

THE WESTERN UNION COMPANY
RECONCILIATION OF NON-GAAP MEASURES

(in millions)

(unaudited)

Western Union's management has presented: (1) Cost of services growth, selling, general and administrative ("SG&A") growth, net income growth, earnings per share, earnings per share growth and operating income margin, excluding 2008 restructuring and related stock-based compensation vesting charge, which resulted from the acquisition of First Data Corporation ("First Data") by an affiliate of Kohlberg, Kravis, Roberts & Co. ("KKR") in the third quarter 2007; (2) Cost of services and SG&A as a percent of revenue, excluding 2008 restructuring and related expenses and the 2007 stock-based compensation vesting charge; (3) Consolidated and consumer-to-consumer segment revenue growth, international consumer-to-consumer revenue growth and international consumer-to-consumer excluding United States originated transactions revenue growth, excluding the impact of translating euro denominated revenues into United States dollars; (4) Consolidated and consumer-to-consumer revenue growth, excluding the impact of translating foreign currency denominated revenues into United States dollars; (5) Operating income margin by region within the consumer-to-consumer segment, excluding the 2007 stock-based compensation vesting charge; (6) Operating income margin for the consumer-to-consumer segment, excluding the 2007 stock-based compensation vesting charge; (7) Fourth quarter and full year 2008 effective tax rate, excluding the impact of the 2008 restructuring and related expenses and 2007 full year effective tax rate, excluding the impact of the 2007 stock-based compensation vesting charge; (8) 2009 Revenue growth rate guidance, excluding the impact of translating foreign currency denominated revenue into United States dollars; and (9) 2009 EPS guidance, excluding the impact of translating foreign currency denominated amounts into United States dollars. Western Union's management believes these non-GAAP measures 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.

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.

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(in millions)
(unaudited)

	Three Months Ended December 31,				Year ended December 31,
	Consolidated	Consumer-to- Consumer segment	International Consumer-to- Consumer	International Consumer-to- Consumer excluding United States originated transactions	Consolidated
2008 Revenues, as reported (GAAP)	\$ 1,291.6	\$ 1,094.3	\$ 891.2	\$ 721.0	\$ 5,282.0
Adjustments:					
Reversal of revenue impact from translation of euro denominated revenues into United States dollars (a)	12.8	12.8	12.8	12.8	(82.5)
2008 Revenues, adjusted	<u>\$ 1,304.4</u>	<u>\$ 1,107.1</u>	<u>\$ 904.0</u>	<u>\$ 733.8</u>	<u>\$ 5,199.5</u>
2007 Revenues, as reported (GAAP)	\$ 1,309.1	\$ 1,104.2	\$ 885.7	\$ 707.8	\$ 4,900.2
Revenue (decline)/growth, as reported (GAAP)	(1)%	(1)%	1%	2%	8%
Revenue growth, adjusted	0%	0%	2%	4%	6%

Refer to footnote explanations at the end of this "Reconciliation of Non-GAAP Measures" section.

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	Three Months Ended December 31,		Year Ended December 31,	
	Consumer-to Consumer	Consolidated	Consumer-to Consumer	Consolidated
2008 Revenues, as reported (GAAP)	\$ 1,094.3	\$ 1,291.6	\$ 4,471.6	\$ 5,282.0
Adjustments:				
Reversal of revenue impact from translation of foreign currency denominated revenues into United States dollars (b)	40.8	40.8	(96.3)	(96.3)
2008 Revenues, adjusted	\$ 1,135.1	\$ 1,332.4	\$ 4,375.3	\$ 5,185.7
2007 Revenues, as reported (GAAP)	\$ 1,104.2	\$ 1,309.1	\$ 4,093.1	\$ 4,900.2
Revenue (decline)/growth, as reported (GAAP)	(1)%	(1)%	9%	8%
Revenue growth, adjusted	3%	2%	7%	6%

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		<u>Year Ended December 31,</u>
2007 Consumer-to-Consumer Revenues, as reported (GAAP)	\$	4,093.1
Adjustments:		
Reversal of revenue impact from translation of foreign currency denominated revenues into United States dollars (b)		<u>(126.4)</u>
2007 Consumer-to-Consumer Revenues, adjusted	\$	<u>3,966.7</u>
2006 Consumer-to-Consumer Revenues, as reported (GAAP)	\$	3,744.9
Revenue (decline)/growth, as reported (GAAP)		9%
Revenue growth, adjusted		6%

