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 constant currency adjusted; pro forma revenue change TGBP and constant currency adjusted; operating income margin excluding restructuring and TGBP integration expense; EBITDA margin excluding restructuring and TGBP integration expense; earnings per share adjusted for restructuring, the IRS Agreement and TGBP integration expense; Consumer-to-Consumer segment revenue change constant currency adjusted; Consumer-to-Consumer segment principal per transaction change constant currency adjusted; Consumer-to-Consumer segment cross-border principal change constant currency adjusted; Consumer-to-Business segment revenue change constant currency adjusted; Business Solutions segment pro forma revenue change TGBP and constant currency adjusted; 2013 EBITDA margin outlook; and 2013 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 to the most directly comparable GAAP financial measures is included below.

All adjusted year-over-year changes were calculated using prior year reported amounts, unless indicated otherwise. Amounts included below are in millions, unless indicated otherwise.

Reconciliation of Non-GAAP Measures

	4Q11	FY2011	1Q12	2Q12	3Q12	4Q12	FY2012
Consolidated Metrics							
Revenues, as reported (GAAP)	$ 1,431.3	$ 5,491.4	$ 1,393.4	$ 1,425.1	$ 1,421.6	$ 1,424.7	$ 5,664.8
Foreign currency translation impact (a)	10.4	(38.0)	8.1	34.6	37.7	13.4	93.8
Revenues, constant currency adjusted	$ 1,441.7	$ 5,453.4	$ 1,401.5	$ 1,459.7	$ 1,459.3	$ 1,438.1	$ 5,758.6
Prior year 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
Pro forma prior year revenues, TGBP adjusted (b)	N/A	N/A	$ 1,338.0	$ 1,426.0	$ 1,474.8	$ 1,456.2	$ 5,695.0
Revenue change, as reported (GAAP)	5 %	6 %	9 %	4 %	1 %	0 %	3 %
Revenue change, constant currency adjusted	6 %	5 %	9 %	7 %	3 %	0 %	5 %
Pro forma revenue change, TGBP adjusted	N/A	N/A	4 %	0 %	(4)%	(2)%	(1)%
Pro forma revenue change, TGBP and constant currency adjusted (a)	N/A	N/A	5 %	2 %	(1)%	(1)%	1 %
Operating income, as reported (GAAP)	$ 358.4	$ 1,385.0	$ 332.5	$ 345.9	$ 365.6	$ 286.0	$ 1,330.0
Reversal of restructuring and related expenses (c)	-	46.8	N/A	N/A	N/A	N/A	N/A
Reversal of TGBP integration expense (d)	4.8	4.8	6.4	14.5	10.3	11.6	42.8
Operating income, excl. restructuring and TGBP integration expense	$ 363.2	$ 1,436.6	$ 338.9	$ 360.4	$ 375.9	$ 297.6	$ 1,372.8
Operating income margin, as reported (GAAP)	25.0 %	25.2 %	23.9 %	24.3 %	25.7 %	20.1 %	23.5 %
