

WESTERN UNION CO

FORM 10-K (Annual Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

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

For the fiscal year ended: December 31, 2009

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)

20-4531180
(I.R.S. Employer Identification No.)

THE WESTERN UNION COMPANY

12500 East Belford Avenue

Englewood, Colorado 80112

(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 Par Value	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes
No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes
No

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

As of June 30, 2009, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$11.5 billion based on the closing sale price of \$16.40 of the common stock as reported on the New York Stock Exchange.

As of February 12, 2010, 682,769,241 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for the 2010 annual meeting of stockholders are incorporated into Part III of this Annual Report on Form 10-K.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and materials we have filed or will file with the Securities and Exchange Commission (the “SEC”) (as well as information included in our other written or oral statements) contain or will contain 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 “will,” “should,” “would” and “could” are intended to identify such forward-looking statements. Readers of the Annual Report on Form 10-K 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 throughout this Annual Report on Form 10-K, including those described under “Risk Factors.” 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:

- changes in immigration laws, patterns and other factors related to migrants;
- our ability to adapt technology in response to changing industry and consumer needs or trends;
- our failure to develop and introduce new products, services and enhancements, and gain market acceptance of such products;
- the failure by us, our agents or subagents to comply with our business and technology standards and contract requirements or applicable laws and regulations, especially laws designed to prevent money laundering and terrorist financing, and/or changing regulatory or enforcement interpretations of those laws;
- failure to comply with the settlement agreement with the State of Arizona;
- changes in United States or foreign laws, rules and regulations including the Internal Revenue Code, and governmental or judicial interpretations thereof;
- changes in general economic conditions and economic conditions in the regions and industries in which we operate;
- adverse movements and volatility in capital markets and other events which affect our liquidity, the liquidity of our agents or clients, or the value of, or our ability to recover our investments or amounts payable to us;
- political conditions and related actions in the United States and abroad which may adversely affect our businesses and economic conditions as a whole;
- interruptions of United States government relations with countries in which we have or are implementing material agent contracts;
- our ability to resolve tax matters with the Internal Revenue Service and other tax authorities consistent with our reserves;
- mergers, acquisitions and integration of acquired businesses and technologies into our company, and the realization of anticipated financial benefits from these acquisitions;
- 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;

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- failure to maintain sufficient amounts or types of regulatory capital to meet the changing requirements of our regulators worldwide;
- our ability to maintain our agent network and business relationships under terms consistent with or more advantageous to us than those currently in place;
- failure to implement agent contracts according to schedule;
- deterioration in consumers' and clients' confidence in our business, or in money transfer providers generally;
- failure to manage credit and fraud risks presented by our agents, clients and consumers or non-performance by our banks, lenders, other financial services providers or insurers;
- any material breach of security of or interruptions in any of our systems;
- adverse rating actions by credit rating agencies;
- liabilities and unanticipated developments resulting from litigation and regulatory investigations and similar matters, including costs, expenses, settlements and judgments;
- failure to compete effectively in the money transfer industry with respect to global and niche or corridor money transfer providers, banks and other money transfer services providers, including telecommunications providers, card associations, card-based payment providers and electronic and internet providers;
- our ability to protect our brands and our other intellectual property rights;
- our failure to manage the potential both for patent protection and patent liability in the context of a rapidly developing legal framework for intellectual property protection;
- cessation of various services provided to us by third-party vendors;
- changes in industry standards affecting our business;
- changes in accounting standards, rules and interpretations;
- our ability to attract and retain qualified key employees and to manage our workforce successfully;
- significantly slower growth or declines in the money transfer market and other markets in which we operate;
- adverse consequences from our spin-off from First Data Corporation;
- decisions to downsize, sell or close units, or to transition operating activities from one location to another or to third parties, particularly transitions from the United States to other countries;
- decisions to change our business mix;
- catastrophic events; and
- management's ability to identify and manage these and other risks.

ITEM 1. BUSINESS

Overview

The Western Union Company (“Western Union” or the “Company”) is a leader in global money transfer 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 and represents speed, reliability, trust and convenience. As people move and travel around the world, they are able to use the services of a well recognized brand to transfer funds. Our consumer-to-consumer money transfer service enables people to send money around the world in minutes. Our services are available through a network of over 410,000 agent locations in more than 200 countries and territories, with approximately 85% of those locations outside of the United States. Each location in our agent network is capable of providing one or more of our services, with the majority offering Western Union branded service. As of December 31, 2009, over 75% of our locations had experienced money transfer activity in the prior 12 months.

Our global business payments service provides consumers and businesses with flexible and convenient options for making one-time or recurring bill payments. In the third quarter of 2009, we acquired Custom House, Ltd. (“Custom House”), a provider of international business-to-business cross-border, cross-currency payment services. Although most of the revenue in our global business payments segment is generated in the United States, we continue to expand our international presence and globally diversify our revenue, primarily through our acquisition of Custom House and our previous acquisition of Pago Fácil.

We believe that brand strength, size and reach of our global network, and convenience and reliability for our customers have been important factors relating to the growth of our business. As we continue to meet the needs of our customers for fast, reliable and convenient money transfer services, we are also working to enhance our services and provide our consumer and business clients with access to an expanding portfolio of payment and other financial services, including Visa® and Mastercard® prepaid debit card offerings.

The majority of our revenue comes from fees that consumers pay when they send money or make payments. In certain money transfer and payment services 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 currency.

Our Segments

We manage our business around the customers we serve and the type of services we offer. Each segment addresses a different combination of customer needs, distribution networks and services. Our segments are consumer-to-consumer and global business payments. Our other businesses not included in these segments primarily consist of Western Union branded money order services available through a network of third-party agents primarily in the United States and Canada.

The table below presents the components of our consolidated revenue:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Consumer-to-consumer (a)			
EMEASA (b)	45%	44%	40%
Americas (c)	32%	34%	37%
APAC (d)	8%	7%	6%
Total consumer-to-consumer	<u>85%</u>	<u>85%</u>	<u>83%</u>
Global business payments	14%	14%	15%
Other	1%	1%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

-
- (a) The geographic split 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 revenue between the two regions, with each region receiving 50%. For money transfers initiated and paid in the same region, 100% of the revenue is attributed to that region.
 - (b) Represents the Europe, Middle East, Africa and South Asia region of our consumer-to-consumer segment.
 - (c) Represents the Americas region of our consumer-to-consumer segment, which includes North America, Latin America, the Caribbean and South America.
 - (d) Represents the Asia Pacific region of our consumer-to-consumer segment.

Financial information relating to our international and domestic revenues and long-lived assets for all of our segments is set forth in Note 17 to our Consolidated Financial Statements in Item 8.

For additional details regarding our consumer-to-consumer and global business payments segments, including financial information regarding our international and United States operations, see Item 7 of Part II and our financial statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K.

See Risk Factors for a discussion of certain risks relating to our foreign operations.

Consumer-to-Consumer Segment

Individual money transfers from one consumer to another are the core of our business, representing 85% of our total consolidated revenues for 2009. We offer consumers a variety of ways to send money. Although most remittances are sent in cash at one of our more than 410,000 agent locations worldwide, in some countries we offer the ability to send money over the internet or the telephone, using a credit or debit card, or through a withdrawal directly from a consumer's bank account. Some agent locations accept debit cards to initiate a transaction. We also offer consumers several options to receive a money transfer. While the vast majority of transfers are paid in cash at agent locations, in some places we offer payout directly to the receiver's bank account, to a stored-value card, to a mobile phone or through the issuance of a money order.

Operations

Our revenue is derived primarily from transaction fees charged to consumers to transfer money. In money transfers involving different send and receive currencies, we also generate revenue based on the difference between the exchange rate set by Western Union to the consumer and the rate at which we or our agents are able to acquire currency.

In a typical money transfer transaction, a consumer goes to one of our agent locations, completes a form specifying, among other things, the name and address of the recipient, and delivers it, along with the principal amount of the money transfer and the fee, to the agent. This sending agent enters the transaction information into our money transfer system and the funds are made available for payment, usually within minutes. The recipient enters an agent location in the designated receiving area or country, presents identification and is paid the transferred amount. Recipients do not pay a fee (although in limited circumstances, a tax may be imposed on the payment of the remittance). We determine the fee paid by the sender, which generally is based on the principal amount of the transaction and the locations to and from which the funds are sent and are to be transferred.

We generally pay our agents a commission based on a percentage of revenue. The commission is shared between the agent that initiated the transaction, the "send agent," and the agent that paid the transaction, the "receive agent." For most agents, the costs of providing the physical infrastructure and staff are typically covered by the agent's primary business (e.g., postal services, banking, check cashing, travel and retail businesses), making the economics of being a Western Union agent attractive to our agents. Western Union's global reach and loyal consumer base allow us to attract agents we believe to be of high quality.

To complement the convenience offered by our network's global physical locations, in certain countries we have also made our services available through other channels, as described below under "Services."

Over 85% of our consumer-to-consumer transactions involve at least one non-United States location. No individual country outside the United States accounted for more than approximately 6%, 7% and 7% of our consolidated revenue for the years ended December 31, 2009, 2008 and 2007, respectively. Certain of our agents facilitate a large number of transactions; however, no individual agent accounted for greater than 10% of the segment's revenue during these periods.

Services

We offer money transfer services worldwide. In 2009, over 95% of our consumer-to-consumer transactions were cash money transfers involving our walk-in agent locations around the world. Although demand for in-person, cash money transfers has historically been the strongest, we offer a number of options for sending and receiving funds that provide consumer convenience and choice to meet the needs of consumers. The different ways consumers can send or receive money include the following:

Walk-in money transfer service. The majority of our remittances constitute transactions in which cash is collected by the agent and payment (usually cash) is available for pick-up at another agent location in the designated receive location, usually within minutes. In some United States outbound corridors and in select international corridors, we provide a "Direct to Bank" service, enabling a consumer to send a transaction from an agent location directly to a bank account in another country. We also provide a "Cash to Card" service that provides consumers an option to direct funds to a Western Union branded Visa stored-value card in the United States, with the option to have the card delivered overnight to consumers' homes.

Our "Next Day" delivery option is a money transfer that is available for payment the morning after the money transfer is sent. This option is available in certain markets for domestic service within the United States, and in select United States outbound and international corridors. The Next Day delivery service gives our consumers a lower-priced option for money transfers that do not need to be received within minutes, while still offering the convenience, reliability and ease-of-use that our consumers expect.

Online money transfer service. Our websites allow consumers to send funds on-line, using a credit or debit card, for payment at most Western Union branded agent locations around the world. As of December 31, 2009, we are now providing send service in 18 countries, allowing consumers in these countries to send money throughout the world.

Telephone money transfer service. Our Telephone Money Transfer service allows Western Union consumers to send funds by telephone without visiting an agent location. Consumers call a toll-free number in the United States, Canada, Ireland or the United Kingdom and use a debit card or credit card to initiate a transaction. The money transfer is then available for pay-out at an agent location.

Account to cash. This service allows consumers to debit their bank accounts and send the money through Western Union for pay-out at an agent location. We have 12 banks offering this service, primarily through their online portals, which allows consumers to send funds from their bank accounts.

Mobile money transfer service. Our mobile money transfer service pilot provides consumers in a number of select countries with the ability to transfer money to a mobile phone. As of December 31, 2009, there were approximately 10,000 Western Union agent locations enabled with the technology to transfer cash to a mobile phone.

Distribution and Marketing Channels

We offer our consumer-to-consumer service to millions of consumers around the world primarily through our global network of third-party agents in almost every country and territory, with more than 85% of our agent locations being located outside of the United States. Our agents facilitate the global distribution and convenience associated with our Western Union and other brands, which in turn helps create demand for our services and helps us to recruit and retain agents. Western Union agents include large networks such as post offices, banks and retailers and other established organizations that provide other consumer products and

services. Many of our agents have multiple locations. Our agents know the markets they serve and work with our management to develop business plans for their markets. Many of our agents contribute financial resources, or otherwise support, our efforts to market the business. Many agents operate in locations that are convenient for our consumers and are open outside of traditional banking hours, for example on nights and weekends. Our top 40 agents globally have been with us an average of approximately 13 years, and in 2009, these long-standing agents were involved in transactions that generated more than 60% of our consumer-to-consumer revenue.

We provide our third-party agents with our multi-currency, real-time money transfer processing systems used to originate and pay money transfers. Over the last several years, we have emphasized the development of our receive network around the world to optimize send and receive corridors. Our systems and processes enable our agents to pay money transfers in more than 120 currencies worldwide. Many of our agents can pay in multiple currencies at a single location. Our agents provide the physical infrastructure and staff required to complete the transfers. Western Union provides central operating functions such as transaction processing, settlement, marketing support and customer relationship management to our agents.

Some of our agents outside the United States manage subagents. We refer to these agents as superagents. As of December 31, 2009, we had approximately 800 superagents located throughout the world. Although our subagents are under contract with these superagents (and not with Western Union directly), the subagent locations typically have access to the same technology and services that our other agent locations do. On November 1, 2009, the Payment Services Directive (“PSD”) became effective. Under the PSD, the licensing and other legal requirements for offering money transfer and other payment services within European Union (“EU”) countries were harmonized, allowing us to expand the types of businesses that can offer money transfer services in certain countries, which further allows us to develop our distribution network. In anticipation of the PSD, we acquired the money transfer business of European-based FEXCO, which helped provide an initial operating infrastructure for the PSD and allowed us to take on services and operations previously performed by this superagent in several key European countries.

Our international agents often customize services as appropriate for their geographic markets. In some markets, individual agents are independently offering specific services such as stored-value card payout options and Direct to Bank service. Our marketing benefits from feedback from our agents and consumers, and in many of our markets, our agents fund their own marketing activities.

A primary component of our marketing strategy is our global loyalty program, which is available in a growing number of countries. We launched our Western Union Gold Card, the principal vehicle of the program, in the United States in 2002. As of December 31, 2009, the Gold Card program was available in 78 countries and had approximately 13 million active cards, an increase in the number of active cards of 20% from December 31, 2008. The Gold Card offers consumers faster service at the point-of-sale and other benefits which, depending on the country, could include service fee reductions on future Western Union branded transactions, discounts at retailers or a rechargeable prepaid phone card embedded within the Gold Card. Overall, Gold Card consumers initiate more transactions and have a higher rate of retention than non-carded consumers. Approximately one-third of Western Union branded consumer-to-consumer transactions are initiated using a Gold Card. The global Gold Card program is one component of our consumer relationship management strategy designed to support and enhance long-term relationships with our consumers. Consumer databases supplement these efforts by providing insight on consumer preferences so that we can selectively target consumer communications and marketing. We have begun offering reloadable debit Gold Cards to our loyalty card holders in the United States.

Industry Trends

Over the last several years, except for 2009, the cross-border money transfer industry has experienced growth. Trends in the cross-border money transfer business tend to correlate to migration trends, global economic opportunity and related employment rates worldwide. The top four inbound remittance countries in the world are India, China, Mexico and the Philippines, and cumulatively receive an estimated \$136 billion annually according to The World Bank’s November 2009 report. Due to the weak global economy, including

declines in consumer confidence and rising unemployment, the demand for money transfers has softened. The World Bank projects a modest increase of 1% in cross-border remittances in 2010, with stronger growth in 2011. We anticipate that the remittance market will begin to recover as the global economy improves. We also consider additional sources, including demographic data, when assessing market opportunities.

Another significant trend impacting the money transfer industry is the increase in regulation in recent years. Regulation in the United States and elsewhere focuses, in part, on anti-money laundering and anti-terrorist activities. Regulations require money transfer providers, banks and other financial institutions to develop systems to detect, monitor and report certain transactions.

Competition

We face robust competition in the highly-fragmented consumer-to-consumer money transfer industry. We compete with a variety of money transfer service providers, including:

- *Global money transfer providers* —Global money transfer providers allow consumers to send money to a wide variety of locations, in both their home countries and abroad.
- *Regional money transfer providers* —Regional money transfer providers, or “niche” players, provide the same services as global money transfer providers, but focus on a small group of corridors or services within one region, such as North America to the Caribbean, Central or South America, or Western Europe to North Africa.
- *Banks and postbanks* —Banks and postbanks of all sizes compete with us in a number of ways, including bank wire services and card-based services. We believe that banks and postbanks offer consumers wire transfer services and other money transfer methods as an incentive to those consumers to purchase other services and products.
- *Informal networks* —Informal networks enable people to transfer funds without formal mechanisms and often without compliance with government reporting requirements. We believe that such networks comprise a significant share of the market.
- *Electronic commerce* —Online money transfer services allow consumers to send and receive money electronically using the internet.
- *Alternative channels* —Alternative channels for sending and receiving money include mail and commercial courier services, money transfers using mobile phones, and card-based options, such as ATM cards and stored-value cards.

We believe the most significant competitive factors in consumer-to-consumer remittances relate to brand recognition, trust and reliability, distribution network, consumer experience and price.

Global Business Payments Segment

In our global business payments segment, we provide fast and convenient options to make one-time or recurring payments for consumers or businesses to other businesses. Our business payments services allow consumers to make payments to a variety of organizations, including utilities, auto finance companies, mortgage servicers, financial service providers, governmental agencies and other businesses. We also provide international business-to-business cross-border, cross-currency payment services as a result of our acquisition of Custom House in September 2009. We can process payments using the customer’s credit card, debit card, bank account or cash depending on the service selected. We believe our business customers who receive payments from consumers benefit from their relationship with Western Union as it provides them with real-time or near real-time posting of their customer payments. In certain circumstances, our relationships with business customers also provide them with an additional source of income, as well as reduced expenses for cash and check handling.

Operations

Our revenue in this segment is derived primarily from transaction fees paid by the consumer. These fees are typically less than the fees charged in our consumer-to-consumer segment. Consumers may make a cash payment at an agent or owned location and businesses may remit a check, electronic or wire transfer to Custom House[®] in order to initiate a transaction. In order to make an electronic payment, consumers or businesses initiate a transaction over the telephone or the internet which we process through credit card, debit card, automated clearing house (“ACH”) or wire transfer, depending on the service selected. Our internet services are provided through our own websites or, in certain circumstances, in partnership with other websites for which we act as the service provider. In cross-border transactions involving different currencies, we primarily generate revenue based on the difference between the exchange rate set by us to the consumer or business and the rate at which we are able to acquire currency. In addition, we generate revenue from upfront enrollment fees received for our Equity Accelerator[®] service, and we earn investment income on funds received from services sold in advance of settlement with payment recipients.

Although most of the revenue in our global business payments segment is generated in the United States, we continue to expand our international presence and globally diversify our revenue, primarily through our acquisition of Custom House and our previous acquisition of Pago Fácil .

Services

Our global business payments services are available through a variety of products which give customers choices as to the payment channel and method of payment, and include the following:

Custom House. Our recent acquisition of Custom House enables us to offer international cross-border, cross-currency business-to-business payment solutions. These payment transactions are conducted through various channels including the telephone and internet. Custom House operates its own website to offer services and also serves as the ultimate service provider for other partner websites. Payments are made predominately through wire transfers and ACH, but in some situations, checks are remitted to Custom House. The majority of Custom House’s business relates to exchanges of currency at the spot rate which enables customers to make cross-currency payments. In addition, we write foreign currency forward and option contracts for customers to facilitate future payments.

Western Union Quick Collect[®]. The Western Union Quick Collect (“Quick Collect”) service allows consumers to send funds to businesses and government agencies across the United States and Canada, using cash and, in certain locations, a debit card. This service is offered primarily at Western Union agent locations, but may be provided via our westernunion.com website in limited situations. This service is also offered in select international locations under the service mark Quick PaySM. We also offer Quick Cash[®], a cash disbursement service used by businesses and government agencies to send money to employees or individuals with whom they have accounts or other business relationships. Similar to our Quick Collect service, consumers use our Western Union Convenience Pay[®] (“Convenience Pay”) service to send payments by cash or check from a smaller number of Convenience Pay agent locations primarily to utilities and telecommunication providers.

Pago Fácil[®]. In South America, we offer walk-in, cash bill payment services which allow consumers to make payments for services such as phone, utilities and other recurring bills. In Argentina, we provide this service under the Pago Fácil brand. In 2008, we began offering this service under the Western Union brand in Peru and Panama.

Speedpay[®]. Our Speedpay service is offered principally in the United States and allows consumers to make payments to a variety of businesses using credit cards, debit cards, ACH and in limited situations, checks. Payments are initiated over the telephone or the internet. We also partner with some businesses to allow their customers to access Speedpay from their websites.

Equity Accelerator. Our Equity Accelerator service enables consumers to make mortgage payments by ACH. It is marketed as a convenient way for homeowners to schedule additional recurring principal payments on their mortgages. Consumers who enroll in this service make mortgage payments based on an accelerated

program, which results in a more rapid reduction of their mortgage balance, as well as interest savings. We also offer a non-recurring mortgage payment service under the brand Just in Time EFT[®].

Distribution and Marketing Channels

Our electronic consumer payment services are available primarily through the telephone and the internet, while our cash-based consumer services are available through our agent networks and select Company owned locations. Our business payment services are offered through owned locations, telephone, via the internet and partner channels.

Businesses market our services to consumers in a number of ways, and we market our services directly to consumers and businesses using a variety of means, including advertising materials, promotional activities, call campaigns and attendance at trade shows and seminars. Our internet services are marketed to consumers and businesses on our websites as well as through co-branding arrangements with our website partners who offer our payment solutions. Consumers can also participate in the Western Union Gold Card program when using our Quick Collect service.

We have relationships with more than 6,300 businesses to which our consumers can make payments, approximately 2,200 of which primarily relate to our bill payment business in Argentina, Pago Fácil. These relationships are a core component of our global business payments services. In 2009, our top 20 businesses to which our consumers can make payments represented approximately 40% of our global business payments revenue. On average, we have provided our payment services to our top 20 businesses to which our consumers can make payments for more than 14 years. No individual customer accounted for greater than 10% of this segment's revenue during all periods presented.

Our growth strategy includes a focus on expanding and globalizing our global business payments segment and increasing our number of payment options.

Industry Trends

The global business payments industry has evolved with technological innovations that have created new methods of processing payments from individuals or businesses to other businesses. The cross-border payments industry is expected to expand considerably in the future due to the expanding global focus of many businesses. We believe that the United States is in the midst of a trend away from cash and paper checks toward electronic payment methods accessible through multiple technologies. Furthermore, due to the weak economic situation in the United States, we believe many United States consumers who would use our services are having difficulty paying their bills and are unable to obtain credit, resulting in our handling fewer bill payments.

The global business payments industry outside the United States is at varying stages of development. In some countries, walk-in cash payments or payments through a third-party network are widely used, while in other countries electronic payment options, particularly through direct debit, are widely accepted.

Competition

Western Union competes with a diverse set of service providers offering both cash and electronic-based payment solutions and business-to-business payment services. Competition in electronic payments and business-to-business payment services include financial institutions (which may offer consumer bill payment or business payment services in their own name or may "host" payment services operated under the names of their clients). Competition for electronic payments also includes businesses offering their own or third-party services to their own customers and third-party providers of all sizes offering services directly to consumers. In many cases, competitors specialize in a small number of industries. Competitors for cash payments include businesses that allow consumers to pay a bill at one of their locations, or at the location of a partner business, as well as mail and courier services. Competitive pressures are impacting this business.

The most significant competitive factors in this segment relate to brand recognition, customer service, trust and reliability, convenience, speed, variety of payment methods, service offerings and price.

For additional details regarding our global business payments segment, see Item 7 of Part II and our historical financial statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K.

Other

Our remaining businesses are grouped in the “Other” category, which primarily includes our money order services.

Effective October 1, 2009 (the “Transition Date”), in accordance with the agreement signed on July 18, 2008, Integrated Payment Systems Inc. (“IPS”), a subsidiary of First Data Corporation (“First Data”), assigned and transferred to us certain operating assets used by IPS to issue Western Union branded money orders and approximately \$860 million of cash sufficient to satisfy all outstanding money order liabilities. On the Transition Date, we assumed IPS’s role as issuer of the money orders, including its obligation to pay outstanding money orders, and terminated the existing agreement whereby IPS paid Western Union a fixed return of 5.5% on the outstanding money order balances. Following the Transition Date, we invested the cash received from IPS in high-quality, investment grade securities, primarily tax exempt United States state and municipal securities, in accordance with applicable regulations, which are the same as those currently governing the investment of our United States originated money transfer principal. Prior to the Transition Date, we had entered into interest rate swaps on certain of our fixed rate notes to reduce our exposure to fluctuations in interest rates. Through a combination of the revenue generated from these investment securities and the anticipated interest expense savings resulting from the interest rate swaps, we estimate that we should be able to retain, subsequent to the Transition Date, a materially comparable after-tax rate of return through 2011 as we were receiving under the agreement with IPS. However, the results of interest expense savings related to the swaps will be reflected in interest expense and will not impact operating income. Subsequent to the Transition Date, all revenue generated from the investment portfolio is being retained by us.

Intellectual Property

The Western Union brand, consisting of trademark registrations in many countries, is material to our Company. The international expansion of our agent network over the past decade has taken the Western Union brand nearly everywhere consumers send and receive money. The loss of the Western Union trademark or a diminution in the perceived quality associated with the name would harm our growth. We offer money transfer services under the Western Union, Orlandi Valuta[®] or VigoSM brands in over 200 countries and territories, and various global business payment services under several brands like Speedpay, Equity Accelerator, Just in Time EFT, Paymap[®], Quick Collect, Convenience Pay, Quick Pay, Quick Cash, Pago Fácil (registered in Argentina), Custom House and other trademarks and service marks also important to our Company.

Our operating results over the past several years have allowed us to invest significantly each year to support our brands. In 2009, we invested approximately \$240 million to market, advertise and promote our brand and services, including costs related to our global “yes!” marketing campaign, which helped drive uniformity of brand image and marketing. Many of our agents have also contributed significant financial resources to assist with marketing our services.

We own patents and patent applications covering various aspects of our processes and services. We have been, are and in the future may be, subject to claims and suits alleging that our technology or business methods infringe patents owned by others, both in and out of the United States. Unfavorable resolution of these claims could require us to change how we deliver services, result in significant financial consequences, or both, which could adversely affect our business, financial position and results of operations.

Risk Management

Our Company has a credit risk management department that evaluates and monitors our agent-related credit and fraud risks. We are exposed to credit risk related to receivable balances from agents in the money transfer, walk-in bill payment and money order settlement process. We also are exposed to credit risk directly from consumer transactions particularly through our online services and electronic global business payment channels, where transactions are originated through means other than cash, and may therefore be subject to “chargebacks,” insufficient funds or other collection impediments, such as fraud. Our credit risk management team performs a credit review before each agent signing and conducts periodic analyses. As a result, our losses associated with bad debts have been less than 1% of our annual revenue in each of the last three fiscal years. However, the recent global economic crisis may increase our losses associated with bad debts.

A key component of the Western Union business model is our ability to manage financial risk associated with conducting transactions worldwide. We settle accounts with the majority of our agents in United States dollars or euros. We utilize foreign currency exchange contracts, primarily forward contracts, to mitigate the risks associated with currency fluctuations and to provide predictability of future cash flows. Limited foreign currency risk arises with respect to the agent settlement process. The foreign currency exchange risk is limited because the majority of money transfer transactions are paid within 24 hours after they are initiated and agent settlements occur within a few days in most instances.

As a result of our acquisition of Custom House, we are now exposed to credit risk relating to derivative financial instruments written by us to our customers. The duration of these derivative contracts is generally nine months or less. To mitigate risk, we perform credit reviews of the customer on an ongoing basis. In addition, we may require certain customers to post collateral based on the fair value of the customer’s contract and their risk profile. As we require the receipt of funds from our customers, in most cases, before releasing the associated cross-currency payment, the credit risk arising from our spot foreign currency exchange contracts is largely mitigated.

To manage our exposures to credit risk with respect to investment securities, money market fund investments 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.

Our financial results may fluctuate due to changes in interest rates. We review our overall exposure to floating and fixed rates by evaluating our net asset or liability position in each, while 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 optimize 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 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.