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	Three Months Ended December 31, 2008			Year Ended December 31, 2008		
	As reported (GAAP)	Adjustments (c)	Adjusted	As reported (GAAP)	Adjustments (c)	Adjusted
Revenues	\$ 1,291.6	\$ -	\$ 1,291.6	\$ 5,282.0	\$ -	\$ 5,282.0
Cost of services	749.4	(19.8)	729.6	3,093.0	(62.8)	3,030.2
Selling, general and administrative	207.9	(12.8)	195.1	834.0	(20.1)	813.9
Net income	239.6	21.3	260.9	919.0	51.6	970.6
Earnings per share	\$ 0.34	\$ 0.03	\$ 0.37	\$ 1.24	\$ 0.07	\$ 1.31
	Three Months Ended December 31, 2007			Year Ended December 31, 2007		
	As reported (GAAP)	Adjustments (d)	Adjusted	As reported (GAAP)	Adjustments (d)	Adjusted
Revenues	\$ 1,309.1	\$ -	1,309.1	\$ 4,900.2	\$ -	\$ 4,900.2
Cost of services	752.7	-	752.7	2,808.4	(8.0)	2,800.4
Selling, general and administrative	191.8	-	191.8	769.8	(14.3)	755.5
Net income	243.3	-	243.3	857.3	15.2	872.5
Earnings per share	\$ 0.32	\$ -	\$ 0.32	\$ 1.11	\$ 0.02	\$ 1.13
	As reported (GAAP)	Adjustments	Adjusted	As reported (GAAP)	Adjustments	Adjusted
2008 Growth/(decline):						
Cost of services	0%	(3)%	(3)%	10%	(2)%	8%
Selling, general and administrative	8%	(6)%	2%	8%	0%	8%
Net income	(2)%	9%	7%	7%	4%	11%
Earnings per share	6%	10%	16%	12%	4%	16%
Percent of 2008 revenue:						
Cost of services	58.0%	(1.5)%	56.5%	58.6%	(1.2)%	57.4%
Selling, general and administrative	16.1%	(1.0)%	15.1%	15.8%	(0.4)%	15.4%

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	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
Revenues	\$ 1,291.6	\$ 1,309.1	\$ 5,282.0	\$ 4,900.2
Cost of services, as reported (GAAP)	\$ 749.4	\$ 752.7	\$ 3,093.0	\$ 2,808.4
Adjustments:				
Restructuring and related expenses (c)	(19.8)	-	(62.8)	-
Accelerated non-cash stock compensation vesting charge (d)	-	-	-	(8.0)
Cost of services, adjusted	\$ 729.6	\$ 752.7	\$ 3,030.2	\$ 2,800.4
Cost of services growth, as reported (GAAP)	0%		10%	
Cost of services (decline)/growth, adjusted	(3)%		8%	
Cost of services as a percent of revenue, as reported (GAAP)	58.0%	57.5%	58.6%	57.3%
Cost of services as a percent of revenue, adjusted	56.5%	57.5%	57.4%	57.1%

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	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Revenues	\$ 1,291.6	\$ 1,309.1	\$ 5,282.0	\$ 4,900.2
Selling, general and administrative, as reported (GAAP)	\$ 207.9	\$ 191.8	\$ 834.0	\$ 769.8
Adjustments:				
Restructuring and related expenses (c)	(12.8)	-	(20.1)	-
Accelerated non-cash stock compensation vesting charge (d)	-	-	-	(14.3)
Selling, general and administrative, adjusted	\$ 195.1	\$ 191.8	\$ 813.9	\$ 755.5
Selling, general and administrative growth, as reported (GAAP)	8%		8%	
Selling, general and administrative growth, adjusted	2%		8%	
Selling, general and administrative as a percent of revenue, as reported (GAAP)	16.1%	14.7%	15.8%	15.7%
Selling, general and administrative as a percent of revenue, adjusted	15.1%	14.7%	15.4%	15.4%

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	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
Net income, as reported (GAAP)	\$ 239.6	\$ 243.3	\$ 919.0	\$ 857.3
Adjustment:				
Restructuring and related expenses, net of income tax benefit of \$11.3 million and \$31.3 million for the three months and year ended, respectively (c)	21.3	-	51.6	-
Accelerated non-cash stock compensation vesting charge, net of income tax benefit of \$7.1 million (d)	-	-	-	15.2
Net income, adjusted	<u>\$ 260.9</u>	<u>\$ 243.3</u>	<u>\$ 970.6</u>	<u>\$ 872.5</u>
Earnings per share ("EPS"):				
As reported (GAAP)	\$ 0.34	\$ 0.32	\$ 1.24	\$ 1.11
Restructuring and related expenses (c)	0.03	-	0.07	
Accelerated non-cash stock compensation vesting charge (d)	-	-	-	0.02
Adjusted	<u>\$ 0.37</u>	<u>\$ 0.32</u>	<u>\$ 1.31</u>	<u>\$ 1.13</u>
Growth:				
EPS, as reported (GAAP)	6%		12%	
EPS, adjusted	16%		16%	

