

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-32903

THE WESTERN UNION COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE

**(State or Other Jurisdiction of
Incorporation or Organization)**

**12500 EAST BELFORD AVENUE
ENGLEWOOD, CO**

(Address of principal executive offices)

20-4531180

**(I.R.S. Employer
Identification No.)**

**80112
(Zip Code)**

Registrant's telephone number, including area code: (866) 405-5012

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 27, 2016, 491,136,641 shares of the registrant's common stock were outstanding.

THE WESTERN UNION COMPANY

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

THE WESTERN UNION COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in millions, except per share amounts)

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Transaction fees	\$ 919.0	\$ 948.6
Foreign exchange revenues	345.5	338.0
Other revenues	33.2	34.3
Total revenues	1,297.7	1,320.9
Expenses:		
Cost of services	779.4	771.8
Selling, general and administrative	259.7	276.8
Total expenses	1,039.1	1,048.6
Operating income	258.6	272.3
Other income/(expense):		
Interest income	0.9	2.9
Interest expense	(40.5)	(41.8)
Derivative gains, net	0.5	1.0
Other expense, net	(2.0)	(1.8)
Total other expense, net	(41.1)	(39.7)
Income before income taxes	217.5	232.6
Provision for income taxes	31.8	28.7
Net income	\$ 185.7	\$ 203.9
Earnings per share:		
Basic	\$ 0.37	\$ 0.39
Diluted	\$ 0.37	\$ 0.39
Weighted-average shares outstanding:		
Basic	500.0	521.0
Diluted	503.2	525.2
Cash dividends declared per common share	\$ 0.16	\$ 0.155

See Notes to Condensed Consolidated Financial Statements.

THE WESTERN UNION COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(in millions)

	<u>Three Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Net income	\$ 185.7	\$ 203.9
Other comprehensive income/(loss), net of tax (Note 7):		
Unrealized gains on investment securities	3.2	1.0
Unrealized gains/(losses) on hedging activities	(37.8)	40.6
Foreign currency translation adjustments	(2.3)	(2.6)
Defined benefit pension plan adjustments	1.7	1.8
Total other comprehensive income/(loss)	<u>(35.2)</u>	<u>40.8</u>
Comprehensive income	<u>\$ 150.5</u>	<u>\$ 244.7</u>

See Notes to Condensed Consolidated Financial Statements.

THE WESTERN UNION COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in millions, except per share amounts)

	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 1,160.0	\$ 1,315.9
Settlement assets	3,326.1	3,308.7
Property and equipment, net of accumulated depreciation of \$553.1 and \$538.2, respectively	226.3	231.8
Goodwill	3,162.7	3,163.8
Other intangible assets, net of accumulated amortization of \$910.8 and \$884.4, respectively	697.1	705.0
Other assets (Note 1)	846.1	724.0
Total assets	\$ 9,418.3	\$ 9,449.2
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 579.0	\$ 606.6
Settlement obligations	3,326.1	3,308.7
Income taxes payable	222.2	211.5
Deferred tax liability, net	276.7	272.6
Borrowings (Note 1)	3,225.7	3,215.9
Other liabilities	549.6	429.0
Total liabilities	8,179.3	8,044.3
Commitments and contingencies (Note 4)		
Stockholders' equity:		
Preferred stock, \$1.00 par value; 10 shares authorized; no shares issued	—	—
Common stock, \$0.01 par value; 2,000 shares authorized; 491.7 shares and 502.4 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	4.9	5.0
Capital surplus	585.3	566.5
Retained earnings	827.9	977.3
Accumulated other comprehensive loss	(179.1)	(143.9)
Total stockholders' equity	1,239.0	1,404.9
Total liabilities and stockholders' equity	\$ 9,418.3	\$ 9,449.2

See Notes to Condensed Consolidated Financial Statements.

THE WESTERN UNION COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in millions)

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities		
Net income	\$ 185.7	\$ 203.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	17.5	16.5
Amortization	48.1	47.4
Other non-cash items, net	36.7	16.9
Increase/(decrease) in cash resulting from changes in:		
Other assets	(36.9)	(56.9)
Accounts payable and accrued liabilities	(51.0)	(34.1)
Income taxes payable	14.1	20.6
Other liabilities	(1.5)	(2.5)
Net cash provided by operating activities	212.7	211.8
Cash flows from investing activities		
Capitalization of contract costs	(20.2)	(17.2)
Capitalization of purchased and developed software	(13.1)	(12.8)
Purchases of property and equipment	(14.6)	(14.4)
Purchase of non-settlement related investments	(11.2)	—
Proceeds from maturity of non-settlement related investments	11.0	—
Purchases of held-to-maturity non-settlement related investments	(15.2)	—
Net cash used in investing activities	(63.3)	(44.4)
Cash flows from financing activities		
Cash dividends paid	(79.3)	(80.5)
Common stock repurchased (Note 7)	(233.2)	(147.1)
Proceeds from exercise of options and other	7.2	32.3
Net cash used in financing activities	(305.3)	(195.3)
Net change in cash and cash equivalents	(155.9)	(27.9)
Cash and cash equivalents at beginning of period	1,315.9	1,783.2
Cash and cash equivalents at end of period	\$ 1,160.0	\$ 1,755.3
Supplemental cash flow information:		
Interest paid	\$ 9.5	\$ 9.6
Income taxes paid	\$ 14.3	\$ 10.6
Unsettled repurchases of common stock	\$ 25.2	\$ 13.1

See Notes to Condensed Consolidated Financial Statements.

THE WESTERN UNION COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business and Basis of Presentation

Business

The Western Union Company ("Western Union" or the "Company") is a leader in global money movement and payment services, providing people and businesses with fast, reliable and convenient ways to send money and make payments around the world. The Western Union® brand is globally recognized. The Company's services are primarily available through a network of agent locations in more than 200 countries and territories. Each location in the Company's agent network is capable of providing one or more of the Company's services.

The Western Union business consists of the following segments:

- *Consumer-to-Consumer* - The Consumer-to-Consumer operating segment facilitates money transfers between two consumers, primarily through a network of third-party agents. The Company's multi-currency, real-time money transfer service is viewed by the Company as one interconnected global network where a money transfer can be sent from one location to another, around the world. This service is available for international cross-border transfers - that is, the transfer of funds from one country to another - and, in certain countries, intra-country transfers - that is, money transfers from one location to another in the same country. This segment also includes money transfer transactions that can be initiated through websites and mobile devices.
- *Consumer-to-Business* - The Consumer-to-Business operating segment facilitates bill payments from consumers to businesses and other organizations, including utilities, auto finance companies, mortgage servicers, financial service providers, government agencies and other businesses. The significant majority of the segment's revenue was generated in the United States during all periods presented, with the remainder primarily generated in Argentina.
- *Business Solutions* - The Business Solutions operating segment facilitates payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals. The majority of the segment's business relates to exchanges of currency at spot rates, which enable customers to make cross-currency payments. In addition, in certain countries, the Company writes foreign currency forward and option contracts for customers to facilitate future payments.

All businesses that have not been classified in the above segments are reported as "Other" and include the Company's money order and other services, in addition to costs for the review and closing of acquisitions.

There are legal or regulatory limitations on transferring certain assets of the Company outside of the countries where these assets are located. However, there are generally no limitations on the use of these assets within those countries. Additionally, the Company must meet minimum capital requirements in some countries in order to maintain operating licenses. As of December 31, 2015, the amount of net assets subject to these limitations totaled approximately \$ 300 million, and there have been no material changes to these limitations subsequent to that date.

Various aspects of the Company's services and businesses are subject to United States federal, state and local regulation, as well as regulation by foreign jurisdictions, including certain banking and other financial services regulations.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited and were prepared in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X. In compliance with those instructions, certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The unaudited condensed consolidated financial statements in this quarterly report are presented on a consolidated basis and include the accounts of the Company and its majority-owned subsidiaries. Results of operations and cash flows for the interim periods are not necessarily indicative of the results that may be expected for the entire year. All significant intercompany transactions and accounts were eliminated as of March 31, 2016 and for all periods presented.

In the opinion of management, these condensed consolidated financial statements include all the normal recurring adjustments necessary to fairly present the Company's condensed consolidated results of operations, financial position and cash flows as of March 31, 2016 and for all periods presented. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements within the Company's Annual Report on Form 10-K for the year ended December 31, 2015 .

Consistent with industry practice, the accompanying Condensed Consolidated Balance Sheets are unclassified due to the short-term nature of the Company's settlement obligations contrasted with the Company's ability to invest cash awaiting settlement in long-term investment securities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

New Accounting Pronouncements

On January 1, 2016, the Company adopted an accounting pronouncement that requires capitalized debt issuance costs to be presented as a reduction to the carrying value of debt, with adoption retrospective for periods previously presented. The adoption of this standard resulted in a reduction of \$9.7 million to the "Other assets" and "Borrowings" lines within the Condensed Consolidated Balance Sheet as of December 31, 2015.

In May 2014, the Financial Accounting Standards Board issued a new accounting pronouncement regarding revenue from contracts with customers. This new standard provides guidance on recognizing revenue, including a five step model to determine when revenue recognition is appropriate. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company is required to adopt the new standard on January 1, 2018. Management is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations, and related disclosures.

In January 2016, the Financial Accounting Standards Board issued a new accounting pronouncement regarding classification and measurement of financial instruments. This new standard provides guidance on how entities measure certain equity investments and present changes in the fair value. This standard requires that entities measure certain equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. The Company is required to adopt the new standard on January 1, 2018. Management is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations, and related disclosures.

In February 2016, the Financial Accounting Standards Board issued a new accounting pronouncement regarding the financial reporting of leasing transactions. This new standard requires a lessee to record assets and liabilities on the balance sheet for the rights and obligations arising from leases with terms of more than 12 months. The Company is required to adopt the new standard on January 1, 2019 using a modified retrospective approach. Management is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations, and related disclosures.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

In March 2016, the Financial Accounting Standards Board issued a new accounting pronouncement regarding share-based payments to employees. This new standard requires that all excess tax benefits and tax deficiencies be recognized as income tax expense (benefit) in the income statement and that excess tax benefits be included as an operating activity for the cash flow statement, allows entities to either estimate share-based awards that are expected to vest or account for forfeitures as they occur, and changes the tax withholding threshold for awards to qualify for accounting in equity. The Company is required to adopt the new standard on January 1, 2017. Management believes that the adoption of this standard will not have a material impact on the Company's financial position, results of operations, and related disclosures.

2. Earnings Per Share

The calculation of basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Outstanding options to purchase Western Union stock and unvested shares of restricted stock are excluded from basic shares outstanding. Diluted earnings per share reflects the potential dilution that could occur if outstanding stock options at the presented dates are exercised and shares of restricted stock have vested, using the treasury stock method. The treasury stock method assumes proceeds from the exercise price of stock options, the unamortized compensation expense and assumed tax benefits of options and restricted stock are available to acquire shares at an average market price throughout the period, and therefore, reduce the dilutive effect.

For the three months ended March 31, 2016 and 2015, there were 5.9 million and 8.9 million, respectively, of outstanding options to purchase shares of Western Union stock excluded from the diluted earnings per share calculation, as their effect was anti-dilutive.

The following table provides the calculation of diluted weighted-average shares outstanding (in millions):

	Three Months Ended March 31,	
	2016	2015
Basic weighted-average shares outstanding	500.0	521.0
Common stock equivalents	3.2	4.2
Diluted weighted-average shares outstanding	503.2	525.2

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

No non-recurring fair value adjustments were recorded during the three months ended March 31, 2016 and 2015 .

Other Fair Value Measurements

The carrying amounts for many of the Company's financial instruments, including cash and cash equivalents, settlement cash and cash equivalents, and settlement receivables and settlement obligations approximate fair value due to their short maturities. The Company's borrowings are classified as Level 2 of the valuation hierarchy, and the aggregate fair value of these borrowings was based on quotes from multiple banks and excluded the impact of related interest rate swaps. Fixed rate notes are carried in the Company's Condensed Consolidated Balance Sheets at their original issuance values as adjusted over time to accrete that value to par, except for portions of notes hedged by these interest rate swaps, as disclosed in Note 8. As of March 31, 2016 , the carrying value and fair value of the Company's borrowings was \$3,225.7 million and \$3,300.3 million , respectively (see Note 9). As of December 31, 2015 , the carrying value and fair value of the Company's borrowings was \$3,215.9 million and \$3,279.6 million , respectively.

The Company's investments in foreign corporate debt securities are classified as held-to-maturity securities within Level 2 of the valuation hierarchy and are recorded at amortized cost in "Other Assets" in the Company's Condensed Consolidated Balance Sheets. As of March 31, 2016 , the carrying value and fair value of the Company's foreign corporate debt securities was \$24.4 million and \$24.5 million , respectively. As of December 31, 2015 , the carrying value and fair value of the Company's foreign corporate debt securities was \$9.3 million .

4. Commitments and Contingencies*Letters of Credit and Bank Guarantees*

The Company had approximately \$80 million in outstanding letters of credit and bank guarantees as of March 31, 2016 . The letters of credit and bank guarantees are primarily held in connection with lease arrangements and certain agent agreements. The letters of credit and bank guarantees have expiration dates through 2020 , with many having a one -year renewal option. The Company expects to renew the letters of credit and bank guarantees prior to expiration in most circumstances.

Litigation and Related Contingencies

The Company is subject to certain claims and litigation that could result in losses, including damages, fines and/or civil penalties, which could be significant, and in some cases, criminal charges. The Company regularly evaluates the status of legal matters to assess whether a loss is probable and reasonably estimable in determining whether an accrual is appropriate. Furthermore, in determining whether disclosure is appropriate, the Company evaluates each legal matter to assess if there is at least a reasonable possibility that a loss or additional loss may have been incurred and whether an estimate of possible loss or range of loss can be made. Unless otherwise specified below, the Company believes that there is at least a reasonable possibility that a loss or additional loss may have been incurred for each of the matters described below. For certain of these matters, management is unable to provide a meaningful estimate of the possible loss or range of loss because, among other reasons: (a) the proceedings are in preliminary stages; (b) specific damages have not been sought; (c) damage claims are unsupported and/or unreasonable; (d) there is uncertainty as to the outcome of pending appeals or motions; (e) there are significant factual issues to be resolved; or (f) novel legal issues or unsettled legal theories are being asserted.

State of Arizona Settlement Agreement

On February 11, 2010, Western Union Financial Services, Inc. ("WUFSI"), a subsidiary of the Company, signed a settlement agreement ("Southwest Border Agreement"), which resolved all outstanding legal issues and claims with the State of Arizona (the "State") and required the Company to fund a multi-state not-for-profit organization promoting safety and security along the United States and Mexico border, in which California, Texas and New Mexico are participating with Arizona. As part of the Southwest Border Agreement, the Company has made and expects to make certain investments in its compliance programs along the United States and Mexico border and a monitor (the "Monitor") has been engaged for those programs. The Company has incurred, and expects to continue to incur, significant costs in connection with the Southwest Border Agreement. The Monitor has made a number of primary and secondary recommendations related to the Company's compliance programs, which the Company is implementing, including programs related to the Company's Business Solutions segment.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

On January 31, 2014, the Southwest Border Agreement was amended to extend its term until December 31, 2017 (the "Amendment"). The Amendment imposes additional obligations on the Company and WUFSI in connection with WUFSI's anti-money laundering ("AML") compliance programs and cooperation with law enforcement. In particular, the Amendment requires WUFSI to continue implementing the primary and secondary recommendations made by the Monitor appointed pursuant to the Southwest Border Agreement related to WUFSI's AML compliance program, and includes, among other things, timeframes for implementing such primary and secondary recommendations. Under the Amendment, the Monitor could make additional primary recommendations until January 1, 2015 and may make additional secondary recommendations until January 31, 2017. After these dates, the Monitor may only make additional primary or secondary recommendations, as applicable, that meet certain requirements as set forth in the Amendment. Primary recommendations may also be re-classified as secondary recommendations.

The Amendment provides that if WUFSI is unable to implement an effective AML compliance program along the U.S. and Mexico border, as determined by the Monitor and subject to limited judicial review, within the timeframes to implement the Monitor's primary recommendations, the State may, within 180 days after the Monitor delivers its final report on the primary recommendations on December 31, 2016, and subsequent to any judicial review of the Monitor's findings, elect one, and only one, of the following remedies: (i) assert a willful and material breach of the Southwest Border Agreement and pursue remedies under the Southwest Border Agreement, which could include initiating civil or criminal actions; or (ii) require WUFSI to pay (a) \$50 million plus (b) \$1 million per primary recommendation or group of primary recommendations that WUFSI fails to implement successfully. There are currently more than 70 primary recommendations and groups of primary recommendations.

If the Monitor concludes that WUFSI has implemented an effective AML compliance program along the U.S. and Mexico border within the timeframes to implement the Monitor's primary recommendations, the State cannot pursue either of the remedies above, except that the State may require WUFSI to pay \$1 million per primary recommendation or group of primary recommendations that WUFSI fails to implement successfully.

If, at the conclusion of the timeframe to implement the secondary recommendations on December 31, 2017, the Monitor concludes that WUFSI has not implemented an effective AML compliance program along the U.S. and Mexico border, the State cannot assert a willful and material breach of the Southwest Border Agreement but may require WUFSI to pay an additional \$25 million. Additionally, if the Monitor determines that WUFSI has implemented an effective AML compliance program along the U.S. and Mexico border but has not implemented some of the Monitor's secondary recommendations or groups of secondary recommendations that were originally classified as primary recommendations or groups of primary recommendations on the date of the Amendment, the State may require WUFSI to pay \$500,000 per such secondary recommendation or group of recommendations. There is no monetary penalty associated with secondary recommendations that are classified as such on the date of the Amendment or any new secondary recommendations that the Monitor makes after the date of the Amendment. There are currently 15 secondary recommendations and groups of secondary recommendations.

The Amendment requires WUFSI to continue funding the Monitor's reasonable expenses in \$500,000 increments as requested by the Monitor. The Amendment also requires WUFSI to make a one-time payment of \$250,000, which was paid in March 2014, and thereafter \$150,000 per month for five years to fund the activities and expenses of a money transfer transaction data analysis center formed by WUFSI and a Financial Crimes Task Force comprised of federal, state and local law enforcement representatives, including those from the State. In addition, California, Texas, and New Mexico are participating in the money transfer transaction data analysis center.

The changes in WUFSI's AML compliance program required by the Southwest Border Agreement, including the Amendment, and the Monitor's recommendations have had, and will continue to have, adverse effects on the Company's business, including additional costs. Additionally, if WUFSI is not able to implement a successful AML compliance program along the U.S. and Mexico border or timely implement the Monitor's recommendations, each as determined by the Monitor, the State may pursue remedies under the Southwest Border Agreement and Amendment, including assessment of fines and civil and criminal actions. The Company submitted all of the primary recommendations to the Monitor for review prior to an October 31, 2015 deadline and is currently in the process of demonstrating its compliance with the primary recommendations, but is unable to predict whether the Monitor will conclude that WUFSI has implemented an effective AML compliance program and whether the Monitor's primary and secondary recommendations have been successfully implemented. Based on the stage of this matter, the Company cannot reasonably estimate the possible loss or range of loss, if any. Should the State pursue remedies under the Southwest Border Agreement, the Company could face significant fines and actions which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)*United States Department of Justice Investigations*

On March 20, 2012, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Central District of California ("USAO-CDCA") seeking documents relating to Shen Zhou International ("US Shen Zhou"), a former Western Union agent located in Monterey Park, California. The principal of US Shen Zhou was indicted in 2010 and in December 2013, pled guilty to one count of structuring international money transfers in violation of United States federal law in U.S. v. Zhi He Wang (SA CR 10-196, C.D. Cal.). Concurrent with the government's service of the subpoena, the government notified the Company that it is a target of an ongoing investigation into structuring and money laundering. Since March 20, 2012, the Company has received additional subpoenas from the USAO-CDCA seeking additional documents relating to US Shen Zhou, materials relating to certain other former and current agents and other materials relating to the Company's AML compliance policies and procedures. The government has interviewed several current and former Western Union employees and has served grand jury subpoenas seeking testimony from several current and former employees. The government's investigation is ongoing and the Company may receive additional requests for information as part of the investigation. The Company has provided and continues to provide information and documents to the government. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

In March 2012, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Eastern District of Pennsylvania ("USAO-EDPA") seeking documents relating to Hong Fai General Contractor Corp. (formerly known as Yong General Construction) ("Hong Fai"), a former Western Union agent located in Philadelphia, Pennsylvania. Since March 2012, the Company has received additional subpoenas from the USAO-EDPA seeking additional documents relating to Hong Fai. The government's investigation is ongoing and the Company may receive additional requests for information as part of the investigation. The Company has provided and continues to provide information and documents to the government. The government has interviewed several current and former Western Union employees. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

On November 25, 2013, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Middle District of Pennsylvania ("USAO-MDPA") seeking documents relating to complaints made to the Company by consumers anywhere in the world relating to fraud-induced money transfers since January 1, 2008. Concurrent with the government's service of the subpoena, the government notified the Company that it is the subject of the investigation. Since November 25, 2013, the Company has received additional subpoenas from the USAO-MDPA seeking documents relating to certain Western Union agents and Western Union's agent suspension and termination policies. The government has interviewed several current and former employees and has served grand jury subpoenas seeking testimony from several current and former employees. The government has indicated that it believes Western Union failed to timely terminate or suspend certain Western Union agents who allegedly paid or forwarded thousands of fraud-induced transactions sent from the United States to various countries from at least 2008 to 2012. The government's investigation is ongoing and the Company may receive additional requests for information as part of the investigation. The Company has provided and continues to provide information and documents to the government. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

On March 6, 2014, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Southern District of Florida ("USAO-SDFL") seeking a variety of AML compliance materials, including documents relating to the Company's AML, Bank Secrecy Act ("BSA"), Suspicious Activity Report ("SAR") and Currency Transaction Report procedures, transaction monitoring protocols, BSA and AML training programs and publications, AML compliance investigation reports, compliance-related agent termination files, SARs, BSA audits, BSA and AML-related management reports and AML compliance staffing levels. The subpoena also calls for Board meeting minutes and organization charts. The period covered by the subpoena is January 1, 2007 to November 27, 2013. The Company has received additional subpoenas from the USAO-SDFL and the Broward County, Florida Sheriff's Office relating to the investigation, including a federal grand jury subpoena issued by the USAO-SDFL on March 14, 2014, seeking information about 33 agent locations in Costa Rica such as ownership and operating agreements, SARs and AML compliance and BSA filings for the period January 1, 2008 to November 27, 2013. Subsequently, the USAO-SDFL served the Company with seizure warrants requiring the Company to seize all money transfers sent from the United States to two agent locations located in Costa Rica for a 10 -day period beginning in late March 2014. On July 8, 2014, the government served a grand jury subpoena calling for records relating to transactions sent from the United States to Nicaragua and Panama between September 1, 2013 and October 31, 2013. Further, the government recently served Western Union with a subpoena calling for data relating to transactions sent and received by 43 Nicaraguan agents from October 1, 2008 to October 31, 2013 and transactions sent from the United States to the Bahamas, Peru, Dominican Republic, and Haiti from September 1, 2013 to January 2, 2014 and certain documents relating to those agents. The government also advised the Company that it is investigating concerns the Company was aware there were gaming transactions being sent to Panama, Nicaragua, Haiti, Philippines, Vietnam, the Dominican Republic, Peru, Antigua, and the Bahamas (in addition to Costa Rica) and that the Company failed to take proper steps to stop the activity. The government has also notified the Company that it is a target of the investigation. The government has interviewed several current and former Western Union employees. The government's investigation is ongoing and the Company may receive additional requests for information or seizure warrants as part of the investigation. The Company has provided and continues to provide information and documents to the government. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)*Other Matters*

The Company and one of its subsidiaries are defendants in two purported class action lawsuits: James P. Tennille v. The Western Union Company and Robert P. Smet v. The Western Union Company, both of which are pending in the United States District Court for the District of Colorado. The original complaints asserted claims for violation of various consumer protection laws, unjust enrichment, conversion and declaratory relief, based on allegations that the Company waits too long to inform consumers if their money transfers are not redeemed by the recipients and that the Company uses the unredeemed funds to generate income until the funds are escheated to state governments. The Tennille complaint was served on the Company on April 27, 2009. The Smet complaint was served on the Company on April 6, 2010. On September 21, 2009, the Court granted the Company's motion to dismiss the Tennille complaint and gave the plaintiff leave to file an amended complaint. On October 21, 2009, Tennille filed an amended complaint. The Company moved to dismiss the Tennille amended complaint and the Smet complaint. On November 8, 2010, the Court denied the motion to dismiss as to the plaintiffs' unjust enrichment and conversion claims. On February 4, 2011, the Court dismissed the plaintiffs' consumer protection claims. On March 11, 2011, the plaintiffs filed an amended complaint that adds a claim for breach of fiduciary duty, various elements to its declaratory relief claim and WUFSI as a defendant. On April 25, 2011, the Company and WUFSI filed a motion to dismiss the breach of fiduciary duty and declaratory relief claims. WUFSI also moved to compel arbitration of the plaintiffs' claims and to stay the action pending arbitration. On November 21, 2011, the Court denied the motion to compel arbitration and the stay request. Both companies appealed the decision. On January 24, 2012, the United States Court of Appeals for the Tenth Circuit granted the companies' request to stay the District Court proceedings pending their appeal. During the fourth quarter of 2012, the parties executed a settlement agreement, which the Court preliminarily approved on January 3, 2013. On June 25, 2013, the Court entered an order certifying the class and granting final approval to the settlement. Under the approved settlement, a substantial amount of the settlement proceeds, as well as all of the class counsel's fees, administrative fees and other expenses, would be paid from the class members' unclaimed money transfer funds, which are included within "Settlement obligations" in the Company's Condensed Consolidated Balance Sheets. These fees and other expenses are currently estimated to be approximately \$50 million. During the final approval hearing, the Court overruled objections to the settlement that had been filed by several class members. In July 2013, two of those class members filed notices of appeal. On May 1, 2015, the United States Court of Appeals for the Tenth Circuit affirmed the District Court's decision to overrule the objections filed by the two class members who appealed. On January 11, 2016, the United States Supreme Court denied petitions for certiorari that were filed by the two class members who appealed. On February 1, 2016, pursuant to the settlement agreement and the Court's June 25, 2013 final approval order, Western Union deposited the class members' unclaimed money transfer funds into a class settlement fund, from which class member claims, administrative fees and class counsel's fees, as well as other expenses will be paid. On November 6, 2013, the Attorney General of California notified Western Union of the California Controller's position that Western Union's deposit of the unclaimed money transfer funds into the class settlement fund pursuant to the settlement "will not satisfy Western Union's obligations to report and remit funds" under California's unclaimed property law, and that "Western Union will remain liable to the State of California" for the funds that would have escheated to California in the absence of the settlement. The State of Pennsylvania and District of Columbia have previously expressed similar views. Other states have also recently expressed concerns about the settlement and many have not yet expressed an opinion. Since some states and jurisdictions believe that the Company must escheat its full share of the settlement fund and that the deductions for class counsel's fees, administrative costs, and other expenses that are required under the settlement agreement are not permitted, there is a reasonable possibility a loss could result up to approximately the amount of those fees and other expenses. However, given the number of jurisdictions involved and the fact that no actions have been brought, the Company is unable to provide a more precise estimate of the range of possible loss.

THE WESTERN UNION COMPANY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)**

The Company has had discussions with the United States Federal Trade Commission (the "FTC") regarding the Company's consumer protection and anti-fraud programs. On December 12, 2012, the Company received a civil investigative demand from the FTC requesting that the Company produce (i) all documents relating to communications with the Monitor appointed pursuant to the Southwest Border Agreement, including information the Company provided to the Monitor and any reports prepared by the Monitor; and (ii) all documents relating to complaints made to the Company by consumers anywhere in the world relating to fraud-induced money transfers since January 1, 2011. On April 15, 2013, the FTC filed a petition in the United States District Court for the Southern District of New York requesting an order to compel production of the requested documents. On June 6, 2013, the Court granted in part and denied in part the FTC's request. On August 14, 2013, the FTC filed a notice of appeal. On August 27, 2013, Western Union filed a notice of cross-appeal. On February 21, 2014, the Company received another civil investigative demand from the FTC requesting the production of all documents relating to complaints made to the Company by or on behalf of consumers relating to fraud-induced money transfers that were sent from or received in the United States since January 1, 2004, except for documents that were already produced to the FTC in response to the first civil investigative demand. On October 7, 2014, the United States Court of Appeals for the Second Circuit entered a summary order reversing in part and vacating and remanding in part the June 6, 2013 order entered by the United States District Court for the Southern District of New York. On October 22, 2014, the Company received another civil investigative demand issued by the FTC requesting documents and information since January 1, 2004 relating to the Company's consumer fraud program, its policies and procedures governing agent termination, suspension, probation and reactivation, its efforts to comply with its 2005 agreement with 47 states and the District of Columbia regarding consumer fraud prevention, and complaints made to the Company by or on behalf of consumers concerning fraud-induced money transfers that were sent to or from the United States, excluding complaint-related documents that were produced to the FTC in response to the earlier civil investigative demands. The civil investigative demand also seeks various documents concerning approximately 720 agents, including documents relating to the transactions they sent and paid and the Company's investigations of and communications with them. On July 31, 2015, the Company received another civil investigative demand requesting documents and information relating to the total number of agent and subagent locations in 13 countries annually since 2010, the average and median dollar values for money transfers sent anywhere in the world annually since 2010, copies of the Company's anti-fraud programs, know your agent policy, know your customer policy, representative agent contracts, transaction data, background investigation documents and fraud complaints associated with four agents in Greece, Peru and Mexico and consumer fraud reports not already produced to the FTC. The Company has responded to each of the civil investigative demands it has received from the FTC. The Company may receive additional civil investigative demands from the FTC, and discussions between the Company and the FTC are ongoing. Due to the investigative stage of the matter and the fact that no claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible claims that may be brought against the Company.

THE WESTERN UNION COMPANY**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)**

On March 12, 2014, Jason Douglas filed a purported class action complaint in the United States District Court for the Northern District of Illinois asserting a claim under the Telephone Consumer Protection Act, 47 U.S.C. § 227, et seq., based on allegations that since 2009, the Company has sent text messages to class members' wireless telephones without their consent. During the first quarter of 2015, the Company's insurance carrier and the plaintiff reached an agreement to create an \$8.5 million settlement fund that will be used to pay all class member claims, class counsel's fees and the costs of administering the settlement. The agreement has been signed by the parties and, on November 10, 2015, the Court granted preliminary approval to the settlement. The Company accrued an amount equal to the retention under its insurance policy in previous quarters and believes that any amounts in excess of this accrual will be covered by the insurer. However, if the Company's insurer is unable to or refuses to satisfy its obligations under the policy or the parties are unable to reach a definitive agreement or otherwise agree on a resolution, the Company's financial condition, results of operations, and cash flows could be adversely impacted. As the parties have reached an agreement in this matter, the Company believes that the potential for additional loss in excess of amounts already accrued is remote.

On February 10, 2015, Caryn Pincus filed a purported class action lawsuit in the United States District Court for the Southern District of Florida against Speedpay, Inc. ("Speedpay"), a subsidiary of the Company, asserting claims based on allegations that Speedpay imposed an unlawful surcharge on credit card transactions and that Speedpay engages in money transmission without a license. The complaint requests certification of a class and two subclasses generally comprised of consumers in Florida who made a payment through Speedpay's bill payment services using a credit card and were charged a surcharge for such payment during the four -year and five -year periods prior to the filing of the complaint through the date of class certification. On April 6, 2015, Speedpay filed a motion to dismiss the complaint. On April 23, 2015, in response to the motion to dismiss, Pincus filed an amended complaint that adds claims (1) under the Florida Civil Remedies for Criminal Practices Act, which authorizes civil remedies for certain criminal conduct; and (2) for violation of the federal Racketeer Influenced and Corrupt Organizations Act. On May 15, 2015, Speedpay filed a motion to dismiss the amended complaint. On October 6, 2015, the Court entered an order denying Speedpay's motion to dismiss. On October 20, 2015, Speedpay filed an answer to the amended complaint. On December 1, 2015, Pincus filed a second amended complaint that revised her factual allegations, but added no new claims. On December 18, 2015, Speedpay filed an answer to the second amended complaint. As this action is in a preliminary stage, the Company is unable to predict the outcome, or the possible loss or range of loss, if any, which could be associated with this action. Speedpay intends to vigorously defend itself in this matter.

In addition to the principal matters described above, the Company is a party to a variety of other legal matters that arise in the normal course of the Company's business. While the results of these other legal matters cannot be predicted with certainty, management believes that the final outcome of these matters will not have a material adverse effect either individually or in the aggregate on the Company's financial condition, results of operations, or cash flows.

On January 26, 2006, the First Data Corporation ("First Data") Board of Directors announced its intention to pursue the distribution of all of its money transfer and consumer payments business and its interest in a Western Union money transfer agent, as well as its related assets, including real estate, through a tax-free distribution to First Data shareholders (the "Spin-off"). The Spin-off resulted in the formation of the Company and these assets and businesses no longer being part of First Data. Pursuant to the separation and distribution agreement with First Data in connection with the Spin-off, First Data and the Company are each liable for, and agreed to perform, all liabilities with respect to their respective businesses. In addition, the separation and distribution agreement also provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of the Company's business with the Company and financial responsibility for the obligations and liabilities of First Data's retained businesses with First Data. The Company also entered into a tax allocation agreement that sets forth the rights and obligations of First Data and the Company with respect to taxes imposed on their respective businesses both prior to and after the Spin-off as well as potential tax obligations for which the Company may be liable in conjunction with the Spin-off (see Note 10).