International Investment

We have accumulated approximately \$2.0 billion of foreign earnings at December 31, 2009, for which no provision has been made for United States federal and state income taxes, as we have reinvested or expect to reinvest these earnings outside the United States indefinitely. We intend to invest these earnings to expand and diversify our global distribution and explore new service offerings. In 2009, we used our foreign earnings to acquire the money transfer business of our largest European-based agent, FEXCO, and also to acquire Custom House, which expanded the service offerings of the global business payments segment to include cross-currency, cross-border business-to-business payments. We continue to look for opportunities for international acquisitions and investments in joint ventures that will complement our existing businesses worldwide. We may also invest in expanding our current service offerings or our international operating sites to drive organic growth. However, if we are unable to utilize these earnings outside of the United States and we repatriate these earnings to the United States in the form of actual or constructive dividends, we would be subject to

United States federal income taxes (subject to an adjustment for foreign tax credits), state income taxes and possible withholding taxes payable to various foreign countries.

Regulation

Our business is subject to a wide range of laws and regulations enacted by the United States federal government, each of the states, many localities and other countries. These include financial services regulations, consumer disclosure and consumer protection laws, currency control regulations, money transfer and payment instrument licensing regulations, payment service laws, rules, laws and regulations applicable to credit cards and electronic payments including those governing foreign exchange hedging services and the sale of spot and forward currency contracts, escheat laws and laws covering consumer privacy, data protection and information security. Our services also are subject to an increasingly strict set of legal and regulatory requirements intended to help detect and prevent money laundering, terrorist financing and other illicit activity. Failure to comply with any of these requirements—by either Western Union or its agents or subagents (who are third parties, over whom Western Union has limited legal and practical control)—could result in the suspension or revocation of a license or registration required to provide money transfer services and/or payment services or foreign exchange products, the limitation, suspension or termination of services, the seizure of our assets, and/or the imposition of civil and criminal penalties, including fines and restrictions on our ability to offer services.

We have developed and continue to enhance global compliance programs, consisting of an anti-money laundering program comprised of policies, procedures, systems and internal controls to monitor and to address various legal and regulatory requirements. In addition, we continue to adapt our business practices and strategies to help us comply with current and evolving legal standards and industry practices. These programs include dedicated compliance personnel, training and monitoring programs, suspicious activity reporting, regulatory outreach and education, and support and guidance to our agent network on regulatory compliance. Our money transfer network operates through third-party agents in most countries, and, therefore, our legal and practical ability to control those agents' compliance activities is limited. With the PSD coming into effect, we will become responsible for the compliance of our agents in the EU who are engaged by one of our payments institution subsidiaries. In addition, with the acquisition of Custom House, our regulatory requirements have increased.

Money Transfer and Payment Instrument Licensing and Regulation

In the United States, most states license money transfer services providers. Many states exercise authority over the operations of our money transfer services and, as part of this authority, regularly examine us. Many states require us to invest the proceeds of money transfers in high-quality, investment grade securities, and our use of such investments is restricted to satisfy outstanding settlement obligations. We regularly monitor credit risk and attempt to mitigate our exposure by making high-quality investments in compliance with these regulations. The majority of our investment securities, classified within "settlement assets" in the consolidated balance sheets, most of which relate to state licensing requirements in the United States, had credit ratings of "AA-" or better from a major credit rating agency as of December 31, 2009.

These licensing laws also cover matters such as government approval of controlling shareholders and senior management of our licensed entities, regulatory approval of agent locations, consumer disclosures and the filing of periodic reports by the licensee, and require the licensee to demonstrate and maintain certain net worth levels. Many states also require money transmitters and their agents to comply with federal and/or state anti-money laundering laws and regulations.

Our money transfer and money order services are subject to anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 (collectively, the "BSA") and similar state laws and regulations. The BSA, among other things, requires money transfer companies and the issuers and sellers of money orders, to develop and implement risk-based anti-money laundering programs, report large cash transactions and suspicious activity, and in some cases, to collect and maintain information about consumers who use their services and maintain other transaction records. Many states impose similar

and, in some cases, more stringent requirements. These requirements also apply to our agents. In addition, the United States Department of the Treasury has interpreted the BSA to require money transfer companies to conduct due diligence into and risk-based monitoring of their agents inside and outside the United States.

Economic and trade sanctions programs administered by the United States Department of the Treasury Office of Foreign Assets Control (“OFAC”) prohibit or restrict transactions to or from (or dealings with) certain countries, their governments, and in certain circumstances, their nationals, as well as with specifically-designated individuals and entities such as narcotics traffickers, terrorists and terrorist organizations. We provide very limited consumer-to-consumer services to individuals in Cuba, Syria and Sudan pursuant to and as authorized by advisory opinions of, or licenses granted by, OFAC.

Outside of the United States, our money transfer business is subject to some form of regulation in all of the countries and territories in which we offer those services. These laws and regulations may include limitations on what types of entities may offer money transfer services, limitations on the amount of principal that can be sent into or out of a country, limitations on the number of money transfers that may be sent or received by a consumer and agreements on the rates of exchange between currencies. They may also include laws and regulations intended to help detect and prevent money laundering or terrorist financing. In most countries, our agents are required to obtain licenses or permits to offer money transfer services.

We have developed and continue to enhance global compliance programs to monitor and to address various legal and regulatory requirements. Our money transfer network operates through third-party agents in most countries, and our legal and practical ability to control those agents’ compliance activities is limited. To assist in managing and monitoring money laundering and terrorist financing risks, we have developed and continue to enhance our global compliance programs, consisting of an anti-money laundering compliance program comprised of policies, procedures, systems and internal controls. As of December 31, 2009, we had over 400 employees in a number of our offices around the world dedicated to our global compliance programs. We spent over \$40 million in 2009 on these efforts. In connection with our agreement and settlement with the State of Arizona, we will fund a not-for-profit organization to promote safety and security along the entire United States and Mexico border. This agreement and settlement also resolved all outstanding legal issues and claims with the State. In addition, as part of the agreement and settlement, we expect to make certain investments in our compliance programs along the United States and Mexico border and to engage a monitor of that program, which are expected to cost up to \$23 million over the next two to four years. See also Item 1A, Risk Factors—“Western Union has been the subject of class-action litigation, and remains the subject of other litigation as well as consent agreements with or enforcement actions by regulators” for more information on this agreement and settlement.

Government agencies both inside and outside the United States may impose new or additional rules on money transfers affecting us or our agents, including regulations that:

- prohibit transactions in, to or from certain countries, governments and individuals and entities;
- impose additional identification, reporting or recordkeeping requirements;
- limit the entities capable of providing money transfer services or impose additional licensing or registration requirements;
- impose minimum capital or other financial requirements on us or our agents;
- limit or restrict the revenue which may be generated from money transfers, including transaction fees and revenue derived from foreign exchange;
- require additional disclosures to consumers;
- require the principal amount of money transfers originated in a country to be invested in that country or held in trust until they are paid; or
- limit the number or principal amount of money transfers which may be sent to or from the jurisdiction, whether by an individual, through one agent or in aggregate.

One example of such a rule is the Payment Services Directive which became effective on November 1, 2009. The PSD has changed the payments market in the EU, harmonizing the licensing and certain other

requirements for offering payment services within the EU. Previously, those requirements differed significantly among these countries. The PSD also imposed new rules on payment service providers like Western Union. In particular, the PSD makes us responsible for the compliance of our agents in the EU who are engaged by one of our payments institution subsidiaries. Thus, the risk of adverse regulatory action against us because of the actions of our EU agents and their subagents has increased. Under the PSD, we are now subject to investment safeguarding rules and periodic examinations similar to those we are subject to in the United States. These rules have resulted in increased costs to comply with the new requirements. The PSD could also increase competition in our areas of service.

Escheat Regulations

Our Company is subject to unclaimed or abandoned property (escheat) laws in the United States and abroad. These laws require us to turn over to certain government authorities the property of others held by our Company that has been unclaimed for a specified period of time, such as unpaid money transfers. We hold property subject to escheat laws and we have an ongoing program to comply with the laws. We are subject to audits with regard to our escheatment practices.

Privacy and Information Security Regulations

The collection, transfer, disclosure, use and storage of personal information is required to provide our services. These activities are subject to information security standards, data privacy, data breach and related laws and regulations in the United States and other countries. In the United States, data privacy and data breach laws such as the federal Gramm-Leach-Bliley Act and various state laws apply directly to a broad range of financial institutions including money transmitters like Western Union, and indirectly to companies that provide services to those institutions. Many state laws require us to provide notification to affected individuals, state officers and consumer reporting agencies in the event of a security breach of computer databases or physical documents that contain certain types of non-public personal information and present a risk for unauthorized use.

The collection, transfer, disclosure, use and storage of personal information required to provide our services is subject to data privacy laws outside of the United States, such as laws adopted pursuant to the EU's 95/46 EC Directive of the European Parliament (the "Data Protection Directive"), Canada's Personal Information Protection and Electronic Documents Act, individual European national laws and data privacy laws of other provinces or countries. In some cases, the laws of a country may be more restrictive than the Gramm-Leach-Bliley Act or the laws developed to comply with the Data Protection Directive may impose additional duties on companies. Each of these laws may restrict the collection, transfer, processing, storage, use and disclosure of sensitive personal information, require notice to individuals of privacy practices and may give individuals certain rights to prevent the use or disclosure of personal information for secondary purposes such as marketing.

These regulations, laws and industry standards also impose requirements for safeguarding personal information through the issuance of internal data security standards, controls or guidelines.

In connection with regulatory requirements to assist in the prevention of money laundering and terrorist financing and pursuant to legal obligations and authorizations, Western Union makes information available to certain United States federal and state, as well as certain foreign government agencies when required by law. In recent years, these agencies have increased their requests for such information from Western Union and other companies (both financial service providers and others), particularly in connection with efforts to prevent terrorist financing or identity theft. During the same period, there has also been increased public attention regarding the corporate use and disclosure of personal information, accompanied by legislation and regulations intended to strengthen data protection, information security and consumer privacy. These regulatory goals—the prevention of money laundering, terrorist financing and identity theft and the protection of the individual's right to privacy—may create a conflict, and the law in these areas is not consistent or settled. While we believe that Western Union is compliant with its regulatory responsibilities, the legal, political and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court

rulings or other events could expose Western Union to increased program costs, liability and reputational damage.

Banking Regulation

Western Union International Bank operates under a banking license granted by the Austrian Financial Market Authority (“FMA”), allowing the bank to offer a range of financial services in the 27 member states of the EU and the 3 additional states of the European Economic Area. The banking license subjects our bank to the Austrian Banking Act regulation by the FMA and the Austrian National Bank. The bank also is subject to regulation, examination and supervision by the New York State Banking Department (the “Banking Department”), which has regulatory authority over our subsidiary that holds all interest in the bank, a limited liability investment company organized under Article XII of the New York Banking Law. An Agreement of Supervision with the Banking Department imposes various regulatory requirements including operational limitations, capital requirements, affiliate transaction limitations, and notice and reporting requirements. Banking Department approval is required under the New York Banking Law and the Agreement of Supervision prior to any change in control of the Article XII investment company.

Since Western Union International Bank does not operate any banking offices in the United States and does not conduct business in the United States except as may be incidental to its activities outside the United States, our Company’s affiliation with Western Union International Bank does not cause it to be subject to the provisions of the Bank Holding Company Act.

In Brazil, we have submitted applications to the Central Bank of Brazil for commercial bank and exchange broker licenses. Such licenses will enable us to engage in financial services which we are unable to provide today, including domestic money transfer and bill payments.

Other

Some of our services are subject to card association rules and regulations. For example, an independent standards-setting organization, the Payment Card Industry (“PCI”) Security Standards Council (including American Express, Discover Financial Services, JCB International, MasterCard Worldwide and Visa Inc. International) developed a set of comprehensive requirements concerning payment card account security through the transaction process, called the Payment Card Industry Data Security Standard (“PCI DSS”). All merchants and service providers that store, process and transmit payment card data are required to comply with PCI DSS as a condition to accepting credit cards. We are subject to annual reviews to ensure compliance with PCI regulations worldwide and are subject to fines if we are found to be non-compliant.

Stored-value services offered by Western Union prepaid services are subject to federal and state laws and regulations related to consumer protection, licensing, escheat and money laundering. These laws are evolving, unclear and sometimes inconsistent, and the extent to which these laws apply to Western Union or its consumers is in a state of change. We are unable to determine the impact that the clarification of these laws and their future interpretations may have on these services.

Employees and Labor

As of January 31, 2010, our businesses employed approximately 6,800 employees. Our United States based employees are no longer represented by any unions or collective bargaining agreements.

Available Information

The Western Union Company is a Delaware corporation and its principal executive offices are located at 12500 East Belford Avenue, Englewood, CO, 80112, telephone (866) 405-5012. The Company’s Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge through the “Financial Information” portion of the Company’s web site, www.westernunion.com, as soon as reasonably practical after they are filed with the Securities and Exchange Commission, or the “SEC.” The SEC maintains a web site, www.sec.gov, which contains reports, proxy and information statements, and other information filed electronically with the SEC by the Company.

Executive Officers of the Registrant

As of February 26, 2010, our executives consist of the individuals listed below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Christina A. Gold	62	President, Chief Executive Officer and Director
Guy A. Battista	61	Executive Vice President and President of Western Union Financial Services, Inc.
Ranjana Clark	49	President, Global Business Payments and Executive Vice President, Head of Global Strategy
Hikmet Ersek	49	Chief Operating Officer
Gail Galuppo	46	Executive Vice President and Chief Marketing Officer
Robin Heller	44	Executive Vice President, Operations and IT
Anne McCarthy	50	Executive Vice President of Communications and Corporate Affairs
Scott Scheirman	47	Executive Vice President and Chief Financial Officer
David Schlapbach	51	Executive Vice President, General Counsel and Secretary
Stewart Stockdale	48	President, The Americas and Executive Vice President, Global Cards and Global Key Accounts
Grover Wray	49	Executive Vice President of Human Resources

Christina A. Gold is our President, Chief Executive Officer and one of our directors. Prior to taking these positions in September 2006, she was a Senior Executive Vice President of First Data and President of Western Union since May 2002. From October 1999 to May 2002, she was Chairman, President and Chief Executive Officer of Excel Communications, Inc. Ms. Gold served as President and Chief Executive Officer of The Beaconsfield Group from March 1998 to October 1999. In 1970, she joined Avon Products, Inc., serving as President of Avon Canada from 1989 to 1993, President of Avon North America from 1993 to 1997 and Executive Vice President of Global Development from 1997 to 1998. Ms. Gold is a Director of ITT Corporation and New York Life Insurance Company.

Guy A. Battista is our Executive Vice President and President of Western Union Financial Services, Inc. Prior to taking this position in September 2006, he was an Executive Vice President and Chief Information Officer of First Data since March 2001. Mr. Battista joined First Data in 1990.

Ranjana Clark is our President, Global Business Payments and Executive Vice President, Head of Global Strategy. Prior to joining Western Union in March 2009, she led the Wholesale Customer Experience Group at Wells Fargo & Company from January 2009. From April 2007 to December 2008, she served as Chief Marketing Officer of Wachovia Corporation. Prior to that time, from January 2001 to April 2007, she led the Treasury Services Division of Wachovia Corporation.

Hikmet Ersek is our Chief Operating Officer. Prior to taking this position in January 2010, Mr. Ersek served as the Company’s Executive Vice President and Managing Director, Europe, Middle East, Africa and Asia Pacific Region from December 2008. From September 2006 to December 2008, Mr. Ersek served as the Company’s Executive Vice President and Managing Director, Europe/Middle East/Africa/South Asia. Prior to September 2006, Mr. Ersek held various positions of increasing responsibility with Western Union. Prior to joining Western Union in September 1999, Mr. Ersek was with GE Capital specializing in European payment systems and consumer finance.

Gail Galuppo is our Executive Vice President and Chief Marketing Officer. Prior to joining Western Union in September 2007, Ms. Galuppo was the Chief Marketing and Customer Officer of Standard Chartered Bank from August 2006, and the Global Head of Credit Cards of Standard Chartered Bank from September 2005 to August 2006. From April 2001 to August 2005, Ms. Galuppo led brand management, promotional retail marketing and product category strategy for Sears, Roebuck and Company, most recently serving as its Vice President, Brand and Category Strategy.

Robin Heller is our Executive Vice President, Operations and IT. Prior to taking this position in September 2006, she was Senior Vice President, Global Operations for First Data since November 2004. From

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July 2003 to November 2004, Ms. Heller served in a similar capacity with Western Union. Prior to that time, she was Senior Vice President, Sales, Marketing and Operations for Western Union Commercial Services from July 2002 until June 2003 and Senior Vice President, Operations and Client Management for IPS, a First Data subsidiary, from July 2000 until June 2002. Ms. Heller joined First Data in 1988.

Anne McCarthy is our Executive Vice President of Communications and Corporate Affairs. Prior to joining Western Union in March 2007, Ms. McCarthy was the Senior Vice President of Global Communications of SAP A.G. starting in August 2003. She served as Vice President of Communications for the DuPont Company from April 2002 until July 2003.

Scott Scheirman is our Executive Vice President and Chief Financial Officer. Prior to taking this position in September 2006, Mr. Scheirman held a variety of positions with First Data, including Senior Vice President and Chief Financial Officer for Western Union from 1999 to September 2006. Prior to joining First Data in 1992, Mr. Scheirman was with Ernst & Young LLP.

David Schlapbach is our Executive Vice President, General Counsel and Secretary. Prior to taking these positions in September 2006, Mr. Schlapbach held a variety of positions at First Data since joining it in 1996, including Deputy General Counsel—International, with responsibility for First Data's legal matters outside the United States. In this capacity, he worked in First Data's Paris office for four years, returning in 2004 to become General Counsel for Western Union. Prior to joining First Data, Mr. Schlapbach was an attorney at the law firm of Blackwell Sanders Peper Martin LLP in St. Louis, Missouri. Mr. Schlapbach also serves as the Chairman of the Board of the Western Union Foundation.

Stewart A. Stockdale is our President, The Americas and Executive Vice President, Global Cards and Global Key Accounts. Prior to taking this position in January 2010, Mr. Stockdale served as our Executive Vice President and President, The Americas from November 2008. From June 2008 to November 2008, Mr. Stockdale served as Executive Vice President and President, United States and Canada, with Western Union. Prior to joining Western Union in June 2008, Mr. Stockdale served as the President of Simon Brand Ventures and as Chief Marketing Officer of Simon Property Group since 2002.

Grover Wray is our Executive Vice President of Human Resources. Prior to taking this position in September 2006, Mr. Wray joined First Data as Senior Vice President, Human Resources for Western Union in October 2005. Prior to joining Western Union, from January 2004 to September 2005, Mr. Wray was Vice President, Leadership and Professional Development and Staffing, for Janus Capital Group. Previously, Mr. Wray served as Chief Human Resource Officer, North America for Heidrick & Struggles from 2003 to 2004. From 1988 to 2003, he held increasingly responsible senior management roles at Arthur Andersen LLP, culminating in the role of Managing Partner of Human Resources in North America.

ITEM 1A. RISK FACTORS

There are many factors that affect our business, financial position and results of operations, some of which are beyond our control. These risks include, but are not limited to, the risks described below. You should carefully consider all of these risks.

Risks Relating to Our Business and Industry

Interruptions in migration patterns, including as a result of economic conditions, could adversely affect our business, financial condition and results of operations.

Our money transfer business relies in large part on migration, which brings workers to countries with greater economic opportunities than those available in their native countries. A significant portion of money transfers are sent by international migrants. Migration is affected by (among other factors) overall economic conditions, the availability of job opportunities, changes in immigration laws, and political or other events (such as war, terrorism or health emergencies) that would make it more difficult for workers to migrate or work abroad. Changes to these factors could adversely affect our remittance volume and could have an adverse effect on our business, financial position and results of operations.

Many of our consumers work in industries that may be impacted by deteriorating economic conditions more quickly or significantly than other industries. Reduced job opportunities, especially in construction, manufacturing, hospitality, agriculture and retail, or overall weakness in the world's economies, such as that currently being experienced, could adversely affect the number of money transfer transactions, the principal amounts transferred and correspondingly our results of operations. If general market softness in the economies of countries important to migrant workers continues, our results of operations could be adversely impacted. Additionally, if our consumer transactions decline, if the amount of money that consumers send per transaction declines, or if migration patterns shift due to weak or deteriorating economic conditions, our results of operations may be adversely affected.

Our ability to adopt technology in response to changing industry and consumer needs or trends poses a challenge to our business.

Our ability to compete in the markets we serve may be threatened by change, including changes in technology, changes with respect to consumer needs, competition and industry standards. We actively seek solutions that respond in a timely manner to new technology-based money transfer services such as internet, land and mobile phone-based money transfer services and prepaid, stored-value and other card-based money transfer services. Failure to respond well to these challenges could adversely impact our business, financial position and results of operations. Further, even if the company responds well to these challenges, the business and financial models offered by many of these alternatives, more technology-reliant means of money transfer may be materially less advantageous to us than the model offered by our traditional cash/agent model.

Our business is subject to a wide range of laws and regulations, especially laws designed to prevent money laundering and terrorist financing. Failure by us, our agents or subagents to comply with those laws and regulations could have an adverse effect on our business, financial position and results of operations.

As described under Item 1 of Part I, our business is subject to a wide range of laws and regulations. These include financial services regulations, consumer disclosure and consumer protection laws, currency control regulations, money transfer and payment instrument licensing regulations, escheat laws and laws covering consumer privacy, data protection and information security. Proposed legislation relating to financial services providers and consumer protection in various jurisdictions around the world may also affect the manner in which we provide our services.

In the United States, several bills pending in the Senate and House of Representatives could change the way that financial services companies are regulated, managed and able to present their products and services to consumers. It remains unclear how these various proposals will be reconciled and enacted, and how a final version would affect our business. However, most of the proposals have in common the creation of a new

Consumer Financial Protection Agency. These proposals would also give both consumers and government agencies new rights to challenge the financial services provided and would change the way financial services are presented and sold. These rights could include, for example, enhanced disclosure of foreign exchange calculations to remittance senders. Such changes could be costly for us to implement and oversee, and could expose us to increased regulatory oversight and/or litigation.

Our services also are subject to an increasingly strict set of legal and regulatory requirements intended to help detect and prevent money laundering, terrorist financing and other illicit activity. The interpretation of those requirements by judges, regulatory bodies and enforcement agencies is changing, often quickly and with little notice. Economic and trade sanctions programs that are administered by the U.S. Treasury Department's Office of Foreign Assets Control prohibit or restrict transactions to or from or dealings with specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are specially-designated nationals of those countries, narcotics traffickers, and terrorists or terrorist organizations. As U.S. federal and state as well as foreign legislative and regulatory scrutiny and enforcement action in these areas increase, we expect that our costs of complying with these requirements will increase, perhaps substantially. Failure to comply with any of these requirements—by us or by our agents and their subagents (who are third parties over whom we have limited legal and practical control) could result in the suspension or revocation of a license or registration required to provide money transfer services, the limitation, suspension or termination of services, the seizure and/or forfeiture of our assets and/or the imposition of civil and criminal penalties, including fines. In addition to those direct costs, a failure by us or by our agents and their subagents to comply with applicable laws and regulations also could seriously damage our reputation and brands, and result in diminished revenue and profit and increased operating costs.

In connection with regulatory requirements to assist in the prevention of money laundering and terrorist financing and pursuant to legal obligations and authorizations, we make information available to certain United States federal and state, as well as certain foreign government agencies when required by law. In recent years, these agencies have increased their requests for such information from us and other companies (both financial service providers and others), particularly in connection with efforts to prevent terrorist financing. During the same period, there has also been increased public attention regarding the corporate use and disclosure of personal information, accompanied by legislation and regulations intended to strengthen data protection, information security and consumer privacy. These regulatory goals—the prevention of money laundering, terrorist financing and identity theft and the protection of the individual's right to privacy—may conflict, and the law in these areas is not consistent or settled. While we believe that we are compliant with our regulatory responsibilities, the legal, political and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court rulings or other events could expose us to increased program costs, liability and reputational damage.

Changes in the regulatory environment may also impact the manner in which we may operate our business or may change the competitive landscape. Proposed legislation related to financial services providers and consumer protection in various jurisdictions around the world and at the federal and state level in the United States may subject us to additional regulatory oversight, mandate additional consumer disclosures, mandate additional taxes or fees to be imposed upon consumers, or otherwise impact the manner in which we provide our services. One example of such a change is the Payment Services Directive ("PSD") which became effective on November 1, 2009. The PSD has changed the payments market in the European Union ("EU"), harmonizing the licensing and certain other requirements for offering payment and other financial services, including remittances within the EU. Previously, those requirements differed significantly among these countries. The PSD also imposed new rules on payment service providers like Western Union. In particular, with the PSD coming into effect, Western Union will become responsible for the compliance of its agents in the EU who are engaged by one of our payments institution subsidiaries. Thus, the risk of adverse regulatory action against Western Union because of actions by its EU agents and their subagents has increased. These changes could result in increased costs to comply with the new requirements, or in the event we or our agents are unable to comply, could have an adverse impact on our business, financial position and results of operations. The PSD could also increase competition in some or all of our areas of service. Additional countries are likely to adopt legislation similar to the PSD.

Our fees and/or foreign exchange spreads may be reduced or limited because of regulatory initiatives or proceedings that are either industry wide or specifically targeted at our company. For example, initiatives both in the United States and at G-8 summit meetings have focused on lowering international remittance costs. These initiatives may have an adverse impact on our business, financial position and results of operations.

Recently, one state passed a law imposing a fee on certain money transfer transactions. We are working with legislators in that state to clarify the application of the fee. Although there is generally no sales tax on money transfer services elsewhere in the United States, the current budget shortfalls in many jurisdictions may lead other states or localities to impose similar taxes or fees. A tax or fee on money transfer services like Western Union could put us at a competitive disadvantage to other means of remittance which are not subject to the same taxes or fees.

We are subject to regulations imposed by the Foreign Corrupt Practices Act (the “FCPA”) in the United States and similar laws in other countries, which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Because our services are offered in virtually every country of the world, we face a higher risk associated with FCPA compliance than many other companies. Any determination that we have violated these laws could have an adverse effect on our business, financial position and results of operations.

We are subject to unclaimed or abandoned property (escheat) laws in the United States and abroad which require us to turn over to certain government authorities the property of others held by us that has been unclaimed for a specified period of time, such as unpaid money transfers. We hold property subject to escheat laws and we have an ongoing program to comply with those laws. In addition, we are subject to audits with regard to our escheatment practices. Any difference between the amounts we have accrued for unclaimed property and amounts that are claimed by a state or foreign jurisdiction could have a significant impact on our results of operations and cash flows. See “—Escheat Regulations” for further discussion.

Our business is subject to various United States federal, state and local laws and regulations, as well as laws and regulations outside the United States. Our United States business is subject to reporting, recordkeeping and anti-money laundering provisions of the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, and to regulatory oversight and enforcement by the United States Department of the Treasury Financial Crimes Enforcement Network, or “FinCEN.” In addition, as a money transmitter, we are subject to licensing, regulation and examination by almost all the states and the District of Columbia. With the advent of the EU Payment Services Directive we have become directly subject to reporting, recordkeeping and anti-money laundering regulations in the EU. Our business in the EU is now subject to licensing, regulation and examination by our regulators in Ireland and the United Kingdom. If additional countries adopt money transfer legislation similar to the PSD, we could become subject to licensing, regulation and examination in those locations, as well.

Current difficult conditions in the global financial markets, the global economic crisis and continued financial market disruptions could adversely affect our business, financial condition and results of operations.

The global capital and credit markets have been experiencing unprecedented volatility and disruption and we face certain risks in the event that such events reoccur, including:

- Our agents or other business relationships having reduced sales or business as a result of a deterioration in economic conditions. As a result, our agents could reduce their numbers of locations or hours of operation, or cease doing business altogether. Businesses using our services may make fewer cross-currency payments or may have fewer customers making payments to them through us, particularly businesses in those industries that may be more affected by an economic downturn such as the automobile, mortgage and financial services industries.
- Our revolving credit facility with a consortium of banks is one source for funding liquidity needs and also backs our commercial paper program. If any of the banks participating in our credit facility fails

to fulfill its lending commitment to us, our short-term liquidity and ability to support borrowings under our commercial paper program could be adversely affected.