Operating income margin, excl. restructuring	25.0 %	26.1 %	23.9 %	24.3 %	25.7 %	20.1 %	23.5 %
Operating income margin, excl. restructuring and TGBP integration expense	25.4 %	26.2 %	24.3 %	25.3 %	26.4 %	20.9 %	24.2 %
Operating income, as reported (GAAP)	$ 358.4	$ 1,385.0	$ 332.5	$ 345.9	$ 365.6	$ 286.0	$ 1,330.0
Reversal of depreciation and amortization (e)	55.4	192.6	63.9	59.0	61.2	62.0	246.1
EBITDA (e)	$ 413.8	$ 1,577.6	$ 396.4	$ 404.9	$ 426.8	$ 348.0	$ 1,576.1
Reversal of restructuring and related expenses (c)	-	45.5	N/A	N/A	N/A	N/A	N/A
Reversal of TGBP integration expense excluding trademark amortization (d)	4.8	4.8	6.4	13.0	9.5	11.4	40.3
EBITDA, excl. restructuring and TGBP integration expense	$ 418.6	$ 1,627.9	$ 402.8	$ 417.9	$ 436.3	$ 359.4	$ 1,616.4
EBITDA margin	28.9 %	28.7%	28.4 %	28.4 %	30.0 %	24.4 %	27.8 %
EBITDA margin, excl. restructuring and TGBP integration expense	29.2 %	29.6%	28.9 %	29.3 %	30.7 %	25.2 %	28.5 %
Net income, as reported (GAAP)	$ 452.3	$ 1,165.4	$ 247.3	$ 271.2	$ 269.5	$ 237.9	$ 1,025.9
Reversal of restructuring and related expenses, net of income tax benefit (c)	-	32.0	N/A	N/A	N/A	N/A	N/A
Net income, restructuring adjusted	$ 452.3	$ 1,197.4	$ 247.3	$ 271.2	$ 269.5	$ 237.9	$ 1,025.9
Reversal of IRS Agreement tax provision benefit (f)	(204.7)	(204.7)	N/A	N/A	N/A	N/A	N/A
Net income, restructuring and IRS Agreement adjusted	$ 247.6	$ 992.7	$ 247.3	$ 271.2	$ 269.5	$ 237.9	$ 1,025.9
Reversal of TGBP integration expense, net of income tax benefit (d)	3.1	3.1	4.3	10.2	6.9	9.3	30.7
Net income, restructuring, IRS Agreement and TGBP integration expense adjusted	$ 250.7	$ 995.8	$ 251.6	$ 281.4	$ 276.4	$ 247.2	$ 1,056.6
Diluted earnings per share ("EPS"), as reported (GAAP) ($ - dollars)	$ 0.73	$ 1.84	$ 0.40	$ 0.44	$ 0.45	$ 0.40	$ 1.69
Impact from restructuring and related expenses, net of income tax benefit (c) ($ - dollars)	-	0.05	N/A	N/A	N/A	N/A	N/A
Diluted EPS, restructuring adjusted ($ - dollars)	$ 0.73	$ 1.89	$ 0.40	$ 0.44	$ 0.45	$ 0.40	$ 1.69
Impact from IRS Agreement tax provision benefit (f) ($ - dollars)	(0.33)	(0.32)	N/A	N/A	N/A	N/A	N/A
Diluted EPS, restructuring and IRS Agreement adjusted ($ - dollars)	$ 0.40	$ 1.57	$ 0.40	$ 0.44	$ 0.45	$ 0.40	$ 1.69
Impact from TGBP integration expense, net of income tax benefit (d) ($ - dollars)	-	-	-	0.02	0.01	0.02	0.05
Diluted EPS, restructuring, IRS Agreement and TGBP integration expense adjusted ($ - dollars)	$ 0.40	$ 1.57	$ 0.40	$ 0.46	$ 0.46	$ 0.42	$ 1.74
Diluted weighted-average shares outstanding	621.7	634.2	621.9	613.1	604.2	590.2	607.4