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)**5. Related Party Transactions**

The Company has ownership interests in certain of its agents accounted for under the equity method of accounting. The Company pays these agents commissions for money transfer and other services provided on the Company's behalf. Commission expense recognized for these agents for the three months ended March 31, 2016 and 2015 totaled \$15.6 million and \$15.7 million, respectively.

6. Settlement Assets and Obligations and Non-Settlement Related Investments

Settlement assets represent funds received or to be received from agents for unsettled money transfers, money orders and consumer payments. The Company records corresponding settlement obligations relating to amounts payable under money transfers, money orders and consumer payment service arrangements. Settlement assets and obligations also include amounts receivable from, and payable to, customers for the value of their cross-currency payment transactions related to the Business Solutions segment.

Settlement assets and obligations consisted of the following (in millions):

	2016	2015
Settlement assets:		
Cash and cash equivalents	\$ 964.3	\$ 1,075.7
Receivables from selling agents and Business Solutions customers	1,161.7	1,070.4
Investment securities	1,200.1	1,162.6
	<u>\$ 3,326.1</u>	<u>\$ 3,308.7</u>
Settlement obligations:		
Money transfer, money order and payment service payables	\$ 2,416.3	\$ 2,428.5
Payables to agents	909.8	880.2
	<u>\$ 3,326.1</u>	<u>\$ 3,308.7</u>

Investment securities included in "Settlement assets" in the Company's Condensed Consolidated Balance Sheets consist primarily of highly-rated state and municipal debt securities, including fixed rate term notes and variable rate demand notes. Variable rate demand note securities can be put (sold at par) typically on a daily basis with settlement periods ranging from the same day to one week, but have varying maturities through 2051. Generally, these securities are used by the Company for short-term liquidity needs and are held for short periods of time, typically less than 30 days. The Company is required to hold highly-rated, investment grade securities and such investments are restricted to satisfy outstanding settlement obligations in accordance with applicable state and foreign country requirements.

The substantial majority of the Company's investment securities are classified as available-for-sale and recorded at fair value. Investment securities are exposed to market risk due to changes in interest rates and credit risk. Western Union regularly monitors credit risk and attempts to mitigate its exposure by investing in highly-rated securities and through investment diversification.

Unrealized gains and losses on available-for-sale securities are excluded from earnings and presented as a component of accumulated other comprehensive income or loss, net of related deferred taxes. Gains and losses on investments are calculated using the specific-identification method and are recognized during the period in which the investment is sold or when an investment experiences an other-than-temporary decline in value. Proceeds from the sale and maturity of available-for-sale securities during the three months ended March 31, 2016 and 2015 were \$0.3 billion and \$3.3 billion, respectively. The decline in proceeds from the sale and maturity of available-for-sale securities for the three months ended March 31, 2016 compared to the prior period was primarily due to reduced sales of variable rate demand note securities.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The components of investment securities are as follows (in millions):

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gains/ (Losses)
March 31, 2016					
Settlement assets:					
Available-for-sale securities:					
State and municipal debt securities (a)	\$ 978.9	\$ 994.8	\$ 16.7	\$ (0.8)	\$ 15.9
State and municipal variable rate demand notes	145.8	145.8	—	—	—
Corporate and other debt securities	58.4	59.5	1.1	—	1.1
	<u>1,183.1</u>	<u>1,200.1</u>	<u>17.8</u>	<u>(0.8)</u>	<u>17.0</u>
Other assets:					
Held-to-maturity securities:					
Foreign corporate debt securities	24.4	24.5	0.1	—	0.1
	<u>\$ 1,207.5</u>	<u>\$ 1,224.6</u>	<u>\$ 17.9</u>	<u>\$ (0.8)</u>	<u>\$ 17.1</u>
December 31, 2015					
Settlement assets:					
Available-for-sale securities:					
State and municipal debt securities (a)	\$ 1,040.3	\$ 1,052.5	\$ 14.2	\$ (2.0)	\$ 12.2
State and municipal variable rate demand notes	42.9	42.9	—	—	—
Corporate and other debt securities	67.3	67.2	—	(0.1)	(0.1)
	<u>1,150.5</u>	<u>1,162.6</u>	<u>14.2</u>	<u>(2.1)</u>	<u>12.1</u>
Other assets:					
Held-to-maturity securities:					
Foreign corporate debt securities	9.3	9.3	—	—	—
	<u>\$ 1,159.8</u>	<u>\$ 1,171.9</u>	<u>\$ 14.2</u>	<u>\$ (2.1)</u>	<u>\$ 12.1</u>

(a) The majority of these securities are fixed rate instruments.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following summarizes the contractual maturities of settlement-related debt securities as of March 31, 2016 (in millions):

	Fair Value
Due within 1 year	\$ 146.7
Due after 1 year through 5 years	577.7
Due after 5 years through 10 years	289.5
Due after 10 years	186.2
	<u>\$ 1,200.1</u>

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay the obligations or the Company may have the right to put the obligation prior to its contractual maturity, as with variable rate demand notes. Variable rate demand notes, having a fair value of \$2.9 million, \$7.0 million and \$135.9 million are included in the "Due after 1 year through 5 years", "Due after 5 years through 10 years," and "Due after 10 years" categories, respectively, in the table above. The significant majority of the held-to-maturity foreign corporate debt securities are due within 1 year.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

7. Stockholders' Equity

Accumulated other comprehensive loss

The following table summarizes the components of accumulated other comprehensive loss, net of tax (in millions). All amounts reclassified from accumulated other comprehensive loss affect the line items as indicated below within the Condensed Consolidated Statements of Income.

	Three Months Ended March 31,	
	2016	2015
Unrealized gains on investment securities, beginning of period	\$ 7.8	\$ 8.9
Unrealized gains	6.0	2.3
Tax expense	(2.1)	(0.9)
Reclassification of gains into "Other revenues"	(1.1)	(0.6)
Tax expense related to reclassifications	0.4	0.2
Net unrealized gains on investment securities	3.2	1.0
Unrealized gains on investment securities, end of period	<u>\$ 11.0</u>	<u>\$ 9.9</u>
Unrealized gains on hedging activities, beginning of period	\$ 41.4	\$ 48.6
Unrealized gains/(losses)	(26.3)	58.2
Tax (expense)/benefit	2.1	(3.1)
Reclassification of gains into "Transaction fees"	(10.7)	(11.3)
Reclassification of gains into "Foreign exchange revenues"	(4.4)	(4.4)
Reclassification of losses into "Interest expense"	0.9	0.9
Tax expense related to reclassifications	0.6	0.3
Net unrealized gains/(losses) on hedging activities	(37.8)	40.6
Unrealized gains on hedging activities, end of period	<u>\$ 3.6</u>	<u>\$ 89.2</u>
Foreign currency translation adjustments, beginning of period	\$ (66.0)	\$ (49.2)
Foreign currency translation adjustments	(3.3)	(2.6)
Tax benefit	1.0	—
Net foreign currency translation adjustments	(2.3)	(2.6)
Foreign currency translation adjustments, end of period	<u>\$ (68.3)</u>	<u>\$ (51.8)</u>
Defined benefit pension plan adjustments, beginning of period	\$ (127.1)	\$ (127.2)
Reclassification of losses into "Cost of services"	2.7	2.9
Tax benefit related to reclassifications and other	(1.0)	(1.1)
Net defined benefit pension plan adjustments	1.7	1.8
Defined benefit pension plan adjustments, end of period	<u>\$ (125.4)</u>	<u>\$ (125.4)</u>
Accumulated other comprehensive loss, end of period	<u>\$ (179.1)</u>	<u>\$ (78.1)</u>

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)*Cash Dividends Paid*

During the first quarter of 2016 and 2015, the Company's Board of Directors declared quarterly cash dividends of \$0.16 and \$0.155 per common share, respectively, representing \$79.3 million and \$ 80.5 million in total dividends which were paid on March 31, 2016 and 2015, respectively.

Share Repurchases

During the three months ended March 31, 2016 and 2015 , 12.9 million and 7.7 million shares were repurchased for \$240.0 million and \$150.0 million , respectively, excluding commissions, at an average cost of \$18.66 and \$19.50 per share, respectively. These amounts represent shares authorized by the Board of Directors for repurchase under the publicly announced authorizations. As of March 31, 2016 , \$471.9 million remained available under the share repurchase authorization approved by the Company's Board of Directors through December 31, 2017. The amounts included in the "Common stock repurchased" line in the Company's Condensed Consolidated Statements of Cash Flows represent both shares authorized by the Board of Directors for repurchase under the publicly announced authorization as well as shares withheld from employees to cover tax withholding obligations on restricted stock units that have vested.

8. Derivatives

The Company is exposed to foreign currency exchange risk resulting from fluctuations in exchange rates, primarily the euro, and to a lesser degree the British pound, Canadian dollar, Australian dollar, Swiss franc, and other currencies , related to forecasted money transfer revenues and on money transfer settlement assets and obligations as well as on certain foreign currency denominated cash and other asset and liability positions. The Company is also exposed to risk from derivative contracts written to its customers arising from its cross-currency Business Solutions payments operations. Additionally, the Company is exposed to interest rate risk related to changes in market rates both prior to and subsequent to the issuance of debt. The Company uses derivatives to (a) minimize its exposures related to changes in foreign currency exchange rates and interest rates and (b) facilitate cross-currency Business Solutions payments by writing derivatives to customers.

The Company executes derivatives with established financial institutions, with the substantial majority of these financial institutions having credit ratings of "A-" or better from a major credit rating agency. The Company also writes Business Solutions derivatives mostly with small and medium size enterprises. The primary credit risk inherent in derivative agreements represents the possibility that a loss may occur from the nonperformance of a counterparty to the agreements. The Company performs a review of the credit risk of these counterparties at the inception of the contract and on an ongoing basis. The Company also monitors the concentration of its contracts with any individual counterparty. The Company anticipates that the counterparties will be able to fully satisfy their obligations under the agreements, but takes action when doubt arises about the counterparties' ability to perform. These actions may include requiring Business Solutions customers to post or increase collateral, and for all counterparties, the possible termination of the related contracts. The Company's hedged foreign currency exposures are in liquid currencies; consequently, there is minimal risk that appropriate derivatives to maintain the hedging program would not be available in the future.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)*Foreign Currency — Consumer-to-Consumer*

The Company's policy is to use longer-term foreign currency forward contracts, with maturities of up to 36 months at inception and a targeted weighted-average maturity of approximately one year, to help mitigate some of the risk that changes in foreign currency exchange rates compared to the United States dollar could have on forecasted revenues denominated in other currencies related to its business. As of March 31, 2016, the Company's longer-term foreign currency forward contracts had maturities of a maximum of 24 months with a weighted-average maturity of approximately one year. These contracts are accounted for as cash flow hedges of forecasted revenue, with effectiveness assessed based on changes in the spot rate of the affected currencies during the period of designation. Accordingly, all changes in the fair value of the hedges not considered effective or portions of the hedge that are excluded from the measure of effectiveness are recognized immediately in "Derivative gains, net" within the Company's Condensed Consolidated Statements of Income.

The Company also uses short duration foreign currency forward contracts, generally with maturities from a few days up to one month, to offset foreign exchange rate fluctuations on settlement assets and obligations between initiation and settlement. In addition, forward contracts, typically with maturities of less than one year at inception, are utilized to offset foreign exchange rate fluctuations on certain foreign currency denominated cash and other asset and liability positions. None of these contracts are designated as accounting hedges.

The aggregate equivalent United States dollar notional amounts of foreign currency forward contracts as of March 31, 2016 were as follows (in millions):

Contracts designated as hedges:	
Euro	\$ 364.1
Canadian dollar	102.9
British pound	93.6
Australian dollar	45.9
Swiss franc	42.3
Other	81.7
Contracts not designated as hedges:	
Euro	\$ 266.6
British pound	117.7
Canadian dollar	106.2
Australian dollar	45.4
Indian rupee	32.9
Other (a)	162.8

(a) Comprised of exposures to 20 different currencies. None of these individual currency exposures is greater than \$ 25 million.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)*Foreign Currency — Business Solutions*

The Company writes derivatives, primarily foreign currency forward contracts and option contracts, mostly with small and medium size enterprises and derives a currency spread from this activity as part of its Business Solutions operations. The Company aggregates its Business Solutions payments foreign currency exposures arising from customer contracts, including the derivative contracts described above, and hedges the resulting net currency risks by entering into offsetting contracts with established financial institution counterparties (economic hedge contracts). The derivatives written are part of the broader portfolio of foreign currency positions arising from the Company's cross-currency payments operations, which primarily include spot exchanges of currency in addition to forwards and options. The resulting foreign exchange revenues from the total portfolio of positions comprise Business Solutions foreign exchange revenues. None of the derivative contracts used in Business Solutions operations are designated as accounting hedges. The duration of these derivative contracts at inception is generally less than one year .

The aggregate equivalent United States dollar notional amount of foreign currency derivative customer contracts held by the Company in its Business Solutions operations as of March 31, 2016 was approximately \$6.0 billion . The significant majority of customer contracts are written in major currencies such as the Australian dollar, British pound, Canadian dollar, and euro.

Interest Rate Hedging — Corporate

The Company utilizes interest rate swaps to effectively change the interest rate payments on a portion of its notes from fixed-rate payments to short-term LIBOR-based variable rate payments in order to manage its overall exposure to interest rates. The Company designates these derivatives as fair value hedges. The change in fair value of the interest rate swaps is offset by a change in the carrying value of the debt being hedged within "Borrowings" in the Condensed Consolidated Balance Sheets and "Interest expense" in the Condensed Consolidated Statements of Income has been adjusted to include the effects of interest accrued on the swaps.

The Company, at times, utilizes derivatives to hedge the forecasted issuance of fixed-rate debt. These derivatives are designated as cash flow hedges of the variability in the fixed-rate coupon of the debt expected to be issued. The effective portion of the change in fair value of the derivatives is recorded in "Accumulated other comprehensive loss" in the Condensed Consolidated Balance Sheets.

The Company held interest rate swaps in an aggregate notional amount of \$975.0 million as of March 31, 2016 and December 31, 2015 . Of this aggregate notional amount held at March 31, 2016 , \$500.0 million related to notes due in 2017, \$300.0 million related to notes due in 2018, and \$175.0 million related to notes due in 2020.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)**Balance Sheet**

The following table summarizes the fair value of derivatives reported in the Condensed Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015 (in millions):

	Balance Sheet Location	Derivative Assets		Derivative Liabilities	
		Fair Value		Fair Value	
		March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Derivatives — hedges:					
Interest rate fair value hedges — Corporate	Other assets	\$ 20.4	\$ 7.6	Other liabilities	\$ 0.2 \$ —
Foreign currency cash flow hedges — Consumer-to-Consumer	Other assets	31.4	59.7	Other liabilities	13.5 2.4
Total		\$ 51.8	\$ 67.3		\$ 13.7 \$ 2.4
Derivatives — undesignated:					
Foreign currency — Business Solutions (a)	Other assets	\$ 422.2	\$ 326.1	Other liabilities	\$ 374.0 \$ 277.1
Foreign currency — Consumer-to-Consumer	Other assets	2.8	2.9	Other liabilities	7.0 4.2
Total		\$ 425.0	\$ 329.0		\$ 381.0 \$ 281.3
Total derivatives		\$ 476.8	\$ 396.3		\$ 394.7 \$ 283.7

- (a) In many circumstances, the Company allows its Business Solutions customers to settle part or all of their derivative contracts prior to maturity. However, the offsetting positions originally entered into with financial institution counterparties do not allow for similar settlement. To mitigate this, additional foreign currency contracts are entered into with financial institution counterparties to offset the original economic hedge contracts. This frequently results in increases in our derivative assets and liabilities that may exceed the growth in the underlying derivatives business.

The fair values of derivative assets and liabilities associated with contracts that include netting language that the Company believes to be enforceable have been netted in the following tables to present the Company's net exposure with these counterparties. The Company's rights under these agreements generally allow for transactions to be settled on a net basis, including upon early termination, which could occur upon the counterparty's default, a change in control, or other conditions.

In addition, certain of the Company's other agreements include netting provisions, the enforceability of which may vary from jurisdiction to jurisdiction and depending on the circumstances. Due to the uncertainty related to the enforceability of these provisions, the derivative balances associated with these agreements are included within "Derivatives that are not or may not be subject to master netting arrangement or similar agreement" in the following tables. In certain circumstances, the Company may require its Business Solutions customers to maintain collateral balances which may mitigate the risk associated with potential customer defaults.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following tables summarize the gross and net fair value of derivative assets and liabilities as of March 31, 2016 and December 31, 2015 (in millions):

Offsetting of Derivative Assets

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts Presented in the Condensed Consolidated Balance Sheets	Derivatives Not Offset in the Condensed Consolidated Balance Sheets	Net Amounts
March 31, 2016					
Derivatives subject to a master netting arrangement or similar agreement	\$ 205.4	\$ —	\$ 205.4	\$ (147.6)	\$ 57.8
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	271.4				
Total	<u>\$ 476.8</u>				

December 31, 2015

Derivatives subject to a master netting arrangement or similar agreement	\$ 224.3	\$ —	\$ 224.3	\$ (119.2)	\$ 105.1
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	172.0				
Total	<u>\$ 396.3</u>				

Offsetting of Derivative Liabilities

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts Presented in the Condensed Consolidated Balance Sheets	Derivatives Not Offset in the Condensed Consolidated Balance Sheets	Net Amounts
March 31, 2016					
Derivatives subject to a master netting arrangement or similar agreement	\$ 234.4	\$ —	\$ 234.4	\$ (147.6)	\$ 86.8
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	160.3				
Total	<u>\$ 394.7</u>				

December 31, 2015

Derivatives subject to a master netting arrangement or similar agreement	\$ 169.6	\$ —	\$ 169.6	\$ (119.2)	\$ 50.4
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	114.1				
Total	<u>\$ 283.7</u>				

THE WESTERN UNION COMPANY
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)**
Income Statement

The following tables summarize the location and amount of gains and losses of derivatives in the Condensed Consolidated Statements of Income segregated by designated, qualifying hedging instruments and those that are not, for the three months ended March 31, 2016 and 2015 (in millions):

Fair Value Hedges

The following table presents the location and amount of gains/(losses) from fair value hedges for the three months ended March 31, 2016 and 2015 (in millions):

Derivatives	Gain/(Loss) Recognized in Income on Derivatives			Hedged Item	Gain/(Loss) Recognized in Income on Related Hedged Item (a)			Gain/(Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)		
	Income Statement Location	Amount			Income Statement Location	Amount		Income Statement Location	Amount	
		March 31, 2016	March 31, 2015			March 31, 2016	March 31, 2015		March 31, 2016	March 31, 2015
Interest rate contracts	Interest expense	\$ 11.2	\$ 10.9	Fixed rate debt	Interest expense	\$ (8.5)	\$ (7.5)	Interest expense	\$ 0.2	\$ 0.7
Total gain/(loss)		\$ 11.2	\$ 10.9			\$ (8.5)	\$ (7.5)		\$ 0.2	\$ 0.7

Cash Flow Hedges

The following table presents the location and amount of gains/(losses) from cash flow hedges for the three months ended March 31, 2016 and 2015 (in millions):

Derivatives	Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion)		Income Statement Location	Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Income Statement Location	Gain/(Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing) (b)	
	Amount			Amount			Amount	
	March 31, 2016	March 31, 2015		March 31, 2016	March 31, 2015		March 31, 2016	March 31, 2015
Foreign currency contracts	\$ (26.3)	\$ 58.2	Revenue	\$ 15.1	\$ 15.7	Derivative gains, net	\$ 1.7	\$ (0.8)
Interest rate contracts (c)	—	—	Interest expense	(0.9)	(0.9)	Interest expense	—	—
Total gain/(loss)	\$ (26.3)	\$ 58.2		\$ 14.2	\$ 14.8		\$ 1.7	\$ (0.8)

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)Undesignated Hedges

The following table presents the location and amount of net gains/(losses) from undesignated hedges for the three months ended March 31, 2016 and 2015 (in millions):

Derivatives	Gain/(Loss) Recognized in Income on Derivatives (d)		
	Income Statement Location	Amount	
		March 31, 2016	March 31, 2015
Foreign currency contracts (e)	Selling, general and administrative	\$ (17.6)	\$ 27.3
Foreign currency contracts (f)	Derivative gains, net	(1.2)	1.8
Total gain/(loss)		\$ (18.8)	\$ 29.1

- (a) The loss of \$8.5 million and \$7.5 million in the three months ended March 31, 2016 and 2015, respectively, consisted of a loss in value on the debt of \$11.4 million and \$11.6 million, respectively, and amortization of hedge accounting adjustments of \$2.9 million and \$4.1 million, respectively.
- (b) The portion of the change in fair value of a derivative excluded from the effectiveness assessment for foreign currency forward contracts designated as cash flow hedges represents the difference between changes in forward rates and spot rates.
- (c) The Company uses derivatives to hedge the forecasted issuance of fixed-rate debt and records the effective portion of the derivative's fair value in "Accumulated other comprehensive loss" in the Condensed Consolidated Balance Sheets. These amounts are reclassified to "Interest expense" in the Condensed Consolidated Statements of Income over the life of the related notes.
- (d) The Company uses foreign currency forward and option contracts as part of its Business Solutions payments operations. These derivative contracts are excluded from this table as they are managed as part of a broader currency portfolio that includes non-derivative currency exposures. The gains and losses on these derivatives are included as part of the broader disclosure of portfolio revenue for this business discussed above.
- (e) The Company uses foreign currency forward contracts to offset foreign exchange rate fluctuations on settlement assets and obligations as well as certain foreign currency denominated positions. Foreign exchange gains/(losses) on settlement assets and obligations, cash balances, and other assets and liabilities, not including amounts related to derivatives activity as displayed above and included in "Selling, general, and administrative" in the Condensed Consolidated Statements of Income were \$16.4 million and \$(29.5) million for the three months ended March 31, 2016 and 2015, respectively.
- (f) The derivative contracts used in the Company's revenue hedging program are not designated as hedges in the final month of the contract.

An accumulated other comprehensive pre-tax gain of \$20.8 million related to the foreign currency forward contracts is expected to be reclassified into revenue within the next 12 months as of March 31, 2016. Approximately \$3.5 million of net losses on the forecasted debt issuance hedges are expected to be recognized in "Interest expense" in the Condensed Consolidated Statements of Income within the next 12 months as of March 31, 2016. No amounts have been reclassified into earnings as a result of the underlying transaction being considered probable of not occurring within the specified time period.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)**9. Borrowings**

The Company's outstanding borrowings consisted of the following (in millions):

	March 31, 2016	December 31, 2015
Notes:		
5.930% notes due 2016 (a)	\$ 1,000.0	\$ 1,000.0
2.875% notes due 2017 (a)	500.0	500.0
3.650% notes (effective rate of 4.2%) due 2018	400.0	400.0
3.350% notes due 2019 (a)	250.0	250.0
5.253% notes due 2020 (a)	324.9	324.9
6.200% notes due 2036 (a)	500.0	500.0
6.200% notes due 2040 (a)	250.0	250.0
Other borrowings	5.5	5.5
Total borrowings at par value	3,230.4	3,230.4
Fair value hedge accounting adjustments, net (b)	16.1	7.6
Unamortized discount and debt issuance costs (c)	(20.8)	(22.1)
Total borrowings at carrying value (d)	\$ 3,225.7	\$ 3,215.9

- (a) The difference between the stated interest rate and the effective interest rate is not significant.
- (b) The Company utilizes interest rate swaps designated as fair value hedges to effectively change the interest rate payments on a portion of its notes from fixed-rate payments to short-term LIBOR-based variable rate payments in order to manage its overall exposure to interest rates. The changes in fair value of these interest rate swaps result in an offsetting hedge accounting adjustment recorded to the carrying value of the related note. These hedge accounting adjustments will be reclassified as reductions to or increases in "Interest expense" in the Condensed Consolidated Statements of Income over the life of the related notes, and cause the effective rate of interest to differ from the notes' stated rate.
- (c) On January 1, 2016, the Company adopted an accounting pronouncement that requires capitalized debt issuance costs to be presented as a reduction to the carrying value of debt, with adoption retrospective for periods previously presented. The adoption of this standard resulted in a reduction of \$9.7 million to the carrying value of borrowings as of December 31, 2015.
- (d) As of March 31, 2016, the Company's weighted-average effective rate on total borrowings was approximately 4.9%.

The following summarizes the Company's maturities of borrowings at par value as of March 31, 2016 (in millions):

Due within 1 year	\$ 1,005.5
Due after 1 year through 2 years	500.0
Due after 2 years through 3 years	400.0
Due after 3 years through 4 years	250.0
Due after 4 years through 5 years	324.9
Due after 5 years	750.0

The Company's obligations with respect to its outstanding Notes, as described above, rank equally.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)*Term Loan Facility*

On April 11, 2016, the Company entered into a term loan agreement, which matures in April 2021, providing for an unsecured delayed draw term loan facility in an aggregate amount of \$575.0 million (the "Term Loan Facility"). The Company may draw term loans under the Term Loan Facility from time to time until October 11, 2016 (the "Commitment Termination Date"). In addition, the Company has the option to increase the commitments under the Term Loan Facility, either before or after the Commitment Termination Date, in an aggregate amount up to \$250.0 million. Any such increases would be subject to obtaining additional commitments from existing or new lenders under the Term Loan Facility. The Company plans to use the proceeds of the term loans to refinance a portion of the Company's issued and outstanding 5.930% notes due October 2016 and for general corporate purposes; provided, that no more than \$450.0 million in proceeds from the loans under the Term Loan Facility may be used for purposes other than redeeming, repaying, purchasing or refinancing the Company's notes due October 2016 and paying any fees and expenses in connection with the Term Loan Facility and other related loan documents.

The Term Loan Facility contains covenants, subject to certain exceptions, that, among other things, limit or restrict the Company's ability to sell or transfer assets or merge or consolidate with another company, grant certain types of security interests, incur certain types of liens, impose restrictions on subsidiary dividends, enter into sale and leaseback transactions, incur certain subsidiary level indebtedness, or use proceeds in violation of anti-corruption or anti-money laundering laws. The Term Loan Facility requires the Company to maintain a consolidated adjusted EBITDA interest coverage ratio of greater than 3 :1 for each period of four consecutive fiscal quarters. The Term Loan Facility also contains customary representations, warranties and events of default.

Generally, interest under the Term Loan Facility is calculated using a selected LIBOR rate plus an interest rate margin of 150 basis points. A commitment fee of 15 basis points on the unused amount of the commitments under the facility is also payable quarterly until the Commitment Termination Date. Both the interest rate margin and commitment fee percentage are based on certain of the Company's credit ratings, and will increase or decrease in the event of certain upgrades or downgrades in the Company's credit ratings.

In addition to the payment of interest, the Company is required to make certain periodic amortization payments with respect to the outstanding principal of the term loans commencing after the second anniversary of the closing of the Term Loan Facility. The final maturity date of the Term Loan Facility is April 11, 2021.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)**10. Income Taxes**

The Company's effective tax rates on pre-tax income for the three months ended March 31, 2016 and 2015 were 14.6% and 12.3% , respectively. The increase in the Company's effective tax rate for the three months ended March 31, 2016 compared to the prior period was primarily due to changes in the composition between higher-taxed and lower-taxed foreign earnings and non-recurring prior period tax planning benefits, partially offset by various discrete items . For the year ended December 31, 2015, 103% of the Company's pre-tax income was derived from foreign sources, and the Company currently expects that approximately 99% of the Company's pre-tax income will be derived from foreign sources for the year ending December 31, 2016. Certain portions of the Company's foreign source income are subject to United States federal and state income tax as earned due to the nature of the income, and dividend repatriations of the Company's foreign source income are generally subject to United States federal and state income tax.

Uncertain Tax Positions

The Company has established contingency reserves for a variety of material, known tax exposures. The Company's tax reserves reflect management's judgment as to the resolution of the issues involved if subject to judicial review or other settlement. While the Company believes its reserves are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be resolved at a financial cost that does not exceed its related reserve. With respect to these reserves, the Company's income tax expense would include (i) any changes in tax reserves arising from material changes in the facts and circumstances (i.e., new information) surrounding a tax issue during the period and (ii) any difference from the Company's tax position as recorded in the financial statements and the final resolution of a tax issue during the period. Such resolution could materially increase or decrease income tax expense in the Company's consolidated financial statements in future periods and could impact operating cash flows.

Unrecognized tax benefits represent the aggregate tax effect of differences between tax return positions and the amounts otherwise recognized in the Company's consolidated financial statements, and are reflected in "Income taxes payable" in the Condensed Consolidated Balance Sheets. The total amount of unrecognized tax benefits as of March 31, 2016 and December 31, 2015 was \$108.2 million and \$105.6 million , respectively, excluding interest and penalties. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$101.1 million and \$96.8 million as of March 31, 2016 and December 31, 2015 , respectively, excluding interest and penalties.

The Company recognizes interest and penalties with respect to unrecognized tax benefits in "Provision for income taxes" in its Condensed Consolidated Statements of Income, and records the associated liability in "Income taxes payable" in its Condensed Consolidated Balance Sheets. The Company recognized immaterial amounts of interest and penalties during the three months ended March 31, 2016 and 2015 , respectively. The Company has accrued \$16.0 million and \$17.0 million for the payment of interest and penalties as of March 31, 2016 and December 31, 2015 , respectively.

The Company and its subsidiaries file tax returns for the United States, for multiple states and localities, and for various non-United States jurisdictions, and the Company has identified the United States as its major tax jurisdiction, as the income tax imposed by any one foreign country is not material to the Company. The United States federal income tax returns of First Data, which include the Company, are eligible to be examined for 2005 and 2006. The Company's United States federal income tax returns since the Spin-off are also eligible to be examined.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The United States Internal Revenue Service ("IRS") completed its examination of the United States federal consolidated income tax returns of First Data for 2003 and 2004, which included the Company, and issued a Notice of Deficiency in December 2008. In December 2011, the Company reached an agreement with the IRS resolving substantially all of the issues related to the Company's restructuring of its international operations in 2003 ("IRS Agreement"). As a result of the IRS Agreement, the Company expects to make cash payments of approximately \$190 million, plus additional accrued interest, of which \$94.1 million has been paid as of March 31, 2016. A substantial majority of these payments were made in the year ended December 31, 2012. The Company expects to pay the remaining amount in 2016 and beyond. The IRS completed its examination of the United States federal consolidated income tax returns of First Data, which include the Company's 2005 and pre-Spin-off 2006 taxable periods and issued its report on October 31, 2012 ("FDC 30-Day Letter"). Furthermore, the IRS completed its examination of the Company's United States federal consolidated income tax returns for the 2006 post-Spin-off period through 2009 and issued its report also on October 31, 2012 ("WU 30-Day Letter"). Both the FDC 30-Day Letter and the WU 30-Day Letter propose tax adjustments affecting the Company, some of which are agreed and some of which are unagreed. Both First Data and the Company filed their respective protests with the IRS Appeals Division on November 28, 2012 related to the unagreed proposed adjustments. Discussions with the IRS concerning these adjustments are ongoing. The Company believes its reserves are adequate with respect to both the agreed and unagreed adjustments.

As of March 31, 2016, no provision has been made for United States federal and state income taxes on certain of the Company's outside tax basis differences, which primarily relate to accumulated foreign earnings of approximately \$6.2 billion, which have been reinvested and are expected to continue to be reinvested outside the United States indefinitely. Over the last several years, such earnings have been used to pay for the Company's international acquisitions and operations and provide initial Company funding of global principal payouts for Consumer-to-Consumer and Business Solutions transactions. Upon distribution of those earnings to the United States in the form of actual or constructive dividends, the Company would be subject to United States income taxes (subject to an adjustment for foreign tax credits), state income taxes and possible withholding taxes payable to various foreign countries. Such taxes could be significant. Determination of this amount of unrecognized United States deferred tax liability is not practicable because of the complexities associated with its hypothetical calculation.

Tax Allocation Agreement with First Data

The Company and First Data each are liable for taxes imposed on their respective businesses both prior to and after the Spin-off. If such taxes have not been appropriately apportioned between First Data and the Company, subsequent adjustments may occur that may impact the Company's financial condition or results of operations.

Also under the tax allocation agreement, with respect to taxes and other liabilities that result from a final determination that is inconsistent with the anticipated tax consequences of the Spin-off (as set forth in the private letter ruling and relevant tax opinion) ("Spin-off Related Taxes"), the Company will be liable to First Data for any such Spin-off Related Taxes attributable solely to actions taken by or with respect to the Company. In addition, the Company will also be liable for half of any Spin-off Related Taxes (i) that would not have been imposed but for the existence of both an action by the Company and an action by First Data or (ii) where the Company and First Data each take actions that, standing alone, would have resulted in the imposition of such Spin-off Related Taxes. The Company may be similarly liable if it breaches certain representations or covenants set forth in the tax allocation agreement. If the Company is required to indemnify First Data for taxes incurred as a result of the Spin-off being taxable to First Data, it likely would have a material adverse effect on the Company's business, financial condition and results of operations. First Data generally will be liable for all Spin-off Related Taxes, other than those described above.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

11. Stock Compensation Plans

For the three months ended March 31, 2016 and 2015, the Company recognized stock-based compensation expense of \$ 12.3 million and \$ 11.7 million, respectively, resulting from stock options, restricted stock units, performance-based restricted stock units and bonus/deferred stock units in the Condensed Consolidated Statements of Income.

During the three months ended March 31, 2016, the Company granted 0.6 million options at a weighted-average exercise price of \$18.19 and 3.0 million performance-based restricted stock units and restricted stock units at a weighted-average grant date fair value of \$16.66. As of March 31, 2016, the Company had 10.1 million outstanding options at a weighted-average exercise price of \$17.71, of which 8.0 million options were exercisable at a weighted-average exercise price of \$17.94. The Company had 7.4 million performance-based restricted stock units (based on target performance) and restricted stock units at a weighted-average grant date fair value of \$16.48 as of March 31, 2016. The majority of stock units do not provide for the payment of dividend equivalents. For those units, their value is reduced by the net present value of the foregone dividend equivalent payments.