- We may be unable to refinance our existing indebtedness as it becomes due or we may have to refinance on unfavorable terms, which could require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions, share repurchases and other purposes.
- The market value of the securities in our investment portfolio may substantially decline. The impact of that decline in value may adversely affect our results of operations and financial condition.
- The derivative financial instruments that we use reduce our exposure to various market risks including changes in interest rates and foreign exchange rates. Our counterparties to our derivative instruments may fail to honor their obligations, which could expose us to risks we had sought to mitigate. That failure could have an adverse effect on our financial condition and results of operations.
- We aggregate our foreign exchange exposures in our Custom House business, including the exposure generated by the derivative contracts we write to our customers as part of our cross-currency payments business, and typically hedges the net exposure through offsetting contracts with established financial institution counterparties. If our customers fail to honor their obligations or if the counterparties to our offsetting positions fail to honor their obligations, our business, financial position and results of operations could be adversely affected.
- Our exposure to receivables from our agents, consumers and businesses could impact us. For more information on this risk, see risk factor, *“We face credit, liquidity and fraud risks from our agents, consumers and businesses that could adversely affect our business, financial position and results of operations.”*
- The third-party service providers on whom we depend may experience difficulties in their businesses, which may impair their ability to provide services to us and have a potential impact on our own business. The impact of a change or temporary stoppage of services may have an adverse effect on our business, results of operations and financial condition.
- Banks upon which we rely to conduct our businesses could fail. This could lead to our inability to access funds and/or credit losses for us and could adversely impact our ability to conduct our business.
- If market disruption and volatility occurs, we could experience difficulty in accessing capital and our business, financial condition and results of operations could be adversely impacted.

Risks associated with operations outside the United States and foreign currencies could adversely affect our business, financial position and results of operations.

An increasing portion of our revenue is generated in currencies other than the United States dollar. As a result, we are subject to risks associated with changes in the value of our revenues denominated in foreign currency. We also recently acquired Canada-based Custom House which provides currency conversion and foreign exchange hedging services to its customers. In order to mitigate these risks, we enter into derivative contracts. However, these contracts do not eliminate all of the risks related to fluctuating foreign currency rates.

With the acquisition of Custom House in the third quarter of 2009, our foreign exchange risk and associated foreign exchange risk management has increased due to the nature of this business. The significant majority of Custom House’s revenue is from exchanges of currency at the spot rate enabling customers to make cross-currency payments. This business also writes foreign currency forward and option contracts for our customers. The duration of these derivatives contracts is generally nine months or less. Custom House 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. If we are unable to obtain offsetting positions, our business, financial position and results of operations could be adversely affected.

A significant portion of our revenue is generated outside of the United States and much of the cash and cash equivalents from this business are held by our foreign entities. Repatriating these funds to the United States would, in many cases, result in significant tax obligations because most of these funds have been taxed at foreign tax rates that are relatively low compared to our combined federal and state tax rates in the United States. If repatriation of these funds is required or if a change in legislation requires a different tax treatment, that could have an adverse impact on our business, financial position and results of operations.

Money transfers and payments to, from or within or between countries may be limited or prohibited by law. At times in the past, we have been required to cease operations in particular countries due to political uncertainties or government restrictions imposed by foreign governments or the United States. Occasionally agents have been required by their regulators to cease offering our services. Additionally, economic or political instability or natural disasters may make money transfers to, from or within a particular country difficult, such as when banks are closed, when currency devaluation makes exchange rates difficult to manage or when natural disasters or civil unrest makes access to agent locations unsafe. These risks could negatively impact our ability to make payments to or receive payments from international agents or our ability to recoup funds that have been advanced to international agents and could adversely affect our business, financial position and results of operations. In addition, the general state of telecommunications and infrastructure in some lesser developed countries, including countries where we have a large number of transactions, creates operational risks for us and our agents that generally are not present in our operations in the United States and other more developed countries.

Many of our agents outside the United States are post offices, which are usually owned and operated by national governments. These governments may decide to change the terms under which they allow post offices to offer remittances and other financial services. For example, governments may decide to separate financial service operations from postal operations, or mandate the creation or privatization of a “post bank” or they may require multiple service providers in their network. These changes could have an adverse effect on our ability to distribute, offer or price our services in countries that are material to our business.

Changes in tax laws and unfavorable resolution of tax contingencies could adversely affect our tax expense.

Our future effective tax rates could be adversely affected by changes in tax laws, both domestically and internationally. From time to time, the United States Congress and foreign, state and local governments consider legislation that could increase our effective tax rates. Recent proposed changes to the United States tax laws, if enacted, could potentially adversely affect our future effective tax rate. The proposed changes include limiting tax deductions for interest related to unrepatriated foreign-source income and modifications to the United States foreign tax credit. We cannot determine whether, or in what form, legislation implementing the proposals will ultimately be enacted. If these or other changes to applicable tax laws are enacted, our results of operations could be negatively impacted.

Our tax returns and positions are subject to review and audit by federal, state, local and international taxing authorities. An unfavorable outcome to a tax audit could result in higher tax expense, thereby negatively impacting our results of operations. We have established contingency reserves for material, known tax exposures, including potential tax audit adjustments with respect to our international operations which were restructured in 2003, whereby our income from certain foreign-to-foreign money transfer transactions has been taxed at relatively low foreign tax rates compared to our combined federal and state tax rates in the United States. As of December 31, 2009, the total amount of unrecognized tax benefits is a liability of \$522.7 million, including accrued interest and penalties. Our reserves reflect our judgment as to the resolution of the issues involved if subject to judicial review. 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, and such resolution could have a material affect on our effective tax rate, financial position, results of operations and cash flows in the current period and/or future periods. With respect to these reserves, our income tax expense would include

(i) any changes in tax reserves arising from material changes during the period in the facts and circumstances (i.e. new information) surrounding a tax issue, 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 our consolidated financial statements in future periods and could impact our operating cash flows.

The Internal Revenue Service ("IRS") completed its examination of the United States federal consolidated income tax returns of First Data Corporation ("First Data") for 2003 and 2004, of which Western Union was a part, and issued a Notice of Deficiency in December 2008. The Notice of Deficiency alleges significant additional taxes, interest and penalties owed with respect to a variety of adjustments involving us and our subsidiaries, and we generally have responsibility for taxes associated with these potential Company-related adjustments under the tax allocation agreement with First Data executed at the time of the Spin-off. We agree with a number of the adjustments in the Notice of Deficiency; however, we do not agree with the Notice of Deficiency regarding several substantial adjustments representing total alleged additional tax and penalties due of approximately \$114 million. As of December 31, 2009, interest on the alleged amounts due for unagreed adjustments would be approximately \$30 million. A substantial part of the alleged amounts due for these unagreed adjustments relates to our international restructuring, which took effect in the fourth quarter 2003, and, accordingly, the alleged amounts due related to such restructuring largely are attributable to 2004. On March 20, 2009, we filed a petition in the United States Tax Court contesting those adjustments with which we do not agree. We believe our overall reserves are adequate, including those associated with the adjustments alleged in the Notice of Deficiency. If the IRS' position in the Notice of Deficiency is sustained, our tax provision related to 2003 and later years would materially increase, which could materially impact our financial position, results of operations and cash flows. See Note 10 to our consolidated financial statements for a further discussion of this matter.

Acquisitions and integration of new businesses create risks and may affect operating results.

We occasionally acquire businesses both inside and outside the United States. The acquisition and integration of businesses involve a number of risks. The core risks involve valuation (negotiating a fair price for the business based on inherently limited due diligence) and integration (managing the complex process of integrating the acquired company's people, products and services, technology and other assets in an effort to realize the projected value of the acquired company and the projected synergies of the acquisition). In addition, the need in some cases to improve regulatory compliance standards is another risk associated with acquiring companies. International acquisitions often involve additional or increased risks including, for example:

- managing geographically separated organizations, systems and facilities;
- integrating personnel with diverse business backgrounds and organizational cultures;
- integrating the acquired technologies into our company;
- realization of anticipated financial benefits from these acquisitions and where necessary, improving internal controls of these acquired businesses;
- complying with regulatory requirements;
- fluctuations in currency exchange rates;
- enforcement of intellectual property rights in some foreign countries;
- difficulty entering new markets with the services of the acquired business; and
- general economic and political conditions, including legal and other barriers to cross-border investment in general, or by United States companies in particular.

Integrating operations could cause an interruption of, or divert resources from, one or more of our businesses and could result in the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with an acquisition and the integration of the acquired

company's operations could have an adverse effect on our business, financial position and results of operations.

As of December 31, 2009, we had \$2,143.4 million of goodwill comprising approximately 29% of our total assets. An impairment review of goodwill is conducted at least once a year and more frequently if events or changes in circumstances indicate that the carrying value of the goodwill may not be recoverable. If we are unsuccessful in integrating the businesses we have acquired or acquire in the future, or if these acquired businesses experience declines in operating income or cash flows, adverse changes in the business climate, or if we are unable to successfully execute our strategy for these businesses, we may be required to write down the goodwill on our balance sheet associated with these acquisitions, which could have an impact on our financial position and results of operations in future periods.

Our consolidated balance sheet may not contain sufficient amounts or types of regulatory capital to meet the changing requirements of our various regulators worldwide, which could adversely affect our business, financial position and results of operations.

We have substantial indebtedness as of December 31, 2009. Our regulators expect us to possess sufficient financial soundness and strength to adequately support our regulated subsidiaries. In addition, although we are not a bank holding company for purposes of United States law or the law of any other jurisdiction, as a global provider of payments services and in light of the changing regulatory environment in various jurisdictions, we could become subject to new capital requirements introduced or imposed by our regulators that could require us to issue securities that would qualify as Tier 1 regulatory capital under the Basel Committee accords or retain earnings over a period of time. Any of these requirements could adversely affect our business, financial position and results of operations.

If we are unable to maintain our agent, subagent or global business payments networks under terms consistent with those currently in place, or if our agents or subagents fail to comply with Western Union business and technology standards and contract requirements or applicable laws and regulations, our business, financial position and results of operations would be adversely affected.

Most of our consumer-to-consumer revenue is derived through our agent network. In addition, our international agents may have subagent relationships in which we are not directly involved. Transaction volumes at existing agent and subagent locations often increase over time and new agents and subagents provide us with additional revenue. If agents or subagents decide to leave our network, if we are unable to sign new agents or maintain our agent network under terms consistent with those currently in place, or if our agents are unable to maintain relationships with or sign new subagents, our revenue and profit growth rates may be adversely affected. Agent attrition might occur for a number of reasons, including a competitor engaging an agent or an agent's dissatisfaction with its relationship with us or the revenue derived from that relationship. In addition, agents may generate fewer transactions or less revenue for various reasons, including increased competition or changes in the economy. Because an agent is a third party that engages in a variety of activities in addition to providing our services, it may encounter business difficulties unrelated to its provision of our services, which could cause the agent to reduce its number of locations, hours of operation, or cease doing business altogether.

We rely on our agents' information systems and/or processes to obtain transaction data. If an agent or subagent loses information, if there is a significant disruption to the information systems of an agent or subagent, or if an agent or subagent does not maintain the appropriate controls over their systems, we may experience reputational harm which could result in losses to the Company.

The types of enterprises that are legally authorized to act as our agents vary significantly from one country to another. Changes in the laws affecting the kinds of entities that are permitted to act as money transfer agents (such as changes in requirements for capitalization or ownership) could adversely affect our ability to distribute our services and the cost of providing such services, both by us and our agents. For example, a requirement that a money transfer provider be a bank or other highly regulated financial entity could increase significantly the cost of providing our services in many countries where that requirement does

not exist today or could prevent us from offering our services in an affected country. Further, any changes in law that would require us to provide directly the money transfer services to consumers as opposed to through an agent network—effectively changing our business model—could significantly adversely impact our ability to provide our services, and/or the cost of our services, in the relevant jurisdiction. Changes mandated by laws such as the EU Payment Services Directive, which make Western Union responsible for any acts of its agents while they are providing the Western Union money transfer service, increase our risk of regulatory liability and our costs for monitoring our agents' performance.

Our agents are subject to a variety of regulatory requirements, which differ from jurisdiction to jurisdiction and are subject to change. A material change in the regulatory requirements necessary to offer money transfer services in a jurisdiction important to our business could mean increased costs and/or operational demands on our agents, which could result in the attrition of agents and subagents, a decrease in the number of locations at which money transfer services are offered and other negative consequences. The regulatory status of our agents could affect their ability to offer our services. For example, our agents in the United States are considered Money Service Businesses, or "MSBs," under the Bank Secrecy Act. An increasing number of banks view MSBs, as a class, as higher risk customers for purposes of their anti-money laundering programs. Furthermore, some of our agents have had difficulty establishing banking relationships due to the banks' credit policies. If a significant number of agents are unable to maintain existing or establish new banking relationships, they may not be able to continue to offer our services.

Although most of our Orlandi Valuta and Vigo branded agents are not exclusive, most of our Western Union branded agents have offered our services on an exclusive basis—that is, they have agreed by contract not to provide any non-Western Union branded money transfer services. While we expect to continue signing agents under exclusive arrangements and believe that these agreements generally are valid and enforceable, changes in laws regulating competition or in the interpretation of those laws could undermine our ability to enforce them in the future. Recently, several countries in the Commonwealth of Independent States, Africa and South Asia have promulgated laws or regulations that effectively prohibit payment service providers, such as money transfer companies, from agreeing to exclusive arrangements with agents in those countries. Certain institutions, non-governmental organizations (NGOs) and others are actively advocating against exclusive arrangements in money transfer agent agreements. Advocates for laws prohibiting or limiting exclusivity continue to push for enactment of similar laws in other jurisdictions. The inability to enter into exclusive arrangements or to enforce our exclusivity rights under our contracts could adversely affect our operations and revenue by, for example, allowing competitors to benefit from the goodwill associated with the Western Union brand at our agent locations.

We have relationships with more than 6,300 businesses to which our consumers can make payments. These relationships are a core component of our global business payments services, and we derive a substantial portion of our global business payments revenue through these relationships. If we are unable to sign new relationships or maintain our current relationships under terms consistent with those currently in place, our revenue and profit growth rates may be adversely affected.

If consumers' confidence in our business or in traditional money transfer providers generally deteriorates, our business, financial position and results of operations could be adversely affected.

Our business is built on consumers' confidence in our brands and our ability to provide fast, reliable money transfer services. Erosion in consumers' confidence in our business, or in traditional money transfer providers as a means to transfer money, could adversely impact transaction volumes which would in turn adversely impact our business, financial position and results of operations.

A number of factors could adversely affect consumers' confidence in our business, or in traditional money transfer providers generally, many of which are beyond our control, and could have an adverse impact on our results of operations. These factors include:

- changes or proposed changes in laws or regulations that have the effect of making it more difficult for consumers to transfer money using traditional money transfer providers;

- actions by federal, state or foreign regulators that interfere with our ability to transfer consumers' money reliably, for example, attempts to seize money transfer funds;
- federal, state or foreign legal requirements, including those that require us to provide consumer data to a greater extent than is currently required;
- any significant interruption in our systems, including by fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, unauthorized entry and computer viruses; and
- any breach of our security policies or legal requirements resulting in a compromise of consumer data.

Many of our money transfer consumers are migrants. Consumer advocacy groups or governmental agencies could consider the migrants to be disadvantaged and entitled to protection, enhanced consumer disclosure, or other different treatment. If governments implement new laws or regulations that limit our right to set fees and/or foreign exchange spreads, or if consumer advocacy groups are able to generate widespread support for positions that are detrimental to our business, then our business, financial position and results of operations could be adversely affected. For example, Pakistan has recently started to subsidize certain remittances into the country from Pakistanis working abroad. Remittance companies accepting the subsidy would be prohibited from charging fees to the sender or receiver. While the geographical extent and other details are being determined, it is an example of governmental intervention in our industry.

We face credit, liquidity and fraud risks from our agents, consumers and businesses that could adversely affect our business, financial position and results of operations.

The vast majority of our global funds transfer business is conducted through third-party agents that provide our services to consumers at their retail locations. These agents sell our services, collect funds from consumers and are required to pay the proceeds from these transactions to us. As a result, we have credit exposure to our agents. In some countries, our agent networks include superagents that establish subagent relationships; these agents must collect funds from their subagents in order to pay us. We are not insured against credit losses, except in certain circumstances related to agent theft or fraud. If an agent becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to pay money order, money transfer or payment services proceeds to us, we must nonetheless pay the money order, complete the money transfer or payment services on behalf of the consumer.

The liquidity of our agents is necessary for our business to remain strong and to continue to provide our services. If our agents are unable to settle with us in a timely manner, our liquidity could be affected.

From time to time, we have made, and may in the future make, short term advances and longer term loans to our agents. These advances and loans generally are secured by settlement funds payable by us to these agents. However, the failure of these borrowing agents to repay these advances and loans constitutes a credit risk to us.

As a result of our acquisition of Custom House, we are also exposed to credit risk relating to foreign currency forward and option contracts written by us to our customers. The duration of these derivative contracts is generally nine months or less. If a customer becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to pay us for the value of these contracts, we may be exposed to the value of an offsetting position with a financial institution counterparty.

We offer consumers, primarily in the United States, the ability to transfer money utilizing their credit or debit card via the internet and telephone. Because they are not face-to-face transactions, these transactions involve a greater risk of fraud. We apply verification and other tools to help authenticate transactions and protect against fraud. However, these tools are not always successful in protecting us against fraud. As the merchant of these transactions, we may bear the financial risk of the full amount sent in some of the fraudulent transactions. Issuers of credit and debit cards may also incur losses due to fraudulent transactions through our distribution channels and may elect to block transactions by their cardholders in these channels with or without notice. For example, during 2007, we received notification from several issuing banks that

credit or debit cards issued by them were blocked from transacting on westernunion.com. Although these banks subsequently have allowed our consumers to use their cards again on our website, there is no certainty that these banks will not issue a similar restriction in the future, and as a result, we may continue to be impacted by notifications such as these in the future. Additionally, we may be subject to additional fees or penalties if the amount of chargebacks exceeds a certain percentage of our transaction volume. Such fees and penalties escalate over time if we do not take effective action to reduce chargebacks below the threshold, and if chargeback levels are not ultimately reduced to acceptable levels, could lead to the suspension or revocation of our merchant accounts, which would adversely affect our results of operations.

The remittance industry has come under increasing scrutiny from government regulators and others in connection with its ability to prevent its services from being abused by people seeking to defraud others. A competitor of Western Union recently entered into a multi-year, multi-million dollar settlement with the Federal Trade Commission over this issue. While we believe our fraud prevention efforts are effective and comply with applicable law and best practices, the ingenuity of criminal fraudsters, combined with the potential susceptibility to fraud by consumers during economically difficult times, make the prevention of consumer fraud a significant and challenging problem. Our failure to continue to help prevent such frauds, an increase in government enforcement activity or a change in laws or their interpretation could pose a material challenge to us.

Interruptions in our systems or disruptions in our workforce may have a significant effect on our business.

Our ability to provide reliable service largely depends on the efficient and uninterrupted operation of our computer information systems and those of our service providers. Any significant interruptions could harm our business and reputation and result in a loss of consumers. These systems and operations could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, unauthorized entry and computer viruses or other causes, many of which may be beyond our control or that of our service providers. Although we have taken steps to prevent systems failure, our measures may not be successful and we may experience problems other than system failures. We also may experience software defects, development delays, installation difficulties and other systems problems, which would harm our business and reputation and expose us to potential liability which may not be fully covered by our business interruption insurance. In addition, any strikes, work stoppages or other labor actions by employees who support our systems or perform any of our major functions could adversely affect our business. Our data applications may not be sufficient to address technological advances, regulatory requirements, changing market conditions or other developments.

Our business, financial position and results of operations could be harmed by adverse rating actions by credit rating agencies.

Currently, each of the major credit rating agencies has given our outstanding indebtedness an investment grade rating. If our current rating is downgraded, or if a negative outlook is provided by a rating agency, our business, financial position and results of operations could be adversely affected and perceptions of our financial strength could be damaged. This could adversely affect our relationships with our agents, particularly those agents that are financial institutions or post offices. In addition, if a downgrade or a negative outlook is provided by a rating agency, it could result in regulators imposing additional capital and other requirements on us, including imposing restrictions on the ability of our regulated subsidiaries to pay dividends. Also, a significant downgrade could increase our costs of borrowing money, adversely affecting our business, financial position and results of operations.

Western Union has been the subject of class-action litigation, and remains the subject of other litigation as well as consent agreements with or enforcement actions by regulators.

Western Union has been the subject of class-action litigation in the United States, alleging that its foreign exchange rate disclosures failed to adequately inform consumers about the revenue that Western Union and its agents derive from international remittances. These suits were all settled in or before 2004, without an admission of liability, and we have made changes in our advertising and consumer forms. It is possible that

because of changes in law or future litigation or regulatory action, we could be required to modify our disclosures or our practices further. These modifications could be costly to implement, restrict our ability to advertise or promote our services and/or limit the amount of our foreign exchange income.

In addition, as a company that provides global financial services primarily to consumers, we could be subject to future class-action lawsuits, other litigation or regulatory action alleging violations of consumer protection or other laws. We also are subject to claims asserted by consumers based on individual transactions.

We recently entered into an agreement and settlement with the State of Arizona regarding claims concerning our ability to prevent our service from being abused by some users to launder money or to facilitate other criminal activity. The agreement and settlement resolved all outstanding legal issues and claims with the State. In addition to certain investments in, and changes to, our anti-money laundering compliance obligations in the region during the term of the agreement, we are required 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 will participate with Arizona. The settlement relates to a number of lawsuits in which we and the State of Arizona were parties. The issues in those cases related to subpoenas for transaction data and the State's attempt to seize money transfers originated in states other than Arizona and intended for payment in Mexico. Additional civil actions or any criminal actions could adversely affect our business, financial position and results of operations.

The United States Department of Justice served one of our subsidiaries with a grand jury subpoena requesting documents in connection with an investigation into money transfers from the United States to the Dominican Republic during the last several years. Due to the stage of the investigation, we are unable to predict the outcome of the investigation, or the possible loss or range of loss, if any, associated with the resolution of any charges that may be brought against us.

Over the past several years, we have entered into consent agreements with federal and state authorities, including FinCEN, the New York State Banking Department, the California Department of Financial Institutions and the Arizona Department of Financial Institutions, relating to the Bank Secrecy Act and anti-money laundering requirements and related consumer identification matters. These agreements required us to pay civil penalties and to take certain measures to enhance our compliance with recordkeeping, reporting, training and agent oversight requirements under applicable state and federal law. The consent agreements with the New York State Banking Department and the California Department of Financial Institutions were lifted during 2007. However, the financial services industry and businesses like ours continue to be under significant federal and state regulatory scrutiny with respect to the Bank Secrecy Act and anti-money laundering compliance matters. It is possible that as a result of periodic examinations or otherwise, we could be subject to deficiency findings, fines, criminal penalties, asset seizures or enforcement actions that could adversely affect our business, financial position and results of operations.

We face competition from global and niche or corridor money transfer providers, United States and international banks, card associations, card-based payments providers and a number of other types of service providers, including electronic and internet providers. Our continued growth depends on our ability to compete effectively in the industry.

Money transfer and global business payments are highly competitive industries which include service providers from a variety of financial and non-financial business groups. Our competitors include banks, credit unions, ATM providers and operators, card associations, card-based payments providers such as issuers of e-money, travel cards or stored-value cards, informal remittance systems, web-based services, telephone payment systems (including mobile phone networks), postal organizations, retailers, check cashers, mail and courier services, currency exchanges and traditional money transfer companies. These services are differentiated by features and functionalities such as speed, convenience, network size, hours of operations, loyalty programs, reliability and price. Our continued growth depends on our ability to compete effectively in these industries. We have made periodic pricing decreases in response to competition and to implement our brand investment strategy, which includes better meeting consumer needs, maximizing market opportunities and strengthening our overall competitive positioning. Pricing decreases generally reduce margins, but are

done in anticipation that they will result in increased transaction volumes. In addition, failure to compete on service differentiation could significantly affect our future growth potential and results of operations.

As noted above, many of our agents outside the United States are national post offices. These entities are usually governmental organizations that may enjoy special privileges or protections that could allow them to simultaneously develop their own money transfer businesses. International postal organizations could agree to establish a money transfer network among themselves. Due to the size of these organizations and the number of locations they have, any such network could represent significant competition to us. Because these entities are governmental organizations, they may be able to—or be required to—offer their money transfer services to the public at, near or below their cost of providing such services.

Our ability to remain competitive depends in part on our ability to protect our brands and our other intellectual property rights and to defend ourselves against potential patent infringement claims.

The Western Union brand, which is protected by trademark registrations in many countries, is material to our company. The loss of the Western Union trademark or a diminution in the perceived quality associated with the name would harm our business. Similar to the Western Union trademark, the Vigo, Orlandi Valuta, Speedpay, Paymap, Equity Accelerator, Just in Time EFT, Pago Fácil, Western Union Quick Collect, Quick Pay, Quick Cash, Convenience Pay, Custom House and other trademarks and service marks are also important to our company and a loss of the service mark or trademarks or a diminution in the perceived quality associated with these names could harm our business.

Our intellectual property rights are an important element in the value of our business. Our failure to take appropriate actions against those who infringe upon our intellectual property could adversely affect our business, financial position and results of operations.

The laws of certain foreign countries in which we do business either do not recognize intellectual property rights or do not protect them to the same extent as do the laws of the United States. Adverse determinations in judicial or administrative proceedings in the United States or in foreign countries could impair our ability to sell our services or license or protect our intellectual property, which could adversely affect our business, financial position and results of operations.

We have been, are and in the future may be, subject to claims alleging that our technology or business methods infringe patents owned by others, both inside and outside the United States. Unfavorable resolution of these claims could require us to change how we deliver a service, result in significant financial consequences, or both, which could adversely affect our business, financial position and results of operations.

We receive services from third-party vendors that would be difficult to replace if those vendors ceased providing such services which could cause temporary disruption to our business.

Some services relating to our business, such as software application support, the development, hosting and maintenance of our operating systems, check clearing, and processing of returned checks are outsourced to third-party vendors, which would be difficult to replace quickly. If our third-party vendors were unwilling or unable to provide us with these services in the future, our business and operations could be adversely affected.

Breaches of our information security policies or safeguards could adversely affect our ability to operate and could damage our reputation, business, financial position and results of operations.

We collect, transfer and retain consumer, employee and agent data as part of our business. These activities are subject to laws and regulations in the United States and other jurisdictions. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions, are designed to protect the privacy of personal information and to prevent that information from being inappropriately disclosed. We have developed and maintain technical and operational safeguards designed to comply with applicable legal requirements. However, despite those safeguards, it is possible that hackers, employees acting contrary to our policies or others could improperly access our systems or improperly obtain or disclose data about our consumers, agents and/or employees. Further, because some data is collected and

stored by third parties, it is possible that a third party could intentionally or negligently disclose personal data in violation of law. Also, in some jurisdictions we transfer data related to our employees, consumers, agents and potential employees to third-party vendors in order to perform due diligence and for other reasons. It is possible that a vendor could intentionally or inadvertently disclose such data. Any breach of our security policies or applicable legal requirements resulting in a compromise of consumer, employee or agent data could require us to notify impacted individuals, and in some cases regulators, of a possible or actual breach, expose us to regulatory enforcement action, limit our ability to provide services, subject us to litigation and/or damage our reputation.

Material changes in the market value or liquidity of the securities we hold may adversely affect our results of operations and financial condition.

As of December 31, 2009, we held \$1.2 billion in investment securities, substantially all of which are high quality investment grade state and municipal debt obligations. The majority of this money represents the principal of money transfers sent by consumers and money orders issued by us to consumers in the United States. Under the PSD in the EU, we expect to have a similar portfolio of investment securities, which we will manage in a similar manner and under similar guidelines as our current portfolio. We regularly monitor our credit risk and attempt to mitigate our exposure by making high quality investments and by diversifying our investments. At December 31, 2009, the majority of our investment securities had credit ratings of “AA-” or better from a major credit rating agency. Despite those ratings, it is possible that the value of our portfolio may decline in the future due to any number of factors, including general market conditions, credit issues, the viability of the issuer of the security, failure by a fund manager to manage the investment portfolio consistently with the fund prospectus or increases in interest rates. Any such decline in value may adversely affect our results of operations and financial condition.

