

MONEYGRAM INTERNATIONAL INC  
Form DEFM14A  
April 10, 2017  
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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**

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)**

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

Payment of Filing Fee (Check the appropriate box):

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No fee required.

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- (1) Title of each class of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
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- (3) Filing Party:

(4) Date Filed:

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April 10, 2017

2828 North Harwood Street, 15th Floor

Dallas, Texas 75201

**SPECIAL MEETING OF STOCKHOLDERS**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Stockholder:

The board of directors of MoneyGram International, Inc., a Delaware corporation, or MoneyGram, has unanimously approved and adopted a merger agreement pursuant to which MoneyGram will be acquired by Alipay (UK) Limited, a United Kingdom limited company, or Alipay, through a merger of a wholly owned subsidiary of Alipay into MoneyGram.

If the merger contemplated by the merger agreement is completed, holders of our common stock will be entitled to receive \$13.25 in cash, less any required withholding taxes, for each share of our common stock owned at the effective time of the merger. The merger consideration will be paid without interest. Receipt of the merger consideration will be taxable to our stockholders for U.S. federal income tax purposes.

Our stockholders will be asked to consider and vote upon a proposal to approve and adopt the merger agreement (which is a condition to the merger) at a special meeting of stockholders. Our stockholders will also be asked to consider and vote on an advisory, non-binding proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger. Our board of directors has approved resolutions (i) determining that the merger and the other transactions contemplated by the merger agreement are fair to, and in the best interests of the stockholders of MoneyGram, (ii) approving, adopting and declaring advisable and authorized in all respects the merger agreement, the voting and support agreements (entered into in connection with the merger agreement) and the transactions contemplated by the merger agreement, including the merger, (iii) directing that the merger be submitted to the stockholders of MoneyGram for approval at a meeting of such stockholders and (iv) recommending that stockholders of MoneyGram approve the merger and approve all other actions or matters necessary or desirable to give effect to the merger pursuant to the Delaware General Corporation Law, as amended. **Our board of directors recommends that all of our stockholders vote FOR the approval and adoption of the merger agreement. Additionally, our board of directors recommends that all of our stockholders vote FOR the proposal to approve compensation that will or may become payable to our named executive officers in connection with the merger.**

On March 14, 2017, we received an unsolicited written proposal from Euronet Worldwide, Inc. ( Euronet ), offering to purchase all of our outstanding stock for \$15.20 in cash for each share of our common stock and our preferred stock on an as-converted basis (the Euronet proposal ). The Euronet proposal is subject to completion by Euronet of satisfactory due diligence, negotiation of a definitive written agreement and approval by Euronet's board of directors. Our board of directors has had preliminary discussions regarding the Euronet proposal, in consultation with our management and our legal and financial advisors. Our board of directors has determined that the Euronet proposal could reasonably be expected to lead to a Company Superior Proposal (as defined in the merger agreement) and is in the process of further evaluating the Euronet proposal. Our board of directors has not determined that the Euronet proposal is in fact a Company Superior Proposal. At this time, our board of directors continues to believe that the

merger with Alipay is in our best interests and those of our stockholders and has not changed its recommendation that our stockholders vote **FOR** the adoption and approval of the merger agreement. However, in the exercise of its fiduciary duties, our board of directors believes that a full assessment of the Euronet proposal should be conducted before making any final determination regarding the Euronet proposal. Upon concluding its evaluation of the Euronet proposal,

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should our board of directors determine that the Euronet proposal is not a Company Superior Proposal, it will take such steps as are necessary to allow stockholders sufficient time to make an informed decision regarding whether to approve and adopt the merger agreement in light of such new information. These steps may include, if appropriate, adjourning or postponing the special meeting. In considering whether to adjourn or postpone the special meeting and the duration of any such adjournment or postponement, our board of directors will consider all of the facts and circumstances surrounding the definitive proposal, including the timing, magnitude and complexity of the new information.

Our board of directors does not yet know when it will complete its evaluation of the Euronet proposal and there is no obligation under the merger agreement for any final determination to be made within a specified time period. There can be no assurances that our board of directors will determine that the Euronet proposal constitutes a Company Superior Proposal or, if it makes such a determination, that a transaction with Euronet will be consummated.

The affirmative vote of holders of at least a majority of the outstanding shares of our common stock is required to approve and adopt the merger agreement. Additionally, the affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the special meeting and entitled to vote is required to approve the compensation that will or may become payable to our named executive officers in connection with the merger. Each holder of our common stock is entitled to one vote per share. Proxies returned to us that are properly signed and dated but not marked to indicate your voting preference will be counted as votes **FOR** approval and adoption of the merger agreement and **FOR** the proposal regarding certain merger-related executive compensation arrangements.

The date, time and place of the special meeting are as follows:

May 16, 2017

8 a.m. Central Time

Vinson & Elkins, L.L.P.

2001 Ross Avenue, 39th Floor

Dallas, TX 75201

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The proxy statement attached to this letter provides you with information about the special meeting of our stockholders and the proposed merger. We encourage you to read the entire proxy statement carefully. Please do not send in your stock certificates at this time. If the merger is completed, you will receive instructions regarding the surrender of your stock certificates and payment for your shares of common stock.

*Your vote is very important.* Whether or not you plan to attend the special meeting, if you are a holder of our common stock, please complete, sign, date and mail the enclosed proxy card to us or submit your proxy by telephone or Internet. If you attend the special meeting, you may vote in person even if you previously returned your proxy.

Sincerely,

W. Alexander Holmes

*Chief Executive Officer*

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the merger, or determined whether the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The proxy statement is dated April 10, 2017, and is first being mailed to our stockholders on or about April 12, 2017.

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2828 North Harwood Street, 15th Floor

Dallas, Texas 75201

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the stockholders of MoneyGram International, Inc.:

Notice is hereby given that on May 16, 2017, at 8 a.m., Central Time, MoneyGram International, Inc., a Delaware corporation, or MoneyGram, will hold a special meeting of its stockholders (the special meeting) at Vinson & Elkins, L.L.P., 39th Floor, Dallas, Texas 75201, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of January 26, 2017, as such agreement may be amended from time to time (the merger agreement), by and among Alipay (UK) Limited, a United Kingdom limited company (Alipay), Matrix Acquisition Corp., a Delaware corporation and wholly owned subsidiary of Alipay (Merger Sub), Alipay (Hong Kong) Holding Limited, a Hong Kong limited company (the Guarantor), which is a party solely for the purposes of Section 8.16 of the merger agreement, and MoneyGram;
2. To consider and vote upon an advisory, non-binding proposal to approve compensation that will be or may become payable to MoneyGram's named executive officers in connection with the merger contemplated by the merger agreement; and
3. To transact such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Each of the proposals is described more fully in the proxy statement of which this notice forms a part. Please give your careful attention to all of the information in the proxy statement, including the information describing the unsolicited written proposal we received from Euronet Worldwide, Inc. (Euronet), on March 14, 2017, offering to purchase all of our outstanding stock for \$15.20 in cash for each share of our common stock and our preferred stock on an as-converted basis (the Euronet proposal) as described in the attached proxy statement.

Only holders of record of our common stock at the close of business on April 7, 2017 (the record date) or their proxies can vote at the special meeting or any adjournment of the special meeting. Approval and adoption of the merger agreement requires the affirmative vote of holders of at least a majority of the outstanding shares of our common stock who are entitled to vote as of the record date. Additionally, the affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the special meeting and entitled to vote is required to approve, on an advisory, non-binding basis, the proposal regarding compensation that will or may become payable to MoneyGram's named executive officers in connection with the merger.

The list of stockholders of record entitled to vote at the special meeting will be available, upon request, at MoneyGram's offices, at 2828 North Harwood Street, 15th Floor, Dallas, Texas 75201, for examination by any MoneyGram stockholder during ordinary business hours beginning 20 days prior to the special meeting.