12. Segments

As previously described in Note 1, the Company classifies its businesses into three segments: Consumer-to-Consumer, Consumer-to-Business and Business Solutions. Operating segments are defined as components of an enterprise that engage in business activities, about which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker in deciding where to allocate resources and in assessing performance.

The Consumer-to-Consumer operating segment facilitates money transfers between two consumers. The Company's money transfer service is viewed by the Company as one interconnected global network where a money transfer can be sent from one location to another, around the world. The segment includes five geographic regions whose functions are limited to generating, managing and maintaining agent relationships and localized marketing activities. The Company includes its online money transfer services initiated through Western Union branded websites ("westernunion.com") in its regions. By means of common processes and systems, these regions, including westernunion.com, create an interconnected network for consumer transactions, thereby constituting one global Consumer-to-Consumer money transfer business and one operating segment.

The Consumer-to-Business operating segment facilitates bill payments from consumers to businesses and other organizations, including utilities, auto finance companies, mortgage servicers, financial service providers, government agencies and other businesses.

The Business Solutions operating segment facilitates payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals.

All businesses that have not been classified in the above segments are reported as "Other" and include the Company's money order and other services.

THE WESTERN UNION COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following table presents the Company's reportable segment results for the three months ended March 31, 2016 and 2015, respectively (in millions):

	Three Months Ended March 31,	
	2016	2015
Revenues:		
Consumer-to-Consumer:		
Transaction fees	\$ 750.6	\$ 776.2
Foreign exchange revenues	251.5	244.1
Other revenues	15.3	18.0
	<u>1,017.4</u>	<u>1,038.3</u>
Consumer-to-Business:		
Transaction fees	150.7	151.4
Foreign exchange and other revenues	5.4	6.4
	<u>156.1</u>	<u>157.8</u>
Business Solutions:		
Foreign exchange revenues	89.4	87.9
Transaction fees and other revenues	9.8	10.1
	<u>99.2</u>	<u>98.0</u>
Other:		
Total revenues	25.0	26.8
Total consolidated revenues	<u>\$ 1,297.7</u>	<u>\$ 1,320.9</u>
Operating income:		
Consumer-to-Consumer	\$ 231.3	\$ 240.2
Consumer-to-Business	22.9	29.5
Business Solutions	2.4	2.1
Other	2.0	0.5
Total consolidated operating income	<u>\$ 258.6</u>	<u>\$ 272.3</u>

THE WESTERN UNION COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2.

This report on Form 10-Q contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as "expects," "intends," "anticipates," "believes," "estimates," "guides," "provides guidance," "provides outlook" and other similar expressions or future or conditional verbs such as "may," "will," "should," "would," "could," and "might" are intended to identify such forward-looking statements. Readers of the Form 10-Q of The Western Union Company (the "Company," "Western Union," "we," "our" or "us") should not rely solely on the forward-looking statements and should consider all uncertainties and risks discussed in the "Risk Factors" section and throughout the Annual Report on Form 10-K for the year ended December 31, 2015. The statements are only as of the date they are made, and the Company undertakes no obligation to update any forward-looking statement.

Possible events or factors that could cause results or performance to differ materially from those expressed in our forward-looking statements include the following: (i) events related to our business and industry, such as: changes in general economic conditions and economic conditions in the regions and industries in which we operate, including global economic and trade downturns, or significantly slower growth or declines in the money transfer, payment service, and other markets in which we operate, including downturns or declines related to interruptions in migration patterns, or non-performance by our banks, lenders, insurers, or other financial services providers; failure to compete effectively in the money transfer and payment service industry, including among other things, with respect to price, with global and niche or corridor money transfer providers, banks and other money transfer and payment service providers, including electronic, mobile and Internet-based services, card associations, and card-based payment providers, and with digital currencies and related protocols, and other innovations in technology and business models; deterioration in customer confidence in our business, or in money transfer and payment service providers generally; our ability to adopt new technology and develop and gain market acceptance of new and enhanced services in response to changing industry and consumer needs or trends; changes in, and failure to manage effectively, exposure to foreign exchange rates, including the impact of the regulation of foreign exchange spreads on money transfers and payment transactions; any material breach of security, including cybersecurity, or safeguards of or interruptions in any of our systems or those of our vendors or other third parties; cessation of or defects in various services provided to us by third-party vendors; mergers, acquisitions and integration of acquired businesses and technologies into our Company, and the failure to realize anticipated financial benefits from these acquisitions, and events requiring us to write down our goodwill; political conditions and related actions in the United States and abroad which may adversely affect our business and economic conditions as a whole, including interruptions of United States or other government relations with countries in which we have or are implementing significant business relationships with agents or clients; failure to manage credit and fraud risks presented by our agents, clients and consumers; failure to maintain our agent network and business relationships under terms consistent with or more advantageous to us than those currently in place, including due to increased costs or loss of business as a result of increased compliance requirements or difficulty for us, our agents or their subagents in establishing or maintaining relationships with banks needed to conduct our services; decisions to change our business mix; changes in tax laws, or their interpretation, and unfavorable resolution of tax contingencies; adverse rating actions by credit rating agencies; our ability to realize the anticipated benefits from productivity and cost-savings and other related initiatives, which may include decisions to downsize or to transition operating activities from one location to another, and to minimize any disruptions in our workforce that may result from those initiatives; our ability to protect our brands and our other intellectual property rights and to defend ourselves against potential intellectual property infringement claims; our ability to attract and retain qualified key employees and to manage our workforce successfully; material changes in the market value or liquidity of securities that we hold; restrictions imposed by our debt obligations; (ii) events related to our regulatory and litigation environment, such as: liabilities or loss of business resulting from a failure by us, our agents or their subagents to comply with laws and regulations and regulatory or judicial interpretations thereof, including laws and regulations designed to protect consumers, or detect and prevent money laundering, terrorist financing, fraud and other illicit activity; increased costs or loss of business due to regulatory initiatives and changes in laws, regulations and industry practices and standards, including changes in interpretations in the United States and globally, affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services,

including related to anti-money laundering regulations, anti-fraud measures, customer due diligence, agent and subagent due diligence, registration and monitoring requirements, and consumer protection requirements; liabilities or loss of business and unanticipated developments resulting from governmental investigations and consent agreements with or enforcement actions by regulators, including those associated with compliance with or failure to comply with the settlement agreement with the State of Arizona, as amended; the potential impact on our business from the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), as well as regulations issued pursuant to it and the actions of the Consumer Financial Protection Bureau and similar legislation and regulations enacted by other governmental authorities related to consumer protection; liabilities resulting from litigation, including class-action lawsuits and similar matters, including costs, expenses, settlements and judgments; failure to comply with regulations and evolving industry standards regarding consumer privacy and data use and security; effects of unclaimed property laws; failure to maintain sufficient amounts or types of regulatory capital or other restrictions on the use of our working capital to meet the changing requirements of our regulators worldwide; changes in accounting standards, rules and interpretations or industry standards affecting our business; and (iii) other events, such as: adverse tax consequences from our spin-off from First Data Corporation; catastrophic events; and management's ability to identify and manage these and other risks.

Overview

We are a leading provider of money movement and payment services, operating in three business segments:

- *Consumer-to-Consumer* - The Consumer-to-Consumer operating segment facilitates money transfers between two consumers, primarily through a network of third-party agents. Our multi-currency, real-time money transfer service is viewed by us as one interconnected global network where a money transfer can be sent from one location to another, around the world. Our money transfer services are available for international cross-border transfers - that is, the transfer of funds from one country to another - and, in certain countries, intra-country transfers - that is, money transfers from one location to another in the same country. This segment also includes money transfer transactions that can be initiated through websites and mobile devices.
- *Consumer-to-Business* - The Consumer-to-Business operating segment facilitates bill payments from consumers to businesses and other organizations, including utilities, auto finance companies, mortgage servicers, financial service providers, government agencies and other businesses. The significant majority of the segment's revenue was generated in the United States during all periods presented, with the remainder primarily generated in Argentina.
- *Business Solutions* - The Business Solutions operating segment facilitates payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals. The majority of the segment's business relates to exchanges of currency at spot rates, which enable customers to make cross-currency payments. In addition, in certain countries, we write foreign currency forward and option contracts for customers to facilitate future payments.

All businesses that have not been classified in the above segments are reported as "Other" and include our money order and other businesses and services, in addition to costs for the review and closing of acquisitions.

Results of Operations

The following discussion of our consolidated results of operations and segment results refers to the three months ended March 31, 2016 compared to the same period in 2015. The results of operations should be read in conjunction with the discussion of our segment results of operations, which provide more detailed discussions concerning certain components of the Condensed Consolidated Statements of Income. All significant intercompany accounts and transactions between our segments were eliminated and the below information has been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"). All amounts provided in this section are rounded to the nearest tenth of a million, except as otherwise noted. As a result, the percentage changes and margins disclosed herein may not recalculate precisely using the rounded amounts provided.

The following table sets forth our consolidated results of operations for the three months ended March 31, 2016 and 2015.

(in millions, except per share amounts)	Three Months Ended March 31,		
	2016	2015	% Change
Revenues:			
Transaction fees	\$ 919.0	\$ 948.6	(3)%
Foreign exchange revenues	345.5	338.0	2 %
Other revenues	33.2	34.3	(3)%
Total revenues	1,297.7	1,320.9	(2)%
Expenses:			
Cost of services	779.4	771.8	1 %
Selling, general and administrative	259.7	276.8	(6)%
Total expenses	1,039.1	1,048.6	(1)%
Operating income	258.6	272.3	(5)%
Other income/(expense):			
Interest income	0.9	2.9	(a)
Interest expense	(40.5)	(41.8)	(3)%
Derivative gains, net	0.5	1.0	(a)
Other expense, net	(2.0)	(1.8)	(a)
Total other expense, net	(41.1)	(39.7)	4 %
Income before income taxes	217.5	232.6	(6)%
Provision for income taxes	31.8	28.7	10 %
Net income	\$ 185.7	\$ 203.9	(9)%
Earnings per share:			
Basic	\$ 0.37	\$ 0.39	(5)%
Diluted	\$ 0.37	\$ 0.39	(5)%
Weighted-average shares outstanding:			
Basic	500.0	521.0	
Diluted	503.2	525.2	

(a) Calculation not meaningful

Revenues overview

During the three months ended March 31, 2016 compared to 2015, consolidated revenues decreased 2% primarily due to the strengthening of the United States dollar compared to foreign currencies, which negatively impacted revenue by 5%, net of the impact of foreign currency hedges. This decrease was partially offset by transaction growth of 3% in our Consumer-to-Consumer segment for the three months ended March 31, 2016.

Fluctuations in the exchange rate between the United States dollar and other currencies, net of the impact of foreign currency hedges, resulted in a reduction to revenues for the three months ended March 31, 2016 of \$57.4 million relative to the prior period. Foreign currency hedges benefited revenues by \$15.1 million for the three months ended March 31, 2016. We use foreign currency forwards to hedge certain foreign exchange impacts on our forecasted revenues. To the extent these derivatives are effective in managing our foreign exchange risk, we reflect the hedge impact in revenues in the period the hedged revenues are recorded.

Operating expenses overview

Enhanced regulatory compliance

The financial services industry, including money services businesses, continues to be subject to increasingly strict legal and regulatory requirements, and we regularly review our compliance programs. In connection with these reviews, and in light of growing and rapidly evolving regulatory complexity and heightened attention of, and increased dialogue with, governmental and regulatory authorities related to our compliance activities, we have made, and continue to make enhancements to our processes and systems designed to detect and prevent money laundering, terrorist financing, and fraud and other illicit activity, along with enhancements to improve consumer protection related to the Dodd-Frank Act and similar regulations outside the United States, and other matters. In coming periods we expect these enhancements will continue to result in changes to certain of our business practices and increased costs. Some of these changes have had, and we believe will continue to have, an adverse effect on our business, financial condition and results of operations.

Cost of services

Cost of services primarily consists of agent commissions, which represented approximately 60% of total cost of services for the three months ended March 31, 2016. Cost of services increased for the three months ended March 31, 2016 compared to the prior period due to increased technology expenses, partially offset by a decrease in variable costs that generally fluctuate with revenues, including agent commissions.

Selling, general and administrative

Selling, general and administrative expenses decreased for the three months ended March 31, 2016 compared to the prior period due to the strengthening of the United States dollar compared to foreign currencies, benefits from productivity and cost-savings initiatives, and the timing of certain expenses.

Operating income

During the three months ended March 31, 2016 compared to the prior period, consolidated operating income decreased 5% as a result of the changes in revenue and operating expenses described above. The strengthening of the United States dollar compared to foreign currencies, net of the impact of foreign currency hedges, negatively impacted operating income by approximately 6% for the three months ended March 31, 2016, compared to the prior period.

Total other expense, net

Total other expense, net was materially consistent for the three months ended March 31, 2016 compared to the prior period.

Income taxes

Our effective tax rates on pre-tax income were 14.6% and 12.3% for the three months ended March 31, 2016 and 2015, respectively. The increase in our effective tax rate for the three months ended March 31, 2016 compared to the prior period was primarily due to changes in the composition between higher-taxed and lower-taxed foreign earnings and non-recurring prior period tax planning benefits, partially offset by various discrete items.

We continue to benefit from a significant proportion of profits being foreign-derived and generally taxed at lower rates than our combined federal and state tax rates in the United States. For the year ended December 31, 2015, 103% of our pre-tax income was derived from foreign sources, and we currently expect that approximately 99% of our pre-tax income will be derived from foreign sources for the year ending December 31, 2016. Our foreign pre-tax income is subject to tax in multiple foreign jurisdictions, virtually all of which have statutory income tax rates lower than the United States. While the income tax imposed by any one foreign country is not material to us, our overall effective tax rate could be adversely affected by changes in tax laws, both foreign and domestic. Certain portions of our foreign source income are subject to United States federal and state income tax as earned due to the nature of the income, and dividend repatriations of our foreign source income are generally subject to United States federal and state income tax.

We have established contingency reserves for a variety of material, known tax exposures. As of March 31, 2016, the total amount of tax contingency reserves was \$116.5 million, including accrued interest and penalties, net of related items. Our tax reserves reflect our judgment as to the resolution of the issues involved if subject to judicial review or other settlement. While we believe that our reserves are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be resolved at a financial cost that does not exceed our related reserve. With respect to these reserves, our income tax expense would include (i) any changes in tax reserves arising from material changes in facts and circumstances (i.e. new information) surrounding a tax issue during the period and (ii) any difference from our tax position as recorded in the financial statements and the final resolution of a tax issue during the period. Such resolution could materially increase or decrease income tax expense in our consolidated financial statements in future periods and could impact our operating cash flows.

Earnings per share

During the three months ended March 31, 2016 and 2015, basic earnings per share were \$0.37 and \$0.39, respectively, and diluted earnings per share were \$0.37 and \$0.39, respectively. Outstanding options to purchase Western Union stock and unvested shares of restricted stock are excluded from basic shares outstanding. Diluted earnings per share reflects the potential dilution that could occur if outstanding stock options at the presented dates are exercised and shares of restricted stock have vested. As of March 31, 2016 and 2015, there were 5.9 million and 8.9 million, respectively, of outstanding options to purchase shares of Western Union stock excluded from the diluted earnings per share calculation under the treasury stock method as their effect was anti-dilutive.

Earnings per share decreased for the three months ended March 31, 2016 compared to the prior period primarily due to the previously described factors impacting net income, partially offset by lower weighted-average shares outstanding. The lower number of shares outstanding was due to stock repurchases exceeding stock issuances related to the Company's stock compensation programs.

Segment Discussion

We manage our business around the consumers and businesses we serve and the types of services we offer. Each of our three segments addresses a different combination of consumer groups, distribution networks and services offered. Our segments are Consumer-to-Consumer, Consumer-to-Business and Business Solutions. Businesses and services not considered part of these segments are categorized as "Other."

The following table sets forth the components of segment revenues as a percentage of the consolidated totals for the three months ended March 31, 2016 and 2015.

	Three Months Ended March 31,	
	2016	2015
Consumer-to-Consumer	78%	79%
Consumer-to-Business	12%	12%
Business Solutions	8%	7%
Other	2%	2%
	<u>100%</u>	<u>100%</u>

Consumer-to-Consumer Segment

The following table sets forth our Consumer-to-Consumer segment results of operations for the three months ended March 31, 2016 and 2015 .

(dollars and transactions in millions)	Three Months Ended March 31,		
	2016	2015	% Change
Revenues:			
Transaction fees	\$ 750.6	\$ 776.2	(3)%
Foreign exchange revenues	251.5	244.1	3 %
Other revenues	15.3	18.0	(15)%
Total revenues	\$ 1,017.4	\$ 1,038.3	(2)%
Operating income	\$ 231.3	\$ 240.2	(4)%
Operating income margin	23%	23%	
Key indicator:			
Consumer-to-Consumer transactions	63.7	61.8	3 %

We view our Consumer-to-Consumer money transfer service as one interconnected global network where a money transfer can be sent from one location to another, around the world. The segment includes five geographic regions whose functions are limited to generating, managing and maintaining agent relationships and localized marketing activities. We include our online money transfer services initiated through Western Union branded websites ("westernunion.com") in our regions. By means of common processes and systems, these regions, including westernunion.com, create an interconnected network for consumer transactions, thereby constituting one global Consumer-to-Consumer money transfer business and one operating segment.

Significant allocations are made in determining the transaction and revenue changes under the regional view in the table that follows. The geographic split for transactions and revenue, including transactions initiated through westernunion.com, is determined based upon the region where the money transfer is initiated and the region where the money transfer is paid. For transactions originated and paid in different regions, we split the transaction count and revenue between the two regions, with each region receiving 50%. For money transfers initiated and paid in the same region, 100% of the transactions and revenue are attributed to that region. Included in each region's transaction and revenue percentages in the tables below are transactions initiated through westernunion.com for the three months ended March 31, 2016. Regional results for the three months ended March 31, 2015 have also been adjusted to include transactions initiated through westernunion.com. Prior to January 1, 2016, we reported westernunion.com initiated transactions as a separate region with 100% of the corresponding transactions and revenue attributed to that region. Where reported separately in the discussion below, westernunion.com consists of 100% of the transactions and revenue that are initiated through westernunion.com, regardless of where the transactions are paid out.

Due to the significance of our Consumer-to-Consumer segment to our overall results and the effect that foreign exchange fluctuations against the United States dollar can have on our reported revenues, constant currency results have been provided in the table below. Constant currency is a non-GAAP financial measure and is provided so that revenue can be viewed without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our revenue results and trends. This constant currency disclosure is provided in addition to, and not as a substitute for, the year-over-year percentage change in revenue on a GAAP basis. Other companies may calculate and define similarly labeled items differently, which may limit the usefulness of this measure for comparative purposes.

The table below sets forth revenue and transaction changes by geographic region compared to the same period in the prior year:

	Three Months Ended March 31, 2016			
	Revenue Growth/(Decline), as Reported	Foreign Exchange Translation Impact	Constant Currency Revenue Growth/(Decline) (a)	Transaction Growth/(Decline)
Consumer-to-Consumer regional growth/(decline):				
North America	3 %	(2)%	5 %	7 %
Europe and CIS	(3)%	(3)%	0 %	3 %
Middle East and Africa	(4)%	(3)%	(1)%	(3)%
Asia Pacific ("APAC")	(4)%	(3)%	(1)%	(4)%
Latin America and the Caribbean ("LACA")	(5)%	(6)%	1 %	11 %
Total Consumer-to-Consumer growth/(decline):	(2)%	(3)%	1 %	3 %
westernunion.com (b)	16 %	(2)%	18 %	25 %

- (a) Constant currency revenue growth assumes that revenues denominated in foreign currencies are translated to the U.S. dollar, net of the effect of foreign currency hedges, at rates consistent with those in the prior period.
- (b) Westernunion.com revenues have also been included in each region, as described earlier.

The table below sets forth regional revenues as a percentage of our Consumer-to-Consumer revenue for the three months ended March 31, 2016 and 2015 .

	Three Months Ended March 31,	
	2016	2015
Consumer-to-Consumer revenue as a percentage of segment revenue:		
North America	28%	27%
Europe and CIS	26%	26%
Middle East and Africa	20%	21%
APAC	15%	15%
LACA	11%	11%

Westernunion.com, which is included in the regional percentages above, represented approximately 7% and 6% of our Consumer-to-Consumer revenue for the three months ended March 31, 2016 and 2015, respectively.

Our consumers transferred \$19.1 billion and \$19.5 billion in Consumer-to-Consumer principal for the three months ended March 31, 2016 and 2015, respectively, of which \$17.3 billion and \$17.5 billion related to cross-border principal, for the same corresponding periods described above.

Transaction fees and foreign exchange revenues

All comparisons in the discussion below are for the three months ended March 31, 2016 compared to the corresponding period in the prior year.

Consumer-to-Consumer money transfer revenue decreased 2% . The strengthening of the United States dollar compared to foreign currencies, net of the impact of foreign currency hedges, negatively impacted revenue by 3%. This decline was partially offset by transaction growth of 3% .

Fluctuations in the exchange rate between the United States dollar and other currencies, net of the impact of foreign currency hedges, resulted in a reduction to revenues of \$30.5 million relative to the same period in the previous year. Foreign currency hedges benefited revenues by \$15.1 million for the three months ended March 31, 2016 .

Our North America region experienced increased revenue of 3% and transaction growth of 7% . The increase in revenue was primarily due to transaction growth in our United States outbound services, including our United States to Mexico and Latin America corridors. This was partially offset by fluctuations in the exchange rate between the United States dollar and other currencies, net of the impact of foreign currency hedges, which negatively impacted revenue by 2%.

Our Europe and CIS region experienced decreased revenue of 3% and transaction growth of 3% . Fluctuations in the exchange rate between the United States dollar and the euro and other currencies, net of the impact of foreign currency hedges, negatively impacted revenue by 3%. Revenue was also negatively impacted by transaction declines in Russia, partially offset by transaction growth in Germany.

Our Middle East and Africa region experienced decreased revenue of 4% , on decreased transactions of 3% . Fluctuations in the exchange rate between the United States dollar and other currencies negatively impacted revenue by 3%. Transaction declines in Nigeria also contributed to the decrease in revenue.

Our APAC region experienced decreased revenue of 4% , on decreased transactions of 4% . Fluctuations in the exchange rate between the United States dollar and other currencies, net of the impact of foreign currency hedges, negatively impacted revenue by 3%. Transaction declines in the Philippines also contributed to the decrease in revenue.

Our LACA region experienced decreased revenue of 5% , on transaction growth of 11% . The region was negatively impacted by price reductions implemented in Argentina, partially offset by growth from transactions originated in the United States, as discussed above. Fluctuations in the exchange rate between the United States dollar and other currencies, primarily the Argentine peso, negatively impacted revenue by 6%.

Foreign exchange revenues increased 3% , primarily due to increases in foreign exchange spreads which we began implementing during the first quarter of 2015 that were largely offset by corresponding reductions in transaction fees in certain corridors.

We have historically implemented and will likely continue to implement price reductions from time to time in response to competition and other factors. Price reductions generally reduce margins and adversely affect financial results in the short term and may also adversely affect financial results in the long term if transaction volumes do not increase sufficiently. Consumer-to-Consumer net pricing changes negatively impacted segment revenue by 2% for the three months ended March 31, 2016 .

Operating income

Consumer-to-Consumer operating income declined 4% during the three months ended March 31, 2016 compared to the corresponding period in the prior year. Results for the three months ended March 31, 2016 were impacted by increased technology expenses, partially offset by benefits from productivity and cost-savings initiatives and the timing of certain expenses. Revenues and expenses were also impacted by the strengthening of the United States dollar compared to foreign currencies. Operating margins in the segment were also impacted by these factors.

Consumer-to-Business Segment

The table below sets forth our Consumer-to-Business segment results of operations for the three months ended March 31, 2016 and 2015.

(dollars in millions)	Three months ended March 31,		
	2016	2015	% Change
Revenues:			
Transaction fees	\$ 150.7	\$ 151.4	0 %
Foreign exchange and other revenues	5.4	6.4	(15)%
Total revenues	\$ 156.1	\$ 157.8	(1)%
Operating income	\$ 22.9	\$ 29.5	(23)%
Operating income margin	15%	19%	

Revenues

For the three months ended March 31, 2016 compared to the corresponding period in the prior year, Consumer-to-Business revenue decreased 1% , primarily due to declines related to foreign currency translation in our bill payments in Argentina, partially offset by increases in our United States electronic bill payments. The strengthening of the United States dollar against the Argentine peso negatively impacted our Consumer-to-Business revenue growth by 13% for the three months ended March 31, 2016 .

Operating income

Operating income decreased for the three months ended March 31, 2016 when compared to the corresponding period in the prior year, primarily due to increased technology expenses. The change in operating margins in the segment was also due to this factor.

Business Solutions

The following table sets forth our Business Solutions segment results of operations for the three months ended March 31, 2016 and 2015 .

(dollars in millions)	Three months ended March 31,		
	2016	2015	% Change
Revenues:			
Foreign exchange revenues	\$ 89.4	\$ 87.9	2 %
Transaction fees and other revenues	9.8	10.1	(3)%
Total revenues	\$ 99.2	\$ 98.0	1 %
Operating income	\$ 2.4	\$ 2.1	15 %
Operating income margin	2%	2%	

(a) Calculation not meaningful.

Revenues

For the three months ended March 31, 2016 compared to the corresponding period in the prior year, Business Solutions revenue increased 1% . Fluctuations in the exchange rate between the United States dollar and other currencies negatively impacted revenue growth by 5% for the three months ended March 31, 2016 . Revenue from sales of our hedging products increased, primarily in Europe.

Operating income

For the three months ended March 31, 2016 , operating income and operating income margin remained materially consistent when compared to the corresponding period in the prior year.

Other

The following table sets forth Other results for the three months ended March 31, 2016 and 2015 .

(dollars in millions)	Three months ended March 31,		
	2016	2015	% Change
Revenues	\$ 25.0	\$ 26.8	(7)%
Operating income	\$ 2.0	\$ 0.5	(a)

(a) Calculation not meaningful.

Revenues

Other revenue decreased for the three months ended March 31, 2016 compared to the corresponding period in the prior year due to declines in our prepaid and retail foreign exchange services, partially offset by increases in our money order business.

Operating income

During the three months ended March 31, 2016 , operating income increased when compared to the corresponding period in the prior year due to increased investment and other revenues in our money order business.

Capital Resources and Liquidity

Our primary source of liquidity has been cash generated from our operating activities, primarily from net income and fluctuations in working capital. Our working capital is affected by the timing of interest payments on our outstanding borrowings and timing of income tax payments, among other items. The significant majority of our interest payments are due in the second and fourth quarters which results in a decrease in the amount of cash provided by operating activities in those quarters and a corresponding increase to the first and third quarters.

Our future cash flows could be impacted by a variety of factors, some of which are out of our control, including changes in economic conditions, especially those impacting migrant populations and changes in income tax laws or the status of income tax audits, including the resolution of outstanding tax matters.

Substantially all of our cash flows from operating activities have been generated from subsidiaries. Most of these cash flows are generated from our regulated subsidiaries. Our regulated subsidiaries may transfer all excess cash to the parent company for general corporate use, except for assets subject to legal or regulatory restrictions, including: (1) requirements to maintain cash and other qualifying investment balances, free of any liens or other encumbrances, related to the payment of certain of our money transfer and other payment obligations and (2) other legal or regulatory restrictions, including statutory or formalized net worth requirements.

We believe we have adequate liquidity to meet our business needs, service our debt obligations, pay dividends, and repurchase shares through our existing cash balances and our ability to generate cash flows through operations. To help ensure availability of our worldwide cash where needed, we utilize a variety of planning and financial strategies, including decisions related to the amounts, timing and manner by which cash is repatriated or otherwise made available from our international subsidiaries. These decisions can influence our overall tax rate and impact our total liquidity.

We also have the capacity to borrow up to \$ 1.65 billion in the aggregate under our revolving credit facility ("Revolving Credit Facility"), which supports borrowings under our \$ 1.5 billion commercial paper program and expires in September 2020. As of March 31, 2016 , we had no outstanding borrowings under our Revolving Credit Facility or commercial paper program. In addition, we have the capacity to borrow up to \$575 million under the term loan agreement we entered into on April 11, 2016, with the option to increase the commitments under the agreement by up to \$250 million , subject to certain provisions, as further described below.

Cash and Investment Securities

As of March 31, 2016 and December 31, 2015 , we had cash and cash equivalents of \$1.2 billion and \$1.3 billion, respectively. Approximately \$750 million and \$950 million was held by our foreign entities as of March 31, 2016 and December 31, 2015 , respectively. Our ongoing cash management strategies to fund our business needs could cause United States and foreign cash balances to fluctuate.

Repatriating foreign earnings to the United States would, in many cases, result in significant tax obligations because most of these earnings have been taxed at relatively low foreign tax rates compared to our combined federal and state tax rate in the United States. Over the last several years, such earnings have been used to pay for our international acquisitions and operations and provide initial Company funding of global principal payouts for Consumer-to-Consumer and Business Solutions transactions. We regularly evaluate, taking tax consequences and other factors into consideration, our United States cash requirements and also the potential uses of cash internationally to determine the appropriate level of dividend repatriations of our foreign source income.

In many cases, we receive funds from money transfers and certain other payment services before we settle the payment of those transactions. These funds, referred to as "Settlement assets" on our Condensed Consolidated Balance Sheets, are not used to support our operations. However, we earn income from investing these funds. We maintain a portion of these settlement assets in highly liquid investments, classified as "Cash and cash equivalents" within "Settlement assets," to fund settlement obligations.

Investment securities, classified within "Settlement assets," were \$1.2 billion as of both March 31, 2016 and December 31, 2015, and consist primarily of highly-rated state and municipal debt securities, including fixed rate term notes and variable rate demand notes. The substantial majority of our investment securities are held in order to comply with state licensing requirements in the United States and are required to have credit ratings of "A-" or better from a major credit rating agency.

Investment securities are exposed to market risk due to changes in interest rates and credit risk. We regularly monitor credit risk and attempt to mitigate our exposure by investing in highly-rated securities and diversifying our investment portfolio. Our investment securities are also actively managed with respect to concentration. As of March 31, 2016, all investments with a single issuer and each individual security were less than 10% of our investment securities portfolio.

Cash Flows from Operating Activities

Cash provided by operating activities increased to \$212.7 million during the three months ended March 31, 2016, from \$211.8 million in the comparable period in the prior year. Cash provided by operating activities is impacted by changes to our consolidated net income, in addition to fluctuations in our working capital balances, among other factors.

Financing Resources

On April 11, 2016, we entered into a term loan agreement, which matures in April 2021, providing for an unsecured delayed draw term loan facility in an aggregate amount of \$575 million (the "Term Loan Facility"). We may draw term loans under the Term Loan Facility from time to time until October 11, 2016 (the "Commitment Termination Date"). In addition, we have the option to increase the commitments under the Term Loan Facility, either before or after the Commitment Termination Date, in an aggregate amount up to \$250 million. Any such increases would be subject to obtaining additional commitments from existing or new lenders under the Term Loan Facility. We plan to use the proceeds of the term loans to refinance a portion of our issued and outstanding 5.930% notes due October 2016 and for general corporate purposes; provided, that no more than \$450 million in proceeds from the loans under the Term Loan Facility may be used for purposes other than redeeming, repaying, purchasing or refinancing our notes due October 2016 and paying any fees and expenses in connection with the Term Loan Facility and other related loan documents.

The Term Loan Facility contains covenants, subject to certain exceptions, that, among other things, limit or restrict our ability to sell or transfer assets or merge or consolidate with another company, grant certain types of security interests, incur certain types of liens, impose restrictions on subsidiary dividends, enter into sale and leaseback transactions, incur certain subsidiary level indebtedness, or use proceeds in violation of anti-corruption or anti-money laundering laws. The Term Loan Facility requires us to maintain a consolidated adjusted EBITDA interest coverage ratio of greater than 3 :1 for each period of four consecutive fiscal quarters. The Term Loan Facility also contains customary representations, warranties and events of default.

Generally, interest under the Term Loan Facility is calculated using a selected LIBOR rate plus an interest rate margin of 150 basis points. A commitment fee of 15 basis points on the unused amount of the commitments under the facility is also payable quarterly until the Commitment Termination Date. Both the interest rate margin and commitment fee percentage are based on certain of our credit ratings, and will increase or decrease in the event of certain upgrades or downgrades in our credit ratings.

In addition to the payment of interest, we are required to make certain periodic amortization payments with respect to the outstanding principal of the term loans commencing after the second anniversary of the closing of the Term Loan Facility. The final maturity date of the Term Loan Facility is April 11, 2021.

As of March 31, 2016, we have outstanding borrowings at par value of \$3,230.4 million. The substantial majority of these outstanding borrowings consist of unsecured fixed-rate notes and associated swaps with maturities ranging from 2016 to 2040.

Our Revolving Credit Facility expires in September 2020 and provides for unsecured financing facilities in an aggregate amount of \$1.65 billion, including a \$250 million letter of credit sub-facility. Interest due under the Revolving Credit Facility is fixed for the term of each borrowing and is payable according to the terms of that borrowing. Generally, interest is calculated using a selected LIBOR rate plus an interest rate margin of 110 basis points. A facility fee of 15 basis points is also payable quarterly on the total facility, regardless of usage. Both the interest rate margin and facility fee percentage are based on certain of our credit ratings.

The purpose of our Revolving Credit Facility, which is diversified through a group of 18 participating institutions, is to provide general liquidity and to support our commercial paper program, which we believe enhances our short-term credit rating. The largest commitment from any single financial institution within the total committed balance of \$1.65 billion is approximately 11%. As of and during the three months ended March 31, 2016, we had no outstanding borrowings under our Revolving Credit Facility. If the amount available to borrow under the Revolving Credit Facility decreased, or if the Revolving Credit Facility were eliminated, the cost and availability of borrowing under the commercial paper program may be impacted.