The trust holding the assets of our pension plans has assets totaling approximately \$275.9 million as of December 31, 2009. The fair value of these assets held in the trust are compared to the plans’ projected benefit obligation to determine the pension liability of \$124.2 million recorded within “Other liabilities” in our consolidated balance sheet as of December 31, 2009. We attempt to mitigate risk through diversification, and we regularly monitor investment risk on our portfolio through quarterly investment portfolio reviews and periodic asset and liability studies. Despite these measures, it is possible that the value of our portfolio may decline in the future due to any number of factors, including general market conditions and credit issues. Such declines could have an impact on the funded status of our pension plans and future funding requirements.

We have substantial debt obligations that could restrict our operations.

As of December 31, 2009, we had approximately \$3.0 billion in consolidated indebtedness, and we may also incur additional indebtedness in the future.

Our indebtedness could have adverse consequences, including:

- limiting our ability to pay dividends to our stockholders;
- increasing our vulnerability to changing economic, regulatory and industry conditions;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry;
- limiting our ability to borrow additional funds; and
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions and other purposes.

There would be adverse tax consequences associated with using certain earnings generated outside the United States to pay the interest and principal on our indebtedness. Accordingly, this portion of our cash flow will be unavailable under normal circumstances to service our debt obligations.

Risks Relating to the Spin-Off

We were incorporated in Delaware as a wholly-owned subsidiary of First Data on February 17, 2006. On September 29, 2006, First Data distributed 100% of its money transfer and consumer payments businesses and its interest in a Western Union money transfer agent, as well as related assets, including real estate, through a tax-free distribution to First Data shareholders (“Spin-off”) through this previously owned subsidiary.

If the Spin-off does not qualify as a tax-free transaction, First Data and its stockholders could be subject to material amounts of taxes and, in certain circumstances, we could be required to indemnify First Data for material taxes pursuant to indemnification obligations under the tax allocation agreement.

First Data received a private letter ruling from the IRS to the effect that, the Spin-off (including certain related transactions) qualifies as tax-free to First Data, us and First Data stockholders for United States federal income tax purposes under sections 355, 368 and related provisions of the Internal Revenue Code, assuming, among other things, the accuracy of the representations made by First Data with respect to certain matters on which the IRS did not rule. If the factual assumptions or representations made in the private letter ruling request were determined to be untrue or incomplete, then First Data and ourselves would not be able to rely on the ruling.

The Spin-off was conditioned upon First Data’s receipt of an opinion of Sidley Austin LLP, counsel to First Data, to the effect that, with respect to requirements on which the IRS did not rule, those requirements would be satisfied. The opinion was based on, among other things, certain assumptions and representations as to factual matters made by First Data and us which, if untrue or incomplete, would jeopardize the conclusions reached by counsel in its opinion. The opinion is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion.

If, notwithstanding receipt of the private letter ruling and opinion of tax counsel, the Spin-off were determined to be a taxable transaction, each holder of First Data common stock who received shares of our common stock in connection with the Spin-off would generally be treated as receiving a taxable distribution in an amount equal to the fair value of our common stock received. First Data would recognize taxable gain equal to the excess of the fair value of the consideration received by First Data in the contribution over First Data’s tax basis in the assets contributed to us in the contribution. If First Data were unable to pay any taxes for which it is responsible under the tax allocation agreement, the IRS might seek to collect such taxes from Western Union.

Even if the Spin-off otherwise qualified as a tax-free distribution under section 355 of the Internal Revenue Code, the Spin-off may result in significant United States federal income tax liabilities to First Data if 50% or more of First Data’s stock or our stock (in each case, by vote or value) is treated as having been acquired, directly or indirectly, by one or more persons as part of a plan (or series of related transactions) that includes the Spin-off. For purposes of this test, any acquisitions, or any understanding, arrangement or substantial negotiations regarding an acquisition, within two years before or after the Spin-off are subject to special scrutiny.

With respect to taxes and other liabilities that could be imposed as a result of 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”), we, one of our affiliates or any person that, after the Spin-off, is an affiliate thereof, will be liable to First Data for any such Spin-off Related Taxes attributable solely to actions taken by or with respect to us. In addition, we will also be liable for 50% of any Spin-off Related Taxes (i) that would not have been imposed but for the existence of both an action by us and an action by First Data or (ii) where we and First Data each take actions that, standing alone, would have resulted in the imposition of such Spin-off Related Taxes. We may be similarly liable if we breach certain representations or covenants set forth in the tax allocation agreement. If we are required to indemnify First Data for taxes incurred as a result of the Spin-off being taxable to First Data, it likely would have an adverse effect on our business, financial position, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Properties and Facilities

As of December 31, 2009, we have offices in approximately 50 countries, which includes three owned facilities and approximately 25 United States and 350 international leased properties. Our owned facilities include our corporate headquarters located in Englewood, Colorado.

Our owned and leased facilities are used for operational, sales and administrative purposes in support of both our consumer-to-consumer and global business payments segments and are all currently being utilized. In certain locations, our offices include customer service centers, where our employees answer operational questions from agents and customers. Our office in Dublin, Ireland serves as our international headquarters.

We believe that our facilities are suitable and adequate for our current business; however, we periodically review our facility requirements and may acquire new facilities to meet the needs of our businesses or consolidate and dispose of or sublet facilities which are no longer required.

ITEM 3. LEGAL PROCEEDINGS

We are party to a variety of legal proceedings that arise in the normal course of our business. While the results of these legal proceedings cannot be predicted with certainty, management believes that the final outcome of these proceedings will not have a material adverse effect on our results of operations or financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock trades on the New York Stock Exchange under the symbol "WU." There were 4,643 stockholders of record as of February 12, 2010. This figure does not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies. The following table presents the high and low prices of the common stock on the New York Stock Exchange as well as dividends declared per share during the calendar quarter indicated.

	Common Stock Market Price		Dividends Declared per Share
	High	Low	
2009			
First Quarter	\$15.99	\$10.05	\$ —
Second Quarter	18.37	12.08	—
Third Quarter	20.64	15.11	—
Fourth Quarter	20.09	17.81	0.06
2008			
First Quarter	\$24.31	\$18.56	\$ —
Second Quarter	26.15	19.86	—
Third Quarter	28.62	22.90	—
Fourth Quarter	24.64	10.48	0.04

The following table sets forth stock repurchases for each of the three months of the quarter ended December 31, 2009:

	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)
October 1 – 31	3,209,047	\$ 18.95	3,207,700	\$ 653.9
November 1 – 30	5,487,699	\$ 19.13	5,487,699	\$ 548.9
December 1 – 31	499,204	\$ 18.42	499,204	\$ 1,000.0
Total	9,195,950	\$ 19.03	9,194,603	

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

** At December 31, 2009, common stock repurchases of up to \$1.0 billion have been authorized by the Board of Directors through December 31, 2012. Management has 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.

Refer to Note 16 of our Consolidated Financial Statements for information related to our equity compensation plans.

Dividend Policy

On December 9, 2009, our Board of Directors declared a quarterly cash dividend of \$0.06 per share payable on December 30, 2009 to shareholders of record on December 21, 2009. On December 11, 2008, our Board of Directors declared an annual cash dividend of \$0.04 per share payable on December 31, 2008 to shareholders of record on December 22, 2008. The declaration and amount of future dividends will be determined by our Board of Directors and will depend on our financial condition, earnings, capital requirements, regulatory constraints, industry practice and any other factors that our Board of Directors believes are relevant. As a holding company with no material assets other than the capital stock of our subsidiaries, our ability to pay dividends in future periods will be dependent on our receiving dividends from our operating subsidiaries. Several of our operating subsidiaries are subject to financial services regulations and their ability to pay dividends may be restricted.

On February 25, 2010, our Board of Directors declared a quarterly cash dividend of \$0.06 per share payable on March 31, 2010 to shareholders of record on March 19, 2010.

ITEM 6. SELECTED FINANCIAL DATA

The financial information in this Annual Report on Form 10-K for periods ending on or after September 29, 2006 is presented on a consolidated basis and includes the accounts of the Company and our majority-owned subsidiaries. On September 29, 2006, First Data Corporation (“First Data”) distributed 100% of its money transfer and consumer payments businesses and its interest in a Western Union money transfer agent, as well as related assets, including real estate, through a tax-free distribution to First Data shareholders (“Spin-off”). The Spin-off by First Data of its money transfer and consumer payments businesses became effective on September 29, 2006 through a distribution of 100% of the common stock of The Western Union Company to the holders of record of First Data’s common stock (the “Distribution”). The financial information for the periods presented prior to the Distribution is presented on a combined basis and represents those entities that were ultimately transferred to the Company as part of the Spin-off. The assets and liabilities presented have been reflected on a historical basis, as prior to the Distribution such assets and liabilities presented were 100% owned by First Data. The financial statements for the periods presented prior to the Distribution do not include all of the actual expenses that would have been incurred had Western Union been a stand-alone entity during the periods presented and do not reflect Western Union’s combined results of operations, financial position and cash flows had Western Union been a stand-alone company during the periods presented.

Our selected historical financial data are not necessarily indicative of our future financial position, future results of operations or future cash flows.

You should read the information set forth below in conjunction with our historical consolidated financial statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K.

(in millions, except per share data)	Year ended December 31,				
	2009	2008	2007	2006	2005
Statements of Income Data:					
Revenues (a)	\$ 5,083.6	\$ 5,282.0	\$ 4,900.2	\$ 4,470.2	\$ 3,987.9
Operating expenses (b) (c) (d)	3,800.9	3,927.0	3,578.2	3,158.8	2,718.7
Operating income (b) (c) (d)	1,282.7	1,355.0	1,322.0	1,311.4	1,269.2
Interest income (e)	9.4	45.2	79.4	40.1	7.6
Interest expense (f)	(157.9)	(171.2)	(189.0)	(53.4)	(1.7)
Other (expense)/income, net, excluding interest income and interest expense (g)	(2.7)	9.7	10.0	37.0	69.0
Income before income taxes (b) (c) (d) (e) (f) (g)	1,131.5	1,238.7	1,222.4	1,335.1	1,344.1
Net income (b) (c) (d) (e) (f) (g)	848.8	919.0	857.3	914.0	927.4
Depreciation and amortization	154.2	144.0	123.9	103.5	79.5
Cash Flow Data:					
Net cash provided by operating activities	1,218.1	1,253.9	1,103.5	1,108.9	1,002.8
Capital expenditures (h)	(98.9)	(153.7)	(192.1)	(202.3)	(65.0)
Common stock repurchased (i)	(400.2)	(1,314.5)	(726.8)	(19.9)	—
Dividends to First Data	—	—	—	2,953.9	417.2
Earnings Per Share Data:					
Basic (b) (c) (d) (e) (f) (g) (j)	\$ 1.21	\$ 1.26	\$ 1.13	\$ 1.20	\$ 1.21
Diluted (b) (c) (d) (e) (f) (g) (j)	\$ 1.21	\$ 1.24	\$ 1.11	\$ 1.19	\$ 1.21
Cash dividends to stockholders per common share	\$ 0.06	\$ 0.04	\$ 0.04	\$ 0.01	—
Key Indicators (unaudited):					
Consumer-to-consumer transactions (k)	196.1	188.1	167.7	147.1	118.5
Global business payments transactions (l)	414.8	412.1	404.5	249.4	215.1

	As of December 31,				
	2009	2008	2007	2006	2005
Balance Sheet Data:					
Settlement assets	\$ 2,389.1	\$ 1,207.5	\$ 1,319.2	\$ 1,284.2	\$ 914.4
Total assets	7,353.4	5,578.3	5,784.2	5,321.1	4,591.7
Settlement obligations	2,389.1	1,207.5	1,319.2	1,282.5	912.0
Total borrowings (m)	3,048.5	3,143.5	3,338.0	3,323.5	—
Total liabilities	6,999.9	5,586.4	5,733.5	5,635.9	1,779.9
Total stockholders' equity/(deficiency)/Net Investment in The Western Union Company (m)	353.5	(8.1)	50.7	(314.8)	2,811.8

- (a) Revenue for the year ended December 31, 2009 included \$30.8 million of revenue related to the Custom House acquisition in September 2009.
- (b) We followed the modified prospective method effective January 1, 2006, which requires all stock-based payments to employees to be recognized in the income statement based on their respective grant date fair values over the corresponding service periods and also requires an estimation of forfeitures when calculating compensation expense. Stock-based compensation expense, including stock compensation expense allocated by First Data prior to the Spin-off on September 29, 2006, and the impact of adopting the modified prospective method, was \$31.9 million, \$26.3 million, \$50.2 million and \$30.1 million for the years ended December 31, 2009, 2008, 2007 and 2006, respectively. Our stock-based compensation expense in 2007 included a charge of \$22.3 million related to the vesting of the remaining converted unvested Western Union stock-based awards upon the completion of the acquisition of First Data on September 24, 2007 by an affiliate of Kohlberg Kravis Roberts & Co.
- (c) Operating expenses for the year ended December 31, 2008 included \$82.9 million of restructuring and related expenses associated with the closure of our facilities in Missouri and Texas and other reorganization plans.
- (d) Operating expenses for the year ended December 31, 2009 included an accrual of \$71.0 million resulting from an anticipated agreement and settlement, which resolves all outstanding legal issues and claims with the State of Arizona and requires us 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 will participate with Arizona. The settlement agreement was signed on February 11, 2010.
- (e) Interest income is attributed primarily to cash balances and loans made to several agents. In 2009 and 2008, the Company's interest income has been impacted by a decline in interest rates. On the Spin-off date, the Company received cash in connection with the settlement of intercompany notes with First Data (net of certain other payments made to First Data) which significantly increased our international cash balances.
- (f) Interest expense primarily relates to debt incurred in connection with the Spin-off from First Data and the refinancing of such debt. Interest expense has been significantly higher since September 29, 2006 due to higher borrowings balances.
- (g) Amounts were primarily recognized prior to the Spin-off and include derivative gains and losses, net, interest income due from First Data, and the net foreign exchange effect on notes receivable from First Data and related foreign currency swaps with First Data. Prior to the Spin-off, we did not have any forward contracts that qualified as hedges, and therefore, the gains and losses on these contracts were reflected in income prior to that date. On September 29, 2006, we entered into foreign currency forward positions to qualify for cash flow hedge accounting. During the years ended December 31, 2009, 2008, 2007, 2006, and 2005, the pre-tax derivative (loss)/gain was \$(2.8) million, \$(6.9) million, \$8.3 million, \$(21.2) million, and \$45.8 million, respectively. Notes receivable from First Data affiliates and related foreign currency swap agreements were settled in cash in connection with the Spin-off. During the years ended December 31, 2006 and 2005, the interest income, net recognized from First Data, including the impact of foreign exchange translation of the underlying notes, was \$45.8 million and \$18.4 million, respectively.

- (h) Capital expenditures include capitalization of contract costs, capitalization of purchased and developed software and purchases of property and equipment.
- (i) At December 31, 2009, common stock repurchases of up to \$1.0 billion have been authorized by the Board of Directors through December 31, 2012. During the years ended December 31, 2009, 2008 and 2007 and the period from September 29, 2006 through December 31, 2006, we repurchased 24.8 million, 58.1 million, 34.7 million and 0.9 million shares, respectively.
- (j) For all periods prior to the Spin-off date, basic and diluted earnings per share were computed utilizing the basic shares outstanding at September 29, 2006.
- (k) Consumer-to-consumer transactions include consumer-to-consumer money transfer services worldwide. Amounts include Vigo Remittance Corp. transactions since the acquisition date of October 21, 2005.
- (l) Global business payments transactions include Quick Collect, Western Union Convenience Pay, Speedpay, Equity Accelerator, Just in Time EFT, Pago Fácil and Custom House transactions processed by us. Amounts include Pago Fácil and Custom House transactions since their acquisition in December 2006 and September 2009, respectively.
- (m) In connection with the Spin-off, we reported a \$4.1 billion dividend to First Data in the consolidated statements of stockholders' equity/(deficiency)/Net Investment in The Western Union Company, consisting of notes issued to First Data of \$3.4 billion and a cash payment to First Data of \$100.0 million. The remaining dividend was comprised of cash, consideration for an ownership interest held by a First Data subsidiary in a Western Union agent, settlement of net intercompany receivables, and transfers of certain liabilities, net of assets. Subsequent to the Spin-off date, the Company had no outstanding borrowings to First Data. Since the amount of the dividend exceeded the historical cost of our net assets as of September 29, 2006, a capital deficiency resulted.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the consolidated financial statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K. This Annual Report on Form 10-K contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements contained in the Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Annual Report on Form 10-K. See "Risk Factors" and "Forward-looking Statements."

Overview

We are a leading provider of money transfer services, operating in two business segments:

- Consumer-to-consumer money transfer services, provided primarily through a global network of third-party agents using our multi-currency, real-time money transfer processing systems. 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.
- Global business payments (formerly consumer-to-business), which allows for the processing of payments from consumers or businesses to other businesses. Our business payments service allow consumers to make payments to a variety of organizations, including utilities, auto finance companies, mortgage servicers, financial service providers, government agencies and other businesses. On September 1, 2009, we acquired Canada-based Custom House, Ltd. ("Custom House"), a provider of international business-to-business payment services, which is included in this segment. Custom House facilitates cross-border, cross-currency payment transactions. While we continue to pursue further international expansion of our offerings in this segment, the segment's revenue was primarily generated in the United States during all periods presented.

Businesses not considered part of the segments described above are categorized as "Other" and primarily includes our money order services, and represented 2% or less of consolidated revenue during the years ended December 31, 2009, 2008 and 2007. Prior to October 1, 2009, our money orders were issued by Integrated Payment Systems Inc. ("IPS"), a subsidiary of First Data Corporation ("First Data"), to consumers at retail locations primarily in the United States and Canada. Effective October 1, 2009, we assumed the responsibility for issuing money orders.

Also included in "Other" are expenses incurred in connection with the development of certain new service offerings, including costs to develop mobile money transfer services, new prepaid service offerings and costs incurred in connection with mergers and acquisitions.

Significant Financial and Other Highlights

Significant financial and other highlights for the year ended December 31, 2009 included:

- We generated \$5,083.6 million in total consolidated revenues, representing a year-over-year decline of 4%. This decline was partially offset by the acquisition of Custom House, which contributed \$30.8 million to revenue for 2009.
- We generated \$1,282.7 million in consolidated operating income compared to \$1,355.0 million for the comparable period in the prior year, representing a decrease of 5%. Operating income for the year ended December 31, 2009 included an accrual of \$71.0 million resulting from an anticipated agreement and settlement which resolves all outstanding legal issues and claims with the State of

Arizona and requires us 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 will participate with Arizona (the “settlement accrual”). The settlement agreement was signed on February 11, 2010. Results for 2008 included \$82.9 million in restructuring and related expenses.

- Our operating income margin was 25% during the year ended December 31, 2009, resulting in a year-over-year decline of 1%. The current year results included the settlement accrual, while the prior year results included the restructuring and related expenses mentioned above.
- Consolidated net income during 2009 was \$848.8 million, representing a decline of 8% from 2008. The current results included the settlement accrual of \$53.9 million, net of tax, while the prior year results included \$51.6 million in restructuring and related expenses, net of tax.
- Our consumers transferred \$71 billion in consumer-to-consumer principal, of which \$65 billion related to cross-border principal, which represented a decrease of 3% in both consumer-to-consumer principal and cross-border principal over the prior year.
- Consolidated cash flows provided by operating activities were \$1,218.1 million, a decrease of 3% over 2008.
- We completed two acquisitions in the year ended December 31, 2009. In February 2009, we completed the acquisition of the money transfer business of one of our largest agents, European-based FEXCO, for \$243.6 million, including \$157.4 million of cash consideration. As described earlier, we acquired Custom House in September 2009 for cash consideration of \$371.0 million.

Factors that we believe are important to our long-term success include accelerating profitable growth in our existing consumer-to-consumer business, innovating to provide new products and services, including electronic channels, to our intended consumer, expanding our global business payments segment to other markets across the world through our cross-border, cross-currency payment service offerings and improving our profitability by leveraging our scale, reducing costs and effectively utilizing capital. Significant factors affecting our financial position and results of operations include:

- Transaction volume is the primary generator of revenue in our businesses. Transaction volume in our consumer-to-consumer segment is affected by, among other things, the size of the international migrant population and individual needs to transfer funds in emergency situations. As noted elsewhere in this Annual Report on Form 10-K, a reduction in the size of the migrant population, interruptions in migration patterns or reduced employment opportunities including those resulting from any changes in immigration laws, economic development patterns or political events, could adversely affect our transaction volume. For discussion on how these factors have impacted us in recent periods, refer to the consumer-to-consumer segment discussion below.
- Revenue is also impacted by changes in the fees we charge consumers, the principal sent per transaction and by the variance in the exchange rate set by us to the customer and the rate at which we or our agents are able to acquire currency. We intend to continue to implement future strategic fee reductions and actions to reduce foreign exchange spreads, where appropriate, taking into account growth opportunities and including competitive factors. Decreases in our fees or foreign exchange spreads generally reduce margins, but are done in anticipation that they will result in increased transaction volumes and increased revenues over time.
- A majority of our cost structure is comprised of agent commissions, which are generally variable and fluctuate as revenues fluctuate.
- Fluctuations in the exchange rate between the United States dollar and other currencies impact our transaction fee and foreign exchange revenue. The impact to earnings per share is less than the revenue impact due to the translation of expenses and our foreign currency hedging program.

Spin-off from First Data

We were incorporated in Delaware as a wholly-owned subsidiary of First Data on February 17, 2006. On September 29, 2006, First Data distributed 100% of its money transfer and consumer payments businesses and its interest in a Western Union money transfer agent, as well as related assets, including real estate, through a tax-free distribution to First Data shareholders (“Spin-off”) through this previously owned subsidiary.

Basis of Presentation

The financial statements in this Annual Report on Form 10-K are presented on a consolidated basis and include the accounts of our company and its majority-owned subsidiaries. All significant intercompany accounts and transactions between our company’s segments have been eliminated.

Adoption of Accounting Standards

Business Combinations

We adopted a new accounting standard related to accounting for business combinations and noncontrolling interests effective January 1, 2010. Under the new guidance, acquisition-related costs are expensed as incurred, restructuring costs generally are expensed in periods subsequent to the acquisition date, and changes in estimates for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period, which is one year or less, impact income tax expense in the period of change. For business combinations achieved in stages, the new guidance requires that we re-measure any noncontrolling equity investments in the acquiree to fair value as of the acquisition date immediately before obtaining control. All re-measurement gains and losses are recognized in earnings and the total fair values of the identifiable assets, liabilities and any noncontrolling interests are recorded in the consolidated balance sheet.

Fair Value Measurements

We monitor our investments in debt securities to determine if these securities are in an other-than-temporary impairment position under new accounting guidance introduced in 2009. Factors that could indicate an impairment exists include, but are not limited to: earnings performance, changes in credit rating or adverse changes in the regulatory or economic environment of the asset. If potential impairments exist, we assess whether or not we intend to sell the debt security, and whether it is more likely than not that we will be required to sell it, before its anticipated recovery. We had no material other-than-temporary impairments during the years ended December 31, 2009, 2008 and 2007.

Components of Revenues and Expenses

The following briefly describes the components of revenues and expenses as presented in the consolidated statements of income. Descriptions of our revenue recognition policies are included in Note 2—“Summary of Significant Accounting Policies” in our consolidated financial statements.

Transaction fees —Transaction fees are charged for sending money transfers and for global business payments services. Consumer-to-consumer transaction fees generally vary according to the principal amount of the money transfer and the locations from and to which the funds are sent. Transaction fees represented 79% of Western Union’s total consolidated revenues for the year ended December 31, 2009.

Foreign exchange revenue —In certain consumer money transfer and global business payments transactions involving different currencies, we generate revenue based on the difference between the exchange rate set by us to the customer and the rate at which we or our agents are able to acquire currency. Foreign exchange revenue growth has historically been primarily driven by growth in international cross-currency transactions. As a result of the acquisition of Custom House, our foreign exchange revenues have increased and we expect this trend to continue in 2010. Foreign exchange revenue represented 18% of Western Union’s total consolidated revenues for the year ended December 31, 2009.

Commission and other revenues —Commission and other revenues primarily consist of commissions and fees we receive in connection with the sale of money orders, enrollment fees received when consumers enroll in our Equity Accelerator[®] program (a recurring mortgage payment service program) and investment income primarily derived from interest generated on money transfer, money order and payment services settlement assets as well as realized net gains and losses from such assets. As described above, prior to October 1, 2009, our money orders were issued by IPS, from whom we received a commission. Effective October 1, 2009, we assumed the responsibility for issuing money orders and no longer receive a commission from IPS. We now recognize fees and investment income derived from interest generated on money order settlement assets as well as realized net gains and losses from such assets similar to our money transfer and payment services settlement assets. Commission and other revenues represented 3% of our total consolidated revenue for the year ended December 31, 2009.

Cost of services— Cost of services primarily consists of agent commissions, which represent approximately 75% of total cost of services, and expenses for call centers, settlement operations, and related information technology costs. Expenses within these functions include personnel, software, equipment, telecommunications, bank fees, depreciation and amortization and other expenses incurred in connection with providing money transfer and other payment services.

Selling, general and administrative —Selling, general and administrative, or “SG&A,” primarily consists of salaries, wages and related expenses paid to sales and administrative personnel, as well as certain advertising and promotional costs and other selling and administrative expenses.

Interest income —Interest income consists of interest earned on cash balances not required to satisfy settlement obligations and in connection with a loan made to several existing agents.

Interest expense —Interest expense represents interest incurred in connection with outstanding borrowings, including applicable amounts associated with interest rate swaps.

Derivative (losses)/gains, net —Represents the portion of the change in fair value of foreign currency accounting hedges that is excluded from the measurement of effectiveness, which includes (a) differences between changes in forward rates and spot rates and (b) gains or losses on the contract and any offsetting positions during periods in which the instrument is not designated as a hedge. Although the majority of changes in the value of our hedges are deferred in accumulated other comprehensive income or loss until settlement (i.e., spot rate changes), the remaining portion of changes in value are recognized in income as they occur. Derivative gains and losses do not include fluctuations in foreign currency forward contracts intended to mitigate exposures on settlement activities of our consumer-to-consumer money transfer business or on certain foreign currency denominated cash positions. Gains and losses associated with those foreign currency forward contracts are included in selling, general and administrative expenses. Derivative gains and losses also do not include fluctuations in foreign currency forward and option contracts used in our international business-to-business payments operations. The impact of these contracts is classified within foreign exchange revenue in the consolidated statements of income.

Other income, net —Other income, net is comprised primarily of equity earnings from equity method investments and other income and expenses.

Results of Operations

The following discussion of our consolidated results of operations and segment results refers to the year ended December 31, 2009 compared to the same period in 2008 and the year ended December 31, 2008 compared to the same period in 2007. 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 consolidated statements of income. All significant intercompany accounts and transactions between our company’s segments have been eliminated.

During the year ended December 31, 2009, we recorded an accrual of \$71.0 million for an anticipated agreement and settlement with the State of Arizona. On February 11, 2010, we signed this agreement and settlement, which resolved all outstanding legal issues and claims with the State and requires us to fund a

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multi-state not-for-profit organization promoting safety and security along the United States and Mexico border, in which California, Texas and New Mexico will participate with Arizona. While this item was identifiable to our consumer-to-consumer segment, it was not included in the measurement of segment operating profit provided to the chief operating decision maker (“CODM”) for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on the settlement accrual, refer to “Selling, general and administrative” expenses.

We incurred expenses of \$82.9 million for the year ended December 31, 2008 for restructuring and related activities, which were not allocated to our segments. While these items were identifiable to our segments, they were not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on restructuring and related activities refer to “Operating expenses overview.”

