Non-GAAP Measures

Western Union's management believes the non-GAAP measures presented provide meaningful supplemental information regarding our operating results to assist management, investors, analysts, and others in understanding our financial results and to better analyze trends in our underlying business, because they provide consistency and comparability to prior periods. These non-GAAP measurements include revenue change constant currency adjusted, operating income margin excluding restructuring expenses, earnings per share and earnings per share change excluding restructuring expenses, earnings per share constant currency adjusted excluding restructuring expenses, consumer-to-consumer segment revenue change constant currency adjusted, international consumer-to-consumer revenue change constant currency adjusted, consumer-to-consumer cross-border principal constant currency adjusted, consumer-to-consumer principal per transaction constant currency adjusted, Global Business Payments revenue change excluding Custom House, Global Business Payments operating income margin excluding Custom House, cash flows from operations excluding refundable IRS tax deposit, 2010 revenue outlook constant currency adjusted, 2010 operating income margin outlook excluding restructuring expenses, 2010 earnings per share outlook excluding restructuring expenses and 2010 full year effective tax rate outlook excluding restructuring expenses.

A non-GAAP financial measure should not be considered in isolation or as a substitute for the most comparable GAAP financial measure. A non-GAAP financial measure reflects an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measure, provide a more complete understanding of our business. Users of the financial statements are encouraged to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. A reconciliation of non-GAAP measures to the most directly comparable GAAP financial measures is included below.

Reconciliation of Non-GAAP Measures

	2Q09	3Q09	4Q09	FY2009	1Q10	2Q10	YTD 2Q10
Consolidated Metrics							
Revenues, as reported (GAAP)	$ 1,254.3	$ 1,314.1	$ 1,314.0	$ 5,083.6	$ 1,232.7	$ 1,273.4	$ 2,506.1
Foreign currency translation impact (a)	60.1	31.1	(32.4)	119.5	(20.0)	16.1	(3.9)
Revenues, constant currency adjusted	$ 1,314.4	$ 1,345.2	$ 1,281.6	$ 5,203.1	$ 1,212.7	$ 1,289.5	$ 2,502.2
Reversal of Custom House revenues (e)	N/A	(7.9)	(22.9)	(30.8)	(25.6)	(28.5)	(54.1)
Revenues, constant currency adjusted, excluding Custom House	$ 1,314.4	$ 1,337.3	$ 1,258.7	$ 5,172.3	$ 1,187.1	$ 1,261.0	$ 2,448.1
Prior year revenues, as reported (GAAP)	$ 1,347.1	$ 1,377.4	$ 1,291.6	$ 5,282.0	$ 1,201.2	$ 1,254.3	$ 2,455.5
Revenue change, as reported (GAAP)	(7)%	(5)%	2 %	(4)%	3 %	2 %	2 %
Revenue change, constant currency adjusted	(2)%	(2)%	(1)%	(1)%	1 %	3 %	2 %
Revenue change, constant currency adjusted, excluding Custom House	(2)%	(3)%	(3)%	(2)%	(1)%	1 %	0 %
Operating income, as reported (GAAP)	$ 341.7	$ 281.5	$ 318.6	$ 1,282.7	$ 315.8	$ 311.0	$ 626.8
Reversal of settlement accrual (b)	N/A	71.0	N/A	71.0	N/A	N/A	N/A
Reversal of restructuring and related expenses (c)	N/A	N/A	N/A	N/A	N/A	34.5	34.5
Operating income, excluding settlement accrual and restructuring	$ 341.7	$ 352.5	$ 318.6	$ 1,353.7	$ 315.8	$ 345.5	$ 661.3
Operating income margin, as reported (GAAP)	27.2 %	21.4 %	24.2 %	25.2 %	25.6 %	24.4 %	25.0 %
Operating income margin, excluding settlement accrual and restructuring	N/A	26.8 %	N/A	26.6 %	N/A	27.1 %	26.4 %
Net income, as reported (GAAP)	$ 220.2	$ 181.0	$ 223.7	$ 848.8	$ 207.9	$ 221.0	$ 428.9
Foreign currency translation impact, net of income tax (a)	(4.2)	(12.0)	(0.5)	(7.4)	(0.7)	5.5	4.8
Reversal of settlement accrual, net of income tax benefit (b)	N/A	53.9	N/A	53.9	N/A	N/A	N/A
Reversal of restructuring and related expenses, net of income tax benefit (c)	N/A	N/A	N/A	N/A	N/A	22.4	22.4
Net income, constant currency, settlement accrual, and restructuring adjusted	$ 216.0	$ 222.9	$ 223.2	$ 895.3	$ 207.2	$ 248.9	$ 456.1
Diluted earnings per share ("EPS"), as reported (GAAP) ($ - dollars)	$ 0.31	$ 0.26	$ 0.32	$ 1.21	$ 0.30	$ 0.33	$ 0.63
Impact from restructuring and related expenses, net of income tax benefit (c) ($ - dollars)	N/A	N/A	N/A	N/A	N/A	0.03	0.04
Diluted EPS, restructuring adjusted ($ - dollars)	$ 0.31	$ 0.26	$ 0.32	$ 1.21	$ 0.30	$ 0.36	$ 0.67
Diluted EPS change, restructuring adjusted	N/A	N/A	N/A	N/A	N/A	16%	N/A
Foreign currency translation impact, net of income tax (a) ($ - dollars)	-	(0.01)	-	(0.01)	-	0.01	-
Impact from settlement accrual, net of tax benefit (b) ($ - dollars)	N/A	0.07	N/A	0.08	N/A	N/A	N/A
Diluted EPS, constant currency, settlement accrual, and restructuring adjusted ($ - dollars)	$ 0.31	$ 0.32	$ 0.32	$ 1.28	$ 0.30	$ 0.37	$ 0.67
Diluted weighted-average shares outstanding ($ - dollars)	702.7	701.6	693.2	701.0	684.2	671.6	677.9
Cash flows from operations, as reported	$ 249.7	$ 351.7	$ 260.1	$ 1,218.1	$ 74.4	$ 251.7	$ 326.1
Reversal of refundable IRS tax deposit (d)	N/A	N/A	N/A	N/A	250.0	N/A	250.0
Cash flows from operations, tax deposit adjusted	$ 249.7	$ 351.7	$ 260.1	$ 1,218.1	$ 324.4	$ 251.7	$ 576.1