Pursuant to our commercial paper program, we may issue unsecured commercial paper notes in an amount not to exceed \$1.5 billion outstanding at any time, reduced to the extent of borrowings outstanding on our Revolving Credit Facility in excess of \$150 million. Our commercial paper borrowings may have maturities of up to 397 days from date of issuance. Interest rates for borrowings are based on market rates at the time of issuance. We had no commercial paper borrowings outstanding as of March 31, 2016. During the three months ended March 31, 2016, the average commercial paper balance outstanding was \$9.0 million and the maximum balance outstanding was \$180.0 million. Proceeds from our commercial paper borrowings were used for general corporate purposes and working capital needs.

Cash Priorities

Liquidity

Our objective is to maintain strong liquidity and a capital structure consistent with investment-grade credit ratings. We have existing cash balances, cash flows from operating activities, access to the commercial paper markets, our Revolving Credit Facility, and our Term Loan Facility available to support the needs of our business.

Capital Expenditures

The total aggregate amount paid for contract costs, purchases of property and equipment and purchased and developed software was \$47.9 million and \$44.4 million for the three months ended March 31, 2016 and 2015, respectively. Amounts paid for new and renewed agent contracts vary depending on the terms of existing contracts as well as the timing of new and renewed contract signings. Other capital expenditures during these periods included investments in our information technology infrastructure and purchased and developed software.

Share Repurchases and Dividends

During the three months ended March 31, 2016 and 2015, 12.9 million and 7.7 million shares were repurchased for \$240.0 million and \$150.0 million, respectively, excluding commissions, at an average cost of \$18.66 and \$19.50 per share, respectively. As of March 31, 2016, \$471.9 million remained available under a share repurchase authorization approved by our Board of Directors through December 31, 2017.

Our Board of Directors declared quarterly cash dividends of \$0.16 per common share in the first quarter of 2016, representing \$79.3 million in total dividends.

Debt Service Requirements

Our 2016 and future debt service requirements will include payments on all outstanding indebtedness including any borrowings under our commercial paper program. In October 2016, our 2016 Notes of \$1.0 billion will mature. We plan to fund this maturity by refinancing a portion of this debt through our Term Loan Facility and commercial paper program and repaying a portion using cash, including cash generated from operations.

Our ability to grow the business, make investments in our business, make acquisitions, return capital to shareholders, including through dividends and share repurchases, and service our debt will depend on our ability to continue to generate excess operating cash through our operating subsidiaries and to continue to receive dividends from those operating subsidiaries, our ability to obtain adequate financing and our ability to identify acquisitions that align with our long-term strategy.

Off-Balance Sheet Arrangements

Other than facility and equipment leasing arrangements, we have no material off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Other Commercial Commitments

We had approximately \$80 million in outstanding letters of credit and bank guarantees as of March 31, 2016 . The letters of credit and bank guarantees are primarily held in connection with lease arrangements and certain agent agreements. The letters of credit and bank guarantees have expiration dates through 2020 , with many having a one-year renewal option. We expect to renew the letters of credit and bank guarantees prior to expiration in most circumstances.

As of March 31, 2016 , our total amount of unrecognized income tax benefits was \$ 124.2 million , including associated interest and penalties. The timing of related cash payments for substantially all of these liabilities is inherently uncertain because the ultimate amount and timing of such liabilities are affected by factors which are variable and outside our control.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates. Our Critical Accounting Policies and Estimates disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" in our 2015 Annual Report on Form 10-K, for which there were no material changes, included:

- Income taxes
- Derivative financial instruments
- Other intangible assets
- Goodwill
- Legal contingencies

Risk Management

We are exposed to market risks arising from changes in market rates and prices, including changes in foreign currency exchange rates and interest rates and credit risk related to our agents and customers. A risk management program is in place to manage these risks.

Foreign Currency Exchange Rates

We provide Consumer-to-Consumer money transfer services in more than 200 countries and territories. We manage foreign exchange risk through the structure of the business and an active risk management process. We currently settle with the majority of our agents in United States dollars or euros, requiring those agents to obtain local currency to pay recipients, and we generally do not rely on international currency markets to obtain and pay illiquid currencies. However, in certain circumstances, we settle in other currencies. The foreign currency exposure that does exist is limited by the fact that the majority of transactions are paid by the next day after they are initiated. To mitigate this risk further, we enter into short duration foreign currency forward contracts, generally with maturities from a few days up to one month, to offset foreign exchange rate fluctuations between transaction initiation and settlement. We also have exposure to certain foreign currency denominated cash and other asset and liability positions and may utilize foreign currency forward contracts, typically with maturities of less than one year at inception, to offset foreign exchange rate fluctuations on these positions. In certain consumer money transfer, bill payment and Business Solutions transactions involving different send and receive currencies, we generate revenue based on the difference between the exchange rate set by us to the consumer or business and the rate at which we or our agents are able to acquire the currency, helping to provide protection against currency fluctuations. We attempt to promptly buy and sell foreign currencies as necessary to cover our net payables and receivables which are denominated in foreign currencies.

We use longer-term foreign currency forward contracts to help mitigate risks associated with changes in foreign currency exchange rates on Consumer-to-Consumer revenues denominated primarily in the euro, and to a lesser degree the Canadian dollar, British pound, Australian dollar, Swiss franc, and other currencies. We use contracts with maturities of up to 36 months at inception to mitigate some of the impact that changes in foreign currency exchange rates could have on forecasted revenues, with a targeted weighted-average maturity of approximately one year. We believe the use of longer-term foreign currency forward contracts provides predictability of future cash flows from our international Consumer-to-Consumer operations.

We have additional foreign exchange risk and associated foreign exchange risk management requirements due to the nature of our Business Solutions business. The majority of this business' revenue is from exchanges of currency at spot rates, which enable customers to make cross-currency payments. In certain countries, this business also writes foreign currency forward and option contracts for our customers to facilitate future payments. The duration of these derivative contracts at inception is generally less than one year. Business Solutions aggregates its foreign exchange exposures arising from customer contracts, including the derivative contracts described above, and hedges the resulting net currency risks by entering into offsetting contracts with established financial institution counterparties.

As of December 31, 2015, a hypothetical uniform 10% strengthening or weakening in the value of the United States dollar relative to all other currencies in which our net income is generated would have resulted in a decrease/increase to pre-tax annual income of approximately \$25 million based on our 2016 forecast of Consumer-to-Consumer unhedged exposure to foreign currency at that date. The exposure as of March 31, 2016 is not materially different based on our forecast of unhedged exposure to foreign currency through March 31, 2016. There are inherent limitations in this sensitivity analysis, primarily due to the following assumptions: (a) that foreign exchange rate movements are linear and instantaneous, (b) that fixed exchange rates between certain currency pairs are retained, (c) that the unhedged exposure is static, and (d) that we would not hedge any additional exposure. As a result, the analysis is unable to reflect the potential effects of more complex market changes that could arise, which may positively or negatively affect income.

Interest Rates

We invest in several types of interest bearing assets, with a total value as of March 31, 2016 of \$2.8 billion. Approximately \$2.0 billion of these assets bear interest at floating rates and are therefore sensitive to changes in interest rates. These assets primarily include cash in banks, money market instruments, and state and municipal variable rate securities and are included in our Condensed Consolidated Balance Sheets within "Cash and cash equivalents" and "Settlement assets." To the extent these assets are held in connection with money transfers and other related payment services awaiting redemption, they are classified as "Settlement assets." Earnings on these investments will increase and decrease with changes in the underlying short-term interest rates.

The remainder of our interest bearing assets primarily consists of highly-rated state and municipal debt securities which are fixed rate term notes. These investments may include investments made from cash received from our money order services, money transfer business, and other related payment services awaiting redemption classified within "Settlement assets" in the Condensed Consolidated Balance Sheets. As interest rates rise, the fair value of these fixed-rate interest-bearing securities will decrease; conversely, a decrease to interest rates would result in an increase to the fair values of the securities. We have classified these investments as available-for-sale within "Settlement assets" in the Condensed Consolidated Balance Sheets, and accordingly, recorded these instruments at their fair value with the net unrealized gains and losses, net of the applicable deferred income tax effect, being added to or deducted from our "Total stockholders' equity" on our Condensed Consolidated Balance Sheets.

A total of \$975.0 million of our fixed-rate borrowings at par value are effectively floating rate debt through interest rate swap agreements, changing this fixed-rate debt to LIBOR-based floating rate debt, with weighted-average spreads of approximately 200 basis points above LIBOR.

We review our overall exposure to floating and fixed rates by evaluating our net asset or liability position in each, also considering the duration of the individual positions. We manage this mix of fixed versus floating exposure in an attempt to minimize risk, reduce costs and improve returns. Our exposure to interest rates can be modified by changing the mix of our interest bearing assets as well as adjusting the mix of fixed versus floating rate debt. The latter is accomplished primarily through the use of interest rate swaps and the decision regarding terms of any new debt issuances (i.e., fixed versus floating). We use interest rate swaps designated as hedges to increase the percentage of floating rate debt, subject to market conditions. As of March 31, 2016, our weighted-average effective rate on total borrowings was approximately 4.9%.

A hypothetical 100 basis point increase/decrease in interest rates would result in a decrease/increase to annual pre-tax income of approximately \$10 million based on borrowings, net of the impact of hedges, on March 31, 2016 that are sensitive to interest rate fluctuations. The same 100 basis point increase/decrease in interest rates, if applied to our cash and investment balances on March 31, 2016 that are sensitive to interest rate fluctuations, would result in an offsetting increase/decrease to annual pre-tax income of approximately \$20 million. There are inherent limitations in the sensitivity analysis presented, primarily due to the assumption that interest rate changes would be instantaneous. As a result, the analysis is unable to reflect the potential effects of more complex market changes, including changes in credit risk regarding our investments, which may positively or negatively affect income. In addition, the current mix of fixed versus floating rate debt and investments and the level of assets and liabilities will change over time. We will also be further impacted by changes to future interest rates as we refinance our debt or by reinvesting proceeds from the sale or maturity of our investments.

Credit Risk

To manage our exposures to credit risk with respect to investment securities, money market fund investments, derivatives and other credit risk exposures resulting from our relationships with banks and financial institutions, we regularly review investment concentrations, trading levels, credit spreads and credit ratings, and we attempt to diversify our investments among global financial institutions.

We are also exposed to credit risk related to receivable balances from agents in the money transfer, walk-in bill payment and money order settlement process. We perform a credit review before each agent signing and conduct periodic analyses of agents and certain other parties we transact with directly. In addition, we are exposed to credit risk directly from consumer transactions particularly through our electronic channels, where transactions are originated through means other than cash, and therefore are subject to "chargebacks," insufficient funds or other collection impediments, such as fraud, which are anticipated to increase as electronic channels become a greater proportion of our money transfer business.

We are exposed to credit risk in our Business Solutions business relating to: (a) derivatives written by us to our customers and (b) the extension of trade credit when transactions are paid to recipients prior to our receiving cleared funds from the sending customers. For the derivatives, the duration of these contracts at inception is generally less than one year. The credit risk associated with our derivative contracts increases when foreign currency exchange rates move against our customers, possibly impacting their ability to honor their obligations to deliver currency to us or to maintain appropriate collateral with us. For those receivables where we have offered trade credit, collection ordinarily occurs within a few days. To mitigate the risk associated with potential customer defaults, we perform credit reviews of the customer on an ongoing basis, and, for our derivatives, we may require certain customers to post or increase collateral.

Our losses associated with bad debts have been approximately 1% of our consolidated revenues in all periods presented.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information under the caption "Risk Management" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2 of Part I of this report is incorporated herein by reference.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of the Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our controls and procedures related to our reporting and disclosure obligations as of March 31, 2016, which is the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that, as of March 31, 2016, the disclosure controls and procedures were effective to ensure that information required to be disclosed by us, including our consolidated subsidiaries, in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported, as applicable, within the time periods specified in the rules and forms of the Securities and Exchange Commission, and are designed to ensure that information required to be disclosed by us in the reports that we file or submit is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Review Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of The Western Union Company

We have reviewed the condensed consolidated balance sheet of The Western Union Company (the Company) as of March 31, 2016 , and the related condensed consolidated statements of income, comprehensive income, and cash flows for the three-month periods ended March 31, 2016 and 2015 . These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of The Western Union Company as of December 31, 2015 , and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for the year then ended (not presented herein) and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated February 19, 2016. In our opinion, the accompanying condensed consolidated balance sheet of The Western Union Company as of December 31, 2015 , is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Denver, Colorado
May 3, 2016

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

United States Department of Justice Investigations

On March 20, 2012, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Central District of California ("USAO-CDCA") seeking documents relating to Shen Zhou International ("US Shen Zhou"), a former Western Union agent located in Monterey Park, California. The principal of US Shen Zhou was indicted in 2010 and in December 2013, pled guilty to one count of structuring international money transfers in violation of United States federal law in U.S. v. Zhi He Wang (SA CR 10-196, C.D. Cal.). Concurrent with the government's service of the subpoena, the government notified the Company that it is a target of an ongoing investigation into structuring and money laundering. Since March 20, 2012, the Company has received additional subpoenas from the USAO-CDCA seeking additional documents relating to US Shen Zhou, materials relating to certain other former and current agents and other materials relating to the Company's anti-money laundering ("AML") compliance policies and procedures. The government has interviewed several current and former Western Union employees and has served grand jury subpoenas seeking testimony from several current and former employees. The government's investigation is ongoing and the Company may receive additional requests for information as part of the investigation. The Company has provided and continues to provide information and documents to the government. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

In March 2012, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Eastern District of Pennsylvania ("USAO-EDPA") seeking documents relating to Hong Fai General Contractor Corp. (formerly known as Yong General Construction) ("Hong Fai"), a former Western Union agent located in Philadelphia, Pennsylvania. Since March 2012, the Company has received additional subpoenas from the USAO-EDPA seeking additional documents relating to Hong Fai. The government's investigation is ongoing and the Company may receive additional requests for information as part of the investigation. The Company has provided and continues to provide information and documents to the government. The government has interviewed several current and former Western Union employees. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

On November 25, 2013, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Middle District of Pennsylvania ("USAO-MDPA") seeking documents relating to complaints made to the Company by consumers anywhere in the world relating to fraud-induced money transfers since January 1, 2008. Concurrent with the government's service of the subpoena, the government notified the Company that it is the subject of the investigation. Since November 25, 2013, the Company has received additional subpoenas from the USAO-MDPA seeking documents relating to certain Western Union agents and Western Union's agent suspension and termination policies. The government has interviewed several current and former employees and has served grand jury subpoenas seeking testimony from several current and former employees. The government has indicated that it believes Western Union failed to timely terminate or suspend certain Western Union agents who allegedly paid or forwarded thousands of fraud-induced transactions sent from the United States to various countries from at least 2008 to 2012. The government's investigation is ongoing and the Company may receive additional requests for information as part of the investigation. The Company has provided and continues to provide information and documents to the government. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

On March 6, 2014, the Company was served with a federal grand jury subpoena issued by the United States Attorney's Office for the Southern District of Florida ("USAO-SDFL") seeking a variety of AML compliance materials, including documents relating to the Company's AML, Bank Secrecy Act ("BSA"), Suspicious Activity Report ("SAR") and Currency Transaction Report procedures, transaction monitoring protocols, BSA and AML training programs and publications, AML compliance investigation reports, compliance-related agent termination files, SARs, BSA audits, BSA and AML-related management reports and AML compliance staffing levels. The subpoena also calls for Board meeting minutes and organization charts. The period covered by the subpoena is January 1, 2007 to November 27, 2013. The Company has received additional subpoenas from the USAO-SDFL and the Broward County, Florida Sheriff's Office relating to the investigation, including a federal grand jury subpoena issued by the USAO-SDFL on March 14, 2014, seeking information about 33 agent locations in Costa Rica such as ownership and operating agreements, SARs and AML compliance and BSA filings for the period January 1, 2008 to November 27, 2013. Subsequently, the USAO-SDFL served the Company with seizure warrants requiring the Company to seize all money transfers sent from the United States to two agent locations located in Costa Rica for a 10-day period beginning in late March 2014. On July 8, 2014, the government served a grand jury subpoena calling for records relating to transactions sent from the United States to Nicaragua and Panama between September 1, 2013 and October 31, 2013. Further, the government recently served Western Union with a subpoena calling for data relating to transactions sent and received by 43 Nicaraguan agents from October 1, 2008 to October 31, 2013 and transactions sent from the United States to the Bahamas, Peru, Dominican Republic, and Haiti from September 1, 2013 to January 2, 2014 and certain documents relating to those agents. The government also advised the Company that it is investigating concerns the Company was aware there were gaming transactions being sent to Panama, Nicaragua, Haiti, Philippines, Vietnam, the Dominican Republic, Peru, Antigua, and the Bahamas (in addition to Costa Rica) and that the Company failed to take proper steps to stop the activity. The government has also notified the Company that it is a target of the investigation. The government has interviewed several current and former Western Union employees. The government's investigation is ongoing and the Company may receive additional requests for information or seizure warrants as part of the investigation. The Company has provided and continues to provide information and documents to the government. Due to the investigative stage of the matter and the fact that no criminal charges or civil claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible charges or claims that may be brought against the Company. Should such charges or claims be brought, the Company could face significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

Other Governmental Investigations

Since 2011, Western Union has received civil investigative demands from certain state attorneys general who have initiated an investigation into the adequacy of the Company's consumer protection efforts over the last several years. The civil investigative demands seek information and documents relating to money transfers sent from the United States to certain countries, consumer fraud complaints that the Company has received and the Company's procedures to help identify and prevent fraudulent transfers. Due to the stage of the investigation, the Company is unable to predict the outcome of the investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with any possible civil claims that might be brought by one or more of the states. Should such claims be brought, the Company could face significant fines, damage awards, or regulatory consequences, or compulsory changes in our business practices, that could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

The Company has had discussions with the United States Federal Trade Commission (the "FTC") regarding the Company's consumer protection and anti-fraud programs. On December 12, 2012, the Company received a civil investigative demand from the FTC requesting that the Company produce (i) all documents relating to communications with the monitor (the "Monitor") appointed pursuant to the agreement and settlement (the "Southwest Border Agreement") Western Union Financial Services, Inc. entered into with the State of Arizona on February 11, 2010, as amended, including information the Company provided to the Monitor and any reports prepared by the Monitor; and (ii) all documents relating to complaints made to the Company by consumers anywhere in the world relating to fraud-induced money transfers since January 1, 2011. On April 15, 2013, the FTC filed a petition in the United States District Court for the Southern District of New York requesting an order to compel production of the requested documents. On June 6, 2013, the Court granted in part and denied in part the FTC's request. On August 14, 2013, the FTC filed a notice of appeal. On August 27, 2013, Western Union filed a notice of cross-appeal. On February 21, 2014, the Company received another civil investigative demand from the FTC requesting the production of all documents relating to complaints made to the Company by or on behalf of consumers relating to fraud-induced money transfers that were sent from or received in the United States since January 1, 2004, except for documents that were already produced to the FTC in response to the first civil investigative demand. On October 7, 2014, the United States Court of Appeals for the Second Circuit entered a summary order reversing in part and vacating and remanding in part the June 6, 2013 order entered by the United States District Court for the Southern District of New York. On October 22, 2014, the Company received another civil investigative demand issued by the FTC requesting documents and information since January 1, 2004 relating to the Company's consumer fraud program, its policies and procedures governing agent termination, suspension, probation and reactivation, its efforts to comply with its 2005 agreement with 47 states and the District of Columbia regarding consumer fraud prevention, and complaints made to the Company by or on behalf of consumers concerning fraud-induced money transfers that were sent to or from the United States, excluding complaint-related documents that were produced to the FTC in response to the earlier civil investigative demands. The civil investigative demand also seeks various documents concerning approximately 720 agents, including documents relating to the transactions they sent and paid and the Company's investigations of and communications with them. On July 31, 2015, the Company received another civil investigative demand requesting documents and information relating to the total number of agent and subagent locations in 13 countries annually since 2010, the average and median dollar values for money transfers sent anywhere in the world annually since 2010, copies of the Company's anti-fraud programs, know your agent policy, know your customer policy, representative agent contracts, transaction data, background investigation documents and fraud complaints associated with four agents in Greece, Peru and Mexico and consumer fraud reports not already produced to the FTC. The Company has responded to each of the civil investigative demands it has received from the FTC. The Company may receive additional civil investigative demands from the FTC, and discussions between the Company and the FTC are ongoing. Due to the investigative stage of the matter and the fact that no claims have been brought, the Company is unable to predict the outcome of the government's investigation, or reasonably estimate the possible loss or range of loss, if any, which could be associated with the resolution of any possible claims that may be brought against the Company.

Shareholder Actions

On January 13, 2014, Natalie Gordon served the Company with a Verified Shareholder Derivative Complaint and Jury Demand that was filed in District Court, Douglas County, Colorado naming the Company's President and Chief Executive Officer, one of its former executive officers, one of its former directors, and all but one of its current directors as individual defendants, and the Company as a nominal defendant. The complaint asserts claims for breach of fiduciary duty and gross mismanagement against all of the individual defendants and unjust enrichment against the President and Chief Executive Officer and the former executive officer based on allegations that between February 12, 2012 to October 30, 2012, the individual defendants made or caused the Company to issue false and misleading statements or failed to make adequate disclosures regarding the effects of the Southwest Border Agreement, including regarding the anticipated costs of compliance with the Southwest Border Agreement, potential effects on business operations, and Company projections. Plaintiff also alleges that the individual defendants caused or allowed the Company to lack requisite internal controls, caused or allowed financial statements to be misstated, and caused the Company to be subject to the costs, expenses and liabilities associated with City of Taylor Police and Fire Retirement System v. The Western Union Company, et al., a lawsuit that was subsequently renamed and dismissed. Plaintiff further alleges that the Company's President and Chief Executive Officer and the former executive officer received excessive compensation based on the allegedly inaccurate financial statements. On March 12, 2014, the Court entered an order granting the parties' joint motion to stay proceedings in the case during the pendency of certain of the shareholder derivative actions described below.

In 2014, Stanley Lieblein, R. Andre Klein, City of Cambridge Retirement System, Mayar Fund Ltd, Louisiana Municipal Police Employees' Retirement System, MARTA/ATU Local 732 Employees Retirement Plan, and The Police Retirement System of St. Louis filed shareholder derivative complaints in the United States District Court for the District of Colorado (or were removed to the United States District Court for the District of Colorado) naming the Company's President and Chief Executive Officer and certain current and former directors and a former executive officer as individual defendants, and the Company as a nominal defendant. On January 5, 2015, the court entered an order consolidating the actions and appointing City of Cambridge Retirement System and MARTA/ATU Local 732 Employees Retirement Plan as co-lead plaintiffs. On February 4, 2015, co-lead plaintiffs filed a verified consolidated shareholder derivative complaint naming the Company's President and Chief Executive Officer, two of its former executive officers and all but two of its current directors as individual defendants, and the Company as a nominal defendant. The consolidated complaint asserts separate claims for breach of fiduciary duty against the director defendants and the officer defendants, claims against all of the individual defendants for violations of section 14(a) of the Securities Exchange Act of 1934 ("Exchange Act"), corporate waste and unjust enrichment, and a claim against the former executive officer for breach of fiduciary duties for insider selling and misappropriation of information. The breach of fiduciary duty claim against the director defendants includes allegations that they declined to implement an effective anti-money laundering compliance system after receiving numerous red flags indicating prolonged willful illegality, obstructed the Southwest Border Monitor's efforts to impose effective compliance systems on the Company, failed to take action in response to alleged Western Union management efforts to undermine the Monitor, reappointed the same directors to the Audit Committee and Corporate Governance and Public Policy Committees constituting a majority of those committees between 2006 and 2014, appointed a majority of directors to the Compliance Committee who were directly involved in overseeing the alleged misconduct as members of the Audit Committee and the Corporate Governance and Public Policy Committee, caused the Company to materially breach the Southwest Border Agreement, caused the Company to repurchase its stock at artificially inflated prices, awarded the Company's senior executives excessive compensation despite their responsibility for the Company's alleged willful non-compliance with state and federal anti-money laundering laws, and failed to prevent the former executive officer from misappropriating and profiting from nonpublic information when making allegedly unlawful stock sales. The breach of fiduciary duty claim against the officer defendants includes allegations that they caused the Company and allowed its agents to ignore the recording and reporting requirements of the Bank Secrecy Act and parallel anti-money laundering laws and regulations for a prolonged period of time, authorized and implemented anti-money laundering policies and practices that they knew or should have known to be inadequate, caused the Company to fail to comply with the Southwest Border Agreement and refused to implement and maintain adequate internal controls. The claim for violations of section 14(a) of the Exchange Act includes allegations that the individual defendants caused the Company to issue proxy statements in 2012, 2013 and 2014 containing materially incomplete and inaccurate disclosures - in particular, by failing to disclose the extent to which the Company's financial results depended on the non-compliance with AML requirements, the Board's awareness of the regulatory and criminal enforcement actions in real time pursuant to the 2003 Consent Agreement with the California Department of Financial Institutions and that the directors were not curing violations and preventing misconduct, the extent to which the Board considered the flood of increasingly severe red flags in their determination to re-nominate certain directors to the Audit Committee between 2006 and 2010, and the extent to which the Board considered ongoing regulatory and criminal investigations in awarding multi-million dollar compensation packages to senior executives. The corporate waste claim includes allegations that the individual defendants paid or approved the payment of undeserved executive and director compensation based on the illegal conduct alleged in the consolidated complaint, which exposed the Company to civil liabilities and fines. The corporate waste claim also includes allegations that the individual defendants made improper statements and omissions, which forced the Company to expend resources in defending itself in City of Taylor Police and Fire Retirement System v. The Western Union Company, et al., a lawsuit that was subsequently renamed and dismissed, authorized the repurchase of over \$1.565 billion of the Company's stock at prices they knew or recklessly were aware, were artificially inflated, failed to maintain sufficient internal controls over the Company's marketing and sales process, failed to consider the interests of the Company and its shareholders, and failed to conduct the proper supervision. The claim for unjust enrichment includes allegations that the individual defendants derived compensation, fees and other benefits from the Company and were otherwise unjustly enriched by their wrongful acts and omissions in managing the Company. The claim for breach of fiduciary duties for insider selling and misappropriation of information includes allegations that the former executive sold Company stock while knowing material, nonpublic information that would have significantly reduced the market price of the stock. On March 16, 2015, the defendants filed a motion to dismiss the consolidated complaint. On March 31, 2016, the Court entered an order granting the defendants' collective motion to dismiss without prejudice, denying as moot a separate motion to dismiss that was filed by the former executive officer, and staying the order for 30 days, within which plaintiffs may file an amended complaint that cures the defects noted in the order. On May 2, 2016, co-lead plaintiffs filed a verified amended consolidated shareholder derivative complaint naming the Company's President and Chief Executive Officer, eight of its current directors (including the Company's President and Chief Executive Officer, who also serves as a director) and one of its former directors as individual defendants, and the Company as a nominal defendant. The amended complaint, among other things, drops the claims against the former executive officer named in the prior complaint, realleges and narrows the breach of fiduciary duty claims, and drops the remaining claims.

All of the actions described above under "Shareholder Actions" are in a preliminary stage and the Company is unable to predict the outcome, or reasonably estimate the possible loss or range of loss, if any, which could be associated with these actions. The Company and the named individuals intend to vigorously defend themselves in all of these matters.

Other Matters

On March 12, 2014, Jason Douglas filed a purported class action complaint in the United States District Court for the Northern District of Illinois asserting a claim under the Telephone Consumer Protection Act, 47 U.S.C. § 227, et seq., based on allegations that since 2009, the Company has sent text messages to class members' wireless telephones without their consent. During the first quarter of 2015, the Company's insurance carrier and the plaintiff reached an agreement to create an \$8.5 million settlement fund that will be used to pay all class member claims, class counsel's fees and the costs of administering the settlement. The agreement has been signed by the parties and, on November 10, 2015, the Court granted preliminary approval to the settlement. The Company accrued an amount equal to the retention under its insurance policy in previous quarters and believes that any amounts in excess of this accrual will be covered by the insurer. However, if the Company's insurer is unable to or refuses to satisfy its obligations under the policy or the parties are unable to reach a definitive agreement or otherwise agree on a resolution, the Company's financial condition, results of operations, and cash flows could be adversely impacted. As the parties have reached an agreement in this matter, the Company believes that the potential for additional loss in excess of amounts already accrued is remote.

On February 10, 2015, Caryn Pincus filed a purported class action lawsuit in the United States District Court for the Southern District of Florida against Speedpay, Inc. ("Speedpay"), a subsidiary of the Company, asserting claims based on allegations that Speedpay imposed an unlawful surcharge on credit card transactions and that Speedpay engages in money transmission without a license. The complaint requests certification of a class and two subclasses generally comprised of consumers in Florida who made a payment through Speedpay's bill payment services using a credit card and were charged a surcharge for such payment during the four-year and five-year periods prior to the filing of the complaint through the date of class certification. On April 6, 2015, Speedpay filed a motion to dismiss the complaint. On April 23, 2015, in response to the motion to dismiss, Pincus filed an amended complaint that adds claims (1) under the Florida Civil Remedies for Criminal Practices Act, which authorizes civil remedies for certain criminal conduct; and (2) for violation of the federal Racketeer Influenced and Corrupt Organizations Act. On May 15, 2015, Speedpay filed a motion to dismiss the amended complaint. On October 6, 2015, the Court entered an order denying Speedpay's motion to dismiss. On October 20, 2015, Speedpay filed an answer to the amended complaint. On December 1, 2015, Pincus filed a second amended complaint that revised her factual allegations, but added no new claims. On December 18, 2015, Speedpay filed an answer to the second amended complaint. As this action is in a preliminary stage, the Company is unable to predict the outcome, or the possible loss or range of loss, if any, which could be associated with this action. Speedpay intends to vigorously defend itself in this matter.

In addition to the principal matters described above and the matters described in Part I, Item 1, *Financial Statements*, Note 4, "Commitments and Contingencies," the Company is a party to a variety of other legal matters that arise in the normal course of the Company's business. While the results of these other legal matters cannot be predicted with certainty, management believes that the final outcome of these matters will not have a material adverse effect either individually or in the aggregate on the Company's financial condition, results of operations, or cash flows.

Item 1A. Risk Factors

There have been no material changes to the risk factors described in our 2015 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth stock repurchases for each of the three months of the quarter ended March 31, 2016 :

Period	Total Number of Shares Purchased*	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	Remaining Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (In millions)
January 1 - 31	3,857	\$ 16.97	—	\$ 711.9
February 1 - 29	6,462,325	\$ 18.18	5,609,456	\$ 609.9
March 1 - 31	7,267,820	\$ 19.02	7,253,556	\$ 471.9
Total	13,734,002	\$ 18.63	12,863,012	

* These amounts represent both shares authorized by the Board of Directors for repurchase under a publicly announced authorization, as described below, as well as shares withheld from employees to cover tax withholding obligations on restricted stock units that have vested.

** On February 10, 2015, the Board of Directors authorized \$1.2 billion of common stock repurchases through December 31, 2017, of which \$471.9 remained available as of March 31, 2016. In certain instances, management has historically and may continue to establish prearranged written plans pursuant to Rule 10b5-1. A Rule 10b5-1 plan permits us to repurchase shares at times when we may otherwise be unable to do so, provided the plan is adopted when we are not aware of material non-public information.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See "Exhibit Index" for documents filed herewith and incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description
10.1	Term Loan Agreement, dated as of April 11, 2016, among The Western Union Company, the banks named therein, as lenders, Mizuho Bank (USA) and U.S. Bank National Association, as Syndication Agents, Citizens Bank, N.A., Fifth Third Bank, State Bank of India, New York and Barclays Bank PLC, as Documentation Agents, and Bank of America, N.A., as Administrative Agent for the Banks thereunder (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 13, 2016 and incorporated herein by reference thereto)
10.2	The Western Union Company Supplemental Incentive Savings Plan, as Amended and Restated Effective December 15, 2015*
10.3	Form of Performance-Based Restricted Stock Unit Award Notice for Section 16 Officers (U.S.) under The Western Union Company 2015 Long-Term Incentive Plan*
10.4	Form of Performance-Based Restricted Stock Unit Award Notice for Section 16 Officers (Austria) under The Western Union Company 2015 Long-Term Incentive Plan*
10.5	Form of Performance-Based Restricted Stock Unit Award Notice for Section 16 Officers (United Arab Emirates) under The Western Union Company 2015 Long-Term Incentive Plan*
10.6	Form of Restricted Stock Unit Award Agreement for Section 16 Officers (U.S.) under The Western Union Company 2015 Long-Term Incentive Plan*
10.7	Form of Restricted Stock Unit Award Agreement for Section 16 Officers (Non - U.S.) under The Western Union Company 2015 Long-Term Incentive Plan*
10.8	Form of Nonqualified Stock Option Award Agreement for Section 16 Officers (Non - U.S.) Under The Western Union Company 2015 Long-Term Incentive Plan*
12	Computation of Ratio of Earnings to Fixed Charges
15	Letter from Ernst & Young LLP Regarding Unaudited Interim Financial Information
31.1	Certification of Chief Executive Officer of The Western Union Company Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer of The Western Union Company Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 6 of this report.

The Western Union Company Supplemental Incentive Savings Plan

ARTICLE I PURPOSE AND HISTORY OF THE PLAN

1.1 **Plan History.** The Western Union Company Supplemental Incentive Savings Plan (the “Plan”) was established effective as of September 29, 2006, the date that The Western Union Company (the “Company”) was spun off from First Data Corporation (the “Spin-Off Date”). As further described herein, certain liabilities under the First Data SISIP were transferred to the Plan as of that time. The Plan is hereby amended and restated effective as of December 15, 2015.