For the year ended December 31, 2007, we incurred a \$22.3 million accelerated stock-based compensation vesting charge related to the acquisition of First Data by an affiliate of Kohlberg Kravis Roberts & Co. (“KKR”) which was allocated to our segments. For additional information refer to “Operating expenses overview.”

The following table sets forth our consolidated results of operations for the years ended December 31, 2009, 2008 and 2007.

(in millions, except per share amounts)	Years Ended December 31,			% Change	
	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
Revenues:					
Transaction fees	\$4,036.2	\$4,240.8	\$3,989.8	(5)%	6%
Foreign exchange revenue	910.3	896.3	771.3	2%	16%
Commission and other revenues	137.1	144.9	139.1	(5)%	4%
Total revenues	5,083.6	5,282.0	4,900.2	(4)%	8%
Expenses:					
Cost of services	2,874.9	3,093.0	2,808.4	(7)%	10%
Selling, general and administrative	926.0	834.0	769.8	11%	8%
Total expenses	3,800.9	3,927.0	3,578.2	(3)%	10%
Operating income	1,282.7	1,355.0	1,322.0	(5)%	2%
Other income/(expense):					
Interest income	9.4	45.2	79.4	(79)%	(43)%
Interest expense	(157.9)	(171.2)	(189.0)	(8)%	(9)%
Derivative (losses)/gains, net	(2.8)	(6.9)	8.3	*	*
Other income, net	0.1	16.6	1.7	*	*
Total other expense, net	(151.2)	(116.3)	(99.6)	30%	17%
Income before income taxes	1,131.5	1,238.7	1,222.4	(9)%	1%
Provision for income taxes	282.7	319.7	365.1	(12)%	(12)%
Net income	\$ 848.8	\$ 919.0	\$ 857.3	(8)%	7%
Earnings per share:					
Basic	\$ 1.21	\$ 1.26	\$ 1.13	(4)%	12%
Diluted	\$ 1.21	\$ 1.24	\$ 1.11	(2)%	12%
Weighted-average shares outstanding:					
Basic	698.9	730.1	760.2		
Diluted	701.0	738.2	772.9		

* Calculation not meaningful

Revenues overview

2009 compared to 2008

The majority of transaction fees and foreign exchange revenue were contributed by our consumer-to-consumer segment, which is discussed in greater detail in “Segment Discussion.” Consolidated revenue declined 4% during the year ended December 31, 2009. The revenue decline was attributable to the weak global economy and slowing transaction growth, and to a lesser extent, geographic mix, product mix including a higher percentage of revenue earned from intra-country activity, which has lower revenue per transaction than cross-border transactions, and price decreases. Also impacting the revenue decline was the strengthening of the United States dollar compared to most other foreign currencies for the majority of the year, which adversely impacted revenue by approximately 3%, as discussed below.

The Europe, Middle East, Africa and South Asia (“EMEASA”) region of our consumer-to-consumer segment, which represented 45% of our total consolidated revenue for the year ended December 31, 2009, experienced revenue declines and slower transaction growth rates during the year ended December 31, 2009 compared to the corresponding period in the prior year. The revenue declines were driven by most of the same factors discussed above. The acquisition of FEXCO’s money transfer business did not have an impact on our revenue as we were already recognizing 100% of the revenue arising from money transfers originating at FEXCO’s locations.

The Americas region (including North America, Latin America, the Caribbean and South America) of our consumer-to-consumer segment, which represented 32% of our total consolidated revenue for the year ended December 31, 2009, experienced revenue and transaction declines due to the overall weak United States economy. Our Americas results were further impacted by pricing reductions taken in the United States in the fourth quarter of 2009 which improved our transaction volumes, but contributed to the decline in revenue.

The global business payments segment, which is discussed in greater detail in “Segment Discussion,” also experienced revenue declines during the year ended December 31, 2009 compared to the corresponding prior period. Revenue was adversely impacted by the weak economic situation in the United States, which resulted in a revenue decline in our United States cash and electronic bill payments businesses. Offsetting these declines in 2009 were the results of our Custom House acquisition, which contributed \$30.8 million of revenue for the year ended December 31, 2009.

Foreign exchange revenue increased for the year ended December 31, 2009 over 2008 primarily due to foreign exchange revenue from Custom House. Excluding the impact of Custom House, foreign exchange revenue decreased at a rate relatively consistent with the decrease in our revenue from our international consumer-to-consumer business outside of the United States.

Fluctuations in the exchange rate between the United States dollar and currencies other than the United States dollar have resulted in a reduction to transaction fee and foreign exchange revenue for the year ended December 31, 2009 of \$119.5 million over the previous year, net of foreign currency hedges, that would not have occurred had there been constant currency rates. The impact to earnings per share during the period was less than the revenue impact due to the translation of expenses and our foreign currency hedging program. The majority of our foreign currency exchange rate exposure is related to the EMEASA region.

2008 compared to 2007

Consolidated revenue growth of 8% during the year ended December 31, 2008 was primarily driven by revenue growth internationally, particularly in the EMEASA region, due to increased money transfers at existing agent locations, and to a lesser extent, money transfers at new agent locations and due to the impact of translating foreign currency denominated revenues into the United States dollar, specifically the euro, discussed below. Our international consumer-to-consumer transactions that were originated outside of the United States also continued to experience strong revenue and transaction growth for the year ended December 31, 2008 compared to the corresponding period in the prior year.

However, during the fourth quarter of 2008, revenue was impacted by the weakening global economy and its effect on Western Union customers. In the fourth quarter, transaction growth rates slowed sequentially compared to the first nine months of 2008. In addition, the amount of money remitted per transaction declined in the fourth quarter of 2008 compared to the fourth quarter of 2007. These factors resulted in less transaction fee and foreign exchange revenue in the fourth quarter of 2008 compared to the fourth quarter of 2007.

Fluctuations in the exchange rate between the United States dollar and currencies other than the United States dollar for the year ended December 31, 2008 resulted in a benefit to transaction fee and foreign exchange revenue of \$96 million, over the previous year, net of foreign currency hedges, that would not have occurred had there been constant currency rates. The positive impact to operating profit derived from foreign currency exchange rates increasing against the United States dollar during the year was offset by the impact of foreign currency derivative losses for those foreign currency derivatives not designated as hedges and the portion of fair value that is excluded from the measure of effectiveness for these contracts designated as hedges thereby resulting in a minimal impact to overall earnings per share. The benefit in the first three quarters of 2008 was slightly offset by the negative impact to consumer-to-consumer transaction fee and foreign exchange revenue in the fourth quarter of 2008 due to the strengthening of the United States dollar relative to certain other currencies, including the euro. However, the impact to our operating income was positive to the fourth quarter of 2008 due to our derivative hedges.

Our Asia Pacific (“APAC”) region also experienced strong transaction and revenue growth during the year ended December 31, 2008 compared to the corresponding previous period, including growth contributed by the inbound market to the Philippines. Revenue growth slowed in APAC during the fourth quarter 2008 compared to the same period in 2007, in part due to the weakening global economy described previously and the decline in high revenue transactions from small entrepreneurs that typically make purchases in China.

Within our Americas region, our United States to Mexico, United States outbound and transactions in our domestic (between and within the United States and Canada) businesses continued to be impacted by the overall weakening in the United States economy. The immigration debate and market softness, in part due to the slowdown in the construction industry, began adversely impacting the United States businesses in the second quarter of 2006. We responded to these factors by launching distribution, pricing, advertising, promotion and community outreach initiatives in 2006 and 2007. Although the United States businesses revenue decline experienced in 2008 moderated compared with 2007, we experienced increased revenue declines in the fourth quarter of 2008 compared to the third quarter of 2008, due to the weakening in the United States economy.

Foreign exchange revenue increased for the year ended December 31, 2008 over the corresponding previous period, due to an increase in cross-currency transactions primarily as a result of growth in international consumer-to-consumer transactions. As described above, foreign exchange revenue also benefited during the year ended December 31, 2008 compared to 2007 from the strengthening of other currencies most notably the euro, against the United States dollar.

Operating expenses overview

The following factors impacted both cost of services and selling, general and administrative expenses during the periods presented:

- *Restructuring and Related Activities*— For the year ended December 31, 2008, restructuring and related expenses of \$62.8 million and \$20.1 million are classified within “cost of services” and “selling, general and administrative” expenses, respectively, in the consolidated statements of income. These restructuring and related expenses are associated with the closure of our facilities in Missouri and Texas and other reorganization plans executed in 2008. No expenses were recognized for these restructurings in 2009.
- *2007 Stock Compensation Charge* —At the time of the Spin-off, First Data converted stock options, restricted stock awards, and restricted stock units (collectively, “stock-based awards”) of First Data stock held by Western Union and First Data employees. Both Western Union and First Data

employees received converted Western Union stock-based awards. All converted stock-based awards, which had not vested prior to September 24, 2007, were subject to the terms and conditions applicable to the original First Data stock-based awards, including change of control provisions which require full vesting upon a change of control of First Data. Accordingly, upon the completion of the acquisition of First Data on September 24, 2007 by an affiliate of KKR, all of these remaining converted unvested Western Union stock-based awards vested. In connection with this accelerated vesting, we incurred a non-cash pre-tax charge of \$22.3 million during the third quarter of 2007. Approximately one-third of this charge was recorded within “cost of services” and two-thirds was recorded within “selling, general and administrative” expenses in the consolidated statements of income.

Cost of services

Cost of services decreased for the year ended December 31, 2009 compared to the corresponding period in 2008 primarily due to agent commissions, which decreased due to revenue declines, as well as reduced commissions resulting from the acquisition of FEXCO and other selective consumer-to-consumer commission initiatives. Also impacting cost of services was the strengthening of the United States dollar for most of 2009 compared to most other foreign currencies, which resulted in a favorable impact on the translation of our expenses, and restructuring costs incurred in 2008 which did not recur in 2009 and the related 2009 cost savings. These costs were offset by incremental operating costs, including increased technology costs and costs associated with Custom House. Cost of services as a percentage of revenue was 57% and 59% for the years ended December 31, 2009 and 2008, respectively. The decrease in cost of services as a percentage of revenue for the year ended December 31, 2009 compared to the corresponding period in 2008 was generally due to reduced commissions resulting from the acquisition of FEXCO and selective consumer-to-consumer agent commission initiatives, restructuring costs incurred in 2008 which did not recur in 2009 and the related 2009 cost savings, offset somewhat by incremental operating costs, including increased technology costs and costs associated with Custom House.

In addition to the restructuring costs described above, cost of services increased for the year ended December 31, 2008 compared to the corresponding period in 2007 primarily due to agent commissions which increase as revenues increase. Cost of services as a percentage of revenue was 59% and 57% for the years ended December 31, 2008 and 2007, respectively. The majority of the increase in cost of services as a percentage of revenue for the year ended December 31, 2008 compared to the corresponding period in 2007 was primarily due to restructuring and related expenses of \$62.8 million as described above, and the shift in our business mix reflecting stronger growth from our international consumer-to-consumer business, which carries higher cost of services compared to our United States originated businesses. Selected consumer-to-consumer international agent commissions have been lowered but were partially offset by certain higher commissions in the United States. In addition, a higher percentage of our global business payments services were generated from our United States electronic-based payments and payments related to Pago Fácil, each of which had higher cost of services as a percentage of revenue compared to our United States cash-based payments business. The increase was partially offset by lower stock compensation charges for the year ended December 31, 2008 compared to the corresponding period in 2007, as described above and below, that did not recur in 2008.

Selling, general and administrative

SG&A increased for the year ended December 31, 2009 compared to the same period in the prior year due to the settlement accrual described below, incremental costs associated with the acquisitions of FEXCO and Custom House including costs related to evaluating and closing these acquisitions and other increased operating expenses, offset by better leveraging of our marketing expenses, and restructuring costs incurred in 2008 which did not recur in 2009.

During the year ended December 31, 2009, we recorded an accrual of \$71.0 million for an anticipated agreement and settlement with the State of Arizona. On February 11, 2010, we signed this agreement and settlement, which resolved all outstanding legal issues and claims with the State and requires us 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 will participate with Arizona. The accrual includes amounts for reimbursement to the State of Arizona for its costs associated with this matter. In addition, as part of the agreement and settlement, we expect to make certain investments in our compliance programs along the United States and Mexico border and to engage a monitor of that program, which are expected to cost up to \$23 million over the next two to four years.

SG&A expenses increased for the year ended December 31, 2008 compared to the same period in the prior year due to higher employee compensation expenses and restructuring and related expenses of \$20.1 million, offset by better leveraging of our marketing expenses as well as lower stock compensation charges in 2008, as described above.

During the years ended December 31, 2009, 2008 and 2007, marketing related expenditures, principally classified within SG&A, were approximately 5% to 6% of revenue. Marketing related expenditures include advertising, events, loyalty programs and the cost of employees dedicated to marketing activities. When making decisions with respect to marketing investments, we review opportunities for advertising and other marketing related expenditures together with opportunities for fee adjustments, as discussed in "Segment Discussion," for consumer-to-consumer revenues and other initiatives in order to best maximize the return on these investments.

Interest income

Interest income decreased during both the year ended December 31, 2009 compared to 2008 and the year ended December 31, 2008 compared to 2007 primarily due to lower short-term interest rates and lower average interest-bearing cash balances.

Interest expense

Interest expense decreased for both the year ended December 31, 2009 compared to 2008 and the year ended December 31, 2008 compared to 2007 due to lower short-term interest rates on certain debt with floating interest rates. In addition, lower average borrowing balances impacted the decline in interest expense for the year ended December 31, 2009 compared to the previous year.

Derivative (losses)/gains, net

Changes in derivative (losses)/gains, net were immaterial for the year ended December 31, 2009 compared to the prior year. Volatility in foreign currency forward rates compared to spot rates, primarily related to the euro, resulted in the decrease to income for the year ended December 31, 2008 compared to 2007.

Other income, net

Other income, net decreased during the year ended December 31, 2009 compared to 2008 due to a \$12 million reserve taken against our receivable from the Reserve International Liquidity Fund, Ltd. and a decline in earnings on our equity method investments in 2009, primarily as a result of the absence of equity method earnings for FEXCO subsequent to the acquisition date. Changes in other income, net during the year ended December 31, 2008 compared to the previous corresponding year was primarily attributable to fluctuations in equity earnings from equity method investments.

Income taxes

Our effective tax rates on pretax income were 25.0%, 25.8% and 29.9% for the years ended December 31, 2009, 2008 and 2007, respectively. We continue to benefit from an increasing proportion of profits being foreign-derived and therefore taxed at lower rates than our combined federal and state tax rates in the United States. In addition, during 2008, we implemented additional foreign tax efficient strategies consistent with our overall tax planning which impacted our effective tax rate for all subsequent periods.

Recent proposed changes to United States tax laws, if enacted, could potentially adversely affect our future effective tax rate. We are closely monitoring the proposed changes, and the potential effect on our future effective tax rate will depend on the final form of any new law.

We have established contingency reserves for material, known tax exposures, including potential tax audit adjustments with respect to our international operations restructured in 2003, whereby our income from certain foreign-to-foreign money transfer transactions has been taxed at relatively low foreign tax rates compared to our combined federal and state tax rates in the United States. As of December 31, 2009, the total amount of unrecognized tax benefits is a liability of \$522.7 million, including accrued interest and penalties. Our reserves reflect our judgment as to the resolution of the issues involved if subject to judicial review. 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 during the period in facts and circumstances (i.e. new information) surrounding a tax issue, 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.

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, of which we are a part, and issued a Notice of Deficiency in December 2008. The Notice of Deficiency alleges significant additional taxes, interest and penalties owed with respect to a variety of adjustments involving us and our subsidiaries, and we generally have responsibility for taxes associated with these potential Western Union-related adjustments under the tax allocation agreement with First Data executed at the time of the Spin-off. We agree with a number of the adjustments in the Notice of Deficiency; however, we do not agree with the Notice of Deficiency regarding several substantial adjustments representing total alleged additional tax and penalties due of approximately \$114 million. As of December 31, 2009, interest on the alleged amounts due for unagreed adjustments would be approximately \$30 million. A substantial part of the alleged amounts due for these unagreed adjustments relates to our international restructuring, which took effect in the fourth quarter 2003, and, accordingly, the alleged amounts due related to such restructuring largely are attributable to 2004. On March 20, 2009, we filed a petition in the United States Tax Court contesting those adjustments with which we do not agree. We believe our overall reserves are adequate, including those associated with adjustments alleged in the Notice of Deficiency. If the IRS’ position in the Notice of Deficiency is sustained, our tax provision related to 2003 and later years would materially increase, which could materially impact our financial position, results of operations and cash flows.

Earnings per share

During the years ended December 31, 2009, 2008 and 2007, basic earnings per share were \$1.21, \$1.26 and \$1.13, respectively, and diluted earnings per share were \$1.21, \$1.24 and \$1.11, respectively. 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 December 31, 2009, 2008 and 2007, there were 37.5 million, 8.0 million and 10.4 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. The increase in anti-dilutive shares in 2009 was primarily due to the majority of our outstanding options having an exercise price higher than our average market price for the year ended December 31, 2009.

Of the 42.8 million, 43.6 million and 59.4 million outstanding options to purchase shares of our common stock as of December 31, 2009, 2008 and 2007, respectively, approximately 40%, 47% and 58%, respectively, were held by employees of First Data.

Earnings per share decreased for the year ended December 31, 2009 compared to the corresponding previous period as a result of the previously described factors impacting net income, offset by lower weighted-

average shares outstanding. Earnings per share increased during the year ended December 31, 2008 compared to 2007 due to the increased net income as a result of the previously described factors and lower weighted-average diluted shares outstanding. The lower number of shares outstanding was driven by stock repurchases exceeding stock option exercises in both 2009 and 2008 compared to the corresponding periods.

Segment Discussion

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

The business segment measurements provided to, and evaluated by, our CODM are computed in accordance with the following principles:

- The accounting policies of the reporting segments are the same as those described in the summary of significant accounting policies.
- Corporate and other overhead is allocated to the segments primarily based on a percentage of the segments’ revenue compared to total revenue.
- Expenses incurred in connection with mergers and acquisitions are included in “Other.”
- An accrual of \$71.0 million for an anticipated agreement and settlement with the State of Arizona recorded during the year ended December 31, 2009 has not been allocated to the segments. On February 11, 2010, we signed this agreement and settlement, which resolved all outstanding legal issues and claims with the State and requires us 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 will participate with Arizona. While this item was identifiable to our consumer-to-consumer segment, it was not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on the settlement accrual, refer to “Operating expenses overview.”
- Restructuring and related activities of \$82.9 million for the year ended December 31, 2008 have not been allocated to the segments. While these items were identifiable to our segments, they were not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on restructuring and related activities refer to “Operating expenses overview.”
- All items not included in operating income are excluded.

The following table sets forth the components of segment revenues as a percentage of the consolidated totals for the years ended December 31, 2009, 2008 and 2007.

	<u>Years Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Consumer-to-consumer (a)			
EMEASA	45%	44%	40%
Americas	32%	34%	37%
APAC	8%	7%	6%
Total consumer-to-consumer	<u>85%</u>	<u>85%</u>	<u>83%</u>
Global business payments	14%	14%	15%
Other	1%	1%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

(a) The geographic split 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

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split the revenue between the two regions, with each region receiving 50%. For money transfers initiated and paid in the same region, 100% of the revenue is attributed to that region.

Consumer-to-Consumer Segment

The following table sets forth our consumer-to-consumer segment results of operations for the years ended December 31, 2009, 2008 and 2007.

(dollars and transactions in millions)	Years Ended December 31,			% Change	
	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
Revenues:					
Transaction fees	\$3,373.5	\$3,532.9	\$3,286.6	(5)%	7%
Foreign exchange revenue	877.1	893.1	769.3	(2)%	16%
Other revenues	50.1	45.6	37.2	10%	23%
Total revenues	\$4,300.7	\$4,471.6	\$4,093.1	(4)%	9%
Operating income	\$1,175.5	\$1,222.7	\$1,078.3	(4)%	13%
Operating income margin	27%	27%	26%		
Key indicator:					
Consumer-to-consumer transactions	196.1	188.1	167.7	4%	12%

The table below sets forth transaction and revenue growth/(decline) rates by region for the years ended December 31, 2009 and 2008.

	Years Ended December 31,	
	2009	2008
Consumer-to-consumer transaction growth/(decline) (a):		
EMEASA	10%	23%
Americas	(3)%	2%
APAC	18%	27%
Consumer-to-consumer revenue growth/(decline) (a):		
EMEASA	(1)%	16%
Americas	(9)%	(1)%
APAC	5%	22%

(a) In determining the revenue and transaction growth rates under the regional view in the above table, the geographic split 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 revenue and transactions are attributed to that region.

When referring to revenue and transaction growth rates for individual countries in the following discussion, all transactions to, from and within those countries, and 100% of the revenue associated with each transaction to, from and within those countries are included. The countries of India and China combined represented approximately 7%, 6% and 5% of consolidated Western Union revenues during the years ended December 31, 2009, 2008 and 2007, respectively. No individual country, other than the United States, represented more than approximately 6%, 7% and 7% of our consolidated revenue for the years ended December 31, 2009, 2008 and 2007, respectively.

Transaction fees and foreign exchange revenue

2009 compared to 2008

Consumer-to-consumer money transfer revenue declined 4% on transaction growth of 4% for the year ended December 31, 2009 over 2008. The revenue decline was attributable to the weak global economy and slowing transaction growth, and to a lesser extent, geographic mix, product mix including a higher percentage of revenue earned from intra-country activity, which has lower revenue per transaction than cross-border transactions, and price decreases. Also impacting the revenue decline was the strengthening of the United States dollar compared to most other foreign currencies for the majority of the year, which adversely impacted revenue by approximately 2%, as discussed below. Our international consumer-to-consumer business experienced a revenue decline of 1% on transaction growth of 8% for the year ended December 31, 2009. Our international business represents all transactions other than transactions between and within the United States and Canada and transactions to and from Mexico. Our international consumer-to-consumer business outside of the United States also experienced revenue declines on transaction increases for the year ended December 31, 2009 as a result of the same factors described above.

Revenue in our EMEASA region declined 1% during the year ended December 31, 2009 compared to the same period in 2008 due to most of the same factors discussed above. Our largest European markets experienced revenue declines during most of the year ended December 31, 2009 as compared to the same period in 2008. Our money transfer business to India for the year ended December 31, 2009 versus the same period in 2008 continued to grow with transaction growth of 22% and revenue growth of 11%. Revenue and transaction growth for both India and the Gulf States slowed throughout the year ended December 31, 2009 compared to 2008. Due to the economic conditions in the Gulf States, transaction growth rates declined to single digits in the fourth quarter and we expect slowing transaction growth to impact 2010.

Americas revenue and transactions declined for the year ended December 31, 2009 compared to the same period in 2008. Contributing to the overall decline in the Americas region was the domestic business (transactions between and within the United States and Canada) which experienced a revenue decline of 14% on a transaction decline of 5% for the year ended December 31, 2009. The repositioning of the domestic business, including pricing reductions taken in the United States in the fourth quarter of 2009, improved our Americas and domestic transaction volumes, but contributed to the decline in revenue. Our Mexico business also contributed to the overall decline in the Americas region with a revenue decline of 15% on a transaction decline of 12% for the year ended December 31, 2009. Our United States domestic and Mexico business revenue declined due to the weak economy in the United States. Our Mexico revenues were also impacted by our closure of certain Vigo branded agents, substantially all of which were small retailers, due to credit concerns. However, the decline in revenue for our United States outbound business moderated in the fourth quarter of 2009 compared to the previous nine months of 2009 as a result of transaction growth experienced in the fourth quarter of 2009.

Our APAC revenue increased 5% on transaction growth of 18% for the year ended December 31, 2009 compared to the same period in 2008. The APAC region's revenues have been impacted by translating foreign currency denominated revenues into the United States dollar, as further described below, as well as moderating transaction growth. China revenue grew 1% on 4% transaction growth for the year ended December 31, 2009.

Foreign exchange revenue decreased for the year ended December 31, 2009 over the corresponding previous period at a rate relatively consistent with the decrease in our revenue from our international consumer-to-consumer business outside of the United States.

Fluctuations in the exchange rate between the United States dollar and currencies other than the United States dollar have resulted in a reduction to transaction fee and foreign exchange revenue for the year ended December 31, 2009 of \$101.3 million over the same period in the previous year, net of foreign currency hedges, that would not have occurred had there been constant currency rates. The majority of our exposure is related to the EMEASA region.

We have historically implemented and will likely implement future strategic fee reductions and actions to reduce foreign exchange spreads, where appropriate, taking into account growth opportunities and competitive

factors. Fee decreases and foreign exchange actions generally reduce margins, but are done in anticipation that they will result in increased transaction volumes and increased revenues over time. For the year ended December 31, 2009, such fee decreases and foreign exchange actions were approximately 2% of total Western Union revenue compared to 1% and 3% for the years ended December 31, 2008 and 2007, respectively.

The majority of transaction growth is derived from more mature agent locations; new agent locations typically contribute only marginally to growth in the first few years of their operation. Increased productivity, measured by transactions per location, is often experienced as locations mature. We believe that new agent locations will help drive growth by increasing the number of locations available to send and receive money. We generally refer to locations with more than 50% of transactions being initiated (versus paid) as “send locations” and to the balance of locations as “receive locations.” Send locations are the engine that drives consumer-to-consumer revenue. They contribute more transactions per location than receive locations. However, a wide network of receive locations is necessary to build each corridor and to help ensure global distribution and convenience for consumers. The number of send and receive transactions at an agent location can vary significantly due to such factors as customer demographics around the location, migration patterns, the location’s class of trade, hours of operation, length of time the location has been offering our services, regulatory limitations and competition. Each of the 410,000 agent locations in our agent network is capable of providing one or more of our services; however, not every location completes a transaction in a given period. For example, as of December 31, 2009, more than 85% of agent locations in the United States, Canada and Western Europe (representing at least one of our three money transfer brands: Western Union[®], Orlandi Valuta[®] and VigoSM) experienced money transfer activity in the previous 12 months. In the developing regions of Asia and other areas where there are primarily receive locations, approximately 70% of locations experienced money transfer activity in the previous 12 months. We periodically review locations to determine whether they remain enabled to perform money transfer transactions.

2008 compared to 2007

Consumer-to-consumer money transfer revenue growth was 9% for the year ended December 31, 2008 over the same period in 2007. This increase was driven by revenue growth of 13% in our international business on transaction growth of 17%. Our international consumer-to-consumer business outside of the United States also continued to experience strong revenue growth for the year ended December 31, 2008 as a result of strong transaction growth.

However, during the fourth quarter of 2008, revenue was impacted by the weakening global economy and its effect on Western Union customers. In the fourth quarter, transaction growth rates slowed sequentially compared to the first nine months of 2008. In addition, the amount of money remitted per transaction declined in the fourth quarter of 2008 compared to the fourth quarter of 2007. These factors resulted in less transaction fee and foreign exchange revenue in the fourth quarter of 2008 compared to the fourth quarter of 2007.

Revenue growth in our EMEASA region was 16% on transaction growth of 23% for the year ended December 31, 2008 over the same period in 2007. The growth in our EMEASA region during the year ended December 31, 2008, was primarily driven by transaction growth and the impact of translating foreign currency denominated revenues into the United States dollar, specifically the euro, as further described below. Contributing to the growth in the EMEASA region was strong transaction growth of over 60% in our money transfer business to India for the year ended December 31, 2008 compared to the corresponding period in 2007, resulting in revenue growth of over 45%. Over the same period, revenue growth in the Gulf States continued to be strong. However, revenue growth in some European markets during the year ended December 31, 2008 slowed over the previous year, especially during the fourth quarter of 2008 as certain countries within Europe, such as Spain, experienced declines in the housing industry and rising unemployment.

