximum amount of compensation that may be paid under the 2005 Plan. See *Proposal 3: Approval of the Material Terms of the 2005 Omnibus Incentive Plan for Purposes of Complying with Section 162(m) of the Internal Revenue Code* for more information. Performance awards intended to be Section 162(m) awards may not be granted in a given period if such awards relate to a number of shares of common stock that exceeds a specified limitation or, alternatively, result in cash compensation that exceeds a specified limitation. Although the 2005 Plan has been drafted to satisfy the requirements for the performance-based compensation exception, the Company may determine that it is in the company's best interests not to satisfy the requirements for the exception in certain situations.

The above summary relates to U.S. federal income tax consequences only and applies to U.S. citizens and foreign persons who are U.S. residents for U.S. federal income tax purposes.

New Plan Benefits

The committee in its sole discretion will determine the number and types of awards that will be granted under the 2005 Plan. Thus, it is not possible for the Company to determine the benefits that will be received by eligible participants in the future if the Amendment and Restatement is approved by the stockholders. Therefore, the New Plan Benefits Table is not provided.

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Required Vote for Approval

The affirmative vote of a majority of the voting power of the common stock outstanding as of the record date and voted with respect to this proposal is required for the approval of this proposal, provided a quorum is present at the meeting. Shares not represented at the meeting, broker non-votes and proxies marked ABSTAIN have no effect on this proposal.

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 as of the record date represents approximately 44.6 percent of the voting power of our common stock, FOR the amendments to the 2005 Plan at this annual meeting of stockholders.

PROPOSAL 3: APPROVAL OF THE MATERIAL TERMS OF THE 2005 OMNIBUS INCENTIVE PLAN FOR PURPOSES OF COMPLYING WITH SECTION 162(M) OF THE INTERNAL REVENUE CODE

Background and Purpose of the Proposal

In addition to requesting approval of the Amendment and Restatement to the 2005 Plan, as set forth in Proposal 2, at the 2015 Annual Meeting, the Company is also asking stockholders to approve the material terms of the 2005 Plan for purposes of complying with certain requirements of Section 162(m) of the Code. As explained in greater detail below, we believe approval of this Proposal 3 is advisable in order to allow us to grant awards under the 2005 Plan that may qualify as performance-based compensation under Section 162(m).

The 2005 Plan is designed, in part, to allow us to provide performance-based compensation that may be tax-deductible by us and our subsidiaries without regard to the limits of Section 162(m) in the event we choose to structure compensation in a manner that will satisfy the exemption. Under Section 162(m), the federal income tax deductibility of compensation paid to the Chief Executive Officer and the three other most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) determined pursuant to the executive compensation disclosure rules of the SEC (the Covered Employees) may be limited to the extent such compensation exceeds \$1,000,000 in any taxable year. However, we may deduct compensation paid to the Covered Employees in excess of that amount if it qualifies for exemption as performance-based compensation under Section 162(m).

In addition to certain other requirements, in order to qualify for this exemption, the material terms of the 2005 Plan must be disclosed to and approved by our stockholders. Under Section 162(m), the material terms of the 2005 Plan that stockholders are being asked to approve are (i) the maximum amount of compensation that may be paid to an individual under the 2005 Plan during a specified period, which the Amendment and Restatement proposes to increase with respect to certain share-based awards to 550,000 shares in a calendar year, (ii) the employees eligible to receive compensation under the 2005 Plan, and (iii) the list of business criteria on which performance goals may be based. Each of these items is discussed below, and stockholder approval of this Proposal 3 constitutes approval of each of these items for purposes of the Section 162(m) stockholder approval requirements.

If this Proposal 3 is not approved, our Covered Employees may not receive the compensation that we intended to provide them under the 2005 Plan and the deductibility of awards granted to Covered Employees in the future may potentially be limited. This means that the company may be limited in its ability to grant awards that satisfy its compensation objectives and that are deductible (although the company retains the ability to evaluate the performance of the Covered Employees and to pay appropriate compensation even if some of it may be non-deductible).