1.2 **Accounts Transferred From the First Data SISIP.** The following accrued liabilities were transferred from the First Data SISIP to the Plan as of the Spin-Off Date:

(a) liability equal to the bookkeeping accounts for deferrals contributed after December 31, 2004, plus related earnings, by Participants who are Business Employees.

(b) liability equal to the bookkeeping accounts for employer matching contributions, Service-Related Contributions, and ISP Plus Contributions to the extent non-vested as of December 31, 2004, and for employer matching contributions, Service-Related Contributions, and ISP Plus Contributions credited after December 31, 2004, plus related earnings, by Participants who are Business Employees.

For purposes of this Section 1.2, “Business Employee” means a Transferred Employee or any other individual employed at any time on or prior to the Spin-Off Date by the Company or its Affiliates who has, as of the Spin-Off Date, or who, immediately prior to his or her termination of employment with all of First Data Corporation and its affiliates, had employment duties primarily related to the business of providing consumer to consumer money transfer services, consumer to business payment services, retail money order services and certain prepaid services. For purposes of this Section 1.2, “Transferred Employee” means an employee of First Data Corporation or any of its affiliates (other than the Company or any of its Affiliates) whose employment is transferred to the Company or any of its Affiliates immediately prior to the Spin-Off Date.

1.3 **Purpose of the Plan.** The purpose of the Plan is to further the growth and development of the Company by enhancing the Company's ability to attract and retain select employees by providing a select group of senior management and highly compensated employees of the Company and its Affiliates the opportunity to defer a portion of their cash compensation. The Plan is intended to provide Participants with an opportunity to supplement their retirement income through deferral of current compensation. The Plan is

an unfunded plan that is intended to comply with the requirements of Code § 409A. The Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE II DEFINITIONS

2.1 “**Account**” means any of the unfunded notional accounts established for a Participant under the Plan, including the Participant’s Deferral Account, Western Union Matching Account, First Data Matching Account, First Data ISP Plus Contributions Account, First Data Service-Related Contributions Account, and First Data eOne Global Employer Basic Contributions Account, if applicable.

2.2 “**Affiliate**” means any entity that is treated as a single employer together with the Company pursuant to Code § 414(b) or (c).

2.3 “**Base Salary**” means a Participant’s annualized base salary, without taking into account (a) commissions, bonus amounts of any kind, reimbursements of expenses, income realized upon exercise of stock options or sales of stock, or (b) deferrals of income under this Plan or any other employee benefit plan of the Company or an Affiliate.

2.4 “**Board**” means the Board of Directors of the Company.

2.5 “**Bonus**” means the payout amount earned by a Participant under one of the Company’s annual bonus or incentive compensation plans.

2.6 “**Change in Control**” means Change in Control as defined in The Western Union Company 2006 Long-Term Incentive Plan, or a successor plan.

2.7 “**Code**” means the United States Internal Revenue Code of 1986, as amended.

2.8 “**Committee**” means The Western Union Company Employee Benefits Committee, or its successor.

2.9 “**Company**” means The Western Union Company.

2.10 “**Deferral Account**” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) account balance liabilities accumulated under the First Data SISP with respect to deferred salary and bonus amounts which were transferred from the First Data SISP to this Plan as of the Spin-off Date, (b) Salary, Bonus and/or Performance Grant amounts deferred pursuant to this Plan, and (c) imputed gains or losses on those amounts accrued as provided in Article IV of the Plan.

2.11 “ **Deferred Compensation Agreement** ” means, collectively, the written agreements between a Participant and the Company (or an Affiliate), or between a Participant and First Data Corporation (or any of First Data Corporation’s affiliates), in the form prescribed by the Committee, whereby a Participant makes a Distribution Election and may agree to defer a portion of his or her Salary, Bonus and/or Performance Grants.

2.12 “ **Designated Beneficiary** ” means the person or persons designated by a Participant pursuant to rules prescribed by the Committee to receive any benefits payable pursuant to the Plan upon his or her death. In the absence of a beneficiary designation, or if a Participant’s Designated Beneficiary dies prior to the Participant’s death, the Participant’s Designated Beneficiary shall be his or her surviving spouse, if any, and if none, his or her estate.

2.13 “ **Disability** ” means that the Participant (a) is unable to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under a disability or accident or health plan covering employees of the Company and Affiliates.

2.14 “ **Distribution Election** ” means the election by a Participant made in accordance with Articles III and VI that specifies the time and form in which the Participant’s Account will be distributed.

2.15 “ **Employee** ” means a full-time employee on the United States payroll of the Company or an Affiliate.

2.16 “ **First Data eOne Global Employer Basic Contributions Account** ” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) account balances accumulated under the First Data SISP with respect to First Data eOne Global Employer Basic Contributions (as defined under the First Data SISP) the liability for which was transferred from the First Data SISP to this Plan, and (b) imputed gains or losses on those amounts accrued as provided in Article IV of the Plan.

2.17 “ **First Data ISP Plus Contributions Account** ” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) account balances accumulated under the First Data SISP with respect to ISP Plus Contributions (as defined under the First Data SISP) the liability for which was transferred from the First Data SISP to this Plan, and (b) imputed gains or losses on those amounts accrued as provided in Article IV of the Plan.

2.18 “ **First Data Service-Related Contributions Account** ” means the record maintained by the Company for each Participant who has an account balance for the

cumulative amount of (a) account balances accumulated under the First Data SISP with respect to Service-Related Contributions (as defined under the First Data SISP) the liability for which was transferred from the First Data SISP to this Plan, and (b) imputed gains or losses on those amounts accrued as provided in Article IV of the Plan.

2.19 “ **First Data SISP** ” means the First Data Corporation Supplemental Incentive Savings Plan and the First Data Corporation Supplemental Incentive Savings Plan-2.

2.20 “ **First Data Matching Account** ” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) account balances accumulated under the First Data SISP with respect to employer matching contributions the liability for which was transferred from the First Data SISP to this Plan, and (b) imputed gains or losses on those amounts accrued as provided in Article IV of the Plan.

2.21 “ **Incentive Savings Plan** ” or “ **ISP** ” means The Western Union Company Incentive Savings Plan, as amended from time to time.

2.22 “ **Investment Fund** ” means any of the notional investments or hypothetical investment measures as may be designated by the Company from time to time for purposes of determining the gains or losses to be assigned to the Accounts. Investment Funds shall be notional, unfunded, and used solely for the purpose of determining imputed gains or losses in a Participant’s Account. Except as may otherwise be determined by the Company in its sole discretion, the available Investment Funds shall be the same investment options available to participants under the Incentive Savings Plan, excluding any brokerage account option or any employer stock fund.

2.23 “ **LTIP** ” means The Western Union Company 2006 Long-Term Incentive Plan, as amended from time to time.

2.24 “ **Participant** ” means an Employee who has satisfied the Plan’s eligibility criteria, has entered into a written Deferred Compensation Agreement in accordance with the provisions of the Plan, and has not received a complete distribution of his Accounts.

2.25 “ **Performance Grant** ” means the cash amount payable with respect to a Performance Grant under the LTIP that is “performance-based compensation” within the meaning of Code § 409A and the regulations thereunder.

2.26 “ **Performance Measures** ” means the term Performance Measures as defined in the LTIP.

2.27 “ **Person** ” shall have the meaning given in Section 3(a)(9) of the Securities Exchange Act of 1934, as modified, and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any

of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

2.28 “**Plan**” means The Western Union Company Supplemental Incentive Savings Plan.

2.29 “**Plan Year**” means the calendar year.

2.30 “**Potential Change in Control**” means any of the following: (a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (b) the Company or any Person publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control of the Company; (c) any Person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding securities; unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (i) control or influence the management or policies of the Company, or (ii) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (d) the Board adopts a resolution to the effect that a Potential Change in Control has occurred.

2.31 “**Salary**” means a Participant’s Base Salary plus commissions and incentive compensation, other than Bonus or Performance Grants, paid to the Participant for personal services rendered by the Participant to the Company or an Affiliate during a calendar year.

2.32 “**Separation from Service**” means a “separation from service” under Code § 409A. A Separation from Service occurs if the facts and circumstances indicate that the Company and its Affiliates and the Participant reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Participant will perform after such date (whether as an Employee or as an independent contractor) will decrease to no more than 20 percent of the average level of bona fide services performed (whether as an Employee or as an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Participant has been providing services for less than 36 months). Notwithstanding the foregoing, the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months, or if longer, so long as the Participant retains the right to reemployment with the Company or an Affiliate under an applicable statute or contract.

2.33 “**Severe Financial Hardship**” means an unforeseeable emergency causing severe financial hardship to the Participant resulting from one or more of the following:

- (a) Accident or illness of the Participant, the Participant's spouse or dependent (as defined in Code § 152, without regard to Code § 152(b)(1), (b)(2) and (d)(1)(B));
- (b) Loss of the Participant's property due to casualty; or
- (c) Similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

The purchase of a home or payment of college tuition is not a Severe Financial Hardship. Whether a Participant has experienced a Severe Financial Hardship and the amount available to the Participant as a result of a Severe Financial Hardship shall be determined by the Committee in accordance with Code § 409A based on the relevant facts and circumstances.

2.34 “**Specified Employee**” means a Participant who is a “key employee” (as defined in Code § 416(i)(1)(A)(i), (ii) or (iii) without regard to Code § 416(i)(5)) at any time during the 12 month period ending on the December 31 of a Plan Year (the “Identification Date”). An Employee shall be treated as a Specified Employee only for the 12 month period beginning on the next April 1 following the Identification Date (each such April 1 being the “Specified Employee Effective Date”). Notwithstanding the foregoing, compensation that is excluded from an employee's gross income on account of the location of the services or the identity of the employer that is not effectively connected with a trade or business within the United States and is excludable as foreign compensation under Code § 415 shall not be treated as compensation for purposes of determining Specified Employees.

2.35 “**Spin-Off Date**” means September 29, 2006, the date that the Company was spun off from First Data Corporation.

2.36 “**Vested Interest**” means a Participant's nonforfeitable interest in his or her Account, determined in accordance with Article V.

2.37 “**Western Union Matching Account**” means the record maintained by the Company for each Participant who has an account balance for the cumulative amount of (a) Company matching contributions pursuant to this Plan, and (b) imputed gains or losses on those amounts accrued as provided in Article IV of the Plan.

2.38 “**Years of Service**” means the number of completed years of uninterrupted service from a Participant's most recent date of hire; provided, however, that a Participant who is re-employed by the Company or an Affiliate within 31 days of the date of a Separation from Service will be treated as having uninterrupted service during such period for purposes of Section 5.2 and a Participant who is re-employed by the Company or an Affiliate within one year of the date of a Separation from Service will receive credit for the Years of Service they accumulated on or before their prior Separation from Service for purposes of Section 5.2. Years of Service also includes: (a) periods the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months,

or if longer, so long as the Participant retains the right to reemployment with the Company or an Affiliate under an applicable statute or contract; and (b) prior service with certain acquired companies or other affiliated companies provided the prior service is negotiated for in the applicable acquisition agreement. In the absence of such provision in the applicable acquisition agreement and subject to a determination by the Committee, Years of Service may include prior service recognized by the acquired company or other company affiliated with the acquired company immediately preceding the effective sale date of the applicable acquisition agreement..

ARTICLE III PARTICIPANT DEFERRALS AND COMPANY CONTRIBUTIONS

3.1 **Eligibility**. The Company shall identify those Employees who are eligible to defer amounts under the Plan. Eligibility to be a Participant in the Plan and to defer amounts under the Plan is entirely at the discretion of the Company and shall be limited to a select group of senior management or highly compensated employees. Eligibility to defer amounts under the Plan for any calendar year shall not confer the right to defer amounts for any subsequent year.

3.2 **Deferrals**. A Participant may elect to defer up to 80% of the Participant's Salary and Bonus and up to 100% of a Performance Grant, subject to such additional guidelines and limitations adopted by the Committee, by entering into a Deferred Compensation Agreement in accordance with Section 3.3. The Salary and Bonus otherwise payable to a Participant for each Plan Year beginning after the date of the election and any Performance Grant specified in a Deferred Compensation Agreement shall be reduced by the amount elected to be deferred, and the Participant's Deferral Account shall be credited for the amount deferred. Participants shall make separate elections with respect to deferrals of Salary, Bonus and Performance Grants. Deferrals from Salary shall be withheld in substantially equal amounts from Salary payable for the Plan Year to which the Deferred Compensation Agreement relates. Deferrals from Bonus shall be withheld from the Bonus otherwise payable for the Plan Year to which the Deferred Compensation Agreement relates, and deferrals from a Performance Grant shall be withheld from the Performance Grant specified in the Deferred Compensation Agreement. Elections to defer Salary, Bonus and Performance Grants are irrevocable, except as otherwise provided in the Plan. With respect to Business Employees who continue to be eligible to defer amounts under the Plan, Deferred Compensation Agreements entered into before the Spin-Off Date shall be continued as if the Deferred Compensation Agreements had been made under this Plan and will be continued as provided in Section 3.3.

3.3 **Elections to Defer**.

- (a) **Newly Eligible Employees**. An eligible Employee who has not previously been eligible to participate in the Plan (or any other plan required to be aggregated with the Plan pursuant to Code § 409A) and who wishes to

participate in the Plan must execute a Deferred Compensation Agreement within 30 days after he or she first becomes eligible to participate in the Plan (or any other plan required to be aggregated with the Plan pursuant to Code § 409A). The Deferred Compensation Agreement shall be irrevocable with respect to the current Plan Year, except as otherwise provided in the Plan, and shall be effective only with respect to compensation payable for services performed subsequent to the execution of the Deferred Compensation Agreement. The Employee may change his or her Deferred Compensation Agreement election with respect to services to be performed in any subsequent Plan Year under the provisions in Section 3.3(c).

In the Employee's first year of participation, if the Bonus or Performance Grant for which the election is made is an annual bonus or is otherwise based on a specified performance period, then the Employee's Deferred Compensation Agreement election with respect to the Bonus or Performance Grant will apply only to the portion of the Bonus or Performance Grant equal to the total amount of the Bonus or Performance Grant multiplied by the ratio of the number of days remaining in the performance period after the date of the Deferred Compensation Agreement over the total number of days in the performance period.

- (b) Former Participants with No Account Balance and Employees Ineligible for Two Years. If a former Participant has been paid all amounts deferred under the Plan (and all other plans required to be aggregated with the Plan pursuant to Code § 409A) and on or before the date of the last payment was not eligible to continue to participate in the Plan (or any other plan required to be aggregated with the Plan pursuant to Code § 409A) for periods after the last payment (other than through an election of a different time and form of payment with respect to amounts paid), the Employee may be treated as newly eligible to participate in the Plan pursuant to Section 3.3(a) as of the first date following such payment that the Employee again becomes eligible to participate in the Plan. If an Employee has ceased to be eligible to defer amounts under the Plan (and all other plans required to be aggregated with the Plan pursuant to Code § 409A) (other than the accrual of earnings), regardless of whether all amounts deferred under the Plan (and all other plans required to be aggregated with the Plan pursuant to Code § 409A) have been paid, and subsequently becomes eligible to participate in the Plan again, the Employee may be treated as newly eligible to participate pursuant to Section 3.3(a) if the Employee has not been eligible to participate in the Plan (or any other plan required to be aggregated with the Plan pursuant to Code § 409A) (other than the accrual of earnings) at any time during the 24-month period ending on the date that the Employee again becomes eligible to participate in the Plan.

- (c) Previously Eligible Employees. An eligible Employee who has previously been eligible to participate in the Plan (or any other plan required to be aggregated with the Plan pursuant to Code § 409A) but is not treated as newly eligible to participate in the Plan under Section 3.3(b) and who wishes to change his or her deferral election or make an initial deferral election must enter into a Deferred Compensation Agreement with respect to compensation paid for services performed during a Plan Year at any time prior to the beginning of that Plan Year. The new Deferred Compensation Agreement election shall be effective for such Plan Year and all subsequent Plan Years, except that the Employee may change his or her Deferred Compensation Agreement deferral election at any time through the December 31 prior to the beginning of a Plan Year. After the December 31 prior to the beginning of the Plan Year, the Deferred Compensation Agreement deferral election shall become irrevocable with respect to that Plan Year, except as otherwise provided in the Plan. The Committee may, in its sole discretion, establish earlier deadlines or annual enrollment periods for such election changes during which such elections must be made.
- (d) Elections to Defer Performance Grants. Notwithstanding the forgoing provisions of this Section 3.3, an eligible Employee may elect to defer a Performance Grant at any time on or before the date that is six months before the end of the applicable performance period, provided (i) the Employee has performed services for the Company or an Affiliate continuously from the later of the beginning of the performance period or the date the Performance Measures are established for the Performance Grant in writing (which shall be no later than 90 days after the commencement of the performance period) through the date of this election and (ii) the amount payable in respect of the Performance Grant is not calculable and substantially certain to be paid as of the time of this election.
- (e) Cancellation of Deferral Election for 401(k) Plan Hardship Distribution. Notwithstanding a Participant's deferral election in his or her Deferred Compensation Agreement, a Participant's deferral election shall be cancelled if required under the 401(k) plan sponsored by the Company or an Affiliate which is the Participant's Employer due to the Participant's receipt of a hardship distribution from such 401(k) plan, pursuant to the requirements of Code § 1.401(k)-1(d)(3). After the cancellation required under the 401(k) plan has expired, the Participant may execute a new Deferred Compensation Agreement, in accordance with the timing requirements for previously eligible employees under Section 3.3(c).

3.4 **Company Matching Contributions**. For any Plan Year in which a Participant is deferring amounts under the Plan, the Participant's Western Union Matching Account shall be credited with an amount each pay period, calculated as follows:

(a) dollar for dollar on the sum of the Participant's contributions to the ISP (other than catch-up contributions) and the Participant's contributions of Salary and Bonus to the Plan, up to the first 3% of the sum of (i) the Participant's Compensation (as defined in the ISP without regard to the Code § 401(a)(17) limitation) for the pay period, plus (ii) Salary and Bonus amounts deferred under the Plan for the pay period, and \$.50 for each dollar on the sum of the Participant's contributions to the ISP (other than catch-up contributions) and the Participant's Salary and Bonus contributions to the Plan, up to the next 2% of the sum of (i) the Participant's Compensation (as defined in the ISP without regard to the Code § 401(a)(17) limitation) for the pay period, plus (ii) Salary and Bonus amounts deferred under the Plan for the pay period,

(b) minus the amount of employer matching contributions contributed to the Participant's ISP accounts for the pay period;

provided, however, that the amounts credited to the Participant's Western Union Matching Account for any year pursuant to the foregoing shall not exceed the total employer matching contributions that would be provided under the ISP absent any plan-based restrictions that reflect limits on qualified plan contributions under the Code.

To the extent the Participant receives additional employer matching contributions under the ISP when employer matching contributions are recalculated on an annual basis under the ISP, the Participant's Western Union Matching Account under the Plan may be reduced by the amount of the additional employer matching contributions contributed to the ISP for the Plan Year.

3.5 **Company Discretionary Contributions** . For any Plan Year, the Company may, in its discretion, credit a Participant's Account in an amount determined in the sole discretion of the Committee at any time and without regard to any amount credited to the Account of any other Participant. Company discretionary contributions credited to a Participant's Account pursuant to this Section 3.5 shall vest in accordance with the schedule applicable to the Participant's Western Union Matching Account, as set forth in Section 5.2.

ARTICLE IV DEEMED INVESTMENT OF ACCOUNTS

4.1 **Selection of Investment Funds** . Except as may otherwise be determined by the Company in its sole discretion, the Investment Funds available under the Plan shall be the same investment options available to participants under the Incentive Savings Plan, excluding any brokerage account option or any employer stock fund. The availability of an Investment Fund shall not give, or be deemed for any purpose to give, a Participant an interest in any asset or investment held by the Company for any purpose.

4.2 **Participant Identification of Investment Funds** . Participants shall select one or more Investment Funds with respect to which imputed gains or losses shall be

calculated and attributed (credited or debited) to the Participant’s Account. Participants who are active Employees may change the Investment Funds with respect to which gains or losses on their future deferrals are calculated on any business day, with any change effective as soon as administratively practicable. All Participants may, upon notice to the Plan’s recordkeeper, change the Investment Funds with respect to which gains or losses on their Account balance will be calculated on any business day. Changes received by the Plan’s recordkeeper prior to the close of trading on the New York Stock Exchange will be effective as of that day. Changes received by the recordkeeper after such time on any day will be effective as of the end of the next trading day on the New York Stock Exchange. If a Participant does not choose any Investment Fund, the gains or losses on the amounts credited to the Participant’s Account shall be calculated by reference to the Target Retirement fund based on the Participant’s age as of the default investment election date.

4.3 **Daily Valuation.** The Committee shall maintain a record of each Participant’s Account. Each Participant’s Account shall be adjusted on a daily basis to reflect the deemed gains or losses of the Investment Funds selected by the Participant.

**ARTICLE V
VESTING**

5.1 **Vesting in Deferral Account, First Data ISP Plus Contributions Account, and First Data Service-Related Contributions Account.** Each Participant shall be 100% vested in the Participant’s Deferral Account, First Data ISP Plus Contributions Account, and First Data Service-Related Contributions Account at all times.

5.2 **Vesting in Western Union Matching Account.** Each Participant shall be vested in the Participant’s Western Union Matching Account in accordance with the following vesting schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 1	0%
1	25%
2	50%
3	75%
4 or more	100%

5.3 **Vesting in First Data Matching Account and First Data eOne Global Employer Basic Contributions Account.** The vested portion in each Participant’s First Data Matching Account at the time of the determination will be equal to the sum of the Participant’s First Data Matching Account in the Plan at the time of the determination and the Participant’s First Data Matching Account under The Western Union Company Grandfathered Supplemental Incentive Savings Plan at the time of the determination, multiplied by the Participant’s vesting percentage at the time of the determination, minus the Participant’s First Data Matching Account under The Western Union Company

Grandfathered Supplemental Incentive Savings Plan at the time of the determination. The vested portion in each Participant's First Data eOne Global Employer Basic Contributions Account at the time of the determination will be equal to the sum of the Participant's First Data eOne Global Employer Basic Contributions Account in the Plan at the time of the determination and the Participant's First Data eOne Global Employer Basic Contributions Account under The Western Union Company Grandfathered Supplemental Incentive Savings Plan at the time of the determination, multiplied by the Participant's vesting percentage at the time of the determination, minus the Participant's First Data eOne Global Employer Basic Contributions Account under The Western Union Company Grandfathered Supplemental Incentive Savings Plan at the time of the determination.

The following vesting schedule applies for purposes of this Section 5.3, based on the Participant's Years of Service at the time of the determination:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 1	0%
1	25%
2	50%
3	75%
4 or more	100%

5.4 **100% Vesting Events**. Each Participant shall be 100% vested in the Participant's entire Account to the extent not already vested upon the Participant's death, the Participant's Disability, the Participant's attainment of age 65, or the termination of the Plan.

5.5 **Violation of Agreement**. If a Participant violates any restrictive covenants agreement or any non-solicitation or non-compete agreement that the Participant has signed with the Company or an Affiliate, the Participant shall forfeit the Participant's entire Account under the Plan, other than the Participant's Deferral Account, regardless of whether the Participant was vested in the amounts being forfeited. The Committee shall determine whether a Participant has violated any such agreement in its sole discretion.

ARTICLE VI DISTRIBUTIONS

6.1 **Timing of Commencement of Distributions**. A Participant shall elect one of the following times for commencement of distributions with respect to: (a) unvested amounts transferred to this Plan from the First Data SISF that were credited to the Participant's Account prior to January 1, 2005, (b) amounts credited to the Participant's Accounts for the 2005 Plan Year and the 2006 Plan Year and (c) amounts credited to the Participant's Accounts each Plan Year, commencing with the 2007 Plan Year.

- (a) Specified Payment Date. The date the Participant specifies in a Distribution Election that has not been postponed pursuant to Section 6.4. With respect to elections for Plan Years commencing on and after January 1, 2007, the payment date may be any calendar date that is more than four years following the end of the Plan Year to which the Deferred Compensation Agreement relates.
- (b) Separation from Service. The date the Participant has a Separation from Service, or a specified time following the Participant's Separation from Service. A Participant may elect immediate commencement or a time following Separation from Service that is prior to the 5th anniversary of the Participant's Separation from Service. Notwithstanding any other provision of the Plan, if the Participant is a Specified Employee on the date of his or her Separation from Service, any amounts otherwise payable prior to the 6th month anniversary of the Participant's Separation from Service shall be delayed until the day following the 6th month anniversary of the Participant's Separation from Service.

6.2 **Form of Distributions**. A Participant shall elect one of the following forms of distribution with respect to: (a) unvested amounts transferred to this Plan from the First Data SISF that were credited to the Participant's Account prior to January 1, 2005, (b) amounts credited to the Participant's Accounts for the 2005 Plan Year and the 2006 Plan Year and (c) amounts credited to the Participant's Accounts each Plan Year, commencing with the 2007 Plan Year. A Participant may elect distribution in the form of a lump sum payment or quarterly or annual installments over a period of up to 10 years. Each installment shall be determined by dividing the Participant's Account balance as of the end of the month immediately preceding the month of the distribution by the number of remaining installments.

6.3 **Special Distribution Provisions**.

(a) Default Distribution Election. If a Participant fails to make an election (including an election carryover pursuant to Section 6.3(c)) specifying the time or form in which all or any portion of the amounts credited to the Participant's Account will be paid, the Participant shall be deemed to have elected to receive (i) a lump sum distribution, if the Participant has failed to make an election specifying the form of payment, and (ii) a payment upon Separation from Service, if the Participant has failed to make an election specifying the time of payment. The default election provisions of this section will be effective as of the date the initial Deferred Compensation Agreement is effective, and as of that date, cannot be changed except as provided in the Plan with respect to changing Distribution Elections.

(b) Distribution Elections for Accounts From the First Data SISF. A Participant who was formerly a participant in the First Data SISF and whose balance under the First Data SISF was transferred from the First Data SISF to this Plan shall be deemed to have the same Distribution Election as previously filed with respect to the First Data SISF (if such

an election was filed), unless the Participant changes the election in accordance with the procedures in this Plan.

(c) Election Carryover. If a Participant makes a Distribution Election for a Plan Year or has a Distribution Election carried over from the First Data SISP, the Distribution Election will remain in effect for all subsequent Plan Years for which the Participant fails to make a new Distribution Election. The election carryover will apply to all subsequent Plan Years until the Participant actually makes a new Distribution Election for a Plan Year.

(d) Small Account Balance. Notwithstanding a Participant's Distribution Election(s), if immediately following a Participant's Separation from Service, the Participant's Account balance under the Plan (and all plans required to be aggregated with the Plan under Code § 409A) is less than or equal to the applicable dollar amount under Code § 402(g)(1)(B), the recipient shall receive a lump sum payment of the Participant's Account balance as soon as administratively feasible following (i) the day following the 6th month anniversary of the Participant's Separation from Service if the Participant has been identified as a Specified Employee as of the date of the Participant's Separation from Service, or (ii) the first day of the calendar month following the date of the Participant's Separation of Service if the Participant has not been identified as a Specified Employee as of the date of the Participant's Separation from Service, provided the payment results in the termination and liquidation of the entirety of the Participant's interest in the Plan (and all plans required to be aggregated with the Plan under Code § 409A).

(e) Election Changes Permitted On or Before December 31, 2008 Pursuant to Internal Revenue Service Transition Relief. Notwithstanding anything in this Article to the contrary, a Participant may be permitted to make a new Distribution Election on or before December 31, 2008 with respect to the time and/or form of payment of (a) unvested amounts transferred to this Plan from the First Data SISP that were credited to the Participant's Account prior to January 1, 2005, (b) amounts credited to the Participant's Accounts for the 2005 Plan Year and the 2006 Plan Year, (c) amounts credited to the Participant's Accounts for the 2007 Plan Year, and (d) amounts credited to the Participant's Accounts for the 2008 Plan Year. However, any such new Distribution Elections will apply only to amounts that would not otherwise be payable in 2008 and may not cause an amount to be paid in 2008 that would not otherwise be payable in 2008. In addition, any such new Distribution Election that specifies a distribution commencement date prior to June 1, 2009 will be deemed to be an election to commence distribution on June 1, 2009.

6.4 Changing Distribution Elections. A Participant may change his or her Distribution Election as to timing and/or form of payment if:

- (a) the change does not accelerate any payments within the meaning of Code § 409A;

- (b) the Participant executes a new Distribution Election at least 12 months prior to the earliest date payment would have commenced under the prior Distribution Election;
- (c) any payments under the new Distribution Election will not commence earlier than 5 years from the date the payments would have otherwise commenced under the prior Distribution Election; and
- (d) the new Distribution Election will not take effect until 12 months after the date it was executed by the Participant.

For purposes of this Section 6.4, payments made in the form of installments shall be treated as a single payment.

6.5 **Designation of Beneficiary**. A Participant may designate one or more Designated Beneficiaries (who may be designated contingently or successively) by filing a written notice of designation with the Committee in such form as the Committee may prescribe. Each designation will automatically revoke any prior designations by the same Participant. Any beneficiary designation will be effective as of the date on which the written designation is received by the Committee during the lifetime of the Participant.

6.6 **Severe Financial Hardship**. In the event of a Severe Financial Hardship of a Participant, the Participant may request distribution of some or all of the Participant's Account or the cancellation of the Participant's election to defer Salary or Bonus for the remainder of the Plan Year. The Committee shall require such evidence as is reasonably necessary to determine if a distribution is warranted and satisfies the requirements of a Severe Financial Hardship pursuant to Code § 409A. The Committee shall determine the amount available to the Participant, if any, in its sole discretion based on the relevant facts and circumstances and in accordance with Code § 409A. If the Committee grants a Participant's request to cancel an election to defer Salary or Bonus, the Participant may again make an election to defer Salary or Bonus only in accordance with Article III.

6.7 **Payments on Account of Failure to Comply with Code § 409A**. If any portion of the Participant's Account that has not yet been distributed must be included in the Participant's taxable income for a calendar year pursuant to Code § 409A, the Committee shall distribute the portion of the Account that has been included in the Participant's taxable income as soon as administratively practicable.

ARTICLE VII DEFERRED COMPENSATION AND BENEFITS TRUST

Upon the occurrence of any Potential Change in Control, the Company may in its discretion transfer to a Deferred Compensation and Benefits Trust ("DCB Trust") an amount of cash, marketable securities, or other property acceptable to the trustee equal in value of up to 105% of the amount necessary to pay the Company's obligations with respect to

Accounts under this Plan (the “Funding Amount”). Any cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB Trust. In addition, from time to time, the Company may make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee as may be necessary in order to maintain the Funding Amount with respect to this Plan. Any amounts transferred to the DCB Trust under this paragraph shall, at any time prior to the consummation of a Potential Change in Control, be returned to the Company by the Trustee at the Company’s request. The Company and any successor shall continue to be liable for the ultimate payment of Participants’ Accounts.

Notwithstanding the immediately preceding paragraph, the Company will not transfer any cash, securities, or other property to the DCB Trust at a time when such a transfer would cause adverse tax consequences under Code § 409A.

ARTICLE VIII AMENDMENT, MODIFICATION AND TERMINATION

8.1 **Amendment and Termination**. The Company may, at its sole discretion, amend or terminate the Plan at any time provided that the amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant’s prior consent. Notwithstanding the foregoing, the Company may amend the Plan at any time, without the consent of any Participant, as necessary or desirable to comply with the requirements, or avoid the application, of Code § 409A. Any termination of the Plan will be made in compliance with the requirements of Code § 409A and the regulations thereunder.

8.2 **Further Actions to Conform to Code § 409A**. Notwithstanding any provision of the Plan, the Plan will be construed, administered or deemed amended as necessary to comply with the requirements of Code § 409A to avoid taxation under Code § 409A(a)(1) to the extent subject to Code § 409A. The Committee, in its sole discretion shall determine the requirements of Code § 409A applicable to the Plan and shall interpret the terms of the Plan consistently therewith. Under no circumstances, however, shall the Company or any affiliate or any of its or their employees, officers, directors, service providers or agents have any liability to any person for any taxes, penalties or interest due on amounts paid or payable under the Plan, including any taxes, penalties or interest imposed under Code § 409A.

**ARTICLE IX
ADMINISTRATION AND INTERPRETATION**

The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this Article shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Committee. Claims for benefits under the Plan and appeals of claim denials shall be in accordance with Articles XI and XII. Any interpretation by the Committee shall be final and binding on the Participants and any Designated Beneficiary.

**ARTICLE X
MISCELLANEOUS**

10.1 **Non-assignability**. Neither a Participant nor a Designated Beneficiary may voluntarily or involuntarily anticipate, assign, or alienate (either at law or in equity) any benefit under the Plan, and the Committee shall not recognize any such anticipation, assignment, or alienation. Furthermore, a benefit under the Plan shall not be subject to attachment, garnishment, levy, execution, or other legal or equitable process. Any attempted sale, conveyance, transfer, assignment, pledge or encumbrance of the rights, interests, or benefits provided pursuant to the terms of the Plan or the levy of any attachment or similar process thereupon, shall be null and void and without effect.

10.2 **Taxes**. The Company shall deduct from all payments made under this Plan all applicable federal or state taxes required by law to be withheld.

10.3 **Governing Law**. To the extent not preempted by federal law, the Plan shall be construed in accordance with, and shall be governed by, the laws of the state of Colorado without regard to any conflict of laws provisions thereunder.