Fluctuations in the exchange rate between the United States dollar and currencies other than the United States dollar for the year ended December 31, 2008 resulted in a benefit to transaction fee and foreign exchange revenue of \$96 million, over the previous year, net of foreign currency hedges, that would not have occurred had there been constant currency rates. The positive impact to operating profit derived from foreign

currency exchange rates increasing against the United States dollar during the year was offset by the impact of foreign currency derivative losses for those foreign currency derivatives not designated as hedges and the portion of fair value that is excluded from the measure of effectiveness for these contracts designated as hedges thereby resulting in a minimal impact to overall earnings per share.

Americas revenue declined 1% for the year ended December 31, 2008 compared to the corresponding period in 2007 but transactions grew 2% for the same period. The United States domestic and the United States outbound revenue continued to decline, due to the overall weakening in the United States economy and rising unemployment, for the year ended December 31, 2008. Within the Americas region, revenue declines in our domestic business, which represents approximately 10% of consolidated revenue for the year ended December 31, 2008, continued to occur due to the factors described above. Although the domestic and United States outbound revenue declines experienced in 2008 moderated compared to those experienced in 2007, we did experience increased revenue declines in the fourth quarter of 2008 compared to the third quarter of 2008, due to the further weakening in the United States economy.

Domestic revenue declined 6% on transaction declines of 3% for the year ended December 31, 2008 compared to the corresponding period in 2007. In addition, United States telephone money transfer revenues continued to decline, and website money transfer revenues were flat for the year ended December 31, 2008.

Revenue in our Mexico business was down 2% on transaction declines of 1% for the year ended December 31, 2008 compared to the same period in 2007. The Mexico business continued to be impacted by the weakening in the United States economy, noted earlier, with such declines increasing in the fourth quarter of 2008. During a few weeks in the fourth quarter 2008, the value of the Mexican peso decreased dramatically against the United States dollar and, as a result, we experienced a spike in transactions as United States senders took advantage of the more favorable exchange rates. As the devaluation of the peso was sudden and unusual, we needed to acquire pesos at less favorable rates in order to meet the demand for immediate payout in Mexico, which impacted the overall decline in revenue by less than \$5 million.

Revenue and transaction growth in the APAC region for the year ended December 31, 2008 compared to the same period in 2007 was driven by strong inbound growth to the region, especially to the Philippines. China revenue and transactions grew at 13% and 11% for the year ended December 31, 2008 compared to the corresponding period in 2007, respectively. Revenue growth rates slowed to China during the third quarter of 2008, with revenue declining in the fourth quarter of 2008 compared to the same period in 2007, in part due to the weakening economic situation described previously and the decline in high revenue transactions from small entrepreneurs that typically make purchases in China.

Foreign exchange revenue increased for the year ended December 31, 2008 compared to the same period in the prior year due to an increase in cross-currency transactions primarily as a result of growth in international consumer-to-consumer transactions. As described above, foreign exchange revenue also benefited during the year ended December 31, 2008 compared to 2007 from the exchange rate between other currencies against the United States dollar, despite the negative impact of currency rate fluctuations in the fourth quarter of 2008.

Operating income

2009 compared to 2008

Consumer-to-consumer operating income decreased 4% during the year ended December 31, 2009 compared to 2008 due to the decline in revenue, incremental costs, including increased technology costs and the acquisition of FEXCO, offset somewhat by reduced agent commissions, savings realized from the 2008 restructurings and better leveraging of our marketing expenses, as described earlier. The operating income margin for the year ended December 31, 2009 was consistent with 2008.

2008 compared to 2007

Consumer-to-consumer operating income increased for the year ended December 31, 2008 compared to 2007, primarily driven by higher revenue and related profits from increased transactions internationally and

lower stock-based compensation expenses. Of the \$22.3 million accelerated stock-based compensation vesting charge in 2007 taken in connection with the change in control of First Data, that did not recur in 2008, \$18.9 million was allocated to this segment in 2007. During the year ended December 31, 2008 compared to 2007, the operating income increase was partially offset by revenue declines in our United States businesses, and higher employee compensation expenses. The ongoing shift in our business mix reflecting stronger growth in our international business, which carries lower profit margins than in our United States originated business, also impacted consumer-to-consumer operating income during the year ended December 31, 2008. As described earlier in the revenues overview and due to the same factors, operating income growth for the consumer-to-consumer segment was lower in the fourth quarter of 2008 than that experienced in the previous nine months.

Consumer-to-consumer operating income margin also increased during the year ended December 31, 2008 compared to 2007, primarily due to lower stock-based compensation expense, as described above. This increase was partially offset by revenue declines in our United States businesses and the shift in our business mix reflecting stronger growth in our international business, which carries lower profit margins than in our United States originated business as noted earlier. However, we have been experiencing a convergence between international operating profits margins and profit margins of our United States originated businesses.

Global Business Payments Segment

The following table sets forth our global business payments segment results of operations for the years ended December 31, 2009, 2008 and 2007.

<u>(dollars and transactions in millions)</u>	<u>Years Ended December 31,</u>			<u>% Change</u>	
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009 vs. 2008</u>	<u>2008 vs. 2007</u>
Revenues:					
Transaction fees	\$621.9	\$668.1	\$665.5	(7)%	0%
Foreign exchange revenue	33.2	3.2	2.0	*	*
Other revenues	36.6	48.5	52.4	(25)%	(7)%
Total revenues	\$691.7	\$719.8	\$719.9	(4)%	0%
Operating income	\$171.9	\$199.4	\$223.7	(14)%	(11)%
Operating income margin	25%	28%	31%		
Key indicator:					
Global business payments transactions	414.8	412.1	404.5	1%	2%

* Calculation not meaningful

Revenues

2009 compared to 2008

During the year ended December 31, 2009, the global business payments segment revenue was adversely impacted by the weak economic situation in the United States, which resulted in a revenue decline in our United States cash and electronic bill payments businesses, partially offset by revenue generated from our recent acquisition of Custom House, as described below, and slight growth in the Pago Fácil business. We believe many United States consumers who would use our services are having difficulty paying their bills and are unable to obtain credit, resulting in our handling fewer bill payments. Due to a continued challenging United States economy and competitive pressure, we expect to see revenue declines in our United States consumer-to-business service offerings in 2010 similar to the declines we experienced in 2009. Although the segment’s revenues were primarily generated in the United States for the year ended December 31, 2009, we expect the proportion of international revenue, specifically foreign exchange revenue, will grow in future periods as a percentage of total revenue due to our acquisition of Custom House.

On September 1, 2009, we completed the acquisition of Canada-based Custom House, a provider of international business-to-business payment services. Custom House facilitates cross-border, cross-currency payment transactions. The significant majority of Custom House's revenue is from exchanges of currency at the spot rate enabling customers to make cross-currency payments. The credit risk arising from these spot foreign currency exchange contracts is largely mitigated, as in the majority of cases Custom House requires the receipt of funds from customers before releasing the associated cross-currency payment. In addition, this business writes foreign currency forward and option contracts for their customers to facilitate future payments. The duration of these derivatives contracts is generally nine months or less. The significant majority of Custom House's revenue is generated from transactions involving different currencies, in which Custom House generates revenue based on the difference between the exchange rate set by Custom House to the customer and the rate at which Custom House is able to acquire currency or forward and option contracts. This foreign exchange revenue is recorded at the time the customer initiates a transaction with Custom House. The acquisition of Custom House contributed \$30.8 million to total revenue, primarily included in foreign exchange revenue, and approximately 200,000 transactions for the year ended December 31, 2009.

Transaction growth during the year ended December 31, 2009 compared to 2008 was driven by our Pago Fácil cash-based and United States electronic-based bill payments businesses. Both of these businesses carry a lower revenue per transaction than our United States cash-based bill payment business. The transaction growth was offset by a decline in the United States cash-based bill payments business.

2008 compared to 2007

During the year ended December 31, 2008, overall revenue was flat compared to the corresponding period in 2007, as revenue growth in the Pago Fácil business was offset by a decline in United States cash-based bill payment revenue. The global business payments segment, including the United States electronic-based bill payments business which experienced flat revenues year over year, was adversely impacted in the last half of 2008 due to the weakening economy in the United States. Some consumers who were likely to use our services were having difficulty paying their bills and were unable to obtain credit in any form, resulting in us handling fewer bill payments.

Operating income

2009 compared to 2008

For the year ended December 31, 2009, operating income decreased compared to the same period in the prior year primarily due to operating income declines related to the United States-based bill payments business and operating and integration costs associated with the acquisition of Custom House, offset slightly by the savings generated from the 2008 restructurings.

The decline in operating income margin in the segment is due to the factors described above and continues to be impacted by the decline in the United States cash-based bill payments business which has a higher operating income margin than our South America and electronic businesses.

2008 compared to 2007

Operating income for the global business payments segment decreased for the year ended December 31, 2008 compared to 2007 primarily due to operating income declines in the United States-based bill payments businesses, partially offset by growth in Pago Fácil payments. Operating income margins also declined as United States electronic-based and Pago Fácil payments, which cumulatively represented a higher percentage of global business payments revenues in 2008 compared to 2007, have lower operating margins than the declining higher margin United States cash-based bill payments business. Partially offsetting operating income declines for the year ended December 31, 2008 compared to 2007 was lower stock-based compensation expenses as described in the "consumer-to-consumer" operating income discussion.

Other

The following table sets forth other results for the years ended December 31, 2009, 2008 and 2007.

<u>(dollars in millions)</u>	<u>Years Ended</u> <u>December 31,</u>			<u>% Change</u>	
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2009</u>	<u>2008</u>
				<u>vs. 2008</u>	<u>vs. 2007</u>
Revenues	\$91.2	\$90.6	\$87.2	1%	4%
Operating income	\$ 6.3	\$15.8	\$20.0	(60)%	(21)%
Operating income margin	7%	17%	23%		

Revenues

2009 compared to 2008

Revenue remained relatively consistent with prior year and is comprised primarily of our money order services business. In the fourth quarter, we experienced a decrease in the amount of revenue recognized related to our money order services business as we no longer receive a fixed return of 5.5% from IPS on the outstanding money order balances as described below. However, we now derive investment income from actual interest generated on our money order settlement assets, which are primarily held in United States tax exempt state and municipal securities. In 2008 and 2009, we entered into interest rate swaps on certain of our fixed rate notes to reduce our exposure to fluctuations in interest rates. Through a combination of the revenue generated from these investment securities and the anticipated interest expense savings resulting from these interest rate swaps, we estimate that we should be able to retain, a materially comparable after-tax rate of return through 2011 as we were receiving under the agreement with IPS. However, the results of interest expense savings related to the swaps will be reflected in interest expense and will not impact operating income.

Effective October 1, 2009, in accordance with the agreement signed on July 18, 2008, IPS, a subsidiary of First Data, assigned and transferred to us certain operating assets used by IPS to issue Western Union branded money orders and approximately \$860 million of cash sufficient to satisfy all outstanding money order liabilities. On the Transition Date, we assumed IPS's role as issuer of the money orders, including its obligation to pay outstanding money orders, and terminated the existing agreement whereby IPS paid Western Union a fixed return of 5.5% on the outstanding money order balances. Following the Transition Date, we invested the cash received from IPS in high-quality, investment grade securities, primarily tax exempt United States state and municipal securities, in accordance with applicable regulations, which are the same as those currently governing the investment of our United States originated money transfer principal.

2008 compared to 2007

Revenue increased for the year ended December 31, 2008 over the same period in 2007 due to revenue growth in our prepaid services business generated outside of the United States.

Operating income

2009 compared to 2008

During the year ended December 31, 2009, the decrease in operating income was primarily due to increased costs related to acquisitions and a decline in our money order services business due to the decrease in revenue in the fourth quarter of 2009 as described above.

2008 compared to 2007

For the year ended December 31, 2008, the decrease in operating income was driven by operating income declines related to our money order services business, costs incurred to develop mobile money transfer services and our prepaid business within the United States, offset by increased revenue and related profits from our prepaid services business outside of the United States.

Further financial information relating to each of our segments' external revenue, operating profit measures and total assets is set forth in Note 17 to our consolidated financial statements.

Capital Resources and Liquidity

Our primary source of liquidity has been cash generated from our operating activities, driven primarily from net income and fluctuations in working capital. Our working capital is affected by the timing of interest payments on our outstanding borrowings, timing of income tax payments, and collections on receivables, among other items. The 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 the migrant population, and changes in income tax laws or the status of income tax audits, including the resolution of outstanding tax matters. In 2010, we are considering making a \$250 million refundable tax deposit relating to potential United States federal tax liabilities arising from our 2003 international restructuring. By making the deposit, interest charges related to the amount of the deposit will cease. To the extent the deposit is not ultimately used to satisfy federal tax liabilities, it is refundable with interest.

A significant portion of our cash flows from operating activities has been generated from subsidiaries, some of which are regulated entities. These subsidiaries may transfer all excess cash to the parent company for general corporate use, except for assets subject to legal or regulatory restrictions. The assets subject to legal or regulatory restrictions include those located in countries outside of the United States containing restrictions from being transferred outside of those countries and cash and investment balances that are maintained by a regulated subsidiary to secure certain money transfer obligations initiated in the United States in accordance with applicable state regulations. Significant changes in the regulatory environment for money transmitters could impact our primary source of liquidity.

We believe we have adequate liquidity to meet our business needs, including dividends and share repurchases, through our existing cash balances and our ability to generate cash flows through operations. In addition, we have capacity to borrow on our \$1.5 billion revolving credit facility which was undrawn at December 31, 2009 and expires in September 2012.

Cash and Investment Securities

As of December 31, 2009, we had cash and cash equivalents of \$1.7 billion, of which \$906 million was held by our foreign entities. Our ongoing cash management strategies to fund our business needs could cause United States and foreign cash balances to fluctuate.

Repatriating foreign funds to the United States would, in many cases, result in significant tax obligations because most of these funds have been taxed at relatively low foreign tax rates compared to our combined federal and state tax rate in the United States. We expect to use foreign funds to expand and fund our international operations and to acquire businesses internationally.

In many cases, we receive funds from money transfers and certain other payment services and money orders before we settle the payment of those transactions. These funds, referred to as "settlement assets" on our 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, included in settlement assets, were \$1.2 billion as of December 31, 2009. Effective October 1, 2009, IPS assigned and transferred to us certain operating assets used by IPS to issue Western Union branded money orders and approximately \$860 million of cash sufficient to satisfy all outstanding money order liabilities which contributed to the increase in our investment securities from December 31, 2008 to December 31, 2009. Most state regulators in the United States require us to maintain specific high-quality, investment grade securities and such investments are intended to secure relevant outstanding settlement

obligations in accordance with applicable regulations. We do not hold investment securities for trading purposes, and all of our investment securities are classified as available-for-sale and recorded at fair value. Under the Payment Services Directive (“PSD”) in the European Union, we expect to have a similar portfolio of investment securities, which we will manage in a similar manner and under similar guidelines as our current portfolio.

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 making high quality investments, including diversifying our investment portfolio. As of December 31, 2009, the majority of our investment securities had credit ratings of “AA-” or better from a major credit rating agency. Our investment securities are also actively managed with respect to concentration. As of December 31, 2009, there were no investments with a single issuer or individual securities representing more than 10% of our investment securities portfolio.

Cash Flows from Operating Activities

During the years ended December 31, 2009, 2008 and 2007, cash provided by operating activities was \$1,218.1 million, \$1,253.9 million and \$1,103.5 million, respectively. Cash flows provided by operating activities decreased from 2008 to 2009 due to lower net income, offset by working capital fluctuations in 2009 including the settlement accrual and the timing of tax payments. Cash flows provided by operating activities increased from 2007 to 2008 due to higher net income and working capital fluctuations in 2008.

Financing Resources

As of December 31, 2009 and 2008, we had the following outstanding borrowings (in millions):

	<u>2009</u>	<u>2008</u>
Due in less than one year:		
Commercial paper	\$ —	\$ 82.9
Term loan (a)	—	500.0
Due in greater than one year:		
5.400% notes, net of discount, due 2011 (b)	1,033.9	1,042.8
6.500% notes, net of discount, due 2014 (c)	498.6	—
5.930% notes, net of discount, due 2016 (d)	1,012.5	1,014.4
6.200% notes, net of discount, due 2036	497.5	497.4
Other borrowings	6.0	6.0
Total borrowings	<u>\$3,048.5</u>	<u>\$3,143.5</u>

- (a) The term loan due in December 2009 (“Term Loan”) was paid and financed with the issuance of the 6.500% notes due 2014 (“2014 Notes”) on February 26, 2009.
- (b) At December 31, 2009 and 2008, we held interest rate swaps related to the 5.400% notes due 2011 (“2011 Notes”) with an aggregate notional amount of \$750 million and \$550 million, respectively. The carrying value of the 2011 Notes at December 31, 2009 and 2008 contained \$34.3 million and \$42.7 million, respectively, of hedge accounting adjustments related to active swaps as well as the unamortized portion of previously terminated swaps. These hedge accounting adjustments will be reclassified as reductions to “interest expense” over the life of the 2011 Notes.
- (c) The 2014 Notes were issued on February 26, 2009 and the proceeds were used to repay the Term Loan.
- (d) The carrying value of the 2016 Notes at December 31, 2009 and 2008 included \$12.8 million and \$15.4 million, respectively, of hedge accounting adjustments. The remaining unamortized portion of this previously terminated swap will be reclassified as a reduction to “interest expense” over the life of the 2016 Notes.

Commercial Paper

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. 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 at December 31, 2009. Our commercial paper borrowings at December 31, 2008 had a weighted-average interest rate of approximately 4.1% and a weighted-average initial term of 27 days.

Revolving Credit Facility

Our revolving credit facility expires in September 2012 and includes a \$1.5 billion revolving credit facility, a \$250.0 million letter of credit sub-facility and a \$150.0 million swing line sub-facility (the "Revolving Credit 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 19 basis points. A facility fee of 6 basis points on the total facility is payable quarterly regardless of usage. In addition, to the extent the aggregate outstanding borrowings under the Revolving Credit Facility exceed 50% of the related aggregate commitments, a utilization fee of 5 basis points as of December 31, 2009 based upon such ratings is payable to the lenders on the aggregate outstanding borrowings. The interest rate margin, facility fee and utilization fee are all based on certain of our credit ratings.

As of December 31, 2009, we had no outstanding borrowings and had \$1.5 billion available to borrow. Our revolving credit facility, which is diversified through a group of 15 participating institutions, is used to provide general liquidity for us 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 \$1.5 billion is approximately 20%. The substantial majority of the banks within this group were rated at least an "A-" or better as of December 31, 2009. 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.

Term Loan

On December 5, 2008, we entered into a senior, unsecured, 364-day term loan in an aggregate principal amount of \$500 million with a syndicate of lenders. The Term Loan was repaid and financed with the issuance of the 2014 Notes on February 26, 2009.

Notes

On February 26, 2009, we issued \$500 million aggregate principal amount of 2014 Notes to repay the balance of the Term Loan which was scheduled to mature in December 2009. Interest with respect to the 2014 Notes is payable semiannually on February 26 and August 26 each year based on the fixed per annum interest rate of 6.500%. We may redeem the 2014 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 50 basis points.

On November 17, 2006, we issued \$2 billion aggregate principal amount of our unsecured fixed and floating rate notes, comprised of \$500 million aggregate principal amount of our Floating Rate Notes due 2008 (the "Floating Rate Notes"), \$1 billion aggregate principal amount of 5.400% Notes due 2011 and \$500 million aggregate principal amount of 6.200% Notes due 2036 (the "2036 Notes"). The Floating Rate Notes were paid upon maturity in November 2008. Interest with respect to the 2011 Notes and 2036 Notes is payable semiannually in arrears on May 17 and November 17 each year. We may redeem the 2011 Notes and

the 2036 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 15 basis points and 25 basis points, respectively.

On September 29, 2006, we issued \$1.0 billion aggregate principal amount of unsecured notes maturing on October 1, 2016. Interest on the 2016 Notes is payable semiannually on April 1 and October 1 each year. We may redeem the 2016 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 20 basis points.

Credit Ratings and Debt Covenants

The credit ratings on our debt are an important consideration in managing our financing costs and facilitating access to additional capital on favorable terms. Factors that we believe are important in assessing our credit ratings include earnings, cash flow generation, leverage, available liquidity and overall business risks.

Our Revolving Credit Facility contains an interest rate margin, facility fee and utilization fee, all of which are determined based on certain of our credit ratings. In addition, we are subject to certain provisions in our 2014 Notes and certain of our derivative contracts which would require settlement or collateral posting in the event of a change in control combined with a downgrade below investment grade. We do not have any other terms within our debt agreements or other contracts that are tied to changes in our credit ratings. The table below summarizes our credit ratings as of December 31, 2009:

	December 31, 2009		
	S&P	Moody's	Fitch
Short-term rating	A-2	P-2	F2
Senior unsecured	A-	A3	A-
Ratings outlook	Stable	Stable	Stable

These ratings are not a recommendation to buy, sell or hold any of our securities. Our credit ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. We cannot ensure that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. A downgrade or a negative outlook provided by the rating agencies could result in the following:

- Our access to the commercial paper market may be limited, and if we were downgraded below investment grade, our access to the commercial paper market would likely be eliminated;
- We may be required to pay a higher interest rate in future financings;
- Our potential pool of investors and funding sources may decrease;
- Regulators may impose additional capital and other requirements on us, including imposing restrictions on the ability of our regulated subsidiaries to pay dividends; and
- Our agent relationships may be adversely impacted, particularly those agents that are financial institutions or post offices.

The Revolving Credit Facility contains covenants which, among other things, limit or restrict our ability to sell or transfer assets or enter into a merger 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 or incur certain subsidiary level indebtedness. Our notes are subject to similar covenants except that only the 2011 Notes, 2016 Notes and the 2036 Notes contain a restriction on subsidiary indebtedness and none of the notes include a covenant that limits our ability to impose restrictions on subsidiary dividends. In addition, the Revolving Credit Facility requires us to maintain a consolidated adjusted EBITDA interest coverage ratio of greater than 2:1 (ratio of consolidated adjusted EBITDA, defined as net income plus the sum of (a) interest expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) any other non-cash deductions, losses or changes made in determining net

income for such period and (f) extraordinary losses or charges, minus extraordinary gains, in each case determined in accordance with United States GAAP for such period, to interest expense) for each period comprising the four most recent consecutive fiscal quarters. Our consolidated interest coverage ratio was 10:1 for the year ended December 31, 2009.

As of December 31, 2009, we were in compliance with our debt covenants. A violation of our debt covenants could impair our ability to borrow, and outstanding amounts borrowed could become due, thereby restricting our ability to use our excess cash for other purposes.

Cash Priorities

Liquidity

Our objective is to maintain strong liquidity and a capital structure consistent with our current credit ratings. We have existing cash balances, cash flows from operating activities, access to the commercial paper markets and our \$1.5 billion revolving credit 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 \$98.9 million, \$153.7 million and \$192.1 million in 2009, 2008 and 2007, respectively. Amounts paid for new and renewed agent contract costs vary depending on the terms of existing contracts as well as the timing of new and renewed contract signings. Other capital expenditures during 2009, 2008 and 2007 included investments in our information technology, purchased and developed software and, in 2008 and 2007, the renovation of certain facilities.

Acquisition of Businesses

On September 1, 2009, we acquired Canada-based Custom House, a provider of international business-to-business payment services, for cash consideration of \$371.0 million for 100% of the common shares of this business and acquired cash of \$2.5 million.

On February 24, 2009, we acquired the money transfer business of European-based FEXCO Group Holdings (“FEXCO Group”) one of our largest agents providing services in a number of European countries, primarily the United Kingdom, Spain, Sweden and Ireland. We surrendered our 24.65% interest in FEXCO Group and paid €123.1 million (\$157.4 million) as consideration for 100% of the common shares of the money transfer business and acquired cash of \$11.8 million.

In December 2008, we acquired 80% of our existing money transfer agent in Peru for a purchase price of \$35.0 million. The aggregate consideration paid was \$29.7 million, net of a holdback reserve of \$3.0 million and cash acquired of \$2.3 million.

On August 1, 2008, we acquired the money transfer assets from our existing money transfer agent in Panama for a purchase price of \$18.3 million, which is net of cash acquired. The consideration paid was \$14.3 million, net of a holdback reserve of \$4.0 million.

We expect that we will continue to pursue opportunities to acquire companies, particularly outside of the United States, that complement our existing businesses worldwide.

Share Repurchases and Dividends

At December 31, 2009, common stock repurchases of up to \$1.0 billion have been authorized by the Board of Directors through December 31, 2012. During the years ended December 31, 2009, 2008 and 2007, 24.8 million, 58.1 million and 34.7 million shares, respectively, have been repurchased for \$400.0 million, \$1,313.9 million and \$726.5 million, respectively, excluding commissions, at an average cost of \$16.10, \$22.60 and \$20.93 per share, respectively.

During the fourth quarter of 2009, our Board of Directors declared a quarterly cash dividend of \$0.06 per common share representing \$41.2 million in total dividends. During the fourth quarter of 2008 and 2007, our Board of Directors declared an annual cash dividend of \$0.04 per common share representing \$28.4 million and \$30.0 million, respectively, in total dividends. These amounts were paid to shareholders of record in December of each respective year.

Equity Investments In and Loans to Certain Key Agents

In October 2007, we entered into agreements totaling \$18.3 million to convert our non-participating interest in a joint venture with our Singapore agent, Hersing Corporation Ltd., into a fully participating 49% equity interest and extended the agent relationship at more favorable commission rates to Western Union. As a result, we earn a pro-rata share of profits and have enhanced voting rights. We also have the right to add additional agent relationships in Singapore under this agreement. In October 2007, we completed an agreement to acquire a 25% ownership interest in GraceKennedy Money Services Caribbean SRL (“GraceKennedy”), an agent in Jamaica (which also acts as our agent in several other Caribbean countries), and to extend the term of the agent relationship for \$29.0 million. The aggregate consideration paid resulted in \$20.2 million of identifiable intangible assets, including capitalized contract costs, which are being amortized over seven to 10 years.

From time to time, we also make advances and loans to agents. Most significantly, in the first quarter 2006, we signed a six year agreement with one of our existing agents which included a four year loan of \$140.0 million to the agent, of which \$33.1 million, \$40.0 million and \$30.0 million were repaid in the years ended December 31, 2009, 2008 and 2007, respectively. The remaining loan receivable balance relating to this agent as of December 31, 2009 was \$16.9 million and was fully repaid in January 2010.

As opportunities arise, we expect we will continue to strategically invest in agents to further strengthen our business.

Debt Service Requirements

Our 2010 debt service requirements will include interest payments on all outstanding indebtedness and may include payments on any future borrowings under our commercial paper program. We have the ability to use existing financing sources, such as our Revolving Credit Facility and commercial paper program, to meet obligations as they arise.

Our ability to continue to grow the business, make acquisitions, return capital to shareholders, including share repurchases and dividends, 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 the appropriate acquisitions that will align with our long-term strategy.

Off-Balance Sheet Arrangements

Other than facility and equipment leasing arrangements disclosed in Note 12 to our consolidated financial statements, 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.

Pension Plans

We have two frozen defined benefit pension plans (“Plans”) for which we have a recorded unfunded pension obligation of \$124.2 million as of December 31, 2009. Due to the closure of one of our facilities in Missouri and a recent agreement with the Pension Benefit Guaranty Corporation, we funded \$4.1 million into one of our subsidiary’s pension plans during 2009. No contributions were made to these plans by Western Union during the years ended December 31, 2008 and 2007. Pursuant to final guidance issued by the IRS in September 2009, we made certain interest rate elections under the Pension Protection Act which will require

us to fund approximately \$15 million to the plans in 2010, which is less than was previously anticipated. In addition, we may make a discretionary contribution of up to approximately \$10 million for a total contribution of \$25 million to the plans in 2010.

Our most recent measurement date for our pension plans was December 31, 2009. The calculation of the funded status and net periodic benefit income is dependent upon two primary assumptions: 1) expected long-term return on plan assets; and 2) discount rate.

Western Union employs a building block approach in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income securities are considered consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Consideration is given to diversification, re-balancing and yields anticipated on fixed income securities held. Peer data and historical returns are reviewed to check for reasonableness and appropriateness. We then apply this rate against a calculated value for our plan assets. The calculated value recognizes changes in the fair value of plan assets over a five-year period. Our expected long-term return on plan assets was 7.50% for 2009 and 2008. The expected long-term return on plan assets is 6.50% for 2010. A 25 basis point change in the assumed return for 2010 would impact our annual pension expense by approximately \$0.8 million.