**Dissenting stockholders who comply with the procedural requirements of Section 262 of the Delaware General Corporation Law will be entitled to receive payment of the fair value of their shares, as determined by a Delaware court.**

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**Your vote is important. Whether or not you expect to attend the special meeting in person, you are urged to complete, sign, date and return the enclosed proxy card or voting instruction card at your earliest convenience or to submit your vote by Internet or telephone. Instructions for voting your shares are included on the enclosed proxy card or voting instruction card. If you are a record holder and you send in your proxy and then decide to attend the special meeting to vote your shares, you may still do so. You may revoke your proxy in the manner described in the proxy statement at any time before it has been voted at the special meeting.**

**ADDITIONAL INFORMATION**

For additional questions about the merger, assistance in submitting proxies or voting shares of our common stock, or to request additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor at:

470 West Avenue

Stamford, Connecticut 06902

Shareholders Call Toll Free: 1-800-662-5200

Banks and Brokers Call Collect: 1-203-658-9400

E-mail: [moneygram@morrowsodali.com](mailto:moneygram@morrowsodali.com)

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 16, 2017.**

The Notice of Special Meeting, proxy statement and MoneyGram's 2016 Annual Report on Form 10-K and other filings with the United States Securities and Exchange Commission are available at <http://ir.moneygram.com/sec.cfm>.

By Order of the Board of Directors of MoneyGram,

Francis Aaron Henry

*General Counsel and Corporate Secretary*

Dallas, Texas

April 10, 2017

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**SUMMARY**

*The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. You may obtain the information incorporated by reference in this proxy statement at no charge by following the instructions under the section entitled *Where You Can Find More Information*. Where appropriate, we have set forth a section and page reference directing you to a more complete description of the topics described in this summary.*

**Defined Terms**

For purposes of this proxy statement, the following terms have the meanings set forth below, unless the context otherwise indicates:

affiliate means (unless otherwise specified), with respect to any person, any other person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such specified person.

Alipay means Alipay (UK) Limited, a United Kingdom limited company.

BofA Merrill Lynch means Merrill Lynch, Pierce, Fenner & Smith Incorporated, financial advisor to MoneyGram.

business day means any day that is not a Saturday, a Sunday or other day on which banking organizations in New York, New York or Dallas, Texas are required or authorized by law to be closed.

CFIUS means the Committee on Foreign Investment in the United States.

Citigroup means Citigroup Global Markets Inc., financial advisor to Alipay.

Code means the U.S. Internal Revenue Code of 1986, as amended.

Common Stock means the Common Stock, par value \$0.01 per share, of MoneyGram.

Defense Production Act means the Defense Production Act of 1950, as amended.

DGCL means the Delaware General Corporation Law, as amended.

Euronet means Euronet Worldwide, Inc., a Delaware corporation.

Euronet proposal means the unsolicited written proposal received by MoneyGram from Euronet on March 14, 2017, offering to purchase all of our outstanding stock for \$15.20 in cash for each share of our Common Stock and our Series D Preferred Stock on an as-converted basis.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Goldman Sachs means Goldman Sachs Group Inc., and its affiliates, holders of all of the outstanding Series D Preferred Stock.

Guarantor means Alipay (Hong Kong) Limited, a Hong Kong limited company.

HSR Act the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

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merger means, as contemplated by the merger agreement, the proposed merger of Merger Sub with and into MoneyGram, with MoneyGram surviving the merger as a wholly owned subsidiary of Alipay, and each share of Common Stock outstanding at the effective time of the merger being converted into the right to receive \$13.25 in cash without interest.

merger agreement means the Agreement and Plan of Merger, dated as of January 26, 2017, by and among Alipay, Merger Sub, Guarantor, which is a party solely for the purposes of Section 8.16 of the merger agreement, and MoneyGram, as such agreement may be amended from time to time, according to which the parties have agreed to consummate the merger and other transactions contemplated by the merger agreement.

merger consideration means the consideration of \$13.25 in cash offered for each share of Common Stock under the merger agreement.

Merger Sub means Matrix Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Alipay.

MoneyGram or we, us or our means MoneyGram International, Inc., a Delaware Corporation.

MoneyGram Option means each outstanding option to purchase shares of Common Stock.

MoneyGram RSU means each restricted stock unit representing the right to receive one share of Common Stock.

MoneyGram Stockholder Approval means the affirmative vote of the holders of a majority of the outstanding shares of Common Stock in favor of the proposal to approve and adopt the merger agreement at the special meeting of stockholders.

NASDAQ means the National Association of Securities Dealers Automated Quotations.

Paul Hastings means Paul Hastings LLP, outside regulatory counsel to MoneyGram.

SEC means the U.S. Securities and Exchange Commission.

Series D Preferred Stock means the Series D Preferred Stock, par value \$0.01 per share, of MoneyGram, of which all of the outstanding shares are held by Goldman Sachs.

Simpson Thacher means the law firm of Simpson Thacher & Bartlett LLP, legal counsel to Alipay.

special meeting means the special meeting of MoneyGram stockholders to be held on May 16, 2017, at 8 a.m., Central Time at Vinson & Elkins, L.L.P., 39<sup>th</sup> Floor, Dallas, Texas 75201, as may be postponed or adjourned from time to time.

THL means certain affiliates and co-investors of Thomas H. Lee Partners, L.P.

U.S. or United States means the United States of America.

voting and support agreements means the voting and support agreement entered into by and among Alipay, THL and MoneyGram and each of the voting and support agreements entered into by and among, Alipay, MoneyGram and certain directors and officers of MoneyGram.

V&E means the law firm of Vinson & Elkins L.L.P., counsel to MoneyGram.

Weil means the law firm of Weil Gotshal & Manges LLP, counsel to THL.

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**The Parties to the Merger**

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***MoneyGram International, Inc.***

MoneyGram is a global provider of innovative money transfer services and is recognized worldwide as a financial connection to friends and family. We offer products and services under its two reporting segments: Global Funds Transfer and Financial Paper Products. The Global Funds Transfer segment provides global money transfer services and bill payment services to consumers. MoneyGram primarily offers services through third-party agents, including retail chains, independent retailers, post offices and other financial institutions. It also offers Digital solutions such as moneygram.com, mobile solutions, account deposit and kiosk-based services. Additionally, MoneyGram has company-operated retail locations in the U.S. and Western Europe. The Financial Paper Products segment provides official check outsourcing services and money orders through financial institutions and agent locations. MoneyGram's Common Stock is listed on the NASDAQ under the symbol MGI.

***Alipay (UK) Limited***

Alipay (UK) Limited, or Alipay, is a company with limited liability incorporated under the laws of England and Wales and is the sole shareholder of Merger Sub. The sole stockholder of Alipay is Guarantor. Alipay is a subsidiary of Ant Financial Small and Micro Services Group Co., Ltd. ( Ant Financial ), and carries out marketing and business development activities for Ant Financial. Ant Financial is engaged in the business of using technology to provide inclusive financial services to individuals as well as small and micro enterprises.

***Matrix Acquisition Corp.***

Matrix Acquisition Corp., or Merger Sub, is a Delaware corporation. The sole stockholder of Merger Sub is Alipay. Merger Sub was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement, and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement.

***Alipay (Hong Kong) Holding Limited***

Alipay (Hong Kong) Holding Limited, or Guarantor, is a company with limited liability incorporated under the laws of Hong Kong and is a subsidiary of Ant Financial.

**The Special Meeting**

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***Date, Time and Place***

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A special meeting of our stockholders will be held on May 16, 2017, at 8 a.m., Central Time, at Vinson & Elkins, L.L.P., 39th Floor, Dallas, Texas 75201, to consider and vote upon a proposal to approve and adopt the merger agreement. You will also be asked to consider and vote upon an advisory, non-binding proposal regarding compensation that will or may become payable to MoneyGram's named executive officers.

***Record Date, Stock Entitled to Vote and Quorum***

***(Page 27)***

You are entitled to vote at the special meeting if you owned shares of our Common Stock at the close of business on April 7, 2017, the record date for the special meeting. You will have one vote at the special meeting for each share of our Common Stock you owned at the close of business on the record date. As of the record date,

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there were 53,969,695 shares of our Common Stock outstanding held by approximately 8,334 holders of record. The holders of a majority of the issued and outstanding shares of our Common Stock that are entitled to vote at the special meeting must be present in person or represented by proxy at the special meeting for a quorum to be present.