10.4 **Form of Communication**. Any election, application, claim, notice, or other communication required or permitted to be made by a Participant or Designated Beneficiary to the Committee shall be made in such form as the Committee may prescribe, and shall not be effective until the date specified in the Plan or by the Committee for such communication. If no form or date is specified, such communication shall be effective upon receipt of the communication in writing by the Company's Senior Vice President, Compensation and Benefits at 12500 East Belford Avenue, Englewood, CO 80112.

10.5 **Service Providers**. The Company or Committee may, in their sole discretion, retain one or more independent entities to provide services in connection with the operation and administration of the Plan. Except as may be specifically delegated or assigned to any such entity in writing or as otherwise provided in this Plan, the Committee shall retain all discretionary authority under this Plan. No Participant or other person shall be a third party beneficiary with respect to, or have any rights or recourse under, any contractual arrangement between the Company or Committee and any such service provider.

10.6 **Unsecured General Creditor**. Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Company. The assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be an unfunded and unsecured promise of the Company to pay money in the future.

10.7 **Gender and Number**. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender and vice versa, and the singular shall also include the plural and vice versa.

10.8 **No Right to Continued Employment**. Nothing contained in the Plan shall confer upon any Participant any right with respect to the continuation of the Participant's employment by, or consulting relationship with, the Company, or interfere in any way with the right of the Company, subject to the terms of any separate employment agreement or other contract to the contrary, at any time to terminate such services or to increase or decrease the compensation of the Participant. Nothing in this Plan shall limit or impair the Company's right to terminate the employment of any employee. Participation in this Plan is a matter entirely separate from any pension right or entitlement the Participant may have and from the terms or conditions of the Participant's employment. Any Participant who leaves the employment of the Company shall not be entitled to any compensation for any loss of any right or any benefit or prospective right or benefit under this Plan which the Participant might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or otherwise.

10.9 **Participation in Other Plans**. Nothing in this Plan shall affect any right which the Participant may otherwise have to participate in any retirement plan or agreement which the Company or an Affiliate has adopted or may adopt.

10.10 **Entire Understanding**. This instrument contains the entire understanding between the Company and the Participants participating in the Plan relating to the Plan, and supersedes any prior agreement between the parties, whether written or oral. Neither this Plan nor any provision of the Plan may be waived, modified, amended, changed, discharged or terminated except as provided in the Plan.

10.11 **Provisions Severable**. To the extent that any one or more of the provisions of the Plan shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

10.12 **Headings**. The article and section headings are for convenience only and shall not be used in interpreting or construing the Plan.

10.13 **Successors, Mergers, or Consolidations**. Any agreement under the Plan shall inure to the benefit of and be binding upon (a) the Company and its successors and assigns and upon any corporation into which the Company may be merged or consolidated, and (b) the Participant and his or her heirs, executors, administrators, and legal representatives.

ARTICLE XI CLAIMS PROCEDURE

Claims for benefits under the Plan shall be filed in writing, within 180 days after the event giving rise to a claim, with the Company's Senior Vice President, Compensation and Benefits (the "Plan Administrator"), who shall have absolute discretion to determine whether benefits are payable under the Plan, interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to the claim in the name and on behalf of the Committee. The claim shall include a statement of all relevant facts and copies of all documents, materials, or other evidence that the claimant believes relevant to the claim.

The Plan Administrator shall furnish a notice to any claimant whose claim for benefits under the Plan has been denied within 90 days from receipt of the claim. This 90-day period may be extended if special circumstances require an extension, provided that the time period cannot exceed a total of 180 days from the Plan's receipt of the claimant's claim and the written notice of the extension is provided before the expiration date of the initial 90-day claim period. If an extension is required, the Plan Administrator shall provide a written notice of the extension that contains the expiration date of the initial 90-day claim period, the special circumstances that require an extension, and the date by which the Plan Administrator expects to render its benefits determination.

If the adverse decision relates to a claim involving the Disability of a Participant, the Plan Administrator shall furnish a notice to the claimant whose claim for benefits has been denied within 45 days from receipt of the claim. This 45-day period may be extended for an additional 30-day period if special circumstances require an extension, and the additional 30-day period may be further extended for up to 30 more days if special circumstances require a further extension. If any extension of the time period for notifying a claimant is required, the Plan Administrator shall provide a written notice of the extension to the claimant containing the expiration date of the then-applicable claim period, the special circumstances that require an extension, and the date by which the Plan Administrator expects to render the benefits determination.

The Plan Administrator's claim denial notice shall set forth:

- (a) the specific reason or reasons for the denial;
- (b) specific references to pertinent Plan provisions on which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why the material or information is necessary; and
- (d) an explanation of the Plan's claims review procedure describing the steps to be taken by a claimant who wishes to submit his or her claim for review, including any applicable time limits, and a statement of the Participant's or beneficiary's right to bring a civil action under ERISA § 502(a) if the claim is denied on review.

A claimant who wishes to appeal the adverse determination must submit a request for review in writing to the Plan Administrator within 60 days (180 days in the event of a claim involving a Disability) after the appealing claimant receives notice of the denial of benefits.

ARTICLE XII CLAIMS REVIEW PROCEDURE

Any Participant, former Participant, or Designated Beneficiary of either, who has been denied a benefit claim, shall be entitled, upon written request, to a review of the denied claim by the Committee. A claimant appealing a denial of benefits (or the authorized representative of the claimant) shall be entitled to:

- (a) submit in writing any comments, documents, records and other information relating to the claim and request a review;
- (b) review pertinent Plan documents; and
- (c) upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim. A document, record, or other information shall be considered relevant to the claim if such document, record, or other information (i) was relied upon in making the benefit determination, (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination, or (iii) demonstrates compliance with the administrative processes and safeguards designed to ensure and verify that benefit claim determinations are made in accordance with the Plan and that, where appropriate, the Plan provisions have been applied consistently with respect to similarly situated Participants or Designated Beneficiaries.

The Committee shall reexamine all facts related to the appeal and make a final determination as to whether the denial of benefits is justified under the circumstances.

Decision on Review. The decision on review of a denied claim shall be made in the following manner:

- (a) The decision on review shall be made by the Committee, who may in its discretion hold a hearing on the denied claim. The Committee shall make its decision solely on the basis of the written record, including documents and written materials submitted by the Participant or Designated Beneficiary (or the authorized representative of the Participant or Designated Beneficiary). The Committee shall make its decision promptly, which shall ordinarily be not later than 60 days (45 days in the event of a claim involving a Disability) after the Plan's receipt of the request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing. In that case a decision shall be rendered as soon as possible, but not later than 120 days (90 days in the event of a claim involving a Disability) after receipt of the request for review. If an extension of time is required due to special circumstances, the Committee will provide written notice of the extension to the Participant or Designated Beneficiary prior to the time the extension commences, stating the special circumstances requiring the extension and the date by which a final decision is expected.
- (b) The decision on review shall be in writing, written in a manner calculated to be understood by the Participant or Designated Beneficiary. If the claim is denied, the written notice shall include specific reasons for the decision, specific references to the pertinent Plan provisions on which the decision is based, a statement of the Participant's or Designated Beneficiary's right to bring an action under ERISA § 502(a), and a statement that the Participant or Designated Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. A document, record, or other information shall be considered relevant to the claim if such document, record, or other information (i) was relied upon in making the benefit determination, (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination, or (iii) demonstrates compliance with the administrative processes and safeguards designed to ensure and verify that benefit claim determinations are made in accordance with the Plan and that, where appropriate, the Plan provisions have been applied consistently with respect to similarly situated claimants.
- (c) The Committee's decision on review shall be final. In the event the decision on review is not provided to the Participant or Designated Beneficiary within the time required, the claim shall be deemed denied on review.

**ARTICLE XIII
LAWSUITS, JURISDICTION, AND VENUE**

No lawsuit claiming entitlement to benefits under this Plan may be filed prior to exhausting the claims and claims review procedures described in Articles XI and XII. Any such lawsuit must be initiated no later than (a) one year after the event(s) giving rise to the claim occurred, or (b) 60 days after a final written decision was provided to the claimant under Article XII, whichever is sooner. Any legal action involving benefits claimed or legal obligations relating to or arising under this Plan may be filed only in Federal District Court in the city of Denver, Colorado. Federal law shall be applied in the interpretation and application of this Plan and the resolution of any legal action. To the extent not preempted by federal law, the laws of the state of Colorado shall apply.

**ARTICLE XIV
EFFECTIVE DATE OF PLAN**

This Plan, as amended and restated, shall be effective as of December 15, 2015.

The Company hereby agrees to the provisions of the Plan and in witness of its agreement, the Company by its duly authorized officer has executed the Plan on the date written below.

THE WESTERN UNION COMPANY

By: _____

Title: _____

Date: _____

THE WESTERN UNION COMPANY
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD NOTICE

Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the "Plan"), _____ ("Executive") has been granted the Performance-Based Restricted Stock Unit Award described below (the "Award"). Certain terms and conditions of the Award are set forth immediately below in this Award Notice. Other terms and conditions are set forth in the Performance-Based Restricted Stock Unit Award Agreement which is appended to this Award Notice. The Award Notice and the Performance-Based Restricted Stock Unit Award Agreement are together the "Agreement" which is made and entered into between The Western Union Company, a Delaware corporation (the "Company"), and Executive as of the Grant Date. Capitalized terms not otherwise defined in this Award Notice are defined in the Plan or the Performance-Based Restricted Stock Unit Award Agreement.

Grant Date: February 18, 2016

Target Award: ___ shares of Common Stock

Maximum Award: ___ shares of Common Stock

Performance Period: January 1, 2016 – December 31, 2018

Performance Measure: \$1,500,000,000 Combined Consolidated Operating Income

Vesting Date: Third anniversary of Grant Date

THE WESTERN UNION COMPANY,

a Delaware corporation

By: _____

Name: _____

Title: _____

THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT --
TERMS AND CONDITIONS – U.S. SECTION 16 OFFICER

1. Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the “Plan”), The Western Union Company (the “Company”) hereby grants to you (“Executive”) an award of Restricted Stock Units (the “Units”), in the amount specified in Executive’s Award Notice (which forms part of this Agreement) as of the Grant Date specified in Executive’s Award Notice, related to shares of Common Stock (“Shares”), subject to the terms and conditions set forth in this Agreement and the Plan. The terms of the Plan are hereby incorporated in this Agreement by this reference and made a part hereof. Capitalized terms not defined herein shall have the same definitions as set forth in the Plan.
2. Each Unit shall provide for the issuance and transfer to Executive of one Share upon lapse of the restrictions set forth in paragraph 3 below and subject to the satisfaction of the Performance Measure during the Performance Period set forth in the Award Notice and the Committee’s determination of the amount of the Award payable to Executive in accordance with Exhibit A. Upon issuance and transfer of Shares to Executive following the Restriction Period (as defined herein), Executive shall have all rights incident to ownership of such Shares, including but not limited to voting rights and the right to receive dividends.
3. Subject to other provisions of this Agreement and the terms of the Plan, on the third anniversary of the Grant Date, subject to the satisfaction of the Performance Measure during the Performance Period set forth in the Award Notice and the Committee’s determination of the amount of the Award payable to Executive in accordance with Exhibit A, all restrictions on the Units shall lapse and the number of Shares subject to the Units determined by the Committee to be transferred to Executive in accordance with Exhibit A shall be issued and transferred to Executive. Effective on and after such date, subject to applicable laws and Company policies, Executive may hold, assign, pledge, sell, or transfer the Shares transferred to Executive in Executive’s discretion. The three year period in which the Units may be forfeited by Executive is defined as the “Restriction Period.”

Notwithstanding the foregoing provisions in this paragraph 3, Executive will forfeit all rights to the Units unless Executive accepts these Terms and Conditions either through on-line electronic acceptance (if permitted by the Company) or by signing and returning to the Company a copy of these Terms and Conditions on or before the 90th day following the Grant Date. Signed copies of these Terms and Conditions should be sent to the attention of: Western Union Stock Plan Administration, 12500 E. Belford Avenue, M21B2, Englewood, Colorado 80112. In addition, notwithstanding any other provision of the Plan or this Agreement, in order for the restrictions on the Units to lapse, Executive must execute and return to the Company or accept electronically an updated restrictive covenant agreement (and exhibits) if requested by the Company which may contain certain noncompete, nonsolicitation and/or nondisclosure provisions. Failure to execute or electronically accept such an agreement on or before the 90th day following the Grant Date will cause the Units to be forfeited and cancelled by the Company without any payment to Executive.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. Any Shares determined by the Committee to be transferred to Executive in accordance with Exhibit A shall be issued and transferred to Executive as soon as administratively practicable after the end of the Restriction Period, and in no event later than March 15 of the calendar year immediately following the year in which the award ceases to be subject to a substantial risk of forfeiture. If at any time the Company determines, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any foreign, state or federal law, or the consent or approval of any governmental authority is necessary or desirable as a condition to the issuance and transfer of Shares to the Executive (or Executive's estate), such issuance and transfer will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained.

4. Executive may elect to satisfy Executive's obligation to advance the amount of any required income or other withholding taxes (the "Required Tax Payments") incurred in connection with the Award by any of the following means: (1) a cash payment to the Company, (2) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (3) authorizing the Company to withhold whole Shares which would otherwise be delivered to Executive having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to Executive, equal to the amount necessary to satisfy any such obligation, (4) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Executive has submitted an irrevocable notice of sale, or (5) any combination of (1) and (2).

Executive acknowledges that the ultimate liability for all Required Tax Payments legally due by Executive is and remains Executive's responsibility and may exceed the amount actually withheld by the Company and/or Executive's employer. Executive further acknowledges that the Company and/or Executive's employer (i) make no representations or undertakings regarding the treatment of any Required Tax Payments in connection with any aspect of the Units, including the grant of the Units, the vesting of the Units, the conversion of the Units into Shares, and the subsequent sale of any Shares acquired at vesting; and (ii) do not commit to structure the terms of the grant or any aspect of the Units to reduce or eliminate Executive's tax liability.

To avoid negative accounting treatment, the Company may withhold or account for Required Tax Payments by considering applicable minimum statutory withholding rates. If the obligation for Required Tax Payments is satisfied by withholding in Shares, for tax purposes, Executive is deemed to have been issued the full number of Shares due to Executive at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Required Tax Payments due as a result of any aspect of Executive's participation in the Plan. Finally, Executive shall pay to the Company or Executive's employer any amount of Required Tax Payments that the Company or Executive's employer may be required to withhold as a result of Executive's receipt of the Units, the vesting of the Units, or the conversion of the vested Units to Shares that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to Executive if Executive fails to comply with his obligations in connection with the Required Tax Payments as described herein.

5. The Units may not be sold, assigned, transferred, pledged, or otherwise disposed of, except by will or the laws of descent and distribution, while subject to restrictions. If Executive or anyone claiming

under or through Executive attempts to make any such sale, transfer, assignment, pledge or other disposition of Units in violation of this paragraph 5, such attempted violation shall be null, void, and without effect.

6. Executive shall forfeit Executive's right to any unvested Units if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restriction Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9).
7. If Executive's employment with the Company or a Subsidiary or Affiliate terminates involuntarily and without Cause on or after the first anniversary of the Grant Date, Executive is an eligible participant in the Severance/Change in Control Policy (Executive Committee Level) (the "Executive Severance Policy"), and paragraph 9 does not apply, Executive shall be entitled to a prorated Award, subject to the terms of the Executive Severance Policy (including but not limited to the requirement that Executive timely execute an agreement and release in a form acceptable to the Company which will include restrictive covenants and a comprehensive release of all claims). Such prorated Award shall be equal to the amount of the Award which is actually earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, multiplied by a fraction, the numerator of which shall equal the number of days Executive was employed with the Company during the Restriction Period and the denominator of which shall equal the number of days in the Restriction Period. Such prorated Award shall be paid at the same time as if Executive had remained employed with the Company through the end of the Restriction Period. If Executive's employment with the Company or a Subsidiary or Affiliate terminates involuntarily and without Cause before the first anniversary of the Grant Date (other than on account of death or Disability), and paragraph 9 does not apply, Executive shall not be entitled to a prorated Award.

If Executive's employment with the Company or a Subsidiary or Affiliate terminates by reason of death or Disability, the Award shall be paid, to the extent earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, to Executive or Executive's executor, administrator, legal representative, beneficiary or similar person (together, the "Beneficiary"), as the case may be, as if Executive had remained employed with the Company through the end of the Restriction Period.

If Executive's employment with the Company or a Subsidiary or Affiliate terminates by reason of Retirement, Executive shall be entitled to a prorated Award. Such prorated Award shall be equal to the amount of the Award which is actually earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, multiplied by a fraction, the numerator of which shall equal the number of days Executive was employed with the Company during the Restriction Period and the denominator of which shall equal the number of days in the Restriction Period. Such prorated Award shall be paid at the same time as if Executive had remained employed with the Company through the end of the Restriction Period.

If Executive's employment with the Company or a Subsidiary or Affiliate is terminated voluntarily by Executive (except for an Eligible Termination Reason described in the Executive Severance Policy at the time of a Change in Control) or is terminated by the Company for Cause, Executive's Award shall, except to the extent vested as of the date of termination, be immediately forfeited.

8. During the Restriction Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will have no ownership interest or rights in Shares underlying the Units, including no rights to receive dividends or other distributions made or paid with respect to such Shares or to exercise voting or other shareholder rights with respect to such Shares. Executive shall not be entitled to receive dividend equivalents in connection with this Award.
9. If Executive is eligible to participate in the Executive Severance Policy at the time of a Change in Control and Executive's employment with the Company, a Subsidiary or an Affiliate terminates for an eligible reason under the Executive Severance Policy during the 24-month period commencing on the effective date of the Change in Control, then, subject to the terms of such policy, the Award shall be paid to Executive, to the extent earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and in accordance with Exhibit A, as if Executive had remained employed with the Company through the end of the Restriction Period.
10. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner that it deems appropriate; provided, however, that no such amendment shall adversely affect in a material manner any right of Executive under this Agreement without Executive's written consent.
11. Any action taken or decision made by the Company, the Board, or the Committee or its delegates arising out of or in connection with the construction, administration, interpretation or effect of the Plan or this Agreement shall lie within its sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on Executive and all persons claiming under or through Executive. By accepting this grant of Units or other benefit under the Plan, Executive and each person claiming under or through Executive shall be conclusively deemed to have indicated acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee or its delegates.
12. This grant of Units is discretionary, non-binding for future years and there is no promise or guarantee that such grants will be offered to Executive in future years.
13. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Executive's participation in the Plan, or Executive's acquisition or sale of the Shares underlying the Units. Executive is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
14. The validity, construction, interpretation, administration and effect of these Terms and Conditions and the Plan and rights relating to the Plan and to this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly under the grant of the Units or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Colorado, and agree that

such litigation shall be conducted in the courts of Douglas County, or the federal courts for the United States for the District of Colorado, where this grant is made and/or to be performed.

15. If one or more provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed as to foster the intent of this Agreement and the Plan.
16. Executive acknowledges that Executive has read the Company's Clawback Policy. In consideration of the grant of the Units, Executive agrees to abide by the Company's Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, if the Board determines that any Incentive Compensation (as defined in the Company's Clawback Policy) received by or paid to Executive resulted from any financial result or performance metric that was impacted by Executive's misconduct or fraud and that compensation should be recovered from Executive (such amount being recovered, the "Clawbacked Compensation"), then upon such determination, the Board may recover such Clawbacked Compensation by (a) cancelling all or any portion of the unvested Units (the "Clawbacked Portion") and, in such case, the Clawbacked Portion of the unvested Units shall automatically and without further action of the Company be cancelled, (b) requiring Executive to deliver to the Company the Shares acquired upon the vesting of the Units (to the extent held by Executive), (c) requiring Executive to repay to the Company any net proceeds resulting from the sale of the Shares acquired upon the vesting of the Units or (d) any combination of the remedies set forth in clauses (a), (b) or (c). The foregoing remedies are in addition to and separate from any other relief available to the Company due to Executive's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon Executive and all persons claiming through Executive.
17. To the extent any amounts under this Agreement are payable by reference to Executive's "termination of employment," such term shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if Executive is a "specified employee," as defined in Section 409A of the Code, as of the date of Executive's separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon Executive's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of Executive's death.

I hereby confirm that the foregoing and the documents attached hereto are hereby in all respects accepted and agreed to by the undersigned as of the date of this Agreement:

Signature: _____

Printed Name: _____

Date: _____

THE WESTERN UNION COMPANY
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD NOTICE

Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the “Plan”), Hikmet Ersek (“Executive”) has been granted the Performance-Based Restricted Stock Unit Award described below (the “Award”). Certain terms and conditions of the Award are set forth immediately below in this Award Notice. Other terms and conditions are set forth in the Performance-Based Restricted Stock Unit Award Agreement which is appended to this Award Notice. The Award Notice and the Performance-Based Restricted Stock Unit Award Agreement are together the “Agreement” which is made and entered into between The Western Union Company, a Delaware corporation (the “Company”), and Executive as of the Grant Date. Capitalized terms not otherwise defined in this Award Notice are defined in the Plan or the Performance-Based Restricted Stock Unit Award Agreement.

Grant Date: February 19, 2016

Target Award: ___ shares of Common Stock

Maximum Award: ___ shares of Common Stock

Performance Period: January 1, 2016 – December 31, 2018

Performance Measure: \$1,500,000,000 Combined Consolidated Operating Income

Vesting Date: Third anniversary of Grant Date

THE WESTERN UNION COMPANY,

a Delaware corporation

By: _____

Name: _____

Title: _____

THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT --
TERMS AND CONDITIONS – HIKMET ERSEK

1. Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the “Plan”), The Western Union Company (the “Company”) hereby grants to you (“Executive”) an award of Restricted Stock Units (the “Units”), in the amount specified in Executive’s Award Notice (which forms part of this Agreement) as of the Grant Date specified in Executive’s Award Notice, related to shares of Common Stock (“Shares”), subject to the terms and conditions set forth in this Agreement and the Plan. The terms of the Plan are hereby incorporated in this Agreement by this reference and made a part hereof. Capitalized terms not defined herein shall have the same definitions as set forth in the Plan.
2. Each Unit shall provide for the issuance and transfer to Executive of one Share upon lapse of the restrictions set forth in paragraph 3 below and subject to the satisfaction of the Performance Measure during the Performance Period set forth in the Award Notice and the Committee’s determination of the amount of the Award payable to Executive in accordance with Exhibit A. Upon issuance and transfer of Shares to Executive following the Restriction Period (as defined herein), Executive shall have all rights incident to ownership of such Shares, including but not limited to voting rights and the right to receive dividends.
3. Subject to other provisions of this Agreement and the terms of the Plan, on the third anniversary of the Grant Date, subject to the satisfaction of the Performance Measure during the Performance Period set forth in the Award Notice and the Committee’s determination of the amount of the Award payable to Executive in accordance with Exhibit A, all restrictions on the Units shall lapse and the number of Shares subject to the Units determined by the Committee to be transferred to Executive in accordance with Exhibit A shall be issued and transferred to Executive. Effective on and after such date, subject to applicable laws and Company policies, Executive may hold, assign, pledge, sell, or transfer the Shares transferred to Executive in Executive’s discretion. The three year period in which the Units may be forfeited by Executive is defined as the “Restriction Period.”

Notwithstanding the foregoing provisions in this paragraph 3, Executive will forfeit all rights to the Units unless Executive accepts these Terms and Conditions either through on-line electronic acceptance (if permitted by the Company) or by signing and returning to the Company a copy of these Terms and Conditions on or before the 90th day following the Grant Date. Signed copies of these Terms and Conditions should be sent to the attention of: Western Union Stock Plan Administration, 12500 E. Belford Avenue, M21B2, Englewood, Colorado 80112. In addition, notwithstanding any other provision of the Plan or this Agreement, in order for the restrictions on the Units to lapse, Executive must execute and return to the Company or accept electronically an updated restrictive covenant agreement (and exhibits) if requested by the Company which may contain certain noncompete, nonsolicitation and/or nondisclosure provisions. Failure to execute or electronically accept such an agreement on or before the 90th day following the Grant Date will cause the Units to be forfeited and cancelled by the Company without any payment to Executive.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. Any Shares determined by the Committee to be transferred to Executive in accordance with Exhibit A shall be issued and transferred to Executive as soon as administratively practicable after the end of the Restriction Period, and in no event later than March 15 of the calendar year immediately following the year in which the award ceases to be subject to a substantial risk of forfeiture. If at any time the Company determines, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any foreign, state or federal law, or the consent or approval of any governmental authority is necessary or desirable as a condition to the issuance and transfer of Shares to the Executive (or Executive's estate), such issuance and transfer will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained.

4. Executive may elect to satisfy Executive's obligation to advance the amount of any required income tax (including foreign, federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related items (the "Required Tax Payments") incurred in connection with the Award by any of the following means: (1) a cash payment to the Company, (2) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (3) authorizing the Company to withhold whole Shares which would otherwise be delivered to Executive having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to Executive, equal to the amount necessary to satisfy any such obligation, (4) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Executive has submitted an irrevocable notice of sale, or (5) any combination of (1) and (2).

Executive acknowledges that the ultimate liability for all Required Tax Payments legally due by Executive is and remains Executive's responsibility and may exceed the amount actually withheld by the Company and/or Executive's employer. Executive further acknowledges that the Company and/or Executive's employer (i) make no representations or undertakings regarding the treatment of any Required Tax Payments in connection with any aspect of the Units, including the grant of the Units, the vesting of the Units, the conversion of the Units into Shares, and the subsequent sale of any Shares acquired at vesting; and (ii) do not commit to structure the terms of the grant or any aspect of the Units to reduce or eliminate Executive's tax liability.

To avoid negative accounting treatment, the Company may withhold or account for Required Tax Payments by considering applicable minimum statutory withholding rates. If the obligation for Required Tax Payments is satisfied by withholding in Shares, for tax purposes, Executive is deemed to have been issued the full number of Shares due to Executive at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Required Tax Payments due as a result of any aspect of Executive's participation in the Plan. Finally, Executive shall pay to the Company or Executive's employer any amount of Required Tax Payments that the Company or Executive's employer may be required to withhold as a result of Executive's receipt of the Units, the vesting of the Units, or the conversion of the vested Units to Shares that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to Executive if Executive fails to comply with his obligations in connection with the Required Tax Payments as described herein.

5. The Units may not be sold, assigned, transferred, pledged, or otherwise disposed of, except by will or the laws of descent and distribution, while subject to restrictions. If Executive or anyone claiming under or through Executive attempts to make any such sale, transfer, assignment, pledge or other disposition of Units in violation of this paragraph 5, such attempted violation shall be null, void, and without effect.
6. Executive shall forfeit Executive's right to any unvested Units if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restriction Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9).
7. If Executive's employment with the Company or a Subsidiary or Affiliate terminates involuntarily and without Cause on or after the first anniversary of the Grant Date, Executive is an eligible participant in the Severance/Change in Control Policy (Executive Committee Level) (the "Executive Severance Policy"), and paragraph 9 does not apply, Executive shall be entitled to a prorated Award, subject to the terms of the Executive Severance Policy (including but not limited to the requirement that Executive timely execute an agreement and release in a form acceptable to the Company which will include restrictive covenants and a comprehensive release of all claims). Such prorated Award shall be equal to the amount of the Award which is actually earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, multiplied by a fraction, the numerator of which shall equal the number of days Executive was employed with the Company during the Restriction Period and the denominator of which shall equal the number of days in the Restriction Period. Such prorated Award shall be paid at the same time as if Executive had remained employed with the Company through the end of the Restriction Period. If Executive's employment with the Company or a Subsidiary or Affiliate terminates involuntarily and without Cause before the first anniversary of the Grant Date (other than on account of death or Disability), and paragraph 9 does not apply, Executive shall not be entitled to a prorated Award.

If Executive's employment with the Company or a Subsidiary or Affiliate terminates by reason of death or Disability, the Award shall be paid, to the extent earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, to Executive or Executive's executor, administrator, legal representative, beneficiary or similar person (together, the "Beneficiary"), as the case may be, as if Executive had remained employed with the Company through the end of the Restriction Period.

If Executive's employment with the Company or a Subsidiary or Affiliate terminates by reason of Retirement, Executive shall be entitled to a prorated Award. Such prorated Award shall be equal to the amount of the Award which is actually earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, multiplied by a fraction, the numerator of which shall equal the number of days Executive was employed with the Company during the Restriction Period and the denominator of which shall equal the number of days in the Restriction Period. Such prorated Award shall be paid at the same time as if Executive had remained employed with the Company through the end of the Restriction Period.

If Executive's employment with the Company or a Subsidiary or Affiliate is terminated voluntarily by Executive (except for an Eligible Termination Reason described in the Executive Severance Policy at the time of a Change in Control) or is terminated by the Company for Cause, Executive's Award shall, except to the extent vested as of the date of termination, be immediately forfeited.

8. During the Restriction Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will have no ownership interest or rights in Shares underlying the Units, including no rights to receive dividends or other distributions made or paid with respect to such Shares or to exercise voting or other shareholder rights with respect to such Shares. Executive shall not be entitled to receive dividend equivalents in connection with this Award.
9. If Executive is eligible to participate in the Executive Severance Policy at the time of a Change in Control and Executive's employment with the Company, a Subsidiary or an Affiliate terminates for an eligible reason under the Executive Severance Policy during the 24-month period commencing on the effective date of the Change in Control, then, subject to the terms of such policy, the Award shall be paid to Executive, to the extent earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and in accordance with Exhibit A, as if Executive had remained employed with the Company through the end of the Restriction Period.
10. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner that it deems appropriate; provided, however, that no such amendment shall adversely affect in a material manner any right of Executive under this Agreement without Executive's written consent.
11. Any action taken or decision made by the Company, the Board, or the Committee or its delegates arising out of or in connection with the construction, administration, interpretation or effect of the Plan or this Agreement shall lie within its sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on Executive and all persons claiming under or through Executive. By accepting this grant of Units or other benefit under the Plan, Executive and each person claiming under or through Executive shall be conclusively deemed to have indicated acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee or its delegates.
12. In accepting the award of Units, Executive acknowledges that (i) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan; (ii) the award of Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Units, or benefits in lieu of Units even if Units have been awarded repeatedly in the past; (iii) all decisions with respect to future awards, if any, will be at the sole discretion of the Committee; (iv) Executive's participation in the Plan is voluntary; (v) the award of Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or to Executive's employer, and the Units are outside the scope of Executive's employment contract, if any; (vi) the Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (vii) neither the award of the Units nor any provision of this Agreement, the Plan or the

policies adopted pursuant to the Plan confer upon Executive any right with respect to employment or continuation of current employment, and in the event that Executive is not an employee of the Company or any Subsidiary or Affiliate, the Units shall not be interpreted to form an employment contract or relationship with the Company or any Subsidiary or Affiliate; (viii) this grant of the Units does not establish or imply an employment relationship between Executive and the Company; (ix) the future value of the underlying Shares is unknown and cannot be predicted with certainty, (x) if Executive receives Shares, the value of such Shares acquired upon vesting of the Units may increase or decrease in value; (xi) no claim or entitlement to compensation or damages arises from termination of the Units, and no claim or entitlement to compensation or damages shall arise from any diminution in value of the Units or Shares received upon the vesting of the Units resulting from termination of the Executive's employment by the Company or the Executive's employer (for any reason whatsoever and whether or not in breach of local labor laws) and Executive irrevocably releases the Company and Executive's employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, Executive shall be deemed irrevocably to have waived his entitlement to pursue such claim; (xii) in the event of involuntary termination of employment (whether or not in breach of local labor laws), Executive's right to receive Shares pursuant to the Units after termination of employment, if any, will be measured by the last date that Executive's employer pays Executive his last paycheck for regular salary as an employee of Executive's employer and will not be extended by any notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Executive is no longer being paid regular salary for this purpose; and (xiii) the Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

13. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Executive's participation in the Plan, or Executive's acquisition or sale of the Shares underlying the Units. Executive is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.
14. The validity, construction, interpretation, administration and effect of these Terms and Conditions and the Plan and rights relating to the Plan and to this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly under the grant of the Units or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Colorado, and agree that such litigation shall be conducted in the courts of Douglas County, or the federal courts for the United States for the District of Colorado, where this grant is made and/or to be performed.
15. **Executive hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Executive's personal data as described in this Agreement by and among, as applicable, Executive's employer, the Company and the Company's Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Executive's participation in the Plan.**

Executive understands that Executive's employer and/or the Company hold certain personal information about Executive, including, but not limited to, Executive's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and

details of all equity awards to Executive under the Plan, for the purpose of implementing, administering and managing the Plan (“Data”). Executive understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Executive’s country, or elsewhere, and that the recipient’s country may have different data privacy laws and protection than Executive’s country. Executive understands that Executive may request a list with the names and addresses of any potential recipients of the Data by contacting Executive’s local human resources representative. Executive authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Executive’s participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the Units may be deposited. Executive understands that Data will be held only as long as is necessary to implement, administer and manage Executive’s participation in the Plan. Executive understands that Executive may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Executive’s local human resources representative. Executive understands that refusal or withdrawal of consent may affect Executive’s ability to receive a transfer of Shares following the expiration of the Restriction Period. For more information on the consequences of Executive’s refusal to consent or withdrawal of consent, Executive understands that Executive may contact Executive’s local human resources representative.

16. If Recipient has received this Award Agreement or any other document or communication related to the Plan or this grant in a language other than English and the meaning in the translation is different than in the English version, the terms expressed in the English version will govern.
17. The Company may, in its sole discretion, decide to deliver any documents related to the Units and to participation in the Plan or related to future Units that may be granted under the Plan by electronic means or to request Executive’s consent to participate in the Plan by electronic means. Executive hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.
18. The Company reserves the right to impose other requirements on Executive’s participation in the Plan, on the Award and on any Shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with any applicable law or facilitate the administration of the Plan. Executive agrees to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Executive acknowledges that the laws of the country in which Executive is working at the time of grant, vesting or the sale of Shares received pursuant to this Award (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject Executive to additional procedural or regulatory requirements that Executive is and will be solely responsible for and must fulfill.
19. If one or more provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed

null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed as to foster the intent of this Agreement and the Plan.