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The following is a summary of the Section 162(m) material terms of the 2005 Plan, as amended to reflect the Amendment and Restatement. This summary is qualified in its entirety by reference to the complete text of the proposed Amendment and Restatement of the 2005 Plan, which is attached to this Proxy Statement as Appendix A.

Maximum Amounts of Compensation

Consistent with certain provisions of Section 162(m), restrictions on the maximum amount of compensation that may be awarded to an individual under the 2005 Plan in a specified period must be provided for in the plan and approved by our stockholders. The maximum number of shares of common stock that may be subject to performance awards that are intended to constitute performance-based compensation under Section 162(m) granted to any participant (including a Covered Employee) in the aggregate in any calendar year under the 2005 Plan is 550,000 shares of common stock (subject to adjustment from time to time in accordance with the provisions of the 2005 Plan) while the maximum amount payable pursuant to any performance award denominated in cash to any participant (including a Covered Employee) in the aggregate in any calendar year is \$5,000,000. In addition, 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 1,500,000 shares in the aggregate (subject to adjustment from time to time in accordance with the provisions of the 2005 Plan). 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.

Eligibility to Participate

Consistent with certain provisions of Section 162(m), the employees eligible to receive compensation under the 2005 Plan must be set forth in the plan and approved by our stockholders. All of the employees of the Company and its affiliates (including an employee who may also be an officer or director of any such company), consultants, advisors and all non-employee directors of the Company are eligible to participate in the 2005 Plan. The selection of employees, consultants, advisors and non-employee directors, from among those eligible, who will receive awards is within the discretion of the committee. Although Section 162(m) only limits the deductibility for compensation paid to a Covered Employee who is employed as of the end of the year, the performance goals described below may be applied to other senior officers in the event that any of them could be deemed to be a Covered Employee under the Section 162(m) regulations during the time that they hold the performance award.

Business Criteria

Consistent with certain provisions of Section 162(m), the business criteria on which performance goals applicable to performance-based compensation may be based under the 2005 Plan must be provided for in the plan and approved by our stockholders. If an eligible employee is a Covered Employee, and the committee determines that the contemplated award should qualify as performance-based compensation under Section 162(m), then the grant, vesting, exercise and/or settlement of such performance award will be contingent upon achievement of one or more pre-established performance goals based on business criteria set forth below.

Performance goals set by the committee shall 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

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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 or agent closures; accruals for reorganization and restructuring programs; direct monitor costs; stock-based and contingent performance compensation; gains or losses from the disposition of businesses or assets or from the early extinguishment of debt; net securities gains or losses; certain legal and compliance expenses or accruals; and any other extraordinary, unusual or non-recurring items.

For a detailed description of the other material terms of, certain tax consequences associated with participation in and other information regarding the 2005 Plan, please see Proposal 2 Amendment and Restatement of the MoneyGram International, Inc. 2005 Omnibus Incentive Plan.

Required Vote for Approval

The affirmative vote of a majority of the voting power of the common stock outstanding as of the record date and voted with respect to this proposal is required for the approval of this proposal, provided a quorum is present at the meeting. Shares not represented at the meeting, broker non-votes and proxies marked ABSTAIN have no effect on this proposal.

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 as of the record date represents approximately 44.6 percent of the voting power of our common stock, FOR the approval of the material terms of the 2005 Plan for Section 162(m) purposes at this annual meeting of stockholders.

PROPOSAL 4: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015

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, 2015, 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

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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.

Independent Registered Public Accounting Firm Fees

Fees for professional services provided by Deloitte for fiscal years 2014 and 2013, including related expenses, are as follows (in thousands):

	2014	2013
Audit fees(1)	\$ 1,993	\$ 1,647
Audit-related fees(2)	\$ 508	\$ 349
Tax fees(3)	\$ 7	\$ 7
All other fees	\$	\$
Total fees		