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-Consumer segment region and westernunion.com revenue change constant currency adjusted; Consumer-to-Business segment revenue change constant currency adjusted; Business Solutions segment revenue change constant currency adjusted; and Business Solutions segment EBITDA margin. Constant currency results assume foreign revenues are translated from foreign currencies to the U.S. dollar, net of the effect of foreign currency hedges, at rates consistent with those in the prior year.

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

	1Q15	2Q15	3Q15	4Q15	FY2015	1Q16
Consolidated Metrics						
Revenues, as reported (GAAP)	$ 1,320.9	$ 1,383.6	$ 1,399.2	$ 1,380.0	$ 5,483.7	$ 1,297.7
Foreign currency translation impact (a)	78.6	84.7	85.4	73.9	322.6	57.4
Revenues, constant currency adjusted	$ 1,399.5	$ 1,468.3	$ 1,484.6	$ 1,453.9	$ 5,806.3	$ 1,355.1
Prior year revenues, as reported (GAAP)	$ 1,350.8	$ 1,405.6	$ 1,440.9	$ 1,409.9	$ 5,607.2	$ 1,320.9
Revenue change, as reported (GAAP)	(2)%	(2)%	(3)%	(2)%	(2)%	(2)%
Revenue change, constant currency adjusted	4 %	4 %	3 %	3 %	4 %	3 %
Operating income, as reported (GAAP)	$ 272.3	$ 250.8	$ 304.5	$ 281.8	$ 1,109.4	$ 258.6
Reversal of depreciation and amortization	63.9	62.9	74.4	69.0	270.2	65.6
EBITDA (b)	$ 336.2	$ 313.7	$ 378.9	$ 350.8	$ 1,379.6	$ 324.2
Less: Paymap settlement agreement (c)	N/A	35.3	N/A	N/A	35.3	N/A
Adjusted EBITDA, excluding Paymap settlement agreement	$ 336.2	$ 349.0	$ 378.9	$ 350.8	$ 1,414.9	$ 324.2
Operating income margin, as reported (GAAP)	20.6 %	18.1 %	21.8 %	20.4 %	20.2 %	19.9 %
EBITDA margin	25.5 %	22.7 %	27.1 %	25.4 %	25.2 %	25.0 %
Adjusted EBITDA margin, excluding Paymap settlement agreement	N/A	25.2 %	N/A	N/A	25.8 %	N/A

Reconciliation of Non-GAAP Measures

	1Q15	2Q15	3Q15	4Q15	FY2015	1Q16
Consumer-to-Consumer Segment						
Revenues, as reported (GAAP)	$ 1,038.3	$ 1,101.5	$ 1,112.9	$ 1,091.2	$ 4,343.9	$ 1,017.4
Foreign currency translation impact (a)	63.0	69.1	67.1	56.8	256.0	30.5
Revenues, constant currency adjusted	$ 1,101.3	$ 1,170.6	$ 1,180.0	$ 1,148.0	$ 4,599.9	$ 1,047.9
Prior year revenues, as reported (GAAP)	$ 1,077.5	$ 1,132.1	$ 1,150.9	$ 1,125.3	$ 4,485.8	$ 1,038.3
Revenue change, as reported (GAAP)	(4)%	(3)%	(3)%	(3)%	(3)%	(2)%
Revenue change, constant currency adjusted	2 %	3 %	3 %	2 %	3 %	1 %
Principal per transaction, as reported ($ - dollars)	$ 315	$ 316	$ 315	$ 303	$ 312	$ 299
Foreign currency translation impact (a) ($ - dollars)	19	23	23	16	20	7
Principal per transaction, constant currency adjusted ($ - dollars)	$ 334	$ 339	$ 338	$ 319	$ 332	$ 306
Prior year principal per transaction, as reported ($ - dollars)	$ 338	$ 341	$ 339	$ 323	$ 335	$ 315
Principal per transaction change, as reported	(7)%	(7)%	(7)%	(6)%	(7)%	(5)%
Principal per transaction change, constant currency adjusted	(1)%	(1)%	0 %	(1)%	(1)%	(3)%
Cross-border principal, as reported ($ - billions)	$ 17.5	$ 18.8	$ 18.9	$ 18.4	$ 73.6	$ 17.3
Foreign currency translation impact (a) ($ - billions)	1.1	1.3	1.3	1.2	4.9	0.4
Cross-border principal, constant currency adjusted ($ - billions)	$ 18.6	$ 20.1	$ 20.2	$ 19.6	$ 78.5	$ 17.7
Prior year cross-border principal, as reported ($ - billions)	$ 18.3	$ 19.7	$ 20.0	$ 19.2	$ 77.2	$ 17.5
Cross-border principal change, as reported	(4)%	(5)%	(6)%	(4)%	(5)%	(2)%
Cross-border principal change, constant currency adjusted	2 %	2 %	1 %	1 %	2 %	1 %

