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; EBITDA margin; 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 revenue change constant currency adjusted; and 2014 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. Amounts included below are in millions, unless indicated otherwise.

Reconciliation of Non-GAAP Measures

	1Q13	2Q13	3Q13	4Q13	FY2013	1Q14
Consolidated Metrics						
Revenues, as reported (GAAP)	$ 1,325.4	$ 1,385.9	$ 1,408.8	$ 1,421.9	$ 5,542.0	$ 1,350.8
Foreign currency translation impact (a)	12.3	14.9	19.2	23.9	70.3	32.5
Revenues, constant currency adjusted	$ 1,337.7	$ 1,400.8	$ 1,428.0	$ 1,445.8	$ 5,612.3	$ 1,383.3
Prior year revenues, as reported (GAAP)	$ 1,393.4	$ 1,425.1	$ 1,421.6	$ 1,424.7	$ 5,664.8	$ 1,325.4
Revenue change, as reported (GAAP)	(5)%	(3)%	(1)%	0 %	(2)%	2 %
Revenue change, constant currency adjusted	(4)%	(2)%	0 %	1 %	(1)%	4 %
Operating income, as reported (GAAP)	$ 296.9	$ 276.8	$ 295.3	$ 238.4	$ 1,107.4	$ 272.0
Reversal of depreciation and amortization (b)	62.9	66.4	68.6	64.9	262.8	67.2
EBITDA (b)	$ 359.8	$ 343.2	$ 363.9	$ 303.3	$ 1,370.2	$ 339.2
Operating income margin, as reported (GAAP)	22.4 %	20.0 %	21.0 %	16.8 %	20.0 %	20.1 %
EBITDA margin	27.1 %	24.8 %	25.8 %	21.3 %	24.7 %	25.1 %
Consumer-to-Consumer Segment						
Revenues, as reported (GAAP)	$ 1,050.2	$ 1,108.8	$ 1,128.1	$ 1,146.5	$ 4,433.6	$ 1,077.5
Foreign currency translation impact (a)	6.1	6.1	7.2	10.2	29.6	12.5
Revenues, constant currency adjusted	$ 1,056.3	$ 1,114.9	$ 1,135.3	$ 1,156.7	$ 4,463.2	$ 1,090.0
Prior year revenues, as reported (GAAP)	$ 1,124.6	$ 1,155.0	$ 1,151.5	$ 1,153.2	$ 4,584.3	$ 1,050.2
Revenue change, as reported (GAAP)	(7)%	(4)%	(2)%	(1)%	(3)%	3 %
Revenue change, constant currency adjusted	(6)%	(3)%	(1)%	0 %	(3)%	4 %
Principal per transaction, as reported ($ - dollars)	$ 341	$ 340	$ 339	$ 335	$ 338	$ 338
Foreign currency translation impact (a) ($ - dollars)	-	1	-	-	1	2
Principal per transaction, constant currency adjusted ($ - dollars)	$ 341	$ 341	$ 339	$ 335	$ 339	$ 340
Prior year principal per transaction, as reported ($ - dollars)	$ 346	$ 344	$ 342	$ 341	$ 343	$ 341
Principal per transaction change, as reported	(1)%	(1)%	(1)%	(2)%	(1)%	(1)%
Principal per transaction change, constant currency adjusted	(1)%	(1)%	(1)%	(2)%	(1)%	0 %
Cross-border principal, as reported ($ - billions)	$ 16.9	$ 18.5	$ 19.0	$ 19.5	$ 73.9	$ 18.3
Foreign currency translation impact (a) ($ - billions)	0.1	-	-	-	0.1	0.1
Cross-border principal, constant currency adjusted ($ - billions)	$ 17.0	$ 18.5	$ 19.0	$ 19.5	$ 74.0	$ 18.4
Prior year cross-border principal, as reported ($ - billions)	$ 17.5	$ 18.2	$ 17.6	$ 18.0	$ 71.3	$ 16.9
Cross-border principal change, as reported	(3)%	2 %	8 %	8 %	4 %	8 %
Cross-border principal change, constant currency adjusted	(3)%	2 %	8 %	8 %	4 %	9 %

Reconciliation of Non-GAAP Measures

	1Q13	2Q13	3Q13	4Q13	FY2013	1Q14
Consumer-to-Business Segment						
Revenues, as reported (GAAP)	$ 153.7	$ 153.0	$ 152.3	$ 149.5	$ 608.5	$ 147.2
Foreign currency translation impact (a)	5.9	7.2	8.3	10.2	31.6	16.6
Revenues, constant currency adjusted	$ 159.6	$ 160.2	$ 160.6	$ 159.7	$ 640.1	$ 163.8
Prior year revenues, as reported (GAAP)	$ 155.1	$ 149.4	$ 147.3	$ 152.1	$ 603.9	$ 153.7
Revenue change, as reported (GAAP)	(1)%	2 %	3 %	(2)%	1 %	(4)%
Revenue change, constant currency adjusted	3 %	7 %	9 %	5 %	6 %	7 %
Business Solutions Segment						
Revenues, as reported (GAAP)	$ 92.8	$ 98.3	$ 101.6	$ 100.2	$ 392.9	$ 99.4
Foreign currency translation impact (a)	0.2	1.2	3.5	3.1	8.0	2.7
Revenues, constant currency adjusted	$ 93.0	$ 99.5	$ 105.1	$ 103.3	$ 400.9	$ 102.1
Prior year revenues, as reported (GAAP)	$ 86.9	$ 92.5	$ 95.4	$ 92.6	$ 367.4	$ 92.8
Revenue change, as reported (GAAP)	7 %	6 %	6 %	8 %	7 %	7 %
Revenue change, constant currency adjusted	7 %	8 %	10 %	12 %	9 %	10 %

Reconciliation of Non-GAAP Measures

2014 Outlook Metrics		
Operating cash flow (GAAP)	$	900
Payments on IRS Agreement (c)		100
Operating cash flow, IRS Agreement adjusted	$	1,000

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.

(b) 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 operating income effect of assets acquired in prior periods.

(c) Represents the remaining tax payments of approximately $100 million the Company expects to make due to the December 2011 agreement with the IRS resolving substantially all of the issues related to the restructuring of our international operations in 2003.