Reconciliation of Non-GAAP Measures

	2Q09	3Q09	4Q09	FY2009	1Q10	2Q10	YTD 2Q10
Consumer-to-Consumer Segment							
Revenues, as reported (GAAP)	$ 1,065.5	$ 1,117.8	$ 1,113.7	$ 4,300.7	$ 1,030.2	$ 1,073.1	$ 2,103.3
Foreign currency translation impact (a)	55.2	24.4	(36.2)	101.3	(21.9)	15.0	(6.9)
Revenues, constant currency adjusted	$ 1,120.7	$ 1,142.2	$ 1,077.5	$ 4,402.0	$ 1,008.3	$ 1,088.1	$ 2,096.4
Prior year revenues, as reported (GAAP)	$ 1,145.4	$ 1,178.1	$ 1,094.3	$ 4,471.6	$ 1,003.7	$ 1,065.5	$ 2,069.2
Revenue change, as reported (GAAP)	(7)%	(5)%	2 %	(4)%	3 %	1 %	2 %
Revenue change, constant currency adjusted	(2)%	(3)%	(2)%	(2)%	0 %	2 %	1 %
Principal per transaction, as reported ($ - dollars)	$ 358	$ 371	$ 365	$ 363	$ 357	$ 351	$ 354
Foreign currency translation impact (a) ($ - dollars)	24	12	(14)	12	(11)	2	(5)
Principal per transaction, constant currency adjusted ($ - dollars)	$ 382	$ 383	$ 351	$ 375	$ 346	$ 353	$ 349
Prior year principal per transaction, as reported ($ - dollars)	$ 402	$ 401	$ 372	$ 392	$ 358	$ 358	$ 358
Principal per transaction change, as reported	(11)%	(7)%	(2)%	(7)%	0 %	(2)%	(1)%
Principal per transaction change, constant currency adjusted	(5)%	(4)%	(6)%	(5)%	(3)%	(2)%	(2)%
Cross-border principal, as reported ($ - billions)	$ 15.9	$ 17.0	$ 17.1	$ 65.0	$ 16.1	$ 16.8	$ 32.9
Foreign currency translation impact (a) ($ - billions)	1.1	0.5	(0.7)	2.0	(0.5)	0.1	(0.4)
Cross-border principal, constant currency adjusted ($ - billions)	$ 17.0	$ 17.5	$ 16.4	$ 67.0	$ 15.6	$ 16.9	$ 32.5
Prior year cross-border principal, as reported ($ - billions)	$ 17.2	$ 17.8	$ 16.6	$ 67.1	$ 15.0	$ 15.9	$ 30.9
Cross-border principal change, as reported	(8)%	(5)%	3 %	(3)%	7 %	6 %	6 %
Cross-border principal change, constant currency adjusted	(1)%	(1)%	(1)%	0 %	4 %	7 %	5 %
International revenues, as reported (GAAP)	$ 875.0	$ 926.5	$ 943.4	$ 3,559.7	$ 862.0	$ 890.8	$ 1,752.8
Foreign currency translation impact (a)	53.5	22.6	(35.8)	96.0	(20.8)	15.7	(5.1)
International revenues, constant currency adjusted	$ 928.5	$ 949.1	$ 907.6	$ 3,655.7	$ 841.2	$ 906.5	$ 1,747.7
Prior year international revenues, as reported (GAAP)	$ 919.5	$ 950.6	$ 891.2	$ 3,605.1	$ 814.8	$ 875.0	$ 1,689.8
International revenue change, as reported (GAAP)	(5)%	(3)%	6 %	(1)%	6 %	2 %	4 %
International revenue change, constant currency adjusted	1 %	0 %	2 %	1 %	3 %	4 %	3 %