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	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Revenues	\$ 1,291.6	\$ 1,309.1	\$ 5,282.0	\$ 4,900.2
Operating income, as reported (GAAP)	\$ 334.3	\$ 364.6	\$ 1,355.0	\$ 1,322.0
Adjustments:				
Restructuring and related expenses (c)	32.6	-	82.9	-
Accelerated non-cash stock compensation vesting charge (d)	-	-	-	22.3
Operating income, adjusted	\$ 366.9	\$ 364.6	\$ 1,437.9	\$ 1,344.3
Operating income margin, as reported (GAAP)	25.9%	27.9%	25.7%	27.0%
Operating income margin, adjusted	28.4%	27.9%	27.2%	27.4%

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Operating income margin by region
Year ended December 31, 2007

	<u>Europe, Middle East, Africa, South Asia</u>	<u>Americas</u>	<u>Asia Pacific</u>
Operating income margin, as reported (GAAP)	26%	28%	20%
Adjustment:			
Accelerated non-cash stock compensation vesting charge (d)	1%	0%	1%
Operating income margin, adjusted	<u>27%</u>	<u>28%</u>	<u>21%</u>

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	<u>Year Ended December 31, 2007</u>
Consumer-to-Consumer revenue, as reported (GAAP)	<u>\$ 4,093.1</u>
Consumer-to-Consumer operating income, as reported (GAAP)	\$ 1,078.3
Adjustment:	
Accelerated non-cash stock compensation vesting charge (d)	18.9
Consumer-to-Consumer operating income, adjusted	<u>\$ 1,097.2</u>
Consumer-to-Consumer operating income margin:	
As reported (GAAP)	26.3%
Adjusted	26.8%

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	Three Months Ended December 31, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007
Income before income taxes, as reported (GAAP)	\$ 305.2	\$ 1,238.7	\$ 1,222.4
Adjustments:			
Restructuring and related expenses (c)	32.6	82.9	-
Accelerated non-cash stock compensation vesting charge (d)	-	-	22.3
Income before income taxes, adjusted	<u>\$ 337.8</u>	<u>\$ 1,321.6</u>	<u>\$ 1,244.7</u>
Provision for income taxes, as reported (GAAP)	\$ 65.6	\$ 319.7	\$ 365.1
Adjustments:			
Tax benefit on restructuring and related expenses (c)	11.3	31.3	-
Tax benefit on accelerated non-cash stock compensation vesting charge (d)	-	-	7.1
Provision for income taxes, adjusted	<u>\$ 76.9</u>	<u>\$ 351.0</u>	<u>\$ 372.2</u>
Effective tax rate (GAAP Basis)	21.5%	25.8%	29.9%
Effective tax rate, adjusted	22.8%	26.6%	29.9%

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2009 Revenue Outlook

	Range	
Revenue declines GAAP basis	(5)%	(8)%
Adjustments:		
Reversal of estimated impact of translation of foreign currency denominated revenues into United States dollars (e)	3%	3%
Adjusted estimated revenue declines	(2)%	(5)%

2009 EPS Outlook

	Range	
EPS guidance GAAP basis (includes \$0.02 of dilution for agent acquisition)	\$ 1.18	\$ 1.28
Adjustments:		
Reversal of estimated impact from translation of foreign currency denominated amounts into United States dollars (e)	(0.02)	(0.02)
Adjusted EPS guidance (includes \$0.02 of dilution for agent acquisition)	\$ 1.16	\$ 1.26

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- (a) Represents the increase or decrease to revenue from the fluctuation in the exchange rate between the euro and the United States dollar. Euro results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the U.S. dollar, net of foreign currency hedges, which would not have occurred if there had been a constant exchange rate.
- (b) Represents the impact from the fluctuation in exchange rates between all foreign currency denominated revenues and the United States dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the U.S. dollar, net of foreign currency hedges, which would not have occurred if there had been a constant exchange rate.
- (c) Restructuring and related expenses relate to severance, outplacement and other employee related benefits; facility closure and migration of IT infrastructure; and other expenses related to relocation of various operations to 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 and amortization. The restructuring and related expenses are included in cost of services and selling, general and administrative expense lines of the consolidated statements of income, and are not included in segment results.
- (d) In the third quarter of 2007, the Company recognized a non-cash accounting for stock-based compensation charge in accordance with SFAS No. 123R resulting from the previously announced acceleration of vesting in Western Union stock options and awards granted to current Western Union employees prior to the spin-off from First Data. Under the terms of the plan, vesting was accelerated for these options and awards as a result of the change of control that occurred when an affiliate of KKR acquired First Data, Western Union's former parent company, on September 24, 2007. This stock compensation expense was charged to each of the regions.
- (e) 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 U.S. 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 also excludes 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.