The discount rate assumption is set based on the rate at which the pension benefits could be settled effectively. The discount rate is determined by matching the timing and amount of anticipated payouts under the plans to the rates from an AA spot rate yield curve. The curve is derived from AA bonds of varying maturities. The discount rate assumption for our benefit obligation was 5.30% and 6.26% at December 31, 2009 and 2008, respectively. A 25 basis point change in the discount rate would have an impact of less than \$0.1 million to our annual pension expense.

Contractual Obligations

The following table summarizes our contractual obligations to third parties as of December 31, 2009 and the effect such obligations are expected to have on our liquidity and cash flows in future periods (in millions):

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
Borrowings, including interest (a)	\$4,490.5	\$ 157.0	\$1,318.9	\$ 717.0	\$ 2,297.6
Unrecognized tax benefits (b)	522.7	—	—	—	—
Purchase obligations (c)	154.9	42.7	52.2	30.0	30.0
Estimated pension funding (d)	120.6	14.9	47.3	38.8	19.6
Operating leases	107.7	28.3	37.3	22.6	19.5
Foreign currency derivative contracts (e)	80.6	70.4	10.2	—	—
Other (f)	81.6	75.1	4.0	2.5	—
	<u>\$5,558.6</u>	<u>\$ 388.4</u>	<u>\$1,469.9</u>	<u>\$ 810.9</u>	<u>\$ 2,366.7</u>

- (a) We have estimated our interest payments based on (i) the assumption that no commercial paper borrowings will be outstanding beyond 2009 and (ii) the assumption that no debt issuances or renewals will occur upon the maturity dates of our notes.
- (b) The timing of cash payments on unrecognized tax benefits, including accrued interest and penalties, is inherently uncertain because the ultimate amount and timing of such liabilities is affected by factors which are variable and outside our control. In 2010, we are considering making a \$250 million refundable tax deposit relating to potential United States federal tax liabilities arising from our 2003 international restructuring. By making the deposit, interest charges related to the amount of the deposit will cease. To the extent the deposit is not ultimately used to satisfy federal tax liabilities, it is refundable

with interest. Due to the uncertainty surrounding this tax deposit, the amount has not been reflected in the table above.

- (c) Many of our contracts contain clauses that allow us to terminate the contract with notice and with a termination penalty. Termination penalties are generally an amount less than the original obligation. Obligations under certain contracts are usage-based and are, therefore, estimated in the above amounts. Historically, we have not had any significant defaults of our contractual obligations or incurred significant penalties for termination of our contractual obligations.
- (d) We have estimated our pension plan funding requirements, including interest, using assumptions that are consistent with current pension funding rates. The actual minimum required amounts each year will vary based on the actual discount rate and asset returns when the funding requirement is calculated. In addition, we may make a discretionary contribution of up to approximately \$10 million to the plans in 2010, which has not been reflected in the table above.
- (e) Represents the liability position of our foreign currency derivative contracts as of December 31, 2009, which will fluctuate based on market conditions.
- (f) This line item primarily includes the expected payment of \$71.0 million related to the agreement and settlement with the State of Arizona, including amounts to be paid 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 will participate with Arizona. The table above excludes certain additional investments in our compliance programs along the United States and Mexico border and the engagement of a monitor of that program of approximately \$23 million to be incurred over the next two to four years also related to the agreement and settlement with the State of Arizona due to the uncertainty over the timing of payments. This balance also represents accrued and unpaid initial payments for new and renewed agent contracts as of December 31, 2009.

Other Commercial Commitments

We had \$88.0 million in outstanding letters of credit and bank guarantees at December 31, 2009, with expiration dates through 2015, certain of which contain a one-year renewal option. The letters of credit and bank guarantees are primarily held in connection with lease arrangements and certain agent agreements. We expect to renew the letters of credit and bank guarantees prior to expiration in most circumstances.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of results of operations and financial condition is based on our financial statements that have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires that management make estimates and assumptions that affect the amounts reported for revenues, expenses, assets, liabilities and other related disclosures. Actual results may or may not differ from these estimates. Our significant accounting policies are discussed in Note 2, *Summary of Significant Accounting Policies*, of the notes to consolidated financial statements, included in Item 8, *Financial Statements and Supplementary Data*.

Our critical accounting policies and estimates, described below, are very important to the portrayal of our financial position and our results of operations and applying them requires our management to make difficult, subjective and complex judgments. We believe that the understanding of these key accounting policies and estimates is essential in achieving more insight into our operating results and financial condition.

Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Income Taxes <i>Reinvestment of foreign earnings</i> Income taxes, as reported in our consolidated financial statements, represent the net amount of income taxes we expect to pay to various taxing jurisdictions in connection with our operations. We provide for income taxes based on amounts that we believe we will ultimately owe after applying the required analyses and judgments.</p>	<p>With respect to earnings in certain foreign jurisdictions, we have provided for income taxes on such earnings at a more favorable income tax rate than the combined United States federal and state income tax rates because we expect to reinvest these earnings outside of the United States indefinitely.</p>	<p>At December 31, 2009, no provision had been made for United States federal and state income taxes on foreign earnings of approximately \$2.0 billion, which are expected to be reinvested outside the United States indefinitely.</p> <p>Upon distribution of those earnings to the United States in the form of actual or constructive dividends, we 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 which could result in a material impact to our financial position, results of operations and cash flows in the period such distribution occurred. Determination of the amount of unrecognized deferred United States tax liability is not practicable because of the complexities associated with its hypothetical calculation.</p>

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Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
<p><i>Income tax contingencies</i></p> <p>We recognize the tax benefit from an uncertain tax position only when it is more likely than not, based on the technical merits of the position, that the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.</p>	<p>We have established contingency reserves for material, known tax exposures, including potential tax audit adjustments with respect to our international operations, which were restructured in 2003. Our tax reserves reflect management’s judgment as to the resolution of the issues involved if subject to judicial review. While we believe 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 its related reserve. With respect to these reserves, our income tax expense would include (i) any changes in tax reserves arising from material changes during the period in the facts and circumstances (i.e., new information) surrounding a tax issue 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.</p> <p>The Internal Revenue Service (“IRS”) has completed audits of the United States federal consolidated income tax returns of First Data for the years 2002 through 2004, which include our taxable results for those years. Refer to Note 10 to our consolidated financial statements for a detailed discussion of these audits.</p> <p>Pursuant to the tax allocation agreement signed in connection with the Spin-off from First Data, we believe we have appropriately apportioned the taxes between First Data and us.</p>	<p>Our tax contingency reserves for our uncertain tax positions as of December 31, 2009 were \$522.7 million, including interest and penalties. While we believe that our reserves are adequate to cover reasonably expected tax risks, in the event that the ultimate resolution of our uncertain tax positions differ from our estimates, particularly with respect to our 2003 restructuring of our international operations, we may be exposed to material increases in income tax expense, which could materially impact our financial position, results of operations and cash flows.</p> <p>If we are 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 our business, financial position, results of operations and cash flows.</p>

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Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Derivative Financial Instruments</p> <p>We utilize derivatives to (a) minimize our exposure related to changes in foreign currency exchange rates and interest rates and (b) facilitate cross-currency payments by writing derivatives to customers and entering into offsetting derivatives with established financial institution counterparties, or by holding sufficient foreign currency cash balances to cover those transactions. We recognize all derivatives in other assets and other liabilities in our consolidated balance sheets at their fair value. Certain of our derivative arrangements are designated as either cash flow hedges or fair value hedges at the time of inception, and others are not designated as accounting hedges.</p> <p>Cash Flow hedges—Cash flow hedges consist of foreign currency hedging of forecasted money transfer revenues and hedges of anticipated fixed rate debt issuances. Derivative fair value changes that are captured in accumulated other comprehensive loss are reclassified to earnings in the same period or periods the hedged item affects earnings, to the extent the change in the fair value of the instrument is effective in offsetting the change in fair value of the hedged item. The portion of the change in fair value that is either considered ineffective or is excluded from the measure of effectiveness is recognized immediately in “Derivative (losses)/gains, net.”</p> <p>Fair Value hedges—Fair value hedges consist of hedges of fixed rate debt, through interest rate swaps. The changes in fair value of these hedges, along with offsetting changes in fair value of the related debt instrument are recorded in interest expense.</p>	<p>The accounting guidance related to derivative accounting is complex and contains strict documentation requirements.</p> <p>The details of each designated hedging relationship must be formally documented at the inception of the arrangement, including the risk management objective, hedging strategy, hedged item, specific risks being hedged, the derivative instrument, how effectiveness is being assessed and how ineffectiveness, if any, will be measured. The derivative must be highly effective in offsetting the changes in cash flows or fair value of the hedged item, and effectiveness is evaluated quarterly on a retrospective and prospective basis.</p> <p>If the hedge is no longer deemed effective, we discontinue applying hedge accounting to that relationship prospectively.</p>	<p>While we expect that our derivative instruments that currently qualify for hedge accounting will continue to meet the conditions for hedge accounting, if hedges do not qualify for hedge accounting, the changes in the fair value of the derivatives used as hedges would be reflected in earnings which could have a significant impact on our reported results.</p> <p>As of December 31, 2009, the cumulative pre-tax unrealized losses classified within accumulated other comprehensive loss from such cash flow hedges that would be reflected in earnings if our hedges were disqualified from hedge accounting was \$24.6 million.</p> <p>As of December 31, 2009, the cumulative debt adjustments from our fair value hedges that would be reflected in earnings if such hedges were disqualified from hedge accounting was a \$47.1 million gain.</p>

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Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Other Intangible Assets We capitalize certain initial payments for new and renewed agent contracts as well as acquired intangible assets and software.</p> <p>We evaluate such intangible assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. In such reviews, estimated undiscounted cash flows associated with these assets are compared with their carrying amounts to determine if a write-down to fair value (normally measured by discounted cash flows) is required.</p>	<p>The capitalization of initial payments for new and renewed agent contracts is subject to strict accounting policy criteria and requires management judgment as to the appropriate time to initiate capitalization. Our accounting policy is to limit the amount of capitalized costs for a given agent contract to the lesser of the estimated future cash flows from the contract or the termination fees we would receive in the event of early termination of the contract.</p> <p>The estimated undiscounted cash flows associated with each asset requires us to make estimates and assumptions including among other things revenue growth rates, and operating margins based on our budgets and business plans.</p>	<p>Disruptions to contractual relationships, significant declines in cash flows or transaction volumes associated with contracts, or other issues significantly impacting the future cash flows associated with the contract would cause us to evaluate the recoverability of the asset.</p> <p>If an event described above occurs and causes us to determine that an asset has been impaired, that could result in an impairment charge. We did not record any impairment charges related to other intangible assets during the three year period ended December 31, 2009.</p> <p>The net carrying value of our other intangible assets at December 31, 2009 was \$489.2 million.</p>
<p>Goodwill Impairment Testing We evaluate goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of the goodwill may not be recoverable.</p> <p>Goodwill impairment is determined using a two-step process. The first step is to identify if a potential impairment exists by comparing the fair value of each reporting unit to its carrying amount. If the fair value of a reporting unit exceeds its carrying amount, goodwill of that reporting unit is not considered to have a potential impairment and the second step of the impairment test is not necessary. However, if the carrying amount of a reporting unit exceeds its fair value, the second step is performed to determine the implied fair value of a reporting unit's goodwill, by comparing the reporting unit's fair value to the allocated fair values of all assets and liabilities, including any unrecognized intangible assets, as if the reporting unit had been acquired in a business combination. If the carrying amount of goodwill exceeds its implied fair value, an impairment is recognized in an amount equal to that excess.</p> <p>Reporting units are defined as an operating segment or one level below an operating segment.</p>	<p>We calculate the fair value of each reporting unit through discounted cash flow analyses which require us to make estimates and assumptions including, among other items, revenue growth rates, operating margins, and capital expenditures based on our budgets and business plans which take into account expected regulatory, marketplace and other economic factors.</p> <p>The determination of the reporting units also requires judgment.</p>	<p>We could be required to evaluate the recoverability of goodwill prior to the annual assessment if we experience disruptions to the business, unexpected significant declines in operating results, a divestiture of a significant component of our business, significant declines in market capitalization or other triggering events. In addition, as our business or the way we manage our business changes, our reporting units may also change.</p> <p>If an event described above occurs and causes us to recognize a goodwill impairment charge, it could impact our reported earnings in the periods such charge occurs.</p> <p>The carrying value of goodwill as of December 31, 2009 was \$2,143.4 million which represented approximately 29% of our consolidated assets.</p> <p>We have not recorded any goodwill impairments during the three years ended December 31, 2009.</p> <p>The fair value of each of our reporting units exceeded their carrying amounts for the three years ended December 31, 2009.</p>

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Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Acquisitions—Purchase Price Allocation We allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities is recorded as goodwill.</p> <p>For most acquisitions, we engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets such as agent networks, customer relationships, tradenames and any other significant assets or liabilities. We adjust the preliminary purchase price allocation, as necessary, after the acquisition closing date through the end of the measurement period of one year or less as we finalize valuations for the assets acquired and liabilities assumed.</p>	<p>Purchase price allocation methodology requires management to make assumptions and apply judgment to estimate the fair value of acquired assets and liabilities. Management estimates the fair value of assets and liabilities primarily using discounted cash flows and replacement cost analysis.</p>	<p>During the last three years, we completed the following significant acquisitions:</p> <ul style="list-style-type: none"> • In September 2009, we acquired Custom House for \$371.0 million. • In February 2009, we acquired the money transfer business of FEXCO for \$243.6 million. • In 2008, we acquired an 80% interest in our existing money transfer agent in Peru and the money transfer assets of an agent in Panama for a total of \$53.3 million. <p>See Note 3, <i>Acquisitions</i>, to the Notes to the Consolidated Financial Statements, included in Item 8, of this Annual Report on Form 10-K, for more information related to the purchase price allocations for acquisitions completed during the last three years.</p> <p>If estimates or assumptions used to complete the purchase price allocation and estimate the fair value of acquired assets and liabilities significantly differed from assumptions made, the allocation of purchase price between goodwill and intangibles could significantly differ. Such a difference would impact future earnings through amortization expense of these intangibles. In addition, if forecasts supporting the valuation of the intangibles or goodwill are not achieved, impairments could arise, as discussed further in “Goodwill Impairment Testing” and “Other Intangible Assets” above. For the acquisitions discussed above, goodwill of \$504.1 million and intangibles of \$208.7 million were recognized.</p>

New Accounting Pronouncements

On January 1, 2010, we adopted new accounting requirements for the consolidation of variable interest entities. Variable interest entities are those entities that require additional financial support beyond that provided by traditional equity holders. The new consolidation guidance will require consideration of whether we have the power to direct the activities that most significantly impact each entities’ economic performance. We have not yet completed our assessment of this guidance; however, the impact of adopting these new requirements is not expected to have a significant impact on our consolidated financial position, results of operations and cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 settle with the vast majority of our agents in United States dollars or euros. However, in certain circumstances, we settle in other currencies. We typically require the agent to obtain local currency to pay recipients; thus, we generally are not reliant on international currency markets to obtain and pay illiquid currencies. The foreign currency exposure that does exist is limited by the fact that the majority of transactions are paid within 24 hours after they are initiated. To mitigate this risk further, we enter into short-term 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 utilize foreign currency forward contracts, typically with terms of less than one year at inception, to offset foreign exchange rate fluctuations on certain foreign currency denominated cash positions and intercompany loans. In certain consumer money transfer and global business payments transactions involving different send and receive currencies, we generate revenue based on the difference between the exchange rate set by us to the customer and the rate at which we or our agents are able to acquire currency, helping to provide protection against currency fluctuations. We 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 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 British pound, Canadian dollar and other currencies. We use contracts with maturities of up to 36 months at inception to mitigate some of the risk 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.

With the acquisition of Custom House in the third quarter of 2009, our foreign exchange risk and associated foreign exchange risk management has increased due to the nature of this business. The significant majority of Custom House's revenue is from exchanges of currency at the spot rate enabling customers to make cross-currency payments. This business also writes foreign currency forward and option contracts for our customers to facilitate future payments. The duration of these derivatives contracts is generally nine months or less. Custom House 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. The foreign exchange risk is actively managed.

At December 31, 2009 and 2008, a hypothetical uniform 10% strengthening or weakening in the value of the United States dollar relative to all other currencies in which our profits are generated would have resulted in a decrease/increase to pre-tax annual income of approximately \$27 million and \$24 million, respectively, based on our forecast of consumer-to-consumer unhedged 2010 exposure to foreign currency. There are inherent limitations in this sensitivity analysis, primarily due to the assumption that foreign exchange rate movements are linear and instantaneous, that the unhedged exposure is static, and 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 at December 31, 2009 of \$2.7 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 money market funds and state and

municipal variable rate securities and are included in our 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.

Substantially all of the remainder of our interest bearing assets consist of highly rated state and municipal obligations, the majority of which are fixed rate instruments. These investments may include investments made from cash received from our money transfer business and other related payment services awaiting redemption classified within “settlement assets” in the 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 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/(deficiency)” on our consolidated balance sheets.

As of December 31, 2009, \$750 million of our total \$3,048.5 million in borrowings was effectively floating rate debt through interest rate swap agreements, changing our fixed-rate debt to LIBOR-based floating rate debt, with average spreads of approximately 200 basis points above LIBOR. Borrowings under our commercial paper program mature in such a short period that the financing is effectively floating rate. No commercial paper borrowings were outstanding as of December 31, 2009.

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 optimize 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. At December 31, 2009, our weighted-average interest rate on our borrowings outstanding, including our hedges, was approximately 5.1%.

A hypothetical 100 basis point increase/decrease in interest rates would result in a decrease/increase to pre-tax income of approximately \$8 million and \$12 million annually based on borrowings on December 31, 2009 and 2008, respectively, 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 December 31, 2009 and 2008 that are sensitive to interest rate fluctuations, would result in an offsetting benefit/reduction to pre-tax income of approximately \$20 million and \$13 million annually, respectively. 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 that could arise, 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.

Credit Risk

Our interest earning assets include investment securities, substantially all of which are state and municipal debt obligations, which are classified in “settlement assets” and accounted for as available-for-sale securities, and money market fund investments, which are classified in “cash and cash equivalents.” The majority of our investment securities had credit ratings of “AA-” or better from a major credit rating agency.

On September 15, 2008, we requested redemption of our shares in the Reserve International Liquidity Fund, Ltd. (the “Fund”), a money market fund, totaling \$298.1 million. In 2009, we received partial distributions totaling \$255.5 million from the Fund. We continue to vigorously pursue collection of the remaining balance and believe we have a right to full payment of the remaining amount based on the written and verbal representations from the Manager and our legal position. However, given the increased uncertainty surrounding the numerous third-party legal claims associated with the Fund, we reserved \$12 million

representing the estimated impact of a pro-rata distribution of the Fund during 2009. As of December 31, 2009, we had a remaining receivable balance of \$30.6 million, net of the related reserve, which is included in “other assets” in the consolidated balance sheet. If further deterioration occurs in the underlying assets in the Fund, or if the Fund incurs significant legal and/or administrative costs during the distribution process, we may record additional reserves related to the remaining receivable balance, which could negatively affect our financial position, results of operations and cash flows.

To manage our exposures to credit risk with respect to investment securities, money market investments 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. Since January 1, 2009, we also limit our investment level to no more than \$100 million with respect to individual funds.

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. In addition, we are exposed to credit risk directly from consumer transactions particularly through our internet services and 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. We perform a credit review before each agent signing and conduct periodic analyses. Our losses associated with agent and consumer bad debts have been less than 1% of our revenues in all periods presented. We continue to monitor the credit worthiness of our agents, and due to the challenging economy, we have closed agents at higher rates than in prior years, primarily small retailers in the United States. Closing agents may impact transactions and revenues.

As a result of our acquisition of Custom House, we are now exposed to credit risk relating to derivative financial instruments written by us to our customers. The duration of these derivative contracts is generally nine months or less. To mitigate risk, we perform credit reviews of the customer on an ongoing basis. In addition, we may require certain customers to post collateral based on the fair value of the customer’s contract and their risk profile. The credit risk arising from our spot foreign currency exchange contracts is largely mitigated, as in most cases we require the receipt of funds from our customers before releasing the associated cross-currency payment.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**THE WESTERN UNION COMPANY
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All other financial statement schedules for The Western Union Company have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the respective consolidated financial statements or notes thereto.

Management's Report on the Financial Statements

Our management is responsible for the preparation, integrity and objectivity of the accompanying consolidated financial statements and the related financial information. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and necessarily include certain amounts that are based on estimates and informed judgments. Our management also prepared the related financial information included in this Annual Report on Form 10-K and is responsible for its accuracy and consistency with the financial statements.

As stated in their report included elsewhere in this Annual Report on Form 10-K, the consolidated financial statements have been audited by Ernst & Young LLP, an independent registered public accounting firm who conducted their audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009. The independent registered public accounting firm's responsibility is to express an opinion as to the fairness, in all material respects, with which such financial statements present our financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Western Union Company's ("Western Union" or the "Company") internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Western Union's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Western Union's internal control over financial reporting as of December 31, 2009, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. The Company completed its acquisition of Custom House, Ltd. ("Custom House") effective September 1, 2009. As permitted by the Securities and Exchange Commission, management's assessment did not include the internal control of the acquired operations of Custom House, which are included in the Company's consolidated financial statements as of December 31, 2009 and for the period from September 1, 2009 through December 31, 2009. The assets of Custom House, excluding goodwill, constituted approximately 5% of the Company's total assets as of December 31, 2009, and Custom House revenues constituted approximately 0.6% of our total revenues for the year ended December 31, 2009. Based on the results of its evaluation, which excluded an assessment of the internal control of the acquired operations of Custom House, the Company's management concluded that, as of December 31, 2009, the Company's internal control over financial reporting is effective. Western Union's internal control over financial reporting as of December 31, 2009 has been audited by Ernst & Young LLP, Western Union's independent registered public accounting firm, as stated in their attestation report included in this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of The Western Union Company

We have audited The Western Union Company's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Western Union Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Custom House, Ltd., which was acquired September 1, 2009 and is included in the consolidated financial statements of The Western Union Company as of December 31, 2009 and for the period from September 1, 2009 through December 31, 2009. The assets of Custom House, Ltd., excluding goodwill, constituted approximately 5% of The Western Union Company's total assets as of December 31, 2009, and Custom House, Ltd. revenues constituted approximately 0.6% of The Western Union Company's total revenues for the year then ended. Our audit of internal control over financial reporting of The Western Union Company also did not include an evaluation of the internal control over financial reporting of Custom House, Ltd.

In our opinion, The Western Union Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Western Union Company as of December 31, 2009 and 2008, and the related consolidated statements of income, cash flows, and stockholders' equity/(deficiency) for each of the three years in the period ended December 31, 2009 and our report dated February 26, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
February 26, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of The Western Union Company

We have audited the accompanying consolidated balance sheets of The Western Union Company as of December 31, 2009 and 2008, and the related consolidated statements of income, cash flows, and stockholders' equity/(deficiency) for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Western Union Company at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 10 to the consolidated financial statements, effective January 1, 2007, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (codified in FASB Accounting Standards Codification Topic 740, "Income Taxes").

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Western Union Company's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2010 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Denver, Colorado
February 26, 2010

THE WESTERN UNION COMPANY

Consolidated Statements of Income
(in millions, except per share amounts)

	Year Ended December 31,		
	2009	2008	2007
Revenues:			
Transaction fees	\$4,036.2	\$4,240.8	\$3,989.8
Foreign exchange revenue	910.3	896.3	771.3
Commission and other revenues	137.1	144.9	139.1
Total revenues	5,083.6	5,282.0	4,900.2
Expenses:			
Cost of services	2,874.9	3,093.0	2,808.4
Selling, general and administrative	926.0	834.0	769.8
Total expenses*	3,800.9	3,927.0	3,578.2
Operating income	1,282.7	1,355.0	1,322.0
Other income/(expense):			
Interest income	9.4	45.2	79.4
Interest expense	(157.9)	(171.2)	(189.0)
Derivative (losses)/gains, net	(2.8)	(6.9)	8.3
Other income, net	0.1	16.6	1.7
Total other expense, net	(151.2)	(116.3)	(99.6)
Income before income taxes	1,131.5	1,238.7	1,222.4
Provision for income taxes	282.7	319.7	365.1
Net income	\$ 848.8	\$ 919.0	\$ 857.3
Earnings per share:			
Basic	\$ 1.21	\$ 1.26	\$ 1.13
Diluted	\$ 1.21	\$ 1.24	\$ 1.11
Weighted-average shares outstanding:			
Basic	698.9	730.1	760.2
Diluted	701.0	738.2	772.9

* As further described in Note 5, total expenses include amounts for related parties of \$257.4 million, \$305.9 million and \$256.6 million for the years ended December 31, 2009, 2008 and 2007, respectively.