Reconciliation of Non-GAAP Measures

	4Q11	FY2011	1Q12	2Q12	3Q12	4Q12	FY2012
Consumer-to-Consumer Segment							
Revenues, as reported (GAAP)	$ 1,181.9	$ 4,608.4	$ 1,124.6	$ 1,155.0	$ 1,151.5	$ 1,153.2	$ 4,584.3
Foreign currency translation impact (a)	8.0	(39.1)	5.2	30.1	32.8	9.5	77.6
Revenues, constant currency adjusted	$ 1,189.9	$ 4,569.3	$ 1,129.8	$ 1,185.1	$ 1,184.3	$ 1,162.7	$ 4,661.9
Prior year 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
Revenue change, as reported (GAAP)	3 %	5 %	4 %	0 %	(4)%	(2)%	(1)%
Revenue change, constant currency adjusted	3 %	4 %	5 %	3 %	(1)%	(2)%	1 %
Principal per transaction, as reported ($ - dollars)	$ 349	$ 360	$ 346	$ 344	$ 342	$ 341	$ 343
Foreign currency translation impact (a) ($ - dollars)	2	(6)	3	11	12	2	8
Principal per transaction, constant currency adjusted ($ - dollars)	$ 351	$ 354	$ 349	$ 355	$ 354	$ 343	$ 351
Prior year principal per transaction, as reported ($ - dollars)	$ 356	$ 355	$ 360	$ 365	$ 366	$ 349	$ 360
Principal per transaction change, as reported	(2)%	1 %	(4)%	(6)%	(6)%	(2)%	(5)%
Principal per transaction change, constant currency adjusted	(1)%	0 %	(3)%	(3)%	(3)%	(2)%	(3)%
Cross-border principal, as reported ($ - billions)	$ 18.5	$ 73.2	$ 17.5	$ 18.2	$ 17.6	$ 18.0	$ 71.3
Foreign currency translation impact (a) ($ - billions)	0.2	(1.2)	0.2	0.6	0.7	0.1	1.6
Cross-border principal, constant currency adjusted ($ - billions)	$ 18.7	$ 72.0	$ 17.7	$ 18.8	$ 18.3	$ 18.1	$ 72.9
Prior year cross-border principal, as reported ($ - billions)	$ 18.1	$ 68.6	$ 17.1	$ 18.6	$ 19.0	$ 18.5	$ 73.2
Cross-border principal change, as reported	2 %	7 %	2 %	(2)%	(7)%	(3)%	(3)%
Cross-border principal change, constant currency adjusted	3 %	5 %	3 %	1 %	(4)%	(2)%	0 %
Consumer-to-Business Segment							
Revenues, as reported (GAAP)	$ 153.9	$ 615.9	$ 155.1	$ 149.4	$ 147.3	$ 152.1	$ 603.9
Foreign currency translation impact (a)	2.5	6.4	2.9	3.5	4.2	4.9	15.5
Revenues, constant currency adjusted	$ 156.4	$ 622.3	$ 158.0	$ 152.9	$ 151.5	$ 157.0	$ 619.4
Prior year revenues, as reported (GAAP)	N/A	$ 610.7	$ 153.2	$ 153.5	$ 155.3	$ 153.9	$ 615.9
Revenue change, as reported (GAAP)	2 %	1 %	1 %	(3)%	(5)%	(1)%	(2)%
Revenue change, constant currency adjusted	3 %	2 %	3 %	0 %	(2)%	2 %	1 %
Business Solutions Segment							
Revenues, as reported (GAAP)	$ 68.2	$ 161.1	$ 86.9	$ 92.5	$ 95.4	$ 92.6	$ 367.4
Foreign currency translation impact (a)	(0.1)	(5.7)	(0.1)	0.9	0.6	(1.0)	0.4
Revenues, constant currency adjusted	$ 68.1	$ 155.4	$ 86.8	$ 93.4	$ 96.0	$ 91.6	$ 367.8
Prior year revenues, as reported (GAAP)	N/A	$ 106.7	$ 27.9	$ 31.4	$ 33.6	$ 68.2	$ 161.1
Pro forma prior year revenues, TGBP adjusted (b)	N/A	N/A	$ 82.9	$ 91.1	$ 97.6	$ 93.1	$ 364.7
Revenue change, as reported (GAAP)	**	**	**	**	**	**	**
Revenue change, constant currency adjusted	**	**	**	**	**	**	**
Pro forma revenue change, TGBP adjusted	N/A	N/A	5 %	2 %	(2)%	(1)%	1 %
Pro forma revenue change, TGBP and constant currency adjusted (a)	N/A	N/A	4 %	4 %	0 %	(2)%	2 %

** Calculation of growth percentage is not meaningful due to the impact of the TGBP acquisition in November 2011.

Reconciliation of Non-GAAP Measures

2013 Outlook Metrics		
Operating income margin (GAAP)		20.0 %
Depreciation and amortization impact		4.5 %
EBITDA margin (e)		24.5 %
Operating cash flow (GAAP)	$	900
Payments on IRS Agreement (f)		100
Operating cash flow, IRS Agreement adjusted	$	1,000

Footnote explanations

Non-GAAP related notes:

(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 pro forma calculations, also includes the currency impact of $0.3 million and $(2.6) million for the three and twelve months ended December 31, 2012, respectively, associated with the acquisition of Travelex Global Business Payments ("TGBP").

(b) Represents the pro forma incremental impact of TGBP on Consolidated and Business Solutions segment revenues. Pro forma revenues presents the results of operations of the Company and its Business Solutions segment as they may have appeared had the acquisition of TGBP occurred as of January 1, 2011. The pro forma information is provided for illustrative purposes only and does not purport to present what the actual results of operations would have been had the acquisition actually occurred on the date indicated. The results of operations for TGBP have been included in Consolidated and Business Solutions segment revenues from November 7, 2011, the date of acquisition.

(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) TGBP integration expense consists primarily of severance and other benefits, retention, direct and incremental expense consisting of facility relocation, consolidation and closures; IT systems integration; amortization of a transitional trademark license; and other expenses such as training, travel and professional fees. Integration expense does not include costs related to the completion of the TGBP acquisition.

(e) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) results from taking operating income and adjusting for depreciation and amortization expenses.

(f) Represents the impact from the tax benefit in December 2011 due to the agreement with the IRS resolving substantially all issues related to the restructuring of our international operations in 2003 of $204.7 million. The Company made tax payments of $92.4 million through the fourth quarter of 2012 and expects to make the majority of the remaining tax payments of approximately $100 million in 2013.