20. **Consumer Protection Notification.** If the provisions of the Austrian Consumer Protection Act (the “Act”) are applicable to the Agreement and the Plan, Executive may be entitled to revoke his acceptance of the Agreement if Executive signs this Agreement outside of the business premises of Executive’s employer, provided the revocation is made within one week of Executive’s acceptance. The revocation must be in written form to be valid. It is sufficient if Executive returns this Agreement to the Company or the Company’s representative with language which can be understood as Executive’s refusal to conclude or honor this Agreement, provided the revocation is sent within the period set forth above.
21. **Exchange Control Information.** If Executive holds Shares obtained through the Plan outside of Austria, he must submit an annual report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not exceed €30,000,000 or of December 31 does not exceed €5,000,000. The deadline for filing the annual report is January 31 of the following year. When Shares are sold, there may be exchange control obligations if the cash received is held outside of Austria. If the transaction volume of all of Executive’s accounts abroad exceeds €3,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month.
22. Executive acknowledges that Executive has read the Company’s Clawback Policy. In consideration of the grant of the Units, Executive agrees to abide by the Company’s Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, if the Board determines that any Incentive Compensation (as defined in the Company’s Clawback Policy) received by or paid to Executive resulted from any financial result or performance metric that was impacted by Executive’s misconduct or fraud and that compensation should be recovered from Executive (such amount being recovered, the “Clawbacked Compensation”), then upon such determination, the Board may recover such Clawbacked Compensation by (a) cancelling all or any portion of the unvested Units (the “Clawbacked Portion”) and, in such case, the Clawbacked Portion of the unvested Units shall automatically and without further action of the Company be cancelled, (b) requiring Executive to deliver to the Company the Shares acquired upon the vesting of the Units (to the extent held by Executive), (c) requiring Executive to repay to the Company any net proceeds resulting from the sale of the Shares acquired upon the vesting of the Units or (d) any combination of the remedies set forth in clauses (a), (b) or (c). The foregoing remedies are in addition to and separate from any other relief available to the Company due to Executive’s misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon Executive and all persons claiming through Executive.
23. To the extent any amounts under this Agreement are payable by reference to Executive’s “termination of employment,” such term shall be deemed to refer to Executive’s “separation from service,” within the meaning of Section 409A of the Code if Executive is subject to tax in the U.S. Notwithstanding any other provision in this Agreement, if Executive is a “specified employee,” as defined in Section 409A of the Code, as of the date of Executive’s separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon Executive’s

separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of Executive's death.

I hereby confirm that the foregoing and the documents attached hereto are hereby in all respects accepted and agreed to by the undersigned as of the date of this Agreement:

Signature: _____

Printed Name: _____

Date: _____

THE WESTERN UNION COMPANY
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD NOTICE

Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the “Plan”), Jean-Claude Farah (“Executive”) has been granted the Performance-Based Restricted Stock Unit Award described below (the “Award”). Certain terms and conditions of the Award are set forth immediately below in this Award Notice. Other terms and conditions are set forth in the Performance-Based Restricted Stock Unit Award Agreement which is appended to this Award Notice. The Award Notice and the Performance-Based Restricted Stock Unit Award Agreement are together the “Agreement” which is made and entered into between The Western Union Company, a Delaware corporation (the “Company”), and Executive as of the Grant Date. Capitalized terms not otherwise defined in this Award Notice are defined in the Plan or the Performance-Based Restricted Stock Unit Award Agreement.

Grant Date: February 18, 2016

Target Award: ___ shares of Common Stock

Maximum Award: ___ shares of Common Stock

Performance Period: January 1, 2016 – December 31, 2018

Performance Measure: \$1,500,000,000 Combined Consolidated Operating Income

Vesting Date: Third anniversary of Grant Date

THE WESTERN UNION COMPANY,

a Delaware corporation

By: _____

Name: _____

Title: _____

THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT --
TERMS AND CONDITIONS – JEAN-CLAUDE FARAH

1. Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the “Plan”), The Western Union Company (the “Company”) hereby grants to you (“Executive”) an award of Restricted Stock Units (the “Units”), in the amount specified in Executive’s Award Notice (which forms part of this Agreement) as of the Grant Date specified in Executive’s Award Notice, related to shares of Common Stock (“Shares”), subject to the terms and conditions set forth in this Agreement and the Plan. The terms of the Plan are hereby incorporated in this Agreement by this reference and made a part hereof. Capitalized terms not defined herein shall have the same definitions as set forth in the Plan.
2. Each Unit shall provide for the issuance and transfer to Executive of one Share upon lapse of the restrictions set forth in paragraph 3 below and subject to the satisfaction of the Performance Measure during the Performance Period set forth in the Award Notice and the Committee’s determination of the amount of the Award payable to Executive in accordance with Exhibit A. Upon issuance and transfer of Shares to Executive following the Restriction Period (as defined herein), Executive shall have all rights incident to ownership of such Shares, including but not limited to voting rights and the right to receive dividends.
3. Subject to other provisions of this Agreement and the terms of the Plan, on the third anniversary of the Grant Date, subject to the satisfaction of the Performance Measure during the Performance Period set forth in the Award Notice and the Committee’s determination of the amount of the Award payable to Executive in accordance with Exhibit A, all restrictions on the Units shall lapse and the number of Shares subject to the Units determined by the Committee to be transferred to Executive in accordance with Exhibit A shall be issued and transferred to Executive. Effective on and after such date, subject to applicable laws and Company policies, Executive may hold, assign, pledge, sell, or transfer the Shares transferred to Executive in Executive’s discretion. The three year period in which the Units may be forfeited by Executive is defined as the “Restriction Period.”

Notwithstanding the foregoing provisions in this paragraph 3, Executive will forfeit all rights to the Units unless Executive accepts these Terms and Conditions either through on-line electronic acceptance (if permitted by the Company) or by signing and returning to the Company a copy of these Terms and Conditions on or before the 90th day following the Grant Date. Signed copies of these Terms and Conditions should be sent to the attention of: Western Union Stock Plan Administration, 12500 E. Belford Avenue, M21B2, Englewood, Colorado 80112. In addition, notwithstanding any other provision of the Plan or this Agreement, in order for the restrictions on the Units to lapse, Executive must execute and return to the Company or accept electronically an updated restrictive covenant agreement (and exhibits) if requested by the Company which may contain certain noncompete, nonsolicitation and/or nondisclosure provisions. Failure to execute or electronically accept such an agreement on or before the 90th day following the Grant Date will cause the Units to be forfeited and cancelled by the Company without any payment to Executive.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. Any Shares determined by the Committee to be transferred to Executive in accordance with Exhibit A shall be issued and transferred to Executive

as soon as administratively practicable after the end of the Restriction Period, and in no event later than March 15 of the calendar year immediately following the year in which the award ceases to be subject to a substantial risk of forfeiture. If at any time the Company determines, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any foreign, state or federal law, or the consent or approval of any governmental authority is necessary or desirable as a condition to the issuance and transfer of Shares to the Executive (or Executive's estate), such issuance and transfer will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained.

4. Executive may elect to satisfy Executive's obligation to advance the amount of any required income tax (including foreign, federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related items (the "Required Tax Payments") incurred in connection with the Award by any of the following means: (1) a cash payment to the Company, (2) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (3) authorizing the Company to withhold whole Shares which would otherwise be delivered to Executive having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to Executive, equal to the amount necessary to satisfy any such obligation, (4) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Executive has submitted an irrevocable notice of sale, or (5) any combination of (1) and (2).

Executive acknowledges that the ultimate liability for all Required Tax Payments legally due by Executive is and remains Executive's responsibility and may exceed the amount actually withheld by the Company and/or Executive's employer. Executive further acknowledges that the Company and/or Executive's employer (i) make no representations or undertakings regarding the treatment of any Required Tax Payments in connection with any aspect of the Units, including the grant of the Units, the vesting of the Units, the conversion of the Units into Shares, and the subsequent sale of any Shares acquired at vesting; and (ii) do not commit to structure the terms of the grant or any aspect of the Units to reduce or eliminate Executive's tax liability.

To avoid negative accounting treatment, the Company may withhold or account for Required Tax Payments by considering applicable minimum statutory withholding rates. If the obligation for Required Tax Payments is satisfied by withholding in Shares, for tax purposes, Executive is deemed to have been issued the full number of Shares due to Executive at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Required Tax Payments due as a result of any aspect of Executive's participation in the Plan. Finally, Executive shall pay to the Company or Executive's employer any amount of Required Tax Payments that the Company or Executive's employer may be required to withhold as a result of Executive's receipt of the Units, the vesting of the Units, or the conversion of the vested Units to Shares that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to Executive if Executive fails to comply with his obligations in connection with the Required Tax Payments as described herein.

5. The Units may not be sold, assigned, transferred, pledged, or otherwise disposed of, except by will or the laws of descent and distribution, while subject to restrictions. If Executive or anyone claiming under or through Executive attempts to make any such sale, transfer, assignment, pledge or other

disposition of Units in violation of this paragraph 5, such attempted violation shall be null, void, and without effect.

6. Executive shall forfeit Executive's right to any unvested Units if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restriction Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9).
7. If Executive's employment with the Company or a Subsidiary or Affiliate terminates involuntarily and without Cause on or after the first anniversary of the Grant Date, Executive is an eligible participant in the Severance/Change in Control Policy (Executive Committee Level) (the "Executive Severance Policy"), and paragraph 9 does not apply, Executive shall be entitled to a prorated Award, subject to the terms of the Executive Severance Policy (including but not limited to the requirement that Executive timely execute an agreement and release in a form acceptable to the Company which will include restrictive covenants and a comprehensive release of all claims). Such prorated Award shall be equal to the amount of the Award which is actually earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, multiplied by a fraction, the numerator of which shall equal the number of days Executive was employed with the Company during the Restriction Period and the denominator of which shall equal the number of days in the Restriction Period. Such prorated Award shall be paid at the same time as if Executive had remained employed with the Company through the end of the Restriction Period. If Executive's employment with the Company or a Subsidiary or Affiliate terminates involuntarily and without Cause before the first anniversary of the Grant Date (other than on account of death or Disability), and paragraph 9 does not apply, Executive shall not be entitled to a prorated Award.

If Executive's employment with the Company or a Subsidiary or Affiliate terminates by reason of death or Disability, the Award shall be paid, to the extent earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, to Executive or Executive's executor, administrator, legal representative, beneficiary or similar person (together, the "Beneficiary"), as the case may be, as if Executive had remained employed with the Company through the end of the Restriction Period.

If Executive's employment with the Company or a Subsidiary or Affiliate terminates by reason of Retirement, Executive shall be entitled to a prorated Award. Such prorated Award shall be equal to the amount of the Award which is actually earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and the Committee's determination of the amount of the Award payable to Executive in accordance with Exhibit A, multiplied by a fraction, the numerator of which shall equal the number of days Executive was employed with the Company during the Restriction Period and the denominator of which shall equal the number of days in the Restriction Period. Such prorated Award shall be paid at the same time as if Executive had remained employed with the Company through the end of the Restriction Period.

If Executive's employment with the Company or a Subsidiary or Affiliate is terminated voluntarily by Executive (except for an Eligible Termination Reason described in the Executive Severance

Policy at the time of a Change in Control) or is terminated by the Company for Cause, Executive's Award shall, except to the extent vested as of the date of termination, be immediately forfeited.

8. During the Restriction Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will have no ownership interest or rights in Shares underlying the Units, including no rights to receive dividends or other distributions made or paid with respect to such Shares or to exercise voting or other shareholder rights with respect to such Shares. Executive shall not be entitled to receive dividend equivalents in connection with this Award.
9. If Executive is eligible to participate in the Executive Severance Policy at the time of a Change in Control and Executive's employment with the Company, a Subsidiary or an Affiliate terminates for an eligible reason under the Executive Severance Policy during the 24-month period commencing on the effective date of the Change in Control, then, subject to the terms of such policy, the Award shall be paid to Executive, to the extent earned, based upon satisfaction of the Performance Measure during the Performance Period (as certified by the Committee in writing) and in accordance with Exhibit A, as if Executive had remained employed with the Company through the end of the Restriction Period.
10. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner that it deems appropriate; provided, however, that no such amendment shall adversely affect in a material manner any right of Executive under this Agreement without Executive's written consent.
11. Any action taken or decision made by the Company, the Board, or the Committee or its delegates arising out of or in connection with the construction, administration, interpretation or effect of the Plan or this Agreement shall lie within its sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on Executive and all persons claiming under or through Executive. By accepting this grant of Units or other benefit under the Plan, Executive and each person claiming under or through Executive shall be conclusively deemed to have indicated acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee or its delegates.
12. In accepting the award of Units, Executive acknowledges that (i) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan; (ii) the award of Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Units, or benefits in lieu of Units even if Units have been awarded repeatedly in the past; (iii) all decisions with respect to future awards, if any, will be at the sole discretion of the Committee; (iv) Executive's participation in the Plan is voluntary; (v) the award of Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or to Executive's employer, and the Units are outside the scope of Executive's employment contract, if any; (vi) the Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (vii) neither the award of the Units nor any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon Executive any right with respect to employment or continuation of current employment, and in the event that Executive is not an employee of the Company or any Subsidiary or Affiliate, the Units shall not be interpreted to form an employment

contract or relationship with the Company or any Subsidiary or Affiliate; (viii) this grant of the Units does not establish or imply an employment relationship between Executive and the Company; (ix) the future value of the underlying Shares is unknown and cannot be predicted with certainty, (x) if Executive receives Shares, the value of such Shares acquired upon vesting of the Units may increase or decrease in value; (xi) no claim or entitlement to compensation or damages arises from termination of the Units, and no claim or entitlement to compensation or damages shall arise from any diminution in value of the Units or Shares received upon the vesting of the Units resulting from termination of the Executive's employment by the Company or the Executive's employer (for any reason whatsoever and whether or not in breach of local labor laws) and Executive irrevocably releases the Company and Executive's employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, Executive shall be deemed irrevocably to have waived his entitlement to pursue such claim; (xii) in the event of involuntary termination of employment (whether or not in breach of local labor laws), Executive's right to receive Shares pursuant to the Units after termination of employment, if any, will be measured by the last date that Executive's employer pays Executive his last paycheck for regular salary as an employee of Executive's employer and will not be extended by any notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Executive is no longer being paid regular salary for this purpose; and (xiii) the Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

13. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Executive's participation in the Plan, or Executive's acquisition or sale of the Shares underlying the Units. Executive is hereby advised to consult with his own personal tax, legal and financial advisors regarding his participation in the Plan before taking any action related to the Plan.
14. The validity, construction, interpretation, administration and effect of these Terms and Conditions and the Plan and rights relating to the Plan and to this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly under the grant of the Units or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Colorado, and agree that such litigation shall be conducted in the courts of Douglas County, or the federal courts for the United States for the District of Colorado, where this grant is made and/or to be performed.
15. **Executive hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Executive's personal data as described in this Agreement by and among, as applicable, Executive's employer, the Company and the Company's Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Executive's participation in the Plan.**

Executive understands that Executive's employer and/or the Company hold certain personal information about Executive, including, but not limited to, Executive's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, and details of all equity awards to Executive under the Plan, for the purpose of implementing, administering and managing the Plan ("Data"). Executive understands that Data may be transferred to any third parties assisting in the implementation, administration and

management of the Plan, that these recipients may be located in Executive's country, or elsewhere, and that the recipient's country may have different data privacy laws and protection than Executive's country. Executive understands that Executive may request a list with the names and addresses of any potential recipients of the Data by contacting Executive's local human resources representative. Executive authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Executive's participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the Units may be deposited. Executive understands that Data will be held only as long as is necessary to implement, administer and manage Executive's participation in the Plan. Executive understands that Executive may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data, or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Executive's local human resources representative. Executive understands that refusal or withdrawal of consent may affect Executive's ability to receive a transfer of Shares following the expiration of the Restriction Period. For more information on the consequences of Executive's refusal to consent or withdrawal of consent, Executive understands that Executive may contact Executive's local human resources representative.

16. If Recipient has received this Award Agreement or any other document or communication related to the Plan or this grant in a language other than English and the meaning in the translation is different than in the English version, the terms expressed in the English version will govern.
17. The Company may, in its sole discretion, decide to deliver any documents related to the Units and to participation in the Plan or related to future Units that may be granted under the Plan by electronic means or to request Executive's consent to participate in the Plan by electronic means. Executive hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.
18. The Company reserves the right to impose other requirements on Executive's participation in the Plan, on the Award and on any Shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with any applicable law or facilitate the administration of the Plan. Executive agrees to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Executive acknowledges that the laws of the country in which Executive is working at the time of grant, vesting or the sale of Shares received pursuant to this Award (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject Executive to additional procedural or regulatory requirements that Executive is and will be solely responsible for and must fulfill.
19. If one or more provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed as to foster the intent of this Agreement and the Plan.

20. Executive acknowledges that Executive has read the Company's Clawback Policy. In consideration of the grant of the Units, Executive agrees to abide by the Company's Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, if the Board determines that any Incentive Compensation (as defined in the Company's Clawback Policy) received by or paid to Executive resulted from any financial result or performance metric that was impacted by Executive's misconduct or fraud and that compensation should be recovered from Executive (such amount being recovered, the "Clawbacked Compensation"), then upon such determination, the Board may recover such Clawbacked Compensation by (a) cancelling all or any portion of the unvested Units (the "Clawbacked Portion") and, in such case, the Clawbacked Portion of the unvested Units shall automatically and without further action of the Company be cancelled, (b) requiring Executive to deliver to the Company the Shares acquired upon the vesting of the Units (to the extent held by Executive), (c) requiring Executive to repay to the Company any net proceeds resulting from the sale of the Shares acquired upon the vesting of the Units or (d) any combination of the remedies set forth in clauses (a), (b) or (c). The foregoing remedies are in addition to and separate from any other relief available to the Company due to Executive's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon Executive and all persons claiming through Executive.
21. To the extent any amounts under this Agreement are payable by reference to Executive's "termination of employment," such term shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code if Executive is subject to tax in the U.S. Notwithstanding any other provision in this Agreement, if Executive is a "specified employee," as defined in Section 409A of the Code, as of the date of Executive's separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon Executive's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of Executive's death.

I hereby confirm that the foregoing and the documents attached hereto are hereby in all respects accepted and agreed to by the undersigned as of the date of this Agreement:

Signature: _____

Printed Name: _____

Date: _____

THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT TERMS AND CONDITIONS -- U.S. SECTION 16 OFFICER

1. Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the "Plan"), The Western Union Company (the "Company") hereby grants to you ("Executive") an award of Restricted Stock Units (the "Units"), in the amount specified in Executive's Award Notice (which forms part of this Agreement) as of the Grant Date specified in Executive's Award Notice, related to shares of Common Stock ("Shares"), subject to the terms and conditions set forth in this Agreement and the Plan. The terms of the Plan are hereby incorporated in this Agreement by this reference and made a part hereof. Capitalized terms not defined herein shall have the same definitions as set forth in the Plan.
2. Each Unit shall provide for the issuance and transfer to Executive of one Share upon lapse of the restrictions set forth in paragraph 3 below. Upon issuance and transfer of Shares to Executive following the Restriction Period (as defined herein), Executive shall have all rights incident to ownership of such Shares, including but not limited to voting rights and the right to receive dividends.
3. Subject to other provisions of this Agreement and the terms of the Plan, on the third anniversary of the Grant Date, all restrictions on the Units shall lapse and the Shares subject to the Units shall be issued and transferred to Executive. Effective on and after such date, subject to applicable laws and Company policies, Executive may hold, assign, pledge, sell, or transfer the Shares in Executive's discretion. The three-year period in which the Units may be forfeited by the Executive is defined as the "Restriction Period."

Notwithstanding the foregoing provisions in this paragraph 3, Executive will forfeit all rights to the Units unless Executive accepts these Terms and Conditions either through on-line electronic acceptance (if permitted by the Company) or by signing and returning to the Company a copy of these Terms and Conditions on or before the 90th day following the Grant Date. Signed copies of these Terms and Conditions should be sent to the attention of: Western Union Stock Plan Administration, 12500 E. Belford Avenue, M21B2, Englewood, Colorado 80112. In addition, notwithstanding any other provision of the Plan or this Agreement, in order for the restrictions on the Units to lapse, Executive must execute and return to the Company or accept electronically an updated restrictive covenant agreement (and exhibits) if requested by the Company which may contain certain noncompete, nonsolicitation and/or nondisclosure provisions. Failure to execute or electronically accept such an agreement on or before the 90th day following the Grant Date will cause the Units to be forfeited and cancelled by the Company without any payment to Executive.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. Subject to paragraph 18 of this Agreement, any Units that vest in accordance with paragraphs 3, 7 or 9 will be settled as soon as administratively practicable after vesting (*i.e.*, upon lapse of the restrictions on the Units), but in no event later than 60 days after vesting. If at any time the Company determines, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any foreign, state or federal law, or the consent or approval of any governmental authority is necessary or desirable as a condition to the issuance and transfer of Shares to the Executive (or Executive's estate), such issuance and transfer will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained.

4. Executive may elect to satisfy Executive's obligation to advance the amount of any required income or other withholding taxes (the "Required Tax Payments") incurred in connection with the issuance and transfer of the Shares by any of the following means: (1) a cash payment to the Company, (2) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (3) authorizing the Company to withhold whole Shares which would otherwise be delivered to Executive having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to Executive, equal to the amount necessary to satisfy any such obligation, (4) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Executive has submitted an irrevocable notice of sale, or (5) any combination of (1) and (2).

Executive acknowledges that the ultimate liability for all Required Tax Payments legally due by Executive is and remains Executive's responsibility and may exceed the amount actually withheld by the Company and/or Executive's employer. Executive further acknowledges that the Company and/or Executive's employer (i) make no representations or undertakings regarding the treatment of any Required Tax Payments in connection with any aspect of the Units, including the grant of the Units, the vesting of the Units, the conversion of the Units into Shares, and the subsequent sale of any Shares acquired at vesting; and (ii) do not commit to structure the terms of the grant or any aspect of the Units to reduce or eliminate Executive's tax liability.

To avoid negative accounting treatment, the Company may withhold or account for Required Tax Payments by considering applicable minimum statutory withholding rates. If the obligation for Required Tax Payments is satisfied by withholding in Shares, for tax purposes, Executive is deemed to have been issued the full number of Shares due to Executive at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Required Tax Payments due as a result of any aspect of Executive's participation in the Plan. Finally, Executive shall pay to the Company or Executive's employer any amount of Required Tax Payments that the Company or Executive's employer may be required to withhold as a result of Executive's receipt of the Units, the vesting of the Units, or the conversion of the vested Units to Shares that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to Executive if Executive fails to comply with his obligations in connection with the Required Tax Payments as described herein.

5. The Units may not be sold, assigned, transferred, pledged, or otherwise disposed of, except by will or the laws of descent and distribution, while subject to restrictions. If Executive or anyone claiming under or through Executive attempts to make any such sale, transfer, assignment, pledge or other disposition of Units in violation of this paragraph 5, such attempted violation shall be null, void, and without effect.
6. Executive shall forfeit Executive's right to any unvested Units if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restriction Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9).
7. Except to the extent paragraph 9 applies, if Executive's employment with the Company or a Subsidiary or Affiliate is terminated involuntarily and without Cause and on the date of such termination Executive is an eligible participant in the Severance/Change in Control Policy ("Executive Committee Level") (the "Executive Severance Policy"), subject to the terms of the

Executive Severance Policy (including but not limited to the requirement that Executive timely execute an agreement and release in a form acceptable to the Company which will include restrictive covenants and a comprehensive release of all claims), any then-restricted Units shall vest and be settled on a prorated basis effective on Executive's termination date. Such prorated vesting shall be calculated by multiplying the number of Units by a fraction, the numerator of which is the number of days that have elapsed between the Grant Date and Executive's termination date and the denominator of which is the number of days between the Grant Date and the third anniversary of the Grant Date. The restricted portion of this award that does not become vested under such calculation shall be forfeited on Executive's termination date and shall be cancelled by the Company.

If Executive dies or incurs a Disability during a period of continuous employment with the Company or a Subsidiary or Affiliate during the Restriction Period, Executive shall immediately vest, as of the date of such termination of employment, in any then-unvested Units. If Executive's employment with the Company or a Subsidiary or Affiliate is terminated by reason of Retirement, any then-restricted Units shall vest and be settled on a prorated basis effective on Executive's termination date. Such prorated vesting shall be calculated by multiplying the number of then-restricted Units by a fraction, the numerator of which is the number of days that have elapsed between the Grant Date and Executive's termination date and the denominator of which is the number of days between the Grant Date and the third anniversary of the Grant Date. The restricted portion of this award that does not become vested under such calculation shall be forfeited on Executive's termination date and shall be cancelled by the Company.

8. During the Restriction Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will have no ownership interest or rights in Shares underlying the Units, including no rights to receive dividends or other distributions made or paid with respect to such Shares or to exercise voting or other shareholder rights with respect to such Shares. Executive shall not be entitled to receive dividend equivalents in connection with this award.
9. If Executive is eligible to participate in the Executive Severance Policy at the time of a Change in Control and Executive's employment with the Company, a Subsidiary or an Affiliate terminates for an eligible reason under the Executive Severance Policy during the 24-month period commencing on the effective date of the Change in Control, then, subject to the terms of the Executive Severance Policy, any remaining restrictions applicable to the Units shall immediately lapse effective on the date of Executive's termination.
10. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner that it deems appropriate; provided, however, that no such amendment shall adversely affect in a material manner any right of Executive under this Agreement without Executive's written consent.
11. Any action taken or decision made by the Company, the Board, or the Committee or its delegates arising out of or in connection with the construction, administration, interpretation or effect of the Plan or this Agreement shall lie within its sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on Executive and all persons claiming under or through Executive. By accepting this grant of Units or other benefit under the Plan, Executive and each person claiming under or through Executive shall be conclusively deemed to have indicated acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee or its delegates.

12. This grant of Units is discretionary, non-binding for future years and there is no promise or guarantee that such grants will be offered to Executive in future years.
13. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Executive's participation in the Plan, or Executive's acquisition or sale of the Shares underlying the Units. Executive is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
14. The validity, construction, interpretation, administration and effect of these Terms and Conditions and the Plan and rights relating to the Plan and to this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly under the grant of the Units or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Colorado, and agree that such litigation shall be conducted in the courts of Douglas County, or the federal courts for the United States for the District of Colorado, where this grant is made and/or to be performed.
15. If one or more provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed as to foster the intent of this Agreement and the Plan.
16. Notwithstanding any other provision of the Plan or this Agreement, except as otherwise provided in the case of Executive's termination of employment due to death, Disability or for an eligible reason under the Executive Severance Policy during the 24-month period commencing on the effective date of a Change in Control, in order for the restrictions on the Units to lapse the Company must achieve as a Performance Measure not less than \$1,500,000,000 of combined consolidated operating income for the period beginning January 1, 2016 and ending December 31, 2018, as determined by the Committee from the Corporation's annual financial statements.
17. Executive acknowledges that Executive has read the Company's Clawback Policy. In consideration of the grant of the Units, Executive agrees to abide by the Company's Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, if the Board determines that any Incentive Compensation (as defined in the Company's Clawback Policy) received by or paid to Executive resulted from any financial result or performance metric that was impacted by Executive's misconduct or fraud and that compensation should be recovered from Executive (such amount being recovered, the "Clawbacked Compensation"), then upon such determination, the Board may recover such Clawbacked Compensation by (a) cancelling all or any portion of the unvested Units (the "Clawbacked Portion") and, in such case, the Clawbacked Portion of the unvested Units shall automatically and without further action of the Company be cancelled, (b) requiring Executive to deliver to the Company the Shares acquired upon the vesting of the Units (to the extent held by Executive), (c) requiring Executive to repay to the Company any net proceeds resulting from the Shares acquired upon the vesting of the Units or (d) any combination of the remedies set forth in clauses (a), (b) or (c). The foregoing remedies are in addition to and separate from any other relief available to the Company due to Executive's misconduct or fraud. Any determination by the Board

with respect to the foregoing shall be final, conclusive and binding upon Executive and all persons claiming through Executive.

18. To the extent any amounts under this Agreement are payable by reference to Executive's "termination of employment," such term shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if Executive is a "specified employee," as defined in Section 409A of the Code, as of the date of Executive's separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon Executive's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of Executive's death.

I hereby confirm that the foregoing and the documents attached hereto are hereby in all respects accepted and agreed to by the undersigned as of the date of this Agreement:

Signature: _____

Printed Name: _____

Date: _____

**THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT -- TERMS AND CONDITIONS
FOR NON-U.S. SECTION 16 OFFICER**

1. Pursuant to The Western Union Company 2015 Long-Term Incentive Plan (the “Plan”), The Western Union Company (the “Company”) hereby grants to you (“Executive”) an award of Restricted Stock Units (the “Units”), in the amount specified in Executive’s Award Notice (which forms part of this Agreement) as of the Grant Date specified in Executive’s Award Notice, related to shares of Common Stock (“Shares”), subject to the terms and conditions set forth in this Agreement (including any country-specific terms or conditions for Executive’s country of residence as set forth in the Appendix) and the Plan. The terms of the Plan are hereby incorporated in this Agreement by this reference and made a part hereof. Capitalized terms not defined herein shall have the same definitions as set forth in the Plan.
2. Each Unit shall provide for the issuance and transfer to Executive of one Share upon lapse of the restrictions set forth in paragraph 3 below. Upon issuance and transfer of Shares to Executive following the Restriction Period (as defined herein), Executive shall have all rights incident to ownership of such Shares, including but not limited to voting rights and the right to receive dividends.
3. Subject to other provisions of this Agreement (including the Appendix) and the terms of the Plan, on the third anniversary of the Grant Date, all restrictions on the Units shall lapse and the Shares subject to the Units shall be issued and transferred to Executive. Effective on and after such date, subject to applicable laws and Company policies, Executive may hold, assign, pledge, sell, or transfer the Shares in Executive’s discretion. The three-year period in which the Units may be forfeited by the Executive is defined as the “Restriction Period.”

Notwithstanding the foregoing provisions in this paragraph 3, Executive will forfeit all rights to the Units unless Executive accepts these Terms and Conditions either through on-line electronic acceptance (if permitted by the Company) or by signing and returning to the Company a copy of these Terms and Conditions on or before the 90th day following the Grant Date. Signed copies of these Terms and Conditions should be sent to the attention of: Western Union Stock Plan Administration, 12500 E. Belford Avenue, M21B2, Englewood, Colorado 80112. In addition, notwithstanding any other provision of the Plan or this Agreement, in order for the restrictions on the Units to lapse, Executive must execute and return to the Company or accept electronically an updated restrictive covenant agreement (and exhibits) if requested by the Company which may contain certain noncompete, nonsolicitation and/or nondisclosure provisions. Failure to execute or electronically accept such an agreement on or before the 90th day following the Grant Date will cause the Units to be forfeited and cancelled by the Company without any payment to Executive.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. Subject to paragraph 23 of this Agreement, any Units that vest in accordance with paragraphs 3, 7 or 9 will be settled as soon as administratively practicable after vesting (*i.e.*, upon lapse of the restrictions on the Units), but in no event later than 60 days after vesting. If at any time the Company determines, in its discretion, that the listing, registration or qualification of the Shares upon any securities exchange or under any foreign, state or federal law, or the consent or approval of any governmental authority is necessary or desirable as a condition

to the issuance and transfer of Shares to the Executive (or Executive's estate), such issuance and transfer will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained.

4. Executive may elect to satisfy Executive's obligation to advance the amount of any required income tax (including foreign, federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related items (the "Required Tax Payments") incurred in connection with the issuance and transfer of the Shares by any of the following means: (1) a cash payment to the Company, (2) delivery (either actual delivery or by attestation procedures established by the Company) to the Company of Common Stock having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation, (3) authorizing the Company to withhold whole Shares which would otherwise be delivered to Executive having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to Executive, equal to the amount necessary to satisfy any such obligation, (4) a cash payment to the Company by a broker-dealer acceptable to the Company to whom Executive has submitted an irrevocable notice of sale, or (5) any combination of (1) and (2).

Executive acknowledges that the ultimate liability for all Required Tax Payments legally due by Executive is and remains Executive's responsibility and may exceed the amount actually withheld by the Company and/or Executive's employer. Executive further acknowledges that the Company and/or Executive's employer (i) make no representations or undertakings regarding the treatment of any Required Tax Payments in connection with any aspect of the Units, including the grant of the Units, the vesting of the Units, the conversion of the Units into Shares, and the subsequent sale of any Shares acquired at vesting; and (ii) do not commit to structure the terms of the grant or any aspect of the Units to reduce or eliminate Executive's tax liability.

To avoid negative accounting treatment, the Company may withhold or account for Required Tax Payments by considering applicable minimum statutory withholding rates. If the obligation for Required Tax Payments is satisfied by withholding in Shares, for tax purposes, Executive is deemed to have been issued the full number of Shares due to Executive at vesting, notwithstanding that a number of Shares are held back solely for the purpose of paying the Required Tax Payments due as a result of any aspect of Executive's participation in the Plan. Finally, Executive shall pay to the Company or Executive's employer any amount of Required Tax Payments that the Company or Executive's employer may be required to withhold as a result of Executive's receipt of the Units, the vesting of the Units, or the conversion of the vested Units to Shares that cannot be satisfied by the means previously described. The Company may refuse to issue Shares to Executive if Executive fails to comply with his obligations in connection with the Required Tax Payments as described herein.

