Non-GAAP Measures

Western Union's management believes the non-GAAP financial 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 financial measures include revenue change excluding TGBP, revenue change constant currency adjusted, revenue change currency adjusted and excluding TGBP, operating income margin excluding restructuring, operating income margin excluding restructuring and TGBP integration expense, EBITDA margin excluding restructuring and TGBP integration expense, earnings per share restructuring adjusted, earnings per share restructuring and IRS agreement adjusted, consumer-to-consumer segment revenue change constant currency adjusted, principal per transaction change constant currency adjusted, cross-border principal change constant currency adjusted, international revenue change constant currency adjusted, international principal per transaction change constant currency adjusted, effective tax rate restructuring and IRS agreement adjusted, 2012 revenue change outlook constant currency adjusted, 2012 operating income margin outlook TGBP integration expense adjusted, 2012 EBITDA margin outlook TGBP integration expense adjusted, 2012 earnings per share outlook TGBP integration expense adjusted, and 2012 operating cash flow outlook IRS agreement adjusted.

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 financial measures financial to the most directly comparable GAAP financial measures is included below.

Reconciliation of Non-GAAP Measures

	4Q10	FY2010	1Q11	2Q11	3Q11	4Q11	FY2011
Consolidated Metrics							
Revenues, as reported (GAAP)	$ 1,357.0	$ 5,192.7	$ 1,283.0	$ 1,366.3	$ 1,410.8	$ 1,431.3	$ 5,491.4
Reversal of TGBP revenues, including foreign currency translation impact (a)	N/A	N/A	N/A	N/A	N/A	(35.2)	(35.2)
Foreign currency translation impact (b)	18.5	36.8	2.3	(32.5)	(18.2)	10.4	(38.0)
Revenues, constant currency adjusted, excl. TGBP	$ 1,375.5	$ 5,229.5	$ 1,285.3	$ 1,333.8	$ 1,392.6	$ 1,406.5	$ 5,418.2
Prior year revenues, as reported (GAAP)	$ 1,314.0	$ 5,083.6	$ 1,232.7	$ 1,273.4	$ 1,329.6	$ 1,357.0	$ 5,192.7
Revenue change, as reported (GAAP)	3 %	2 %	4 %	7 %	6 %	5 %	6 %
Revenue change, excl. TGBP	N/A	N/A	N/A	N/A	N/A	3 %	5 %
Revenue change, constant currency adjusted	5 %	3 %	4 %	5 %	5 %	6 %	5 %
Revenue change, constant currency adjusted, excl. TGBP	N/A	N/A	N/A	N/A	N/A	4 %	4 %
Operating income, as reported (GAAP)	$ 322.1	$ 1,300.1	$ 312.9	$ 350.7	$ 363.0	$ 358.4	$ 1,385.0
Reversal of restructuring and related expenses (c)	11.0	59.5	24.0	8.9	13.9	-	46.8
Reversal of TGBP intergration expense (g)	N/A	N/A	N/A	N/A	N/A	4.8	4.8
Operating income, excl. restructuring and TGBP integration expense	$ 333.1	$ 1,359.6	$ 336.9	$ 359.6	$ 376.9	$ 363.2	$ 1,436.6
Operating income margin, as reported (GAAP)	23.7 %	25.0 %	24.4 %	25.7 %	25.7 %	25.0 %	25.2 %
Operating income margin, excl. restructuring	24.5 %	26.2 %	26.3 %	26.3 %	26.7 %	25.0 %	26.1 %
Operating income margin, excl. restructuring and TGBP integration expense	N/A	N/A	N/A	N/A	N/A	25.4 %	26.2 %
Operating income, as reported (GAAP)	$ 322.1	$ 1,300.1	$ 312.9	$ 350.7	$ 363.0	$ 358.4	$ 1,385.0
Reversal of depreciation and amortization (d)	45.4	175.9	44.7	46.6	45.9	55.4	192.6
EBITDA (d)	$ 367.5	$ 1,476.0	$ 357.6	$ 397.3	$ 408.9	$ 413.8	$ 1,577.6
Reversal of restructuring and related expenses excluding accelerated depreciation (c)	10.5	58.6	23.4	8.2	13.9	-	45.5
Reversal of TGBP intergration expense (g)	N/A	N/A	N/A	N/A	N/A	4.8	4.8
EBIDTA, excl. restructuring and TGBP integration expense	$ 378.0	$ 1,534.6	$ 381.0	$ 405.5	$ 422.8	$ 418.6	$ 1,627.9
EBIDTA margin	27.1 %	28.4 %	27.9 %	29.1 %	29.0 %	28.9 %	28.7%
EBIDTA margin, excl. restructuring and TGBP integration expense	27.9 %	29.6 %	29.7 %	29.7 %	30.0 %	29.2 %	29.6%
Net income, as reported (GAAP)	$ 242.6	$ 909.9	$ 210.2	$ 263.2	$ 239.7	$ 452.3	$ 1,165.4
Reversal of restructuring and related expenses, net of income tax benefit (c)	7.4	39.3	16.4	5.9	9.7	-	32.0
Net income, restructuring adjusted	$ 250.0	$ 949.2	$ 226.6	$ 269.1	$ 249.4	$ 452.3	$ 1,197.4
Reversal of IRS agreement tax provision benefit (e)	N/A	N/A	N/A	N/A	N/A	(204.7)	(204.7)
Net income, restructuring and IRS agreement adjusted	$ 250.0	$ 949.2	$ 226.6	$ 269.1	$ 249.4	$ 247.6	$ 992.7
Reversal of TGBP integration expense, net of income tax benefit (g)	N/A	N/A	N/A	N/A	N/A	3.1	3.1
Net income, restructuring, IRS agreement and TGBP integration expense adjusted	$ 250.0	$ 949.2	$ 226.6	$ 269.1	$ 249.4	$ 250.7	$ 995.8
Diluted earnings per share ("EPS"), as reported (GAAP) ($ - dollars)	$ 0.37	$ 1.36	$ 0.32	$ 0.41	$ 0.38	$ 0.73	$ 1.84
Impact from restructuring and related expenses, net of income tax benefit (c) ($ - dollars)	0.01	0.06	0.03	0.01	0.02	-	0.05
Diluted EPS, restructuring adjusted ($ - dollars)	$ 0.38	$ 1.42	$ 0.35	$ 0.42	$ 0.40	$ 0.73	$ 1.89
Impact from IRS agreement tax provision benefit (e) ($ - dollars)	N/A	N/A	N/A	N/A	N/A	(0.33)	(0.32)
Diluted EPS, restructuring and IRS agreement adjusted ($ - dollars)	$ 0.38	$ 1.42	$ 0.35	$ 0.42	$ 0.40	$ 0.40	$ 1.57
Impact from TGBP integration expense, net of income tax benefit (g) ($ - dollars)	N/A	N/A	N/A	N/A	N/A	-	-
Diluted EPS, restructuring, IRS agreement and TGBP integration expense adjusted ($ - dollars)	$ 0.38	$ 1.42	$ 0.35	$ 0.42	$ 0.40	$ 0.40	$ 1.57
Diluted weighted-average shares outstanding	658.4	668.9	652.1	635.8	627.1	621.7	634.2