***Vote Required***

***(Page 27)***

Approval of the proposal to approve and adopt the merger agreement requires the affirmative vote of holders of at least a majority of the outstanding shares of our Common Stock entitled to vote at the special meeting. Goldman Sachs, the sole holder of Series D Preferred Stock has delivered its irrevocable consent to the merger and the treatment of the Series D Preferred Stock in the merger agreement. The advisory, non-binding proposal relating to compensation that will be or may become payable to MoneyGram's named executive officers in connection with the merger requires the affirmative vote of a majority of the shares of our Common Stock present in person or represented by proxy at the special meeting and entitled to vote.

**The Merger**

**(Page 31)**

***Description of the Merger***

***(Page 31)***

If the merger agreement is approved and adopted by MoneyGram's stockholders, then, subject to other closing conditions as described below in the section captioned "The Merger Agreement Conditions to Completion of the Merger," Merger Sub will be merged with and into MoneyGram, and MoneyGram will be the surviving corporation in the merger. Upon completion of the merger, MoneyGram will become a wholly owned subsidiary of Alipay. We strongly encourage you to read carefully the merger agreement in its entirety, a copy of which is attached as Annex A to this proxy statement, because it is the contract that governs the merger.

If the merger is completed, each share of Common Stock outstanding immediately prior to the effective time of the merger (other than certain shares as set forth in the merger agreement, including shares for which the holders thereof have properly exercised appraisal rights in accordance with the Section 262 of the DGCL with respect to such Common Stock) will be converted into the right to receive the merger consideration, without interest. After the merger is completed, you will have the right to receive the merger consideration (other than for shares for which you have properly exercised appraisal rights in accordance with the Section 262 of the DGCL) but you will no longer have any rights as a stockholder of MoneyGram.

***Reasons for the Merger and Recommendation of Our Board of Directors***

***(Page 44)***

At a meeting of our board of directors held on January 26, 2017, our board of directors approved and adopted the merger agreement and the merger. Our board of directors unanimously recommends that the stockholders of MoneyGram vote for the approval and adoption of the merger agreement and the merger. In the course of reaching its decision, our board of directors consulted with our senior management and our financial and legal advisors, reviewed a significant amount of information and considered a number of factors, including, among others, the following



factors:

the fact that the \$13.25 per share in cash to be paid as merger consideration represented a 91% premium to \$6.92, the closing price of our Common Stock on October 4, 2016, the day of the first meeting of MoneyGram's management with representatives of Ant Financial, and a 4% premium to Ant Financial's proposed price of \$12.75 per share in cash, made on January 2, 2017, the belief of our

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board of directors that the \$13.25 per share in cash to be paid as the merger consideration was the highest price per share that Ant Financial was willing to agree to pay and that the merger consideration would be paid solely in cash without a financing contingency;

the risks associated with continued independence, including the risks associated with operating in a highly competitive and regulated industry as well as our ability to access capital and our indebtedness, including our debt service obligations;

information with respect to our financial condition, results of operations, business, competitive position and business strategy on both a historical and prospective basis, current industry, economic and market conditions and trends as well as the potential future value of MoneyGram, together with the risks associated with continued independence, as compared to the value of the merger consideration;

the possibility that a third party with the financial means would agree to a transaction at a higher price than Ant Financial on similar or more favorable terms, given MoneyGram's historical discussions with prospective counterparties;

the opinion provided by BofA Merrill Lynch as to the fairness, from a financial point of view of the merger consideration to be received by holders of our Common Stock;

the business reputation and capabilities of Ant Financial and its management, Ant Financial's experience executing acquisitions and its commitment to its growth strategy, the resources available to Guarantor and Alipay to complete the merger and the strong commercial incentives of Ant Financial, Guarantor and Alipay to timely obtain all necessary regulatory approvals and complete the merger;

the terms of the debt financing bridge commitments provided to Guarantor in connection with the merger and the commitments of Guarantor to make the proceeds of the debt financing available to Alipay to fund the merger consideration, together with the financial capabilities and reputation of the financing sources;

the likelihood that the merger would be completed in light of, among other things, the conditions to the merger and the absence of a financing condition, the absence of any condition related to the receipt of third party commercial consents or approvals, the relative likelihood of obtaining required regulatory approvals, Alipay's representation that it will have sufficient financial resources to pay the merger consideration and consummate the merger and the remedies available to us under the merger agreement in the event of various breaches by Alipay, including the payment guarantee;

the fact that MoneyGram's two largest stockholders, THL and Goldman Sachs (taking into account the shares of Series D Preferred Stock owned by Goldman Sachs on an as converted basis) were willing to commit to participate in the merger on the same terms as holders of our Common Stock generally, with THL agreeing to enter into a voting and support agreement obligating THL to vote in favor of the merger and Goldman

Sachs providing its written consent to the merger prior to execution of the merger agreement;

the current state of the economy, debt financing markets, political climate and general uncertainty surrounding forecasted economic and political conditions, both in the near term and the longer term, and both generally and within our industry;

the risk that the announcement and pendency of the merger, including the restrictions on the conduct of our business, may cause substantial harm to relationships with our employees, agents, customers and partners and may divert management and employee attention away from the day-to-day operation of our business;

the fact that there can be no assurance that all conditions to the parties' obligations to consummate the merger will be satisfied, and, as a result, the possibility that the merger might not be completed, and further noted that these risks may be heightened due to the additional regulatory approvals required given that Alipay is not domiciled in the U.S.;

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the risk that necessary regulatory approvals may be delayed, conditioned or denied;

the risk that, while the merger agreement is not by its terms subject to a financing condition, if Guarantor fails to obtain sufficient financing (notwithstanding the terms of the debt commitments), the merger may not be consummated and the termination fee of \$60 million payable to us by Alipay in such event may not be sufficient to compensate us for potential losses we may incur under such circumstances;

that Guarantor's and Alipay's respective status as a foreign entity without substantial assets in the U.S. would, by its nature, make enforcement of our rights under the merger agreement against Alipay and Guarantor more difficult than against a buyer located in the U.S. with substantial assets subject to the jurisdiction of U.S. courts; and

the fact that MoneyGram will no longer exist as an independent public company and MoneyGram's stockholders will forgo any future increase in MoneyGram's value that might result from our earnings or possible growth as an independent company.

In the course of its deliberations, our board of directors also considered a number of additional potentially positive factors and a number of potentially negative factors regarding the merger, as more fully described in the section entitled "The Merger: Reasons for the Merger and Recommendation of Our Board of Directors." Our board of directors concluded that, overall, the potentially positive factors outweighed the potentially negative factors. Accordingly, our board of directors unanimously determined that the merger agreement and the merger are advisable and fair to, and in the best interests of, MoneyGram and its stockholders.

For a summary of the effect of the Euronet proposal on the merger and the recommendation of our board of directors, please see the section entitled "Summary: Recent Developments Regarding the Euronet Proposal" beginning on page 16 of this proxy statement.