5. The Units may not be sold, assigned, transferred, pledged, or otherwise disposed of, except by will or the laws of descent and distribution, while subject to restrictions. If Executive or anyone claiming under or through Executive attempts to make any such sale, transfer, assignment, pledge or other disposition of Units in violation of this paragraph 5, such attempted violation shall be null, void, and without effect.
6. Executive shall forfeit Executive's right to any unvested Units if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the

Restriction Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9).

7. Except to the extent paragraph 9 applies, if Executive's employment with the Company or a Subsidiary or Affiliate is terminated involuntarily and without Cause and on the date of such termination Executive is an eligible participant in the Severance/Change in Control Policy ("Executive Committee Level") (the "Executive Severance Policy"), subject to the terms of the Executive Severance Policy (including but not limited to the requirement that Executive timely execute an agreement and release in a form acceptable to the Company which will include restrictive covenants and a comprehensive release of all claims), any then-restricted Units shall vest and be settled on a prorated basis effective on Executive's termination date. Such prorated vesting shall be calculated by multiplying the number of Units by a fraction, the numerator of which is the number of days that have elapsed between the Grant Date and Executive's termination date and the denominator of which is the number of days between the Grant Date and the third anniversary of the Grant Date. The restricted portion of this award that does not become vested under such calculation shall be forfeited on Executive's termination date and shall be cancelled by the Company.

If Executive dies or incurs a Disability during a period of continuous employment with the Company or a Subsidiary or Affiliate during the Restriction Period, Executive shall immediately vest, as of the date of such termination of employment, in any then-unvested Units. If Executive's employment with the Company or a Subsidiary or Affiliate is terminated by reason of Retirement, any then-restricted Units shall vest and be settled on a prorated basis effective on Executive's termination date. Such prorated vesting shall be calculated by multiplying the number of then-restricted Units by a fraction, the numerator of which is the number of days that have elapsed between the Grant Date and Executive's termination date and the denominator of which is the number of days between the Grant Date and the third anniversary of the Grant Date. The restricted portion of this award that does not become vested under such calculation shall be forfeited on Executive's termination date and shall be cancelled by the Company. In administering the Plan, the Company reserves the right to not apply the prorated vesting provisions described in this paragraph to an employee who meets the eligibility criteria for Retirement under the Plan if applying such provisions could be deemed to be impermissible age discrimination under local laws, as determined in the sole discretion of the Company.

8. During the Restriction Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will have no ownership interest or rights in Shares underlying the Units, including no rights to receive dividends or other distributions made or paid with respect to such Shares or to exercise voting or other shareholder rights with respect to such Shares. Executive shall not be entitled to receive dividend equivalents in connection with this award.
9. If Executive is eligible to participate in the Executive Severance Policy at the time of a Change in Control and Executive's employment with the Company, a Subsidiary or an Affiliate terminates for an eligible reason under the Executive Severance Policy during the 24-month period commencing on the effective date of the Change in Control, then, subject to the terms of the Executive Severance Policy, any remaining restrictions applicable to the Units shall immediately lapse effective on the date of Executive's termination.
10. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner that it deems appropriate; provided, however, that no such amendment

shall adversely affect in a material manner any right of Executive under this Agreement without Executive's written consent.

11. Any action taken or decision made by the Company, the Board, or the Committee or its delegates arising out of or in connection with the construction, administration, interpretation or effect of the Plan or this Agreement shall lie within its sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on Executive and all persons claiming under or through Executive. By accepting this grant of Units or other benefit under the Plan, Executive and each person claiming under or through Executive shall be conclusively deemed to have indicated acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee or its delegates.
12. In accepting the award of Units, Executive acknowledges that (i) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan; (ii) the award of Units is voluntary and occasional and does not create any contractual or other right to receive future awards of Units, or benefits in lieu of Units even if Units have been awarded repeatedly in the past; (iii) all decisions with respect to future awards, if any, will be at the sole discretion of the Committee; (iv) Executive's participation in the Plan is voluntary; (v) the award of Units is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or to Executive's employer, and the Units are outside the scope of Executive's employment contract, if any; (vi) the Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (vii) neither the award of the Units nor any provision of this Agreement, the Plan or the policies adopted pursuant to the Plan confer upon Executive any right with respect to employment or continuation of current employment, and in the event that Executive is not an employee of the Company or any Subsidiary or Affiliate, the Units shall not be interpreted to form an employment contract or relationship with the Company or any Subsidiary or Affiliate; (viii) this grant of the Units does not establish or imply an employment relationship between Executive and the Company; (ix) the future value of the underlying Shares is unknown and cannot be predicted with certainty, (x) if Executive receives Shares, the value of such Shares acquired upon vesting of the Units may increase or decrease in value; (xi) no claim or entitlement to compensation or damages arises from termination of the Units, and no claim or entitlement to compensation or damages shall arise from any diminution in value of the Units or Shares received upon the vesting of the Units resulting from termination of the Executive's employment by the Company or the Executive's employer (for any reason whatsoever and whether or not in breach of local labor laws) and Executive irrevocably releases the Company and Executive's employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, Executive shall be deemed irrevocably to have waived his entitlement to pursue such claim; (xii) in the event of involuntary termination of employment (whether or not in breach of local labor laws), Executive's right to receive Shares pursuant to the Units after termination of employment, if any, will be measured by the last date that Executive's employer pays Executive his last paycheck for regular salary as an employee of Executive's employer and will not be extended by any notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Executive is no longer being paid regular salary for this purpose; and (xiii) the Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

13. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Executive's participation in the Plan, or Executive's acquisition or sale of the Shares underlying the Units. Executive is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
14. The validity, construction, interpretation, administration and effect of these Terms and Conditions, the Appendix and the Plan and rights relating to the Plan and to this Agreement (including the Appendix), shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly under the grant of the Units or the Agreement (including the Appendix), the parties hereby submit to and consent to the jurisdiction of the State of Colorado, and agree that such litigation shall be conducted in the courts of Douglas County, or the federal courts for the United States for the District of Colorado, where this grant is made and/or to be performed.
15. ***Executive hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this document by and among, as applicable, Executive's employer, the Company and the Company's Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Executive's participation in the Plan.***

Executive understands that Executive's employer and/or the Company may hold certain personal information about him or her, including, but not limited to, Executive's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Units or other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Executive's favor, for the purpose of implementing, administering and managing the Plan ("Data").

Executive understands that Data will be transferred to Merrill Lynch-Bank of America or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Executive understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than Executive's country. Executive understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Executive authorizes the Company, Merrill Lynch-Bank of America and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Executive understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. Executive understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. The employee understands, however, that refusing or withdrawing consent may affect his or her ability to participate in the Plan. For

more information on the consequences of refusal to consent or withdrawal of consent, Executive understands that he or she may contact his or her local human resources representative.

16. If Executive has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.
17. If one or more provisions of this Agreement (including the Appendix) shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions (including the Appendix) shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed as to foster the intent of this Agreement, the Appendix and the Plan.
18. Notwithstanding any other provision of the Plan or this Agreement, except as otherwise provided in the case of Executive's termination of employment due to death, Disability or for an eligible reason under the Executive Severance Policy during the 24-month period commencing on the effective date of a Change in Control, in order for the restrictions on the Units to lapse the Company must achieve as a Performance Measure not less than \$1,500,000,000 of combined consolidated operating income for the period beginning January 1, 2016 and ending December 31, 2018, as determined by the Committee from the Corporation's annual financial statements.
19. Executive acknowledges that Executive has read the Company's Clawback Policy. In consideration of the grant of the Units, Executive agrees to abide by the Company's Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, if the Board determines that any Incentive Compensation (as defined in the Company's Clawback Policy) received by or paid to Executive resulted from any financial result or performance metric that was impacted by Executive's misconduct or fraud and that compensation should be recovered from Executive (such amount being recovered, the "Clawbacked Compensation"), then upon such determination, the Board may recover such Clawbacked Compensation by (a) cancelling all or any portion of the unvested Units (the "Clawbacked Portion") and, in such case, the Clawbacked Portion of the unvested Units shall automatically and without further action of the Company be cancelled, (b) requiring Executive to deliver to the Company the Shares acquired upon the vesting of the Units (to the extent held by Executive), (c) requiring Executive to repay to the Company any net proceeds resulting from the Shares acquired upon the vesting of the Units or (d) any combination of the remedies set forth in clauses (a), (b) or (c). The foregoing remedies are in addition to and separate from any other relief available to the Company due to Executive's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon Executive and all persons claiming through Executive.
20. The Company may, in its sole discretion, decide to deliver any documents related to the Units granted, under and participation in the Plan or future Units that may be granted under the Plan by electronic means or to request Executive's consent to participate in the Plan by electronic means. Executive hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

21. Notwithstanding any provisions in the Agreement or the Plan, the grant of Units shall be subject to any special terms and conditions as set forth in the Appendix to this Agreement for Executive's country of residence. The Appendix constitutes part of the Agreement.
22. The Company reserves the right to impose other requirements on Executive's participation in the Plan, on the grant of Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, and to require Executive to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
23. To the extent any amounts under this Agreement are payable by reference to Executive's "termination of employment," such term shall be deemed to refer to Executive's "separation from service," within the meaning of Section 409A of the Code if the Executive is subject to tax in the U.S. Notwithstanding any other provision in this Agreement, if Executive is a "specified employee," as defined in Section 409A of the Code, as of the date of Executive's separation from service, then to the extent any amount payable under this Agreement (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, (ii) is payable upon Executive's separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of Executive's separation from service, such payment shall be delayed until the earlier to occur of (a) the six-month anniversary of the separation from service or (b) the date of Executive's death.

On Behalf of The Western Union Company

By: _____
Title:

I accept the grant of Units under the terms and conditions set forth in this Agreement.

By: _____
[Executive's typed name]

APPENDIX

THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD AGREEMENT

ADDITIONAL TERMS AND PROVISIONS FOR NON-U.S. EMPLOYEES

Terms and Conditions

This Appendix includes special terms and conditions applicable to Executive if he or she resides in one of the countries listed below. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

Notifications

This Appendix also includes country-specific information of which Executive should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Executive does not rely on the information noted herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time that he or she vests in the Units and Shares are issued to him or her or the Shares issued upon vesting of the Units are sold.

In addition, the information is general in nature and may not apply to Executive's particular situation, and the Company is not in a position to assure Executive of any particular result. Accordingly, Executive is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her particular situation. Finally, please note that if Executive is a citizen or resident of a country other than the country in which he or she is currently working, or transfers employment after grant, the information contained in this Appendix may not be applicable.

UNITED ARAB EMIRATES

There are no country specific provisions.

**THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN,
NONQUALIFIED STOCK OPTION GRANT – TERMS AND CONDITIONS
SECTION 16 OFFICER (NON-U.S.)**

1. These Terms and Conditions, including the attached Appendix, form part of your Stock Option Agreement (the “Agreement”) pursuant to which you have been granted a Nonqualified Stock Option (“Stock Option”) under The Western Union Company 2015 Long-Term Incentive Plan (the “Plan”). A copy of the Plan is enclosed for your convenience. The terms of the Plan are hereby incorporated in this Agreement by reference and made a part hereof. Any capitalized terms used in this Agreement that are not defined herein shall have the meaning set forth in the Plan.
2. The number of common shares of The Western Union Company (the “Company”) subject to the Stock Option, the grant date of the Stock Option and the option exercise price are all specified in the attached Award Notice (which forms part of the Agreement).
3. Subject to the other provisions of this Agreement and the terms of the Plan, you will “vest” in, or have the right to exercise, this Stock Option as follows:
 - (a) On or after the first anniversary and until the tenth anniversary of the grant date, you may exercise this Stock Option for up to one-fourth (25%) of the total number of shares covered hereby;
 - (b) On or after the second anniversary and until the tenth anniversary of the grant date, you may exercise this Stock Option for up to one-half (50%) of the total number of shares covered hereby;
 - (c) On or after the third anniversary and until the tenth anniversary of the grant date, you may exercise this Stock Option for up to three-fourths (75%) of the total number of shares covered hereby;
 - (d) On or after the fourth anniversary and until the tenth anniversary of the grant date, you may exercise this Stock Option with respect to the total number of shares covered hereby;
 - (e) No part of this Stock Option may be exercised after the tenth anniversary of the grant date listed in the Award Notice; and
 - (f) If you are an eligible participant in the Company’s Severance/Change in Control Policy (Executive Committee Level) at the time of a Change in Control and your employment with the Company, a Subsidiary or an Affiliate terminates for an eligible reason under such policy during the 24-month period commencing on the effective date of the Change in Control, then this Stock Option shall immediately become fully vested and exercisable effective on the date of your termination and may thereafter be exercised by you (or your legal representative or similar person) until the end of your severance period under such Policy or, if earlier, the expiration date of the term of this Stock Option.

This option may not be exercised for a fraction of a common share of the Company.

Notwithstanding the foregoing provisions in this paragraph 3, you will forfeit all rights to this Stock Option unless you accept these Terms and Conditions either through on-line electronic acceptance (if permitted by the Company) or by signing and returning to the Company a copy of these Terms and Conditions on or before the 90th day following the grant date listed in the Award Notice. Signed copies of these Terms and Conditions should be sent to the attention of: Western Union Stock Plan Administration, 12500 E. Belford Avenue, M21B2, Englewood, Colorado 80112. In addition, notwithstanding any other provision of the Plan or this Agreement, you must execute and return to the Company or accept electronically (if permitted by the Company) an updated restrictive covenant agreement (and exhibits) if requested by the Company which may contain certain noncompete, nonsolicitation and/or nondisclosure provisions. Failure to execute or electronically accept such an agreement on or before the 90th day following the Grant Date will cause this Stock Option to be forfeited and cancelled by the Company without any payment to you.

4. This Stock Option may not be exercised, in whole or in part, unless the following conditions are met:
 - (a) Legal counsel for the Company must be satisfied at the time of exercise that the issuance of shares upon exercise will comply with applicable U.S. federal, state, local and foreign laws.
 - (b) You pay the exercise price as follows: (i) by giving notice to the Company or its designee of the number of whole shares of Common Stock to be purchased and by making payment therefor in full (or arranging for such payment to the Company's satisfaction) either (A) in cash, (B) except as may be prohibited by applicable law, in cash by a broker-dealer acceptable to the Company and to whom you have submitted an irrevocable notice of exercise (i.e., also known as “cashless exercise”) or (C)

by a combination of (A) and (B), and (ii) by executing such documents as the Company may reasonably request.

- (c) You must, at all times during the period beginning with the grant date of this Stock Option and ending on the date of such exercise, have been employed by the Company, a Subsidiary or an Affiliate or have been engaged in a period of Related Employment, with certain exceptions noted below. Service on the Board after receipt of a Stock Option shall not be considered a termination of employment.
 - (d) You have executed and returned to the Company or accepted electronically an updated restrictive covenant agreement (and exhibits) if requested by the Company which may contain certain noncompete, nonsolicitation and/or nondisclosure provisions. While a court may sever any provision in the restrictive covenant agreement, you agree by executing or electronically accepting the restrictive covenant agreement that you will forfeit this Stock Option, whether vested or not, if you do not abide by the restrictive covenant agreement as written.
5. Absent a period of Related Employment or service on the Board subsequent to the grant date, if you terminate employment or cease providing services to the Company, a Subsidiary or an Affiliate while holding this Stock Option, your right to exercise the Stock Option and the time during which you may exercise the Stock Option depends on the reason for your termination.
- (a) Disability. If your employment with or service to the Company, a Subsidiary or an Affiliate terminates by reason of Disability, this Stock Option shall become fully vested and exercisable and may thereafter be exercised by you (or your legal representative or similar person) until the date which is one year after the effective date of your termination of employment or service, or if earlier, the expiration date of the term of this Stock Option.
 - (b) Retirement. If your employment with or service to the Company, a Subsidiary or an Affiliate terminates by reason of Retirement, this Stock Option, to the extent not already vested, shall vest on a prorated basis on the effective date of your termination of employment or service. Such prorated vesting shall be calculated by multiplying the number of shares covered by the unvested portion of this Stock Option by a fraction, the numerator of which is the number of days that have elapsed between the grant date and the effective date of your termination of employment or service and the denominator of which is the number of days between the grant date and the fourth anniversary of the grant date. The unvested portion of this Stock Option that does not become vested under such calculation shall be forfeited effective on your termination date and shall be canceled by the Company. The vested portion of this Stock Option, including any portion that had previously become vested and the prorated portion that vests effective on your termination date in accordance with the above calculation may be exercised by you (or your legal representative or similar person) until the earlier of (i) the date which is two years after the effective date of your termination of employment or service or the last day of your severance period under the Company's Severance/Change in Control Policy (Executive Committee Level) if you qualify for benefits under such policy in connection with your termination, whichever is later, or (ii) the expiration date of the term of this Stock Option. In administering the Plan, the Committee reserves the right to treat your termination of employment due to Retirement the same as "Other Termination" (as defined in this Agreement) in the event that application of the immediately preceding sentence would be deemed to be impermissible age discrimination under local law, as determined in the sole discretion of the Committee.
 - (c) Death. If your employment with or service to the Company, a Subsidiary or an Affiliate terminates by reason of death, this Stock Option shall become fully vested and exercisable and may thereafter be exercised by your executor, administrator, legal representative, beneficiary or similar person until the date which is one year after the date of death, or if earlier, the expiration date of the term of this Stock Option.
 - (d) Involuntary Termination Without Cause. Except to the extent paragraph 3(f) applies, if your employment with or service to the Company, a Subsidiary or an Affiliate is terminated involuntarily and without Cause and you are an eligible participant in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee, subject to the terms of such policy, the unvested portion of this Stock Option shall vest on a prorated basis effective on your termination date. Such prorated vesting shall be calculated by multiplying the number of shares covered by the unvested portion of this Stock Option by a fraction, the numerator of which is the number of days that have elapsed between the grant date and the effective date of your termination of employment or service and the denominator of which is the number of days between the grant date and the fourth anniversary of the grant date. The unvested portion of this Stock Option that does not become vested under such calculation shall be forfeited effective on your termination date and shall be canceled by the Company. The vested portion of this Stock Option, including any portion that had previously become vested and the prorated portion that vests effective on your termination date in accordance with the above calculation may be exercised by you (or your legal representative or similar person) until the end of your severance period under such Policy or, if earlier, the expiration date of the term of this Stock Option. If your employment with or service to the Company, a Subsidiary or an Affiliate is terminated involuntarily and without Cause and you are not an eligible participant in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee on the date of such termination, this Stock Option shall cease to vest, and to the extent already vested, may

thereafter be exercised by you (or your legal representative or similar person) until the date which is three months after such involuntary termination, or if earlier, the expiration date of the term of this Stock Option. Notwithstanding the foregoing, if, at the time of your termination of employment, you have satisfied the applicable age or age and service requirement for "Retirement" under the Plan, the provisions of paragraph 5(b) above, rather than this paragraph 5(d), shall be applicable to this Stock Option if at such time the provisions of paragraph 5(b) are more advantageous to you.

- (e) Termination for Cause. If your employment with or service to the Company, a Subsidiary or an Affiliate is terminated for Cause, this Stock Option shall cease to vest, and to the extent already vested, may thereafter be exercised by you (or your legal representative or similar person) until the close of the New York Stock Exchange (if open) on the date of your termination of employment or service. If the New York Stock Exchange is closed at the time of your termination of employment, this Stock Option shall be forfeited at the time your employment is terminated and shall be canceled by the Company.
 - (f) Other Termination. If your employment with or service to the Company, a Subsidiary or an Affiliate terminates for any reason other than Disability, Retirement, death, involuntary termination without Cause, or termination for Cause, this Stock Option shall cease to vest, and to the extent already vested, may thereafter be exercised by you (or your legal representative or similar person) until the close of the New York Stock Exchange (if open) on the date which is the thirtieth (30th) day following your termination of employment or service, or if earlier, the expiration date of the term of this Stock Option. If the New York Stock Exchange is closed on the thirtieth (30th) day following your termination of employment or service, then your unexpired Stock Option may be exercised until the close of the New York Stock Exchange on the next following day on which the New York Stock Exchange is open, after which time this Stock Option shall be forfeited and canceled by the Company.
 - (g) Death Following Termination of Employment or Service. If you die during the applicable Post-Termination Exercise Period, this Stock Option will be exercisable only to the extent that the Stock Option is exercisable on the date of your death and may thereafter be exercised by your executor, administrator, legal representative, beneficiary or similar person until the date which is one year after the date of your death, or if earlier, the expiration date of the term of this Stock Option.
6. Subject to any restrictions imposed by local law, so long as you continue to be a member of the Executive Committee of the Company, you may transfer this Stock Option to a Family Member or Family Entity without consideration; provided, however, in the case of a transfer of this Stock Option to a limited liability company or a partnership which is a Family Entity, such transfer may be for consideration consisting solely of an entity interest in the limited liability company or partnership to which the transfer is made. Any transfer of this Stock Option shall be in a form acceptable to the Committee, shall be signed by you and shall be effective only upon written acknowledgement by the Committee of its receipt and acceptance of such notice. If this Stock Option is transferred to a Family Member or Family Entity, the Stock Option may not thereafter be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by such Family Member or Family Entity except by will or the laws of descent and distribution. The Committee has delegated its responsibilities under this paragraph 6 to the Company's General Counsel.
7. The Company shall have the right to require, as of the grant, vesting or exercise of an option and the sale of any shares of stock received upon exercise of an option, that you (or any person acting under Paragraph 5 above):
- (a) Pay to the Company or its designee, upon its demand, such amount as may be requested for the purpose of satisfying its obligation or the obligation of any of its Subsidiaries or Affiliates or other person to withhold U.S. federal, state, local or foreign income, employment or other taxes incurred by reason of the shares. You may satisfy your obligation to pay such amounts by authorizing the Company to withhold from your wages or other cash compensation, from proceeds from the sale of shares or from the shares purchased by you pursuant to the exercise shares having a fair market value on the date of exercise equal to the withholding amount. If the amount requested for the purpose of satisfying the withholding obligation is not paid, the Company may refuse to allow you to exercise the option; and
 - (b) Provide the Company with any forms, documents or other information reasonably required by the Company in connection with the grant.
 - (c) Regardless of any action the Company or my employer (the "Employer") takes with respect to any or all income tax (including foreign, federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related items related to my participation in the Plan and legally applicable to me ("Tax-Related Items"), I acknowledge that the ultimate liability for all Tax-Related Items legally due by me is and remains my responsibility and may exceed the amount actually withheld by the Company and/or the Employer. I further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Options, including the grant of the Stock Options, the exercise

of the Stock Options, the receipt of an equivalent cash payment, the subsequent sale of any shares of Common Stock acquired at exercise and the receipt of any dividends; and (ii) do not commit to structure the terms of the grant or any aspect of the Stock Options to reduce or eliminate my liability for the Tax-Related Items.

- (d) Prior to any relevant taxable or tax withholding event (“Tax Date”), as applicable, I will pay or make adequate arrangements satisfactory to the Company and/or Employer to satisfy all Tax-Related Items. In this regard, I authorize the Company and/or the Employer or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (A) accept a cash payment in U.S. dollars in the amount of the Tax-Related Items, (B) withhold whole shares of Common Stock which would otherwise be delivered to me having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash from my wages or other cash compensation which would otherwise be payable to me by the Company or the Employer or from any equivalent cash payment received upon exercise of the Stock Options, equal to the amount necessary to satisfy any such obligation, (C) withhold from proceeds of the sale of shares of Common Stock acquired upon issuance of the Stock Options either through a voluntary sale or through a mandatory sale arranged by the Company (on my behalf pursuant to this authorization), or (D) a cash payment to the Company by a broker-dealer acceptable to the Company to whom I have submitted an irrevocable notice of sale.
- (e) Finally, I shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of my participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue shares of Common Stock to me if I fail to comply with my obligations in connection with the Tax-Related Items as described herein.
8. The terms of this Agreement may be amended from time to time by the Committee in its sole discretion in any manner that it deems appropriate; provided, however, that no such amendment shall adversely affect in a material manner any right of yours under this Agreement without your written consent.
9. Any action taken or decision made by the Company, the Board, or the Committee or its delegates arising out of or in connection with the construction, administration, interpretation or effect of the Plan or this Agreement shall lie within its sole and absolute discretion, as the case may be, and shall be final, conclusive and binding on you and all persons claiming under or through you. By accepting this grant or other benefit under the Plan, you and each person claiming under or through you shall be conclusively deemed to have indicated acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee or its delegates.
10. The validity, construction, interpretation, administration and effect of the Plan, and of its rules and regulations, and rights relating to the Plan and to this Agreement, shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware. If you have received this or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.
11. **In accepting the grant, you acknowledge that: (i) the Plan is discretionary in nature and it may be modified, suspended or terminated by the Company or the Committee at any time; (ii) the grant of the Stock Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Stock Options, or benefits in lieu of options, even if options have been granted repeatedly in the past; (iii) all decisions with respect to any such future grants will be at the sole discretion of the Committee; (iv) your participation in the Plan shall not create a right to further employment with your Employer (“Employer”) and shall not interfere with the ability of your Employer to terminate your employment relationship at any time with or without cause; (v) your participation in the Plan is voluntary; (vi) the value of the option is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (vii) the options are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; (viii) in the event of involuntary termination of your employment, your right to receive options under the Plan, if any, will terminate effective as of the date that you are no longer actively employed regardless of any reasonable notice period mandated under local law (including but not limited to statutory law, regulatory law and/or common law) and the right to receive grants of options will not continue during any required notice period; (ix) the options have not been granted to you in consideration of your employment with your Employer, but is purely a gratuity extended by the Company at its sole discretion, and the option grant can in no event be understood or interpreted to mean that the Company is your employer or that you have an employment relationship with the**

Company; (x) the future value of the underlying shares is unknown and cannot be predicted with certainty; (xi) if the underlying shares do not increase in value, the options will have no value; and (xii) no claim or entitlement to compensation or damages arises from termination of the options or diminution in value of the options or shares purchased through exercise of the options and you irrevocably release the Company and your Employer from any such claim that may arise.

12. You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document by and among, as applicable, your Employer, the Company and the Company's Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that your Employer and/or the Company hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the purpose of implementing, administering and managing the Plan ("Data"). You understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in your country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You authorize the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom you may elect to deposit any shares of stock acquired upon exercise of the option. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or withdraw the consents herein by contacting in writing your local human resources representative. You understand that withdrawal of consent may affect your ability to exercise or realize benefits from the option.
13. If any provision of this Agreement (including the Appendix) shall be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining provisions of this Agreement.
14. You acknowledge that you have read the Company's Clawback Policy. In consideration of the grant of this Stock Option, you agree to abide by the Company's Clawback Policy as it may be amended from time to time, and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding any provision of this Agreement to the contrary, if the Board determines that any Incentive Compensation (as defined in the Company's Clawback Policy) received by or paid to you resulted from any financial result or performance metric that was impacted by your misconduct or fraud and that compensation should be recovered from you (such amount being recovered, the "Clawbacked Compensation"), then upon such determination, the Board may recover such Clawbacked Compensation by (a) cancelling all or any portion of this Stock Option (the "Clawbacked Portion") and, in such case, you shall cease to be entitled to exercise the Clawbacked Portion of this Stock Option and the Clawbacked Portion of this Stock Option shall automatically and without further action of the Company be cancelled, (b) requiring you to deliver to the Company shares of Common Stock acquired upon the exercise of this Stock Option (to the extent held by you), (c) requiring you to repay to the Company any profit resulting from the sale of shares of Common Stock acquired upon the exercise of this Stock Option or (d) any combination of the remedies set forth in clauses (a), (b) or (c). The foregoing remedies are in addition to and separate from any other relief available to the Company due to your misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon you and all persons claiming through you.
15. The validity, construction, interpretation, administration and effect of the Plan and this Agreement (including the Appendix) shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware, as provided in the Plan. For purposes of litigating any dispute that arises directly or indirectly under the Stock Option or the Agreement (including the Appendix), the parties hereby submit to and consent to the jurisdiction of the State of Colorado, and agree that such litigation shall be conducted in the courts of Douglas County, or the federal courts for the United States for the District of Colorado, where this grant is made and/or to be performed.
16. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.
17. The Company may, in its sole discretion, decide to deliver any documents related to the Stock Option granted under and participation in the Plan or future options that may be granted under the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such

documents by electronic delivery and, if requested, to agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

18. Notwithstanding any provisions in this Award Agreement, the Award shall be subject to any special terms and conditions set forth in the Appendix for your country. The Appendix constitutes part of this Award Agreement.
19. The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with any applicable law or facilitate the administration of the Plan. You agree to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, you acknowledge that the laws of the country in which you are working at the time of grant, exercise or the sale of shares of Common Stock received pursuant to this Award (including any rules or regulations governing securities, foreign exchange, tax, labor, or other matters) may subject you to additional procedural or regulatory requirements that you is and will be solely responsible for and must fulfill.

I hereby confirm that the foregoing and the documents attached hereto are hereby in all respects accepted and agreed to by the undersigned as of the date of this Agreement:

Signature: _____

Printed Name: _____

Date: _____

APPENDIX

THE WESTERN UNION COMPANY 2015 LONG-TERM INCENTIVE PLAN NONQUALIFIED STOCK OPTION AGREEMENT

ADDITIONAL TERMS AND PROVISIONS FOR SECTION 16 OFFICER (NON-U.S.)

Terms and Conditions

This Appendix includes special terms and conditions applicable to you if you reside in one of the countries listed below. These terms and conditions are in addition to or, if so indicated, in place of, the terms and conditions set forth in the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

Notifications

This Appendix also includes country-specific information of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that you exercise the Stock Option or sell shares of Common Stock acquired under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. Finally, please note that if you are a citizen or resident of a country other than the country in which you are currently working, or transfer employment after grant, the information contained in this Appendix may not be applicable to you.

AUSTRIA

Notifications

Consumer Protection Notification. If the provisions of the Austrian Consumer Protection Act (the “Act”) are applicable to the Agreement and the Plan, you may be entitled to revoke your acceptance of the Agreement under the conditions listed below:

- (i) If you accept the Agreement outside the business premises of the Company, you may be entitled to revoke your acceptance of the Agreement, provided the revocation is made within one week after you accept the Agreement.
- (ii) The revocation must be in written form to be valid. It is sufficient if you return the Agreement to the Company or the Company’s representative with language which can be understood as your refusal to conclude or honor the Agreement, provided the revocation is sent within the period set forth above.

Exchange Control Information. If you hold shares of Company stock outside of Austria, you must submit a report to the Austrian National Bank. An exemption applies if the value of the shares as of any given quarter does not exceed €30,000,000 or as of December 31 does not exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given. The annual reporting date is as of December 31 and the deadline for filing the annual report is January 31 of the following year.

When shares are sold, there may be exchange control obligations if the cash received is held outside Austria. If the transaction volume of all your accounts abroad exceeds €3,000,000, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth day of the following month.

THE WESTERN UNION COMPANY
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(unaudited)
(in millions)

	Three Months Ended March 31,	Years Ended December 31,				
	2016	2015	2014	2013	2012	2011
Earnings:						
Income before income taxes	\$ 217.5	\$ 941.8	\$ 968.2	\$ 926.9	\$ 1,168.8	\$ 1,274.6
Fixed charges	40.9	175.6	182.7	198.8	177.8	182.9
Other adjustments	3.5	(6.9)	(3.2)	(0.7)	5.3	2.6
Total earnings (a)	\$ 261.9	\$ 1,110.5	\$ 1,147.7	\$ 1,125.0	\$ 1,351.9	\$ 1,460.1
Fixed charges:						
Interest expense	\$ 40.5	\$ 167.9	\$ 176.6	\$ 195.6	\$ 179.6	\$ 181.9
Other adjustments	0.4	7.7	6.1	3.2	(1.8)	1.0
Total fixed charges (b)	\$ 40.9	\$ 175.6	\$ 182.7	\$ 198.8	\$ 177.8	\$ 182.9
Ratio of earnings to fixed charges (a/b)	6.4	6.3	6.3	5.7	7.6	8.0

For purposes of calculating the ratio of earnings to fixed charges, earnings have been calculated by adding income before income taxes, fixed charges included in the determination of income before income taxes and distributions from equity method investments, and then subtracting income from equity method investments. Fixed charges consist of interest expense, and an estimated interest portion of rental expenses and income tax contingencies, which are included as a component of income tax expense.

Letter from Ernst & Young LLP Regarding Unaudited Interim Financial Information

The Board of Directors and Stockholders of The Western Union Company

We are aware of the incorporation by reference in the following Registration Statements:

- (1) Registration Statements (Form S-3 Nos. 333-191606 and 333-191608) of The Western Union Company, and
- (2) Registration Statement (Form S-8 Nos. 333-137665 and 333-204183) pertaining to The Western Union Company 2006 Long-Term Incentive Plan, The Western Union Company 2006 Non-Employee Director Equity Compensation Plan, The Western Union Company Supplemental Incentive Savings Plan, and The Western Union Company 2015 Long-Term Incentive Plan;

of our report dated May 3, 2016 relating to the unaudited condensed consolidated interim financial statements of The Western Union Company that are included in its Form 10-Q for the quarter ended March 31, 2016 .

/s/ Ernst & Young LLP

Denver, Colorado

May 3, 2016

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Hikmet Ersek, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Western Union Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/ s / H I K M E T E R S E K

Hikmet Ersek
President and Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Rajesh K. Agrawal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Western Union Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/ s/ R AJESH K. A GRAWAL

Rajesh K. Agrawal
Executive Vice President and Chief Financial Officer

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The certification set forth below is being submitted in connection with the Quarterly Report of The Western Union Company on Form 10-Q for the period ended March 31, 2016 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Hikmet Ersek and Rajesh K. Agrawal certify that, to the best of each of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of The Western Union Company.

Date: May 3, 2016

/s/ H IKMET E RSEK

Hikmet Ersek
President and Chief Executive Officer

Date: May 3, 2016

/s/ R AJESH K. A GRAWAL

Rajesh K. Agrawal
Executive Vice President and Chief Financial Officer