Reconciliation of Non-GAAP Measures

	4Q10	FY2010	1Q11	2Q11	3Q11	4Q11	FY2011
Consumer-to-Consumer Segment							
Revenues, as reported (GAAP)	$ 1,151.8	$ 4,383.4	$ 1,078.1	$ 1,155.1	$ 1,193.3	$ 1,181.9	$ 4,608.4
Foreign currency translation impact (b)	18.0	32.3	2.2	(31.4)	(17.9)	8.0	(39.1)
Revenues, constant currency adjusted	$ 1,169.8	$ 4,415.7	$ 1,080.3	$ 1,123.7	$ 1,175.4	$ 1,189.9	$ 4,569.3
Prior year revenues, as reported (GAAP)	$ 1,113.7	$ 4,300.7	$ 1,030.2	$ 1,073.1	$ 1,128.3	$ 1,151.8	$ 4,383.4
Revenue change, as reported (GAAP)	3 %	2 %	5 %	8 %	6 %	3 %	5 %
Revenue change, constant currency adjusted	5 %	3 %	5 %	5 %	4 %	3 %	4 %
Principal per transaction, as reported ($ - dollars)	$ 356	$ 355	$ 360	$ 365	$ 366	$ 349	$ 360
Foreign currency translation impact (b) ($ - dollars)	5	1	(1)	(14)	(11)	2	(6)
Principal per transaction, constant currency adjusted ($ - dollars)	$ 361	$ 356	$ 359	$ 351	$ 355	$ 351	$ 354
Prior year principal per transaction, as reported ($ - dollars)	$ 365	$ 363	$ 357	$ 351	$ 355	$ 356	$ 355
Principal per transaction change, as reported	(3)%	(2)%	1 %	4 %	3 %	(2)%	1 %
Principal per transaction change, constant currency adjusted	(1)%	(2)%	1 %	0 %	0 %	(1)%	0 %
Cross-border principal, as reported ($ - billions)	$ 18.1	$ 68.6	$ 17.1	$ 18.6	$ 19.0	$ 18.5	$ 73.2
Foreign currency translation impact (b) ($ - billions)	0.3	0.3	-	(0.8)	(0.6)	0.2	(1.2)
Cross-border principal, constant currency adjusted ($ - billions)	$ 18.4	$ 68.9	$ 17.1	$ 17.8	$ 18.4	$ 18.7	$ 72.0
Prior year cross-border principal, as reported ($ - billions)	$ 17.1	$ 65.0	$ 16.1	$ 16.8	$ 17.6	$ 18.1	$ 68.6
Cross-border principal change, as reported	6 %	6 %	7 %	10 %	8 %	2 %	7 %
Cross-border principal change, constant currency adjusted	7 %	6 %	6 %	6 %	5 %	3 %	5 %
International revenues, as reported (GAAP)	$ 972.4	$ 3,669.2	$ 901.7	$ 962.9	$ 995.7	$ 995.5	$ 3,855.8
Foreign currency translation impact (b)	18.4	35.0	2.6	(30.7)	(17.4)	7.5	(38.0)
International revenues, constant currency adjusted	$ 990.8	$ 3,704.2	$ 904.3	$ 932.2	$ 978.3	$ 1,003.0	$ 3,817.8
Prior year international revenues, as reported (GAAP)	$ 943.4	$ 3,559.7	$ 862.0	$ 890.8	$ 944.0	$ 972.4	$ 3,669.2
International revenue change, as reported (GAAP)	3 %	3 %	5 %	8 %	5 %	2 %	5 %
International revenue change, constant currency adjusted	5 %	4 %	5 %	5 %	4 %	3 %	4 %
International principal per transaction, as reported ($ - dollars)	$ 386	$ 382	$ 390	$ 399	$ 401	$ 381	$ 393
Foreign currency translation impact (b) ($ - dollars)	7	2	(2)	(18)	(13)	3	(8)
International principal per transaction, constant currency adjusted ($ - dollars)	$ 393	$ 384	$ 388	$ 381	$ 388	$ 384	$ 385
Prior year international principal per transaction, as reported ($ - dollars)	$ 390	$ 386	$ 381	$ 376	$ 384	$ 386	$ 382
International principal per transaction change, as reported	(1)%	(1)%	2 %	6 %	4 %	(1)%	3 %
International principal per transaction change, constant currency adjusted	1 %	(1)%	2 %	1 %	1 %	(1)%	1 %