*Opinion of MoneyGram's Financial Advisor Regarding the Merger Consideration*

*(Page 49)*

In connection with the merger, BofA Merrill Lynch, MoneyGram's financial advisor, delivered to our board of directors a written opinion, dated January 26, 2017, as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of our Common Stock. The full text of the written opinion, dated January 26, 2017, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex D to this proxy statement and is incorporated by reference herein in its entirety. **BofA Merrill Lynch provided its opinion to our board of directors (in its capacity as our board of directors) for the benefit and use of our board of directors in connection with and for purposes of its evaluation of the merger consideration from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and no opinion or view was expressed as to the relative merits of the merger in comparison to other strategies or transactions that might be available to MoneyGram or in which MoneyGram might engage or as to the underlying business decision of MoneyGram to proceed with or effect the merger. BofA Merrill Lynch also expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the proposed merger or any other matter.**

*Interests of MoneyGram's Executive Officers and Directors in the Merger*

*(Page 59)*

In considering the recommendation of our board of directors with respect to the merger agreement and the merger, you should be aware that our executive officers and directors have interests in the merger that may be

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different from, or in addition to, the interests of our stockholders generally. Interests of directors and executive officers that may be different from or in addition to the interests of MoneyGram's stockholders generally include:

The merger agreement provides for the acceleration of the vesting and settlement of all MoneyGram Options, including MoneyGram Options held by our executive officers, with exercise prices less than the \$13.25 per share merger consideration;

The merger agreement also provides that all outstanding MoneyGram RSUs granted under MoneyGram's equity plans, including MoneyGram RSUs (other than MoneyGram RSUs held by non-employee directors), will be converted into cash-settled long-term incentive awards, each with the same vesting terms and conditions applicable to such MoneyGram RSU immediately before the effective time of the merger;

Possible cash payments, accelerated vesting of outstanding MoneyGram RSUs and performance cash awards and other benefits payable under severance arrangements, award agreements and/or employment agreements with our executive officers in the event of a qualifying termination of employment in connection with the merger; and

Indemnification of our directors and executive officers by the surviving corporation following the merger. Our board of directors was aware of and considered these interests, among other matters, in making its determinations and recommendations in connection with the merger agreement and the transactions contemplated thereby.

***Regulatory Matters***

***(Page 68)***

***U.S. Antitrust Approval***

Under the HSR Act, we cannot complete the merger until we give notification and furnish information to the Federal Trade Commission and the Antitrust Division of the Department of Justice and until the applicable waiting period expires or is terminated. On February 24, 2017, we and Alipay each filed a premerger notification and report form under the HSR Act. The 30-day waiting period under the HSR Act expired at 11:59 p.m. Eastern Time on March 27, 2017. The merger is not subject to receipt of any antitrust approvals outside the U.S.

***CFIUS***

The merger agreement provides for the parties to file a joint voluntary notice under Section 721 of the Defense Production Act ( Section 721 ). Section 721 provides for national security reviews and, where appropriate, investigations by the Committee on Foreign Investment in the United States ( CFIUS ) of transactions in which a foreign person or entity acquires control of a U.S. business (a covered transaction ).

Under the terms of the merger agreement, completion of the merger is subject to CFIUS Approval, which will be obtained if one of the following has occurred (i) the 30-day review period under the Defense Production Act has expired and the parties have received notice from CFIUS that such review has been concluded and that either the

merger and other transactions contemplated by the merger agreement do not constitute covered transactions under the Defense Production Act or there are no unresolved national security concerns, and all action under the Defense Production Act is concluded with respect to the merger and other transactions contemplated by the merger agreement;

(ii) an investigation has commenced after such 30-day review period and CFIUS has determined to conclude all action under the Defense Production Act without sending a report to the

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President of the United States, and the parties have received notice from CFIUS that there are no unresolved national security concerns, and all action under the Defense Production Act is concluded with respect to the merger and other transactions contemplated by the merger agreement; or (iii) CFIUS has sent a report to the President of the United States requesting the President's decision and the President has announced a decision not to take any action to suspend, prohibit or place any limitations on the merger and other transactions contemplated by the merger agreement, or the time permitted by law for such action has lapsed.

### *Money Transmitter Requirements*

MoneyGram holds money transmitter licenses in numerous U.S. and foreign jurisdictions. The money transmission laws and regulations of certain of these jurisdictions require that, prior to the acquisition of control of a licensee, the licensee and/or acquirer must notify the applicable regulatory authority, make certain filings with such regulatory authority, and/or obtain the approval of such regulatory authority. It is a condition to Alipay's and Merger Sub's obligation to complete the merger that all necessary permits, consents and approvals related to the money transmitter licenses be obtained from the applicable regulatory authority in (i) at least 46 U.S. states (including the District of Columbia), provided, that the aggregate revenues from the states where required notices, filings or approvals have not been received cannot exceed 2.5% of MoneyGram's consolidated revenues for the 12-month period ended September 30, 2016 and (ii) the United Kingdom, India, New Zealand, Switzerland, U.S. Virgin Islands, Mexico and Puerto Rico.

### *Appraisal Rights*

#### *(Page 70)*

If the merger is completed, MoneyGram's stockholders will be entitled to appraisal rights under Section 262 of the DGCL. This means that you are entitled to have the fair value of your shares of our Common Stock determined by the Delaware Court of Chancery and to receive payment based on that valuation in lieu of the merger consideration if you follow exactly the procedures set forth in Section 262 of the DGCL. The ultimate amount you receive in an appraisal proceeding may be less than, equal to or more than the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must submit a written demand for appraisal to MoneyGram before the vote is taken on the proposal to approve and adopt the merger agreement and you must not vote (either in person or by proxy) in favor of the proposal to approve and adopt the merger agreement. If you fail to follow exactly the procedures set forth in Section 262 of the DGCL, you may lose your appraisal rights. See the section entitled "The Merger Appraisal Rights" and the text of the DGCL appraisal rights statute reproduced in its entirety as Annex E to this proxy statement. If you hold your shares of our Common Stock through a bank, brokerage firm or other nominee and you wish to exercise your appraisal rights, you should consult with your bank, brokerage firm or other nominee to determine the appropriate procedures for the making of a demand for appraisal by your bank, brokerage firm or other nominee.

**In view of the complexity of Section 262 of the DGCL, stockholders who wish to pursue appraisal rights should consult their legal and financial advisors.**

### *Financing of the Merger*

#### *(Page 75)*

The total amount of funds necessary to consummate the merger and the related transactions will be funded by Guarantor, including the funds needed to (i) pay our stockholders the aggregate merger consideration due to them



under the merger agreement; (ii) make payments pursuant to the merger agreement in respect of

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outstanding MoneyGram Options granted under the MoneyGram stock plan; (iii) repay the outstanding indebtedness of MoneyGram under its existing credit agreement, to the extent required to be repaid and (iv) pay fees and expenses payable by Guarantor, Alipay and Merger Sub under the merger agreement and in connection with the debt financing described in the section entitled *The Merger Agreement Guaranty*. Guarantor will obtain such funding through the proceeds from one or more debt financing transactions. The obligation of Guarantor, Alipay and Merger Sub to complete the merger is not conditioned upon Guarantor obtaining financing.

### ***Delisting and Deregistration of the Common Stock***

***(Page 76)***

If the merger is completed, our Common Stock will no longer be traded on NASDAQ and will be deregistered under the Exchange Act.

### ***Material United States Federal Income Tax Consequences of the Merger***

***(Page 76)***

The receipt of cash in exchange for shares of our Common Stock pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes. Generally, stockholders will recognize gain or loss equal to the difference between the amount of cash received and the adjusted tax basis of the shares of our Common Stock surrendered. MoneyGram stockholders who are U.S. holders (as defined in the section entitled *The Merger Material United States Federal Income Tax Consequences of the Merger* ) generally will be subject to U.S. federal income tax on any gain recognized in connection with the merger. MoneyGram stockholders who are non-U.S. holders generally will not be subject to U.S. federal income tax on any gain recognized in connection with the merger unless the stockholder has certain connections to the United States. MoneyGram stockholders should consult their own tax advisors to determine the tax consequences to them of the merger based on their particular circumstances.

### ***Litigation Relating to the Merger***

***(Page 78)***

On March 13, 2017 and March 17, 2017, respectively, putative securities class action lawsuits challenging the merger were filed in the United States District Court for the District of Delaware and the United States District Court for the Northern District of Texas against MoneyGram and its directors. One of the lawsuits also names as defendants certain of our executive officers, Alipay, Guarantor, Merger Sub, and Ant Financial. The plaintiffs, our stockholders, challenge the merger and the disclosures made in connection with the merger. The lawsuits allege violations of various securities laws and regulations due to allegedly material and misleading omissions in the preliminary proxy statement filed in connection with the merger. Additionally, the lawsuits allege that the merger agreement is unfair to our stockholders, resulted from an inadequate process, and contains terms that will supposedly deter third parties from making alternative offers. The plaintiffs seek to enjoin the merger and to recover damages, costs and attorneys' fees in unspecified amounts. The defendants believe that the claims are without merit and intend to vigorously defend themselves against the lawsuits.