Reconciliation of Non-GAAP Measures

	2Q09	3Q09	4Q09	FY2009	1Q10	2Q10	YTD 2Q10
Global Business Payments Segment							
Revenues, as reported (GAAP)	$ 164.4	$ 171.3	$ 181.8	$ 691.7	$ 181.8	$ 179.3	$ 361.1
Reversal of Custom House revenues (e)	N/A	(7.9)	(22.9)	(30.8)	(25.6)	(28.5)	(54.1)
Revenues, excluding Custom House	$ 164.4	$ 163.4	$ 158.9	$ 660.9	$ 156.2	$ 150.8	$ 307.0
Prior year revenues, as reported (GAAP)	$ 179.4	$ 176.4	$ 174.2	$ 719.8	$ 174.2	$ 164.4	$ 338.6
Revenue change, as reported (GAAP)	(8)%	(3)%	4 %	(4)%	4 %	9 %	7 %
Revenue change, excluding Custom House	N/A	(7)%	(9)%	(8)%	(10)%	(8)%	(9)%
Operating income, as reported (GAAP)	$ 44.1	$ 41.6	$ 35.7	$ 171.9	$ 37.6	$ 33.8	$ 71.4
Reversal of Custom House operating loss (e)	N/A	1.3	4.9	6.2	3.1	4.6	7.7
Operating income, excluding Custom House	$ 44.1	$ 42.9	$ 40.6	$ 178.1	$ 40.7	$ 38.4	$ 79.1
Operating income margin, as reported (GAAP)	26.8 %	24.3 %	19.6 %	24.9 %	20.7 %	18.9 %	19.8 %
Operating income margin, excluding Custom House	N/A	26.3 %	25.5 %	26.9 %	26.1 %	25.5 %	25.8 %

Reconciliation of Non-GAAP Measures

2010 Revenue Outlook	Range	
Revenue change (GAAP)	(2)%	1 %
Foreign currency translation impact (f)	2 %	2 %
Revenue change, constant currency adjusted	0 %	3 %

2010 Operating Income Margin Outlook	Range	
Operating income margin (GAAP)	24.5%	25.0%
Impact from restructuring and related expenses (c)	1.5%	1.5%
Operating income margin, restructuring adjusted	26.0%	26.5%

2010 EPS Outlook	Range	
EPS guidance (GAAP) ($ - dollars)	$1.24	$1.29
Impact from restructuring and related expenses, net of income tax benefit (c) ($ - dollars)	0.07	0.07
EPS guidance, restructuring adjusted ($ - dollars)	$1.31	$1.36

2010 Full Year Effective Tax Rate Outlook	Range	
Full year effective tax rate (GAAP)	22.5%	23.5%
Impact from restructuring and related expenses, net of income tax benefit (c)	0.5%	0.5%
Full year effective tax rate, restructuring adjusted	23.0%	24.0%

Footnote explanations

(a) Represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the United States dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the United States dollar, net of foreign currency hedges, which would not have occurred if there had been a constant exchange rate. In addition, to compute constant currency earnings per share, the Company assumes the impact of fluctuations in foreign currency derivatives not designated as hedges and the portion of fair value that is excluded from the measure of effectiveness for those contracts designated as hedges was consistent with the prior year.

(b) Accrual for an agreement to resolve the Company's disputes with the State of Arizona and certain other states and to fund a multi-state not-for-profit organization focused on border safety and security ("settlement accrual"). This item has been included in the selling, general and administrative expense line of the consolidated statements of income, and was not allocated to the segments.

(c) Restructuring and related expenses consist of direct and incremental costs associated with restructuring and related activities, including severance, outplacement and other employee related benefits; facility closure and migration of our IT infrastructure; other expenses related to relocation of various operations to new or existing Company facilities and third-party providers, including hiring, training, relocation, travel, and professional fees. Also included in the facility closure expenses are non-cash expenses related to fixed asset and leasehold improvement write-offs and acceleration of depreciation. For purposes of calculating the adjusted non-GAAP 2010 earnings per share and full year effective tax rate outlook, the estimated 2010 restructuring and related expenses are net of an estimated income tax benefit of $22 million. Restructuring and related expenses were not allocated to the segments.

(d) The Company made a $250 million refundable tax deposit with the IRS in first quarter 2010.

(e) Represents the incremental impact from the acquisition of Custom House on consolidated revenue, Global Business Payments segment revenue and Global Business Payments segment operating income.

(f) Represents the estimated impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the United States dollar. Constant currency results exclude any estimated benefit or loss caused by foreign exchange fluctuations between foreign currencies and the United States dollar, net of foreign currency hedges, which would not have occurred if there had been a constant exchange rate. In addition, to compute constant currency earnings per share, the Company assumes the estimated impact of fluctuations in foreign currency derivatives not designated as hedges and the portion of fair value that is excluded from the measure of effectiveness for those contracts designated as hedges is consistent with the prior year.