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Reconciliation of Non-GAAP Measures

	1Q15	2Q15	3Q15	4Q15	FY2015	1Q16
Consumer-to-Consumer Segment (cont.)						
North America region revenue change, as reported (GAAP)	1 %	1 %	2 %	3 %	2 %	3 %
North America region foreign currency translation impact (a)	1 %	1 %	2 %	2 %	1 %	2 %
North America region revenue change, constant currency adjusted	2 %	2 %	4 %	5 %	3 %	5 %
Europe and CIS region revenue change, as reported (GAAP)	(8)%	(8)%	(9)%	(7)%	(8)%	(3)%
Europe and CIS region foreign currency translation impact (a)	11 %	11 %	9 %	8 %	10 %	3 %
Europe and CIS region revenue change, constant currency adjusted	3 %	3 %	0 %	1 %	2 %	0 %
Middle East and Africa region revenue change, as reported (GAAP)	(5)%	(4)%	(2)%	(4)%	(4)%	(4)%
Middle East and Africa region foreign currency translation impact (a)	5 %	6 %	5 %	4 %	5 %	3 %
Middle East and Africa region revenue change, constant currency adjusted	0 %	2 %	3 %	0 %	1 %	(1)%
APAC region revenue change, as reported (GAAP)	(6)%	(4)%	(7)%	(5)%	(5)%	(4)%
APAC region foreign currency translation impact (a)	5 %	5 %	7 %	5 %	5 %	3 %
APAC region revenue change, constant currency adjusted	(1)%	1 %	0 %	0 %	0%	(1)%
LACA region revenue change, as reported (GAAP)	4 %	7 %	1 %	(1)%	3 %	(5)%
LACA region foreign currency translation impact (a)	7 %	7 %	7 %	6 %	7 %	6 %
LACA region revenue change, constant currency adjusted	11 %	14 %	8 %	5 %	10 %	1 %
westernunion.com revenue change, as reported (GAAP)	17 %	22 %	22 %	21 %	21 %	16 %
westernunion.com foreign currency translation impact (a)	6 %	6 %	6 %	4 %	5 %	2 %
westernunion.com revenue change, constant currency adjusted	23 %	28 %	28 %	25 %	26 %	18 %

Reconciliation of Non-GAAP Measures

	1Q15	2Q15	3Q15	4Q15	FY2015	1Q16
Consumer-to-Business Segment						
Revenues, as reported (GAAP)	$ 157.8	$ 157.9	$ 160.1	$ 161.9	$ 637.7	$ 156.1
Foreign currency translation impact (a)	6.3	4.9	5.6	7.8	24.6	20.9
Revenues, constant currency adjusted	$ 164.1	$ 162.8	$ 165.7	$ 169.7	$ 662.3	$ 177.0
Prior year revenues, as reported (GAAP)	$ 147.2	$ 145.9	$ 150.4	$ 155.3	$ 598.8	$ 157.8
Revenue change, as reported (GAAP)	7 %	8 %	6 %	4 %	6 %	(1)%
Revenue change, constant currency adjusted	11 %	12 %	10 %	9 %	11 %	12 %
Business Solutions Segment						
Revenues, as reported (GAAP)	$ 98.0	$ 97.6	$ 101.2	$ 101.9	$ 398.7	$ 99.2
Foreign currency translation impact (a)	8.1	9.4	10.9	7.7	36.1	4.6
Revenues, constant currency adjusted	$ 106.1	$ 107.0	$ 112.1	$ 109.6	$ 434.8	$ 103.8
Prior year revenues, as reported (GAAP)	$ 99.4	$ 98.2	$ 105.8	$ 101.2	$ 404.6	$ 98.0
Revenue change, as reported (GAAP)	(1)%	(1)%	(4)%	1 %	(1)%	1 %
Revenue change, constant currency adjusted	7 %	9 %	6 %	8 %	7 %	6 %
Operating income/(loss), as reported (GAAP)	$ 2.1	$ (0.4)	$ (2.7)	$ 3.8	$ 2.8	$ 2.4
Reversal of depreciation and amortization	12.2	12.2	20.3	12.7	57.4	12.6
EBITDA (b)	$ 14.3	$ 11.8	$ 17.6	$ 16.5	$ 60.2	$ 15.0
Operating income/(loss) margin, as reported (GAAP)	2.1 %	(0.4)%	(2.7)%	3.7 %	0.7 %	2.4 %
EBITDA margin	14.6 %	12.1 %	17.4 %	16.2 %	15.1 %	15.1 %

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 impact from a settlement agreement reached with the Consumer Financial Protection Bureau regarding the Equity Accelerator service of Paymap, Inc., a subsidiary of the Company.