### ***The Merger Agreement***

***(Page 80)***

*When the Merger Becomes Effective*

*(Page 81)*

The merger agreement provides that the completion of the merger of Merger Sub with an into MoneyGram will take place no later than the third business day after the satisfaction or waiver of the conditions to the

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completion of the merger (as described below), provided, that if the required information (as described below) has not been provided by MoneyGram at such time, the completion of the merger will occur on the earlier of (i) a date specified by Alipay on no fewer than three business days notice to MoneyGram and (ii) the fifth business day following the date the required information is provided by MoneyGram (in each case subject to the satisfaction or waiver of the conditions to the completion of the merger).

The required information means all financial statements relating to MoneyGram necessary to satisfy certain conditions in the debt commitment letters as in effect on the date of the merger agreement, subject to certain exceptions as further described in the section entitled The Merger Agreement When the Merger Becomes Effective.

### ***Treatment of Equity Awards***

***(Page 82)***

#### ***Stock Options***

The merger agreement provides that each MoneyGram Option (whether or not vested), unless otherwise agreed to, in writing, by Alipay and the holder of such MoneyGram Option, will be automatically terminated at the effective time of the merger and converted into the right to receive, less applicable withholding taxes, an amount in cash determined by multiplying (i) the excess, if any, of the merger consideration over the applicable exercise price per share of Common Stock subject to the MoneyGram Option by (ii) the number of shares of Common Stock (determined without reference to vesting requirements or other limitations on exercisability) issuable upon exercise of such MoneyGram Option. Any MoneyGram Option that is outstanding immediately prior to the effective time of the merger and has an exercise price that is equal to or greater than the merger consideration shall expire upon the effective time of the merger without being converted into the right to receive any merger consideration.

#### ***Restricted Stock Units***

Pursuant to the terms of the merger agreement, at or immediately prior to the effective time of the merger, unless otherwise agreed to, in writing, by Alipay and the holder of such MoneyGram RSU, each MoneyGram RSU (other than MoneyGram RSUs held by non-employee directors) will automatically be converted into a cash-settled long-term incentive award representing a right to receive an amount of cash, without interest, equal to the per share merger consideration, on the same vesting terms and conditions applicable to such MoneyGram RSU immediately before the effective time of the merger. MoneyGram RSUs held by our non-employee directors will generally accelerate and automatically vest immediately prior to the effective time of the merger.

#### ***No Solicitation***

***(Page 88)***

Pursuant to the merger agreement, we have agreed not to:

initiate, solicit, knowingly encourage or knowingly facilitate (including by way of providing information) the submission of any inquiries, proposals or offers that constitute or would reasonably be expected to lead to a Company acquisition proposal (as defined in The Merger Agreement No Solicitation );

have any discussions or negotiations with or provide any confidential information or data to any person relating to a Company acquisition proposal;

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withdraw, change, amend, modify or qualify, or otherwise propose publicly to withdraw, change, amend, modify or qualify, in a manner adverse to Alipay, our board of directors recommendation or approve or recommend, or propose publicly to approve or recommend, any Company acquisition proposal (any act described in this bullet is referred to in this proxy statement as a change in recommendation );

approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent or other document or contract related to any Company acquisition proposal (other than an acceptable confidentiality agreement as defined in the merger agreement); or

enter into any letter of intent or other document or contract requiring MoneyGram to abandon, terminate or fail to consummate the transactions contemplated by the merger agreement or breach its obligations thereunder.

Notwithstanding the provisions of the merger agreement described above, prior to the time that the MoneyGram Stockholder Approval is obtained, if MoneyGram receives an unsolicited bona fide written Company acquisition proposal that does not result from a breach of such foregoing restrictions and our board of directors concludes in good faith (after consultation with our outside legal and financial advisors) that such Company acquisition proposal constitutes a Company superior proposal (as defined in The Merger Agreement No Solicitation ) or could reasonably be expected to result in a Company superior proposal, MoneyGram may:

enter into and maintain discussions or negotiations with the person making such Company acquisition proposal; and

furnish non-public information and afford access to the business, employees, officers, contracts, properties, assets, books and records of MoneyGram and our subsidiaries to the person making such Company acquisition proposal.

***Conditions to Completion of the Merger***

***(Page 95)***

The respective obligations of us, Alipay and Merger Sub to complete the merger are subject to the satisfaction or waiver of certain conditions, including, but not limited to:

the approval and adoption of the merger agreement by our stockholders;

the waiting period (and any extension thereof) applicable to the consummation of the merger under the HSR Act has expired or terminated;

CFIUS Approval has been obtained;

the absence of any order, law or other legal restraint that prohibits or makes illegal the consummation of the merger; and

the accuracy of the representations and warranties of the other party (subject to specified materiality, material adverse effect and other qualifications) and the performance in all material respects by the other party or parties of its obligations.

The obligations of Alipay and Merger Sub to complete the merger are subject to the satisfaction or waiver of certain additional conditions, including, but not limited to:

the required money transfer permits have been made or obtained, as applicable, and remain in full force and effect and all statutory waiting periods relating to such required money transfer permits have expired or been terminated (in each case, without the imposition of any burdensome condition); and

CFIUS Approval shall have been obtained without the imposition of a burdensome condition.

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***Termination***

***(Page 96)***

The merger agreement may be terminated at any time prior to the effective time of the merger (subject to certain limitations):

by mutual written consent of Alipay and MoneyGram;

by either Alipay or MoneyGram, if:

any governmental entity which must grant a required money transfer permit has denied approval and such denial has become final and non-appealable;

any governmental entity of competent jurisdiction has issued a final non-appealable order enjoining or otherwise prohibiting the consummation of the transactions contemplated by the merger agreement (referred to as the *injunction termination right* );

the merger has not been consummated on or before January 26, 2018 (provided, that such date may be extended by either MoneyGram or Alipay to April 26, 2018 in the event that all conditions to the obligations of the parties to consummate the merger are satisfied or waived, other than the condition regarding the required money transfer permits) (referred to as the *end date termination right* );

if the other party (or, in the case of Alipay, either Guarantor or Merger Sub) has breached any of the covenants, agreements, representations or warranties made by such other party (or, in the case of Alipay, either Guarantor or Merger Sub) set forth in the merger agreement and such breach (i) is not cured within 30 days following written notice to the party committing the breach, or which breach, by its nature, cannot be cured prior to the closing date of the merger and (ii) would entitle the non-breaching party not to consummate the transactions contemplated by the merger agreement (referred to as the *material breach termination right* );

the MoneyGram Stockholder Approval has not been obtained at a meeting of MoneyGram's stockholders (including any adjournment or postponement thereof) (referred to as the *failure to obtain stockholder approval termination right* );

by Alipay, prior to obtaining the MoneyGram Stockholder Approval, if:



our board of directors has effected a change of recommendation, whether or not permitted under the merger agreement;

MoneyGram fails to call and hold a meeting of its stockholders in breach of the merger agreement or materially breaches the no solicitation provisions of the merger agreement;

MoneyGram has failed to publicly recommend against any tender offer or exchange offer that constitutes a Company acquisition proposal within 10 business days after the commencement of such tender offer or exchange offer; or

to the extent requested by Alipay, MoneyGram fails to publicly reaffirm its recommendation within 10 business days after a Company acquisition proposal has been publicly announced (or, if later, within three business days of Alipay's request) (referred to as the change of recommendation termination right );

by MoneyGram, if:

(i) all the conditions to Alipay's obligation to complete the transaction have been satisfied or waived by Alipay (other than those conditions that by their nature are to be satisfied at the closing), (ii) MoneyGram has delivered written notice to Alipay that (a) all the conditions to

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Alipay's obligation to complete the transaction have been satisfied or waived by Alipay (other than those conditions that by their nature are to be satisfied at the closing), (b) all the conditions to the MoneyGram's obligation to complete the transaction have been satisfied or waived by MoneyGram (other than those conditions that by their nature are to be satisfied at the closing) and (c) MoneyGram is ready, willing and able to consummate the closing and (iii) Alipay and Merger Sub have failed to consummate the closing on or before the third business day after delivery of the notice referred to in clause (ii) above (or, if earlier, the business day immediately prior to the end date (as summarized below)) and MoneyGram stood ready, willing and able to consummate the closing throughout such period (referred to as the "failure to close termination right"); or

prior to obtaining the MoneyGram Stockholder Approval, (i) our board of directors authorizes MoneyGram, subject to the terms of the merger agreement, to enter into a binding definitive agreement to effect a transaction constituting a Company superior proposal, (ii) prior to or concurrently with such termination of the merger agreement MoneyGram pays to Alipay in immediately available funds the \$30 million termination fee described below in "Termination Fees and Expenses" and (iii) MoneyGram enters into such binding definitive agreement substantially concurrently with such termination (referred to as the "superior proposal termination right").