Reconciliation of Non-GAAP Measures

2011 Effective Tax Rate	4Q11	FY2011
Effective tax rate, as reported (GAAP)	(28.3)%	8.6 %
IRS agreement tax provision benefit impact (e)	58.1%	16.1%
Restructuring and related expenses, net of income tax benefit impact (c)	N/A	0.2%
Effective tax rate, restructuring and IRS agreement adjusted	29.8%	24.9%

2012 Outlook Metrics

	Range	
Revenue change (GAAP)	4 %	6 %
Foreign currency translation impact (f)	2 %	2 %
Revenue change, constant currency adjusted	6 %	8 %

Operating income margin (GAAP)	25 %
TGBP intergration expense impact (g)	1 %
Operating income margin, TGBP integration expense adjusted	26 %

Operating income margin (GAAP)	25 %
Depreciation and amortization impact (d)	4 %
EBITDA margin (d)	29 %
TGBP integration expense impact (g)	1 %
EBITDA margin, TGBP integration expense adjusted	30 %

	Range	
EPS guidance (GAAP) ($ - dollars)	$ 1.65	$ 1.70
TGBP integration expense impact, net of tax benefit (g) ($ - dollars)	0.05	0.05
EPS guidance, TGBP integration expense adjusted ($ - dollars)	$ 1.70	$ 1.75

	Range	
Operating cash flow (GAAP) ($ - billions)	$ 1.0	$ 1.1
IRS agreement impact (e) ($ - billions)	0.2	0.2
Operating cash flow, IRS agreement adjusted ($ - billions)	$ 1.2	$ 1.3

Footnote explanations

Non-GAAP related notes:

(a) Represents the incremental impact, including the impact from fluctuations in exchange rates, when applicable, of Travelex Global Business Payments ("TGBP") on consolidated revenue.

(b) 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.

(c) Restructuring and related expenses consist of direct and incremental expenses including the impact from fluctuations in exchange rates associated with restructuring and related activities, consisting of severance, outplacement and other related benefits; facility closure and migration of the Company's IT infrastructure; and other expenses related to the 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 the acceleration of depreciation and amortization. Restructuring and related expenses were not allocated to the segments.

(d) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) results from taking operating income and adjusting for depreciation and amortization expenses. EBITDA results provide an additional performance measurement calculation which helps neutralize the income statement effect of assets acquired in prior periods.

(e) Represents the impact from the one-time tax benefit due to the agreement with the IRS resolving issues related to the restructuring of our international operations in 2003 of $204.7 million. Additionally, represents the impact of the anticipated tax payments in 2012 of approximately $200 million primarily related to the agreement with the IRS discussed above.

(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.

(g) Travelex Global Business Payments integration expense consists primarily of severance and other benefits, retention, direct and incremental expense consisting of facility relocation, consolidation and closures; IT systems integration; and other expenses such as training, travel and professional fees. Integration expense does not include costs related to the completion of the Travelex Global Business Payments acquisition.