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY

Consolidated Balance Sheets
(in millions, except per share amounts)

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$1,685.2	\$1,295.6
Settlement assets	2,389.1	1,207.5
Property and equipment, net of accumulated depreciation of \$335.4 and \$284.0, respectively	204.3	192.3
Goodwill	2,143.4	1,674.2
Other intangible assets, net of accumulated amortization of \$355.4 and \$276.5, respectively	489.2	350.6
Other assets	442.2	858.1
Total assets	<u>\$7,353.4</u>	<u>\$5,578.3</u>
Liabilities and Stockholders' Equity/(Deficiency)		
Liabilities:		
Accounts payable and accrued liabilities	\$ 501.2	\$ 385.7
Settlement obligations	2,389.1	1,207.5
Income taxes payable	519.0	381.6
Deferred tax liability, net	268.9	270.1
Borrowings	3,048.5	3,143.5
Other liabilities	273.2	198.0
Total liabilities	6,999.9	5,586.4
Commitments and contingencies (Note 6)		
Stockholders' equity/(deficiency):		
Preferred stock, \$1.00 par value; 10 shares authorized; no shares issued	—	—
Common stock, \$0.01 par value; 2,000 shares authorized; 686.5 and 709.6 shares issued and outstanding at December 31, 2009 and 2008, respectively	6.9	7.1
Capital surplus/(deficiency)	40.7	(14.4)
Retained earnings	433.2	29.2
Accumulated other comprehensive loss	(127.3)	(30.0)
Total stockholders' equity/(deficiency)	<u>353.5</u>	<u>(8.1)</u>
Total liabilities and stockholders' equity/(deficiency)	<u>\$7,353.4</u>	<u>\$5,578.3</u>

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2009	2008	2007
Cash flows from operating activities			
Net income	\$ 848.8	\$ 919.0	\$ 857.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	55.9	61.7	49.1
Amortization	98.3	82.3	74.8
Deferred income tax (benefit)/provision	(20.8)	15.9	4.2
Stock compensation expense	31.9	26.3	50.2
Other non-cash items, net	44.1	42.9	14.6
Increase/(decrease) in cash, excluding the effects of acquisitions, resulting from changes in:			
Other assets	(31.4)	6.9	16.2
Accounts payable and accrued liabilities	75.5	35.2	43.4
Income taxes payable	138.3	91.2	15.3
Other liabilities	(22.5)	(27.5)	(21.6)
Net cash provided by operating activities	1,218.1	1,253.9	1,103.5
Cash flows from investing activities			
Capitalization of contract costs	(27.3)	(82.8)	(80.9)
Capitalization of purchased and developed software	(11.9)	(17.0)	(27.7)
Purchases of property and equipment	(59.7)	(53.9)	(83.5)
Acquisition of businesses, net of cash acquired	(515.9)	(42.8)	—
Proceeds from/(increase in) receivable for securities sold	255.5	(298.1)	—
Notes receivable issued to agents	—	(1.0)	(6.1)
Repayments of notes receivable issued to agents	35.2	41.9	32.0
Purchase of equity method investments	—	—	(35.8)
Net cash used in investing activities	(324.1)	(453.7)	(202.0)
Cash flows from financing activities			
Net (repayments of)/proceeds from commercial paper	(82.8)	(255.3)	13.6
Net repayments of net borrowings under credit facilities	—	—	(3.0)
Net proceeds from issuance of borrowings	496.6	500.0	—
Principal payments on borrowings	(500.0)	(500.0)	—
Proceeds from exercise of options	23.2	300.5	216.1
Cash dividends paid	(41.2)	(28.4)	(30.0)
Common stock repurchased	(400.2)	(1,314.5)	(726.8)
Net cash used in financing activities	(504.4)	(1,297.7)	(530.1)
Net change in cash and cash equivalents	389.6	(497.5)	371.4
Cash and cash equivalents at beginning of year	1,295.6	1,793.1	1,421.7
Cash and cash equivalents at end of year	\$1,685.2	\$ 1,295.6	\$1,793.1
Supplemental cash flow information:			
Interest paid	\$ 150.0	\$ 171.6	\$ 185.8
Income taxes paid	162.8	230.3	340.9

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY
Consolidated Statements of Stockholders' Equity/(Deficiency)
(in millions)

	Common Stock		Treasury Stock		Capital	Retained	Accumulated	Total	Comprehensive
	Shares	Amount	Shares	Amount	Surplus/ (Deficiency)	Earnings	Other Comprehensive Loss	Stockholders' Equity/ (Deficiency)	
Balance, December 31, 2006	772.0	\$ 7.7	(0.9)	\$ (19.9)	\$ (437.1)	\$ 208.0	\$ (73.5)	\$ (314.8)	
Cumulative effect of adoption of tax contingency accounting principle	—	—	—	—	—	(0.6)	—	(0.6)	
Revised balance, January 1, 2007	772.0	\$ 7.7	(0.9)	\$ (19.9)	\$ (437.1)	\$ 207.4	\$ (73.5)	\$ (315.4)	
Net income	—	—	—	—	—	857.3	—	857.3	\$ 857.3
Stock-based compensation	—	—	—	—	50.2	—	—	50.2	
Common stock dividends	—	—	—	—	—	(30.0)	—	(30.0)	
Purchase of treasury shares	—	—	(32.4)	(677.5)	—	(0.9)	—	(678.4)	
Repurchase and retirement of common shares	(2.3)	—	—	—	—	(53.8)	—	(53.8)	
Cancellation of treasury stock	(22.7)	(0.2)	22.7	462.0	—	(461.8)	—	—	
Shares issued under stock-based compensation plans	2.8	—	10.6	235.4	41.5	(65.1)	—	211.8	
Tax adjustments from employee stock option plans	—	—	—	—	4.3	—	—	4.3	
Unrealized losses on investment securities, net of tax	—	—	—	—	—	—	(1.5)	(1.5)	(1.5)
Unrealized losses on hedging activities, net of tax	—	—	—	—	—	—	(14.4)	(14.4)	(14.4)
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	5.3	5.3	5.3
Pension liability adjustment, net of tax	—	—	—	—	—	—	15.3	15.3	15.3
Comprehensive income									\$ 862.0
Balance, December 31, 2007	749.8	7.5	—	—	(341.1)	453.1	(68.8)	50.7	
Net income	—	—	—	—	—	919.0	—	919.0	\$ 919.0
Stock-based compensation	—	—	—	—	26.3	—	—	26.3	
Common stock dividends	—	—	—	—	—	(28.4)	—	(28.4)	
Repurchase and retirement of common shares	(58.1)	(0.6)	—	—	—	(1,314.6)	—	(1,315.2)	
Shares issued under stock-based compensation plans	17.9	0.2	—	—	289.5	—	—	289.7	
Tax adjustments from employee stock option plans	—	—	—	—	10.9	—	—	10.9	
Effects of pension plan measurement date change	—	—	—	—	—	0.1	—	0.1	
Unrealized gains on investment securities, net of tax	—	—	—	—	—	—	1.2	1.2	1.2
Unrealized gains on hedging activities, net of tax	—	—	—	—	—	—	89.2	89.2	89.2
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(5.2)	(5.2)	(5.2)
Pension liability adjustment, net of tax	—	—	—	—	—	—	(46.4)	(46.4)	(46.4)
Comprehensive income									\$ 957.8
Balance, December 31, 2008	709.6	7.1	—	—	(14.4)	29.2	(30.0)	(8.1)	
Net income	—	—	—	—	—	848.8	—	848.8	\$ 848.8
Stock-based compensation	—	—	—	—	31.9	—	—	31.9	
Common stock dividends	—	—	—	—	—	(41.2)	—	(41.2)	
Repurchase and retirement of common shares	(24.9)	(0.2)	—	—	—	(403.6)	—	(403.8)	
Shares issued under stock-based compensation plans	1.8	—	—	—	23.9	—	—	23.9	
Tax adjustments from employee stock option plans	—	—	—	—	(0.7)	—	—	(0.7)	
Unrealized gains on investment securities, net of tax	—	—	—	—	—	—	5.5	5.5	5.5
Unrealized losses on hedging activities, net of tax	—	—	—	—	—	—	(62.5)	(62.5)	(62.5)
Foreign currency translation adjustment, net of tax	—	—	—	—	—	—	(29.0)	(29.0)	(29.0)
Pension liability adjustment, net of tax	—	—	—	—	—	—	(11.3)	(11.3)	(11.3)
Comprehensive income									\$ 751.5
Balance, December 31, 2009	686.5	\$ 6.9	—	\$ —	\$ 40.7	\$ 433.2	\$ (127.3)	\$ 353.5	

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Formation of the Entity and Basis of Presentation

The Western Union Company (“Western Union” or the “Company”) is a leader in global money transfer 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 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—money transfer services between consumers, primarily through a global network of third-party agents using the Company’s multi-currency, real-time money transfer processing systems. 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.
- Global business payments (formerly consumer-to-business)—the processing of payments from consumers or businesses to other businesses. The Company’s business payments services allow consumers to make payments to a variety of organizations including utilities, auto finance companies, mortgage servicers, financial service providers, government agencies and other businesses. As described further in Note 3, “Acquisitions,” the Company acquired Canada-based Custom House, Ltd. (“Custom House”), a provider of international business-to-business payment services, which is included in this segment. Custom House facilitates cross-border, cross-currency payment transactions. While the Company continues to pursue further international expansion of its offerings in this segment, the segment’s revenue was primarily generated in the United States during all periods presented.

All businesses that have not been classified into the consumer-to-consumer or global business payments segments are reported as “Other” and primarily include the Company’s money order services business. Prior to October 1, 2009, the Company’s money orders were issued by Integrated Payment Systems Inc. (“IPS”), a subsidiary of First Data Corporation (“First Data”), to consumers at retail locations primarily in the United States and Canada. Effective October 1, 2009, the Company assumed the responsibility for issuing money orders.

There are legal or regulatory limitations on transferring certain assets of the Company outside of the countries where these assets are located, or which constitute undistributed earnings of affiliates of the Company accounted for under the equity method of accounting. However, there are generally no limitations on the use of these assets within those countries. As of December 31, 2009, the amount of net assets subject to these limitations totaled approximately \$190 million.

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.

Spin-off from First Data

On January 26, 2006, the First Data Board of Directors announced its intention to pursue the distribution of 100% 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 “Separation” or “Spin-off”). Effective on September 29, 2006, First Data completed the separation and the distribution of these businesses by distributing The Western Union Company common stock to First Data shareholders (the “Distribution”). Prior to the Distribution, the Company had been a segment of First Data.

THE WESTERN UNION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Basis of Presentation

The financial statements in this Annual Report on Form 10-K are presented on a consolidated basis and include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions and accounts have been eliminated.

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

2. Summary of Significant Accounting Policies***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("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.

Principles of Consolidation

Western Union consolidates financial results when it will absorb a majority of an entity's expected losses or residual returns or when it has the ability to exert control over the entity. Control is normally established when ownership interests exceed 50% in an entity. Western Union utilizes the equity method of accounting when it is able to exercise significant influence over the entity's operations, which generally occurs when Western Union has an ownership interest of between 20% and 50% in an entity.

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. 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 year, and therefore, reduce the dilutive effect.

As of December 31, 2009, 2008 and 2007, there were 37.5 million, 8.0 million and 10.4 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. During the year ended December 31, 2009, the average market price of the Company's common stock was lower than the exercise price for most of its outstanding options, resulting in higher anti-dilutive shares than in the comparable prior periods.

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

	For the Year Ended December 31,		
	2009	2008	2007
Basic weighted-average shares outstanding	698.9	730.1	760.2
Common stock equivalents	2.1	8.1	12.7
Diluted weighted-average shares outstanding	<u>701.0</u>	<u>738.2</u>	<u>772.9</u>

THE WESTERN UNION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Fair Value Measurements

The Company determines the fair values of its assets and liabilities that are recognized or disclosed at fair value in accordance with the hierarchy described below. The fair values of the assets and liabilities held in the Company's defined benefit plan trust ("Trust") are recognized or disclosed utilizing the same hierarchy. The following three levels of inputs may be used to measure fair value:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Western Union utilizes pricing services to value its Level 2 financial instruments. For most of these assets, the Company utilizes pricing services that use multiple prices as inputs to determine daily market values. In addition, the Trust has other investments that fall within Level 2 that are valued at net asset value which is not quoted on an active market, however, the unit price is based on underlying investments which are traded on an active market.
- **Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include items where the determination of fair value requires significant management judgment or estimation. The Company has Level 3 assets that are recognized and disclosed at fair value on a non-recurring basis related to the Company's business combinations, where the values of the intangible assets and goodwill acquired in a purchase are derived utilizing one of the three recognized approaches: the market approach, the income approach or the cost approach.

Except as it pertains to an investment redemption discussed in Note 9, carrying amounts for many Western Union financial instruments, including cash and cash equivalents, settlement cash and cash equivalents, settlement receivables, settlement obligations, borrowings under the commercial paper program and other short-term notes payable, approximate fair value due to their short maturities. Investment securities, included in settlement assets, and derivative financial instruments are carried at fair value and included in Note 8, "Fair Value Measurements." Fixed rate notes are carried at their original issuance values as adjusted over time to accrete that value to par, except for portions of notes hedged by interest rate swap agreements as disclosed in Note 14. The fair values of fixed rate notes are also disclosed in Note 15 and are based on market quotations. For more information on the fair value of financial instruments see Note 8, "Fair Value Measurements."

The fair values of non-financial assets and liabilities related to the Company's business combinations are disclosed in Note 3. The fair values of financial assets and liabilities related to the Trust are disclosed in Note 11.

Business Combinations

The Company accounts for all business combinations where control over another entity is obtained using the acquisition method of accounting, which requires that most assets (both tangible and intangible), liabilities (including contingent consideration), and remaining noncontrolling interests be recognized at fair value at the date of acquisition. The excess of the purchase price over the fair value of assets less liabilities and noncontrolling interests is recognized as goodwill. Certain adjustments to the assessed fair values of the assets, liabilities, or noncontrolling interests made subsequent to the acquisition date, but within the measurement period, which is one year or less, are recorded as adjustments to goodwill. Any adjustments subsequent to the measurement period are recorded in income. Any cost or equity method interest that the Company holds in the acquired company prior to the acquisition is remeasured to fair value at acquisition with a resulting gain or loss recognized in income for the difference between fair value and existing book value. Results of operations

THE WESTERN UNION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

of the acquired company are included in the Company's results from the date of the acquisition forward and includes amortization expense arising from acquired intangible assets. Effective January 1, 2009, the Company expenses all costs as incurred related to or involved with an acquisition in "Selling, general and administrative" expenses. Previously, such amounts were capitalized as part of the acquisition.

Cash and Cash Equivalents

Highly liquid investments (other than those included in settlement assets) with maturities of three months or less at the date of purchase (that are readily convertible to cash), are considered to be cash equivalents and are stated at cost, which approximates market value.

Western Union maintains cash and cash equivalent balances with various financial institutions, including a substantial portion in money market funds. Western Union limits the concentration of its cash and cash equivalents with any one institution; however, such balances often exceed United States federal deposit insurance limits. Western Union regularly reviews investment concentrations and credit worthiness of these institutions, and has relationships with a globally diversified list of banks and financial institutions.

Allowance for Doubtful Accounts

Western Union records an allowance for doubtful accounts when it is probable that the related receivable balance will not be collected based on its history of collection experience, known collection issues, such as agent suspensions and bankruptcies, and other matters the Company identifies in its routine collection monitoring. The allowance for doubtful accounts was \$33.7 million and \$21.6 million at December 31, 2009 and 2008, respectively, and is recorded in the same Consolidated Balance Sheet caption as the related receivable. During the years ended December 31, 2009, 2008 and 2007, the provision for doubtful accounts (bad debt expense) reflected in the Consolidated Statements of Income was \$36.2 million, \$26.6 million and \$23.5 million, respectively.

Settlement Assets and Obligations

Settlement assets represent funds received or to be received from agents for unsettled money transfers, money orders and consumer payments. Western Union 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 businesses for the value of customer cross-currency payment transactions related to the global business payments segment.

Settlement assets consist of cash and cash equivalents, receivables from selling agents and business-to-business customers and investment securities. Cash received by Western Union agents generally becomes available to Western Union within one week after initial receipt by the agent. Cash equivalents consist of short-term time deposits, commercial paper and other highly liquid investments. Receivables from selling agents represent funds collected by such agents, but in transit to Western Union. Western Union has a large and diverse agent base, thereby reducing the credit risk of the Company from any one agent. In addition, Western Union performs ongoing credit evaluations of its agents' financial condition and credit worthiness.

Receivables from business-to-business customers arise from cross-currency payment transactions in the global business payments segment. Receivables (for currency to be received) and payables (for the cross-currency payments to be made) are recognized at trade date for these transactions. The credit risk arising from these spot foreign currency exchange contracts is largely mitigated, as in most cases Custom House requires the receipt of funds from customers before releasing the associated cross-currency payment.

Settlement obligations consist of money transfer, money order and payment service payables and payables to agents. Money transfer payables represent amounts to be paid to transferees when they request their funds. Money order payables represent amounts not yet presented for payment. Most agents typically settle with

THE WESTERN UNION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

transferees first and then obtain reimbursement from Western Union. Payment service payables represent amounts to be paid to utility companies, auto finance companies, mortgage servicers, financial service providers, government agencies and others. Due to the agent funding and settlement process, payables to agents represent amounts due to agents for money transfers that have been settled with transferees.

In 2009, the Company's settlement assets and obligations include assets and obligations transferred as a result of the Company assuming the money order assets and obligations previously held by IPS. See Note 7 for information concerning the Company's investment securities.

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

	December 31,	
	2009	2008
Settlement assets:		
Cash and cash equivalents	\$ 161.9	\$ 42.3
Receivables from selling agents and business-to-business customers	1,004.4	759.6
Investment securities	1,222.8	405.6
	<u>\$2,389.1</u>	<u>\$1,207.5</u>
Settlement obligations:		
Money transfer, money order and payment service payables	\$1,954.8	\$ 799.5
Payables to agents	434.3	408.0
	<u>\$2,389.1</u>	<u>\$1,207.5</u>

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the lesser of the estimated life of the related assets (generally three to 10 years for equipment, furniture and fixtures, and 30 years for buildings) or the lease term. Maintenance and repairs, which do not extend the useful life of the respective assets, are charged to expense as incurred.

Property and equipment consisted of the following (in millions):

	December 31,	
	2009	2008
Equipment	\$ 368.5	\$ 319.2
Leasehold improvements	50.0	38.9
Furniture and fixtures	28.1	25.2
Land and improvements	16.9	16.9
Buildings	75.2	74.8
Projects in process	1.0	1.3
	<u>539.7</u>	<u>476.3</u>
Less accumulated depreciation	<u>(335.4)</u>	<u>(284.0)</u>
Property and equipment, net	<u>\$ 204.3</u>	<u>\$ 192.3</u>

Amounts charged to expense for depreciation of property and equipment were \$55.9 million, \$61.7 million and \$49.1 million during the years ended December 31, 2009, 2008 and 2007, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Deferred Customer Set Up Costs

The Company capitalizes direct incremental costs not to exceed related deferred revenues associated with the enrollment of customers in the Equity Accelerator program, a service that allows consumers to make mortgage payments based on a customized payment program. Deferred customer set up costs, included in “Other assets” in the Consolidated Balance Sheets, are amortized to “Cost of services” in the Consolidated Statements of Income over the length of the customer’s expected participation in the program, generally five to seven years. Actual customer attrition data is assessed at least annually and the amortization period is adjusted prospectively.

Goodwill

Goodwill represents the excess of purchase price over the fair value of tangible and other intangible assets acquired, less liabilities assumed arising from business combinations. The Company’s annual goodwill impairment test did not identify any goodwill impairment during the years ended December 31, 2009, 2008 and 2007.

Other Intangible Assets

Other intangible assets primarily consist of contract costs (primarily amounts paid to agents in connection with establishing and renewing long-term contracts), acquired contracts and software. Other intangible assets are amortized on a straight-line basis over the length of the contract or benefit periods. Included in “Cost of services” in the Consolidated Statements of Income is amortization expense of approximately \$98.3 million, \$82.3 million and \$74.8 million for the years ended December 31, 2009, 2008 and 2007, respectively.

The Company capitalizes initial payments for new and renewed agent contracts to the extent recoverable through future operations or penalties in the case of early termination. The Company’s accounting policy is to limit the amount of capitalized costs for a given contract to the lesser of the estimated future cash flows from the contract or the termination fees the Company would receive in the event of early termination of the contract.

Acquired contracts include customer and contractual relationships and networks of subagents that are recognized in connection with our acquisitions.

The Company develops software that is used in providing services. Software development costs are capitalized once technological feasibility of the software has been established. Costs incurred prior to establishing technological feasibility are expensed as incurred. Technological feasibility is established when the Company has completed all planning and designing activities that are necessary to determine that a product can be produced to meet its design specifications, including functions, features and technical performance requirements. Capitalization of costs ceases when the product is available for general use. Software development costs and purchased software are generally amortized over a term of three to five years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table provides the components of other intangible assets (in millions):

	December 31, 2009			December 31, 2008	
	Weighted-Average Amortization Period (in years)	Initial Cost	Net of Accumulated Amortization	Initial Cost	Net of Accumulated Amortization
Capitalized contract costs	6.6	\$331.0	\$ 189.7	\$316.2	\$ 213.2
Acquired contracts	11.2	250.0	205.5	78.1	49.4
Purchased or acquired software	3.4	102.7	35.5	74.8	22.2
Developed software	4.3	78.1	11.0	77.1	14.1
Acquired trademarks	24.5	42.7	35.6	43.7	38.2
Projects in process	3.3	6.0	6.0	8.6	8.6
Other intangibles	5.9	34.1	5.9	28.6	4.9
Total other intangible assets	8.2	<u>\$844.6</u>	<u>\$ 489.2</u>	<u>\$627.1</u>	<u>\$ 350.6</u>

The estimated future aggregate amortization expense for existing other intangible assets as of December 31, 2009 is expected to be \$107.6 million in 2010, \$89.1 million in 2011, \$61.6 million in 2012, \$44.7 million in 2013, \$38.1 million in 2014 and \$148.1 million thereafter.

Other intangible assets are reviewed for impairment on an annual basis and whenever events indicate that their carrying amount may not be recoverable. In such reviews, estimated undiscounted cash flows associated with these assets or operations are compared with their carrying values to determine if a write-down to fair value (normally measured by the present value technique) is required. Western Union did not record any impairment related to other intangible assets during the years ended December 31, 2009, 2008 and 2007.

Revenue Recognition

The Company's revenues are primarily derived from consumer money transfer transaction fees that are based on the principal amount of the money transfer and the locations from and to which funds are transferred. The Company also offers several global business payments services, including payments from consumers or businesses to other businesses. Transaction fees are set by the Company and recorded as revenue at the time of sale.

In certain consumer money transfer and global business payments transactions involving different currencies, the Company generates revenue based on the difference between the exchange rate set by the Company to the customer and the rate at which the Company or its agents are able to acquire currency. This foreign exchange revenue is recorded at the time the related consumer money transfer transaction fee revenue is recognized or at the time a customer initiates a transaction through the Company's cross-border, cross-currency international business-to-business payment service operations.

The Company's Equity Accelerator service generally requires a consumer to pay an upfront enrollment fee to participate in this mortgage payment service. These enrollment fees are deferred and recognized into income over the length of the customer's expected participation in the program, generally five to seven years. Actual customer attrition data is assessed at least annually and the period over which revenue is recognized is adjusted prospectively. Many factors impact the duration of the expected customer relationship, including interest rates, refinance activity and trends in consumer behavior.

Cost of Services

Cost of services primarily consists of agent commissions and expenses for call centers, settlement operations, and related information technology costs. Expenses within these functions include personnel,

THE WESTERN UNION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

software, equipment, telecommunications, bank fees, depreciation and amortization and other expenses incurred in connection with providing money transfer and other payment services.

Advertising Costs

Advertising costs are charged to operating expenses as incurred or at the time the advertising first takes place. Advertising costs for the years ended December 31, 2009, 2008 and 2007 were \$201.4 million, \$247.1 million and \$264.2 million, respectively.

Income Taxes

Western Union accounts for income taxes under the liability method, which requires that deferred tax assets and liabilities be determined based on the expected future income tax consequences of events that have been recognized in the consolidated financial statements. Deferred tax assets and liabilities are recognized based on temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse.

The Company recognizes the tax benefits from uncertain tax positions only when it is more likely than not, based on the technical merits of the position, the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

Foreign Currency Translation

The United States dollar is the functional currency for all of Western Union's businesses except global business payments subsidiaries located primarily in Canada and South America. Revenues and expenses are translated at average exchange rates prevailing during the period. Foreign currency denominated assets and liabilities for those entities for which the local currency is the functional currency are translated into United States dollars based on exchange rates at the end of the period. The effects of foreign exchange gains and losses arising from the translation of assets and liabilities of these entities are included as a component of "Accumulated other comprehensive loss." Foreign currency denominated monetary assets and liabilities of operations in which the United States dollar is the functional currency are remeasured based on exchange rates at the end of the period and are recognized in operations. Non-monetary assets and liabilities of these operations are remeasured at historical rates in effect when the asset was recognized or the liability was incurred.

Derivatives

Western Union utilizes derivatives to (a) minimize its exposures related to changes in foreign currency exchange rates and interest rates and (b) facilitate cross-currency business-to-business payments by writing derivatives to customers and entering into offsetting derivatives with established financial institution counterparties, or by holding sufficient foreign currency cash balances to cover those transactions. The Company recognizes all derivatives in the "Other assets" and "Other liabilities" captions in the accompanying Consolidated Balance Sheets at their fair value. All cash flows associated with derivatives are included in cash flows from operating activities in the Consolidated Statements of Cash Flows.

- Cash Flow hedges—Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in "Accumulated other comprehensive loss." Cash flow hedges consist of foreign currency hedging of forecasted revenues, as well as, from time to time, hedges of anticipated fixed rate debt issuances. Derivative fair value changes that are captured in "Accumulated other

THE WESTERN UNION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

comprehensive loss” are reclassified to earnings in the same period or periods the hedged item affects earnings. The portion of the change in fair value that is excluded from the measure of effectiveness is recognized immediately in “Derivative (losses)/gains, net.”

- Fair Value hedges—Changes in the fair value of derivatives that are designated as fair value hedges of fixed rate debt are recorded in interest expense. The offsetting change in value of the related debt instrument attributable to changes in the benchmark interest rate is also recorded in interest expense.
- Undesignated—Derivative contracts entered into to reduce the variability related to (a) money transfer settlement assets and obligations, generally with maturities of a few days up to one month, and (b) certain money transfer related foreign currency denominated cash positions and intercompany loans, generally with maturities of less than one year, are not designated as hedges for accounting purposes and changes in their fair value are included in “Selling, general and administrative.” Subsequent to the acquisition of Custom House, the Company is also exposed to risk from derivative contracts written to its customers arising from its cross-currency business-to-business payments operations. These contracts have durations generally of nine months or less. The Company aggregates its foreign exchange exposures in its Custom House business, including the exposure generated by the derivative contracts it writes to its customers as part of its cross-currency payments business, and typically hedges the net exposure through offsetting contracts with established financial institution counterparties. To mitigate credit risk, the Company performs credit reviews of the customer on an ongoing basis. The changes in fair value related to these contracts are recorded in “Foreign exchange revenue.”

The fair value of the Company’s derivatives is derived from standardized models that use market based inputs (e.g., forward prices for foreign currency).

The details of each designated hedging relationship are formally documented at the inception of the arrangement, including the risk management objective, hedging strategy, hedged item, specific risks being hedged, the derivative instrument, how effectiveness is being assessed and how ineffectiveness, if any, will be measured. The derivative must be highly effective in offsetting the changes in cash flows or fair value of the hedged item, and effectiveness is evaluated quarterly on a retrospective and prospective basis.

Stock-Based Compensation

The Company currently has a stock-based compensation plan that provides for the granting of Western Union stock options, restricted stock awards and restricted stock units to employees who perform services for the Company. In addition, the Company has a stock-based compensation plan that provides for grants of Western Union stock options and stock unit awards to non-employee directors of the Company. Prior to the Spin-off, employees of Western Union participated in First Data’s stock-based compensation plans.

All stock-based compensation to employees is required to be measured at fair value and expensed over the requisite service period and also requires an estimate of forfeitures when calculating compensation expense. The Company recognizes compensation expense on awards on a straight-line basis over the requisite service period for the entire award. Refer to Note 16 for additional discussion regarding details of the Company’s stock-based compensation plans.

Restructuring and Related Expenses

The Company records severance-related expenses once they are both probable and estimable related to severance provided under an ongoing benefit arrangement. One-time, involuntary benefit arrangements and other exit costs are generally recognized when the liability is incurred. Costs arising under the Company’s defined benefit pension plans from curtailing future service of employees participating in the plans and providing enhanced benefits are recognized in earnings when it is probable and reasonably estimable. The

THE WESTERN UNION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Company also evaluates impairment issues associated with restructuring activities when the carrying amount of the assets may not be fully recoverable. Restructuring and related expenses consist of direct and incremental costs associated with restructuring and related activities, including severance, outplacement and other employee related benefits; facility closure and migration of the Company's IT infrastructure; other expenses related to relocation of various operations to existing Company facilities and third-party providers, including hiring, training, relocation, travel and professional fees. Also included in facility closure expenses are non-cash expenses related to fixed asset and leasehold improvement write-offs and acceleration of depreciation and amortization. For more information on the Company's restructuring and related expenses see Note 4, "Restructuring and Related Expenses."

New Accounting Pronouncements

On January 1, 2010, the Company adopted new accounting requirements for the consolidation of variable interest entities. Variable interest entities are those entities that require additional financial support beyond that provided by traditional equity holders. The new consolidation guidance will require consideration of whether the Company has the power to direct the activities that most significantly impact each entities' economic performance. The Company has not yet completed its assessment of this guidance; however, the impact of adopting these new requirements is not expected to have a significant impact on the Company's consolidated financial position, results of operations and cash flows.

3. Acquisitions

Custom House, Ltd.

On September 1, 2009, the Company acquired Canada-based Custom House, a provider of international business-to-business payment services, for \$371.0 million. The acquisition of Custom House has allowed the Company to enter the international business-to-business payments market. Custom House facilitates cross-border, cross-currency payment transactions. These payment transactions are conducted through various channels including the telephone and internet. The significant majority of Custom House's revenue is from exchanges of currency at the spot rate enabling customers to make cross-currency payments. In addition, this business writes foreign currency forward and option contracts for their customers to facilitate future payments. The duration of these derivatives contracts is generally nine months or less. The results of operations for Custom House have been included in the Company's consolidated financial statements from the date of acquisition, September 1, 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company recorded the assets and liabilities of Custom House at fair value, excluding the deferred tax liability. The following table summarizes the preliminary allocation of purchase price:

Assets:	
Cash acquired	\$ 2.5
Settlement assets	152.5
Property and equipment	6.7
Goodwill	272.2
Other intangible assets	118.1
Other assets	78.1
Total assets	<u>\$630.1</u>
Liabilities:	
Accounts payable and accrued liabilities