***Termination Fees and Expenses***

***(Page 98)***

***MoneyGram Termination Fee***

MoneyGram is required to pay Alipay a termination fee of \$30 million if the merger agreement is terminated as follows:

if the merger agreement is terminated by (i) Alipay pursuant to Alipay's change of recommendation termination right or (ii) MoneyGram pursuant to the Company's superior proposal termination right;

if the merger agreement is terminated:

(i) by either Alipay or MoneyGram pursuant to the end date termination right or by Alipay pursuant to the material breach termination right or (ii) by either Alipay or MoneyGram pursuant to the failure to obtain stockholder approval termination right; and

in the case of clause (i) in the immediately preceding bullet, a Company acquisition proposal, whether or not conditional, has been publicly announced or otherwise communicated to our board of directors at any time after the date of the merger agreement and prior to the termination of the merger agreement or, in the case of clause (ii) in the immediately preceding bullet, a Company acquisition proposal, whether or not conditional, has been publicly announced and not withdrawn prior to a meeting of MoneyGram's stockholders; and

within 12 months of such termination MoneyGram or any of our subsidiaries enters into an agreement with respect to (or consummates) any Company acquisition proposal, whether or not with a person that made a Company acquisition proposal prior to the date of such termination (provided that the term

Company acquisition proposal will have the meaning assigned to such term, except that all percentages contained in the term Company acquisition proposal will be changed to 50% for purposes of this and the immediately preceding sub-bullet).

Notwithstanding the immediately preceding bullet, the \$30 million termination fee will not be payable to Alipay if (i) the \$60 million termination fee is payable by Alipay to MoneyGram pursuant to the second bullet in the next paragraph or (ii) the \$17.5 million termination fee is payable by Alipay to MoneyGram pursuant to the

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second bullet in the paragraph following the next paragraph (unless, with respect to this clause (ii), the agreement with respect to a Company acquisition proposal (or the consummated transaction) referenced in the immediately preceding bullet is with a person that made a Company acquisition proposal following the date of the merger agreement and prior to the date of the termination of the merger agreement). See the section entitled *The Merger Agreement Termination Fees and Expenses MoneyGram Termination Fee*.

*Alipay Termination Fee and Alipay Regulatory Termination Fee*

Alipay is required to pay MoneyGram a termination fee of \$60 million if the merger agreement is terminated as follows:

by MoneyGram pursuant to its failure to close termination right; or

by MoneyGram pursuant to material breach termination right or by Alipay pursuant to its injunction termination right as a result of a final non-appealable order issued by the President of the U.S. pursuant to the Defense Production Act prohibiting the consummation of the transactions contemplated by the merger agreement, which resulted or was caused by Alipay or Merger Sub's willful and material breach of its covenants and agreements for which MoneyGram was not able to obtain or enforce specific performance or an injunction as a remedy for such willful and material breach or such remedy was not available.

Alipay is required to pay MoneyGram a termination fee of \$17.5 million if the merger agreement is terminated as follows:

by Alipay or MoneyGram pursuant to its injunction termination right as a result of a final non-appealable order issued by the President of the U.S. pursuant to the Defense Production Act prohibiting the consummation of the transactions contemplated by the merger agreement; provided that at the time of such termination, MoneyGram's failure to perform or observe its covenants and agreements was not the primary cause of the order;

by Alipay or MoneyGram pursuant to its end date termination right, if at the time of such termination all of the conditions to Alipay's obligation to complete the transaction have been satisfied or waived by Alipay other than the following conditions (and MoneyGram's failure to perform or observe its covenants and agreements in the merger agreement was not the primary cause of the failure of any such conditions):

CFIUS Approval has been obtained;

there is no injunction or order issued by any governmental entity of competent jurisdiction preventing the consummation of the merger (as a result of a final non-appealable order issued by the President of the U.S. pursuant to the Defense Production Act prohibiting the consummation of the transactions contemplated by the merger agreement); or

CFIUS Approval has been obtained without the imposition of a burdensome condition. Additionally, the Guarantor absolutely, unconditionally and irrevocably guarantees the due, punctual and full payment and performance of Alipay's and Merger Sub's obligations to pay the Alipay termination fees (including any expense and interest payments), if and when owed. See the section entitled "The Merger Agreement - Termination Fees and Expenses - Alipay Termination Fee and Alipay Regulatory Termination Fee."

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### ***Payment Guarantee***

***(Page 100)***

Concurrently with the execution of the merger agreement, Alipay provided to MoneyGram an irrevocable payment guarantee issued by Citibank N.A., Hong Kong branch (the payment guarantee issuer) for the benefit of MoneyGram, pursuant to which the payment guarantee issuer shall pay MoneyGram up to \$45 million in the event the payment guarantee issuer receives (a) a demand from MoneyGram stating the amount being claimed and certifying that either the \$60 million termination fee, and any related interest and expenses, or the \$17.5 million termination fee, and any related interest and expenses is due and payable to MoneyGram under the merger agreement and that Alipay has failed to effect payment of the \$60 million termination fee or the \$17.5 million termination fee (or any related fees or expenses) due under the merger agreement and (b) the original payment guarantee.

### **The Voting and Support Agreements**

**(Page 103)**

On January 26, 2017, in connection with the execution of the merger agreement, THL and certain directors and officers of MoneyGram, who collectively hold approximately 46% of the outstanding Common Stock, entered into voting and support agreements with Alipay and MoneyGram, where THL and each of such directors and officers agreed to, among other things, vote all of the Common Stock owned by such person (a) in favor of the approval and adoption of the merger agreement and (b) against (i) any Company acquisition proposal, or any other proposal made in opposition to, in competition with, or inconsistent with the merger agreement, the merger or the transactions contemplated by the merger agreement and (ii) any other action, agreement or proposal that could reasonably be expected to delay, postpone or adversely affect the consummation of the merger.

The voting and support agreements will automatically terminate upon the termination of the merger agreement in accordance with its terms, including upon a termination of the merger agreement by MoneyGram or upon any amendment, modification, change or waiver of the merger agreement that reduces the amount of or changes the form of the merger consideration.

However, in the event our board of directors changes its recommendation with respect to the merger (other than in connection with a third party acquisition proposal) in accordance with the terms of the merger agreement, the number of each stockholder's shares of Common Stock subject to the voting and support agreement shall be reduced, pro rata, such that the aggregate amount of Common Stock subject to all of the voting and support agreements, taken together, equals 35% of the outstanding Common Stock of MoneyGram as of the record date for the special meeting called to approve and adopt the merger agreement.

### ***Market Price of Our Common Stock***

**(Page 107)**

Our Common Stock is listed on the NASDAQ under the symbol MGI. On January 25, 2017, the last full trading day prior to the public announcement of the proposed merger, our Common Stock closed at \$11.88. On April 7, 2017, the last practicable trading day prior to the date of this proxy statement, our Common Stock closed at \$16.29. We encourage stockholders to obtain a current market quotations for our Common Stock in connection with voting your shares, but caution stockholders that, during the pendency of the merger, the trading price of our Common Stock may be impacted by the fact that we have entered into the merger agreement and investors speculating as to the likelihood

and timing of the closing of the merger.

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**The Timing of the Merger**

We currently expect the merger to be completed in the second half of 2017. However, we cannot predict the exact timing of the consummation of the merger or whether the merger will be consummated. In order to consummate the merger, MoneyGram stockholders must approve and adopt the merger agreement at the special meeting and the other closing conditions under the merger agreement, including receipt of certain regulatory approvals, must be satisfied or, to the extent legally permitted, waived. See the section entitled "The Merger Agreement - Conditions to Completion of the Merger."

**Recent Developments Regarding the Euronet Proposal**

**(Page 108)**

On March 14, 2017, MoneyGram received the Euronet proposal. Our board of directors has determined that the Euronet proposal could reasonably be expected to lead to a Company superior proposal and is in the process of further evaluating the Euronet proposal. Our board of directors has not determined that the Euronet proposal is in fact a Company superior proposal. At this time, our board of directors continues to believe that the merger is in our best interests and those of our stockholders and has not changed its recommendation that our stockholders vote **FOR** the adoption and approval of the merger agreement. Our board of directors does not yet know when it will complete its evaluation of the Euronet proposal and there is no obligation under the merger agreement for any final determination to be made within a specified time period.



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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a stockholder. Please refer to the Summary and the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, which you should read carefully. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the section entitled Where You Can Find More Information. Throughout this proxy statement, we, us and our refer to MoneyGram.*

**Q: What is the merger?**

A: The merger is the acquisition of MoneyGram by Alipay pursuant to the merger agreement. Once the merger agreement has been approved and adopted by MoneyGram's stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into MoneyGram. MoneyGram will be the surviving corporation in the merger and will become a wholly owned subsidiary of Alipay.

**Q: Why am I receiving the proxy materials?**

A: You are receiving this proxy statement and the enclosed proxy card or enclosed voting instruction form because our board of directors is soliciting your proxy to vote at the special meeting of MoneyGram's stockholders in connection with a proposal to approve and adopt the merger agreement. In addition, our board of directors is soliciting your vote on an advisory, non-binding proposal to approve compensation that will or may become payable to MoneyGram's named executive officers in connection with the merger.

**Q: What will I receive in the merger?**

A: If the merger is completed, you will be entitled to receive the merger consideration of \$13.25, without interest, for each share of our Common Stock that you own at the effective time of the merger. For example, if you own 100 shares of our Common Stock, you will receive \$1,325.00 in cash, less any required withholding taxes, in exchange for those shares unless you have properly exercised your appraisal rights in accordance with Section 262 of the DGCL with respect to such shares. You will not receive any shares of capital stock in the surviving corporation.

**Q: How does our board of directors recommend I vote?**

A:

Our board of directors has adopted resolutions (i) determining that the merger and other transactions contemplated by the merger agreement are fair to, and in the best interests of the stockholders of MoneyGram, (ii) approving, adopting and declaring advisable and authorized in all respects the merger agreement, the voting and support agreements and the merger and other transactions contemplated by the merger agreement, (iii) directing that the merger be submitted to the stockholders of MoneyGram for approval at a meeting of such stockholders and (iv) recommending that MoneyGram's stockholders approve the merger and approve all other actions or matters necessary or desirable to give effect to the merger pursuant to the DGCL. Our board of directors unanimously recommends that all of our stockholders vote **FOR** the approval and adoption of the merger agreement. The reasons for our board of directors' determination are discussed in this proxy statement. Additionally, our board of directors unanimously recommends that you vote **FOR** the proposal to approve compensation that will or may become payable to MoneyGram's named executive officers in connection with the merger.

For a summary of the effect of the Euronet proposal on the merger and the recommendation of our board of directors, please see the section entitled "Summary Recent Developments Regarding the Euronet Proposal" beginning on page 16 of this proxy statement.

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**Q: Who will own MoneyGram after the merger?**

A: After the merger, MoneyGram will be a wholly owned subsidiary of Alipay. As a result of the receipt of cash in exchange for your shares of Common Stock following the merger, you will no longer benefit from any increase in MoneyGram's value, nor will you acquire an ownership interest in Alipay.

**Q: How will Euronet's recently announced unsolicited written proposal to acquire MoneyGram affect the merger and the recommendation of our board of directors?**

A: On March 14, 2017, MoneyGram announced that it had received the Euronet proposal. The Euronet proposal is subject to completion by Euronet of satisfactory due diligence, negotiation of a definitive written agreement and approval by Euronet's board of directors. Our board of directors has had preliminary discussions regarding the Euronet proposal, in consultation with our management and our legal and financial advisors. Our board of directors has determined that the Euronet proposal could reasonably be expected to lead to a Company superior proposal and is in the process of further evaluating the Euronet proposal. Our board of directors has not determined that the Euronet proposal is in fact a Company superior proposal. At this time, our board of directors continues to believe that the merger is in our best interests and those of our stockholders and has not changed its recommendation that our stockholders vote **FOR** the adoption and approval of the merger agreement. However, in the exercise of its fiduciary duties, our board of directors believes that a full assessment of the Euronet proposal should be conducted before making any final determination regarding the Euronet proposal. Upon concluding its evaluation of the Euronet proposal, should our board of directors determine that the Euronet proposal is not a Company superior proposal, it will take such steps as are necessary to allow stockholders sufficient time to make an informed decision regarding whether to approve and adopt the merger agreement in light of such new information. These steps may include, if appropriate, adjourning or postponing the special meeting. In considering whether to adjourn or postpone the special meeting and the duration of any such adjournment or postponement, our board of directors will consider all of the facts and circumstances surrounding the definitive proposal, including the timing, magnitude and complexity of the new information. Please see the section entitled "The Special Meeting - Revocability of Proxies" beginning on page 29 of this proxy statement for a description of the methods by which you can change your vote or revoke your proxy before the special meeting.

If the MoneyGram Stockholder Approval is obtained, the merger agreement would require (unless terminated in accordance with its terms) that we consummate the merger upon satisfaction or waiver of the other conditions to closing, even if an alternative proposal to acquire MoneyGram is made after the MoneyGram Stockholder Approval is obtained. After the MoneyGram Stockholder Approval is obtained, no further stockholder approval is required in order to consummate the merger. Our board of directors does not yet know when it will complete its evaluation of the Euronet proposal and there is no obligation under the merger agreement for any final determination to be made within a specified time period. There can be no assurances that our board of directors will determine that the Euronet proposal constitutes a Company superior proposal or, if it makes such a determination, that a transaction with Euronet will be consummated.

**Q: Why didn't our board of directors wait until it had received a definitive proposal from Euronet to set the date for the stockholders meeting and mail the proxy statement?**

- A: There is no assurance that Euronet will make a definitive proposal to acquire MoneyGram or, if one is made, that our board of directors will determine it to be a Company superior proposal under the merger agreement. Meanwhile, the merger agreement provides that MoneyGram will schedule a stockholders meeting and mail the proxy statement as promptly as practicable after the SEC confirms it has no further comments to the preliminary proxy statement. MoneyGram's preliminary proxy statement was filed with the SEC on March 2, 2017, and on March 13, 2017, the SEC staff confirmed that it would not review the preliminary proxy statement.

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**Q: What will happen if our board of directors determines that any definitive Euronet proposal is a Company superior proposal?**

A: In the event our board of directors receives a definitive proposal from Euronet that our board of directors determines in good faith after consultation with its outside legal and financial advisors constitutes a Company superior proposal, then, subject to complying with certain provisions of the merger agreement (including the provision that requires us to provide Alipay with the opportunity to negotiate with us to revise the terms of the merger such that the Euronet proposal no longer constitutes a Company superior proposal), our board of directors may elect to terminate the merger agreement in order to enter into a definitive agreement with respect to the Company superior proposal, provided that Alipay shall have received a termination fee of \$30 million. In the event our board of directors terminates the merger agreement prior to the date of the special meeting, we will not hold the special meeting, and any proxies received by us will have no force or effect. Instead, we will separately prepare and mail to our stockholders a proxy statement and proxy cards related to the Company superior proposal.

For additional information regarding the circumstances in which our board of directors is permitted to terminate the merger agreement to accept a Company superior proposal, please see [The Merger Agreement Termination](#) beginning on page 96 of this proxy statement.

**Q: When do you expect the merger to be completed?**

A: We are working to complete the merger as soon as possible. The merger cannot be completed until each closing condition has been satisfied or, to the extent legally permitted, waived. While we cannot predict the exact timing of the effective time of the merger or whether the merger will be consummated, assuming timely satisfaction of necessary closing conditions and that MoneyGram provides certain required information in connection with the debt financing for the merger, we anticipate that the merger will be completed during the second half of 2017. If our stockholders vote to approve and adopt the merger agreement, the merger will become effective as promptly as practicable following the satisfaction or waiver of the other conditions to the merger. See the section entitled [The Merger Agreement Conditions to Completion of the Merger](#) beginning on page 95 of this proxy statement.

**Q: What happens if the merger is not completed?**

A: If the merger agreement is not approved and adopted by our stockholders or if the merger is not completed for any other reason, our stockholders will not receive any payment for their shares of our Common Stock in connection with the merger. Instead, we will remain an independent public company and our Common Stock will continue to be listed and traded on the NASDAQ. Under specified circumstances, we may be required to pay to Alipay a fee, or Alipay may be required to pay us a fee, with respect to the termination of the merger agreement as described under the section entitled [The Merger Agreement Termination Fees and Expenses](#) beginning on page 98 of this proxy statement.

**Q: What are the material U.S. federal income tax consequences of the merger to me?**

A: The receipt of cash in exchange for shares of our Common Stock pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes. Generally, you will recognize gain or loss equal to the difference between the amount of cash you receive and the adjusted tax basis of your shares of our Common Stock. If you are a U.S. holder (as defined in *The Merger Material United States Federal Income Tax Consequences of the Merger* ), you generally will be subject to U.S. federal income tax on any gain recognized in connection with the merger. If you are a non-U.S. holder, you generally will not be subject to U.S. federal income tax on any gain recognized in connection with the merger unless you have certain connections to the United States. The tax consequences of the merger to you will depend on your particular circumstances, and you should consult your own tax advisors to determine how the merger will affect you. For a more detailed summary of the tax consequences of the merger, see the section entitled *The Merger Material United States Federal Income Tax Consequences of the Merger* beginning on page 76 of this proxy statement.

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**Q: What will happen in the merger to stock options, restricted stock and other stock-based awards that have been granted to employees, officers and directors of MoneyGram?**

A: The merger agreement provides that each MoneyGram Option (whether or not vested) will be automatically terminated at the effective time of the merger and converted into the right to receive, less applicable withholding taxes, an amount in cash determined by multiplying (i) the excess, if any, of the merger consideration over the applicable exercise price per share of Common Stock subject to the MoneyGram Option by (ii) the number of shares of Common Stock (determined without reference to vesting requirements or other limitations on exercisability) issuable upon exercise of such MoneyGram Option and each MoneyGram RSU (other than any MoneyGram RSUs held by non-employee directors) shall be automatically converted into a cash-settled long-term incentive award, representing a right to receive an amount of cash, without interest, equal to the per share merger consideration, on the same vesting terms and conditions applicable to the MoneyGram RSU immediately before the effective time of the merger.

**Q: Do any of our directors or officers have interests in the merger that may differ from or be in addition to my interests as a stockholder?**

A: Yes. In considering the recommendation of our board of directors with respect to the approval and adoption of the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally. Our board of directors was aware of and considered these interests, among other matters, in making its determinations and recommendations in connection with the merger agreement and the transactions contemplated thereby. See the section entitled "The Merger Interests of MoneyGram's Executive Officers and Directors in the Merger" beginning on page 59 of this proxy statement.

**Q: When and where is the special meeting?**

A: The special meeting of our stockholders will be held on May 16, 2017, at 8 a.m. Central Time, at Vinson & Elkins, L.L.P., 39th Floor, Dallas, Texas 75201.

**Q: What vote is needed to approve and adopt the merger agreement?**

A: The affirmative vote of holders of at least a majority of the shares of our outstanding Common Stock entitled to vote as of the record date is required to approve and adopt the merger agreement. Goldman Sachs, the sole holder of Series D Preferred Stock has delivered its irrevocable consent to the merger and the treatment of the Series D Preferred Stock in the merger agreement. In addition, in connection with the signing of the merger agreement, we have also entered voting and support agreements whereby certain holders of our Common Stock who collectively hold, as of the record date, approximately 46% of our outstanding Common Stock have agreed to vote in favor of approving and adopting the merger agreement. However, in the event our board of directors changes its recommendation with respect to the merger (other than in connection with a third party acquisition proposal) in accordance with the terms of the merger agreement, the number of each stockholder's shares of Common Stock

subject to the voting and support agreement shall be reduced, pro rata, such that the aggregate amount of Common Stock subject to all of the voting and support agreements, taken together, equals 35% of the outstanding Common Stock of MoneyGram as of the record date for the special meeting called to approve and adopt the merger agreement. See the section entitled "The Voting and Support Agreements" beginning on page 103 of this proxy statement.

**Q: Why are we asking that our stockholders approve, on an advisory, non-binding basis, certain compensation arrangements for our named executive officers?**

A: The SEC rules require that we provide our stockholders with the opportunity to vote on this proposal. However, approval of this proposal is not a condition to completion of the merger, and the vote with respect to this proposal is only an advisory vote by stockholders. Accordingly, the vote will not be binding on us or



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Alipay, our or their board of directors or our compensation committee. If the merger is completed, the compensation that is the subject of the proposal may be paid to our named executive officers in accordance with the terms and conditions of their compensation agreements and arrangements even if our stockholders do not approve this proposal.

**Q: What vote is needed to approve the advisory, non-binding proposal relating to certain merger-related executive compensation arrangements for our named executive officers?**

A: The affirmative vote of a majority of the shares of our Common Stock present in person or represented by proxy at the special meeting and entitled to vote is required to approve the advisory, non-binding proposal relating to certain merger-related executive compensation arrangements for our named executive officers.

**Q: Am I entitled to rights of appraisal under the DGCL?**

A: If the merger is completed, stockholders who do not vote in favor of the approval and adoption of the merger agreement and who properly demand appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the DGCL. This means that holders of shares of our Common Stock are entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of the shares of Common Stock, exclusive of any elements of value arising from the accomplishment or expectation of the merger, together with interest on the amount determined to be fair value, if any, as determined by the court. Stockholders who wish to seek appraisal of their shares are in any case encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights due to the complexity of the appraisal process. The DGCL requirements for exercising appraisal rights are described in additional detail in this proxy statement, and the relevant section of the DGCL regarding appraisal rights is reproduced in Annex E to this proxy statement. See the section entitled *The Merger Appraisal Rights* beginning on page 70 of this proxy statement.

**Q: Who can vote at the special meeting?**

A: MoneyGram has two classes of capital stock outstanding: Common Stock and the Series D Preferred Stock. Stockholders of record of our Common Stock as of the close of business on April 7, 2017, the record date for the special meeting, are entitled to receive notice of the special meeting and vote their shares at the meeting. Each holder of Common Stock is entitled to one vote for each share of the Common Stock held on the record date for each of the proposals set forth in this proxy statement. There is no cumulative voting. Goldman Sachs, as the sole holder of Series D Preferred Stock, is not entitled to vote its shares of Series D Preferred Stock at the special meeting. In connection with the execution of the merger agreement, Goldman Sachs, as the sole holder of Series D Preferred Stock, delivered an irrevocable written consent approving the merger and the treatment of the Series D Preferred Stock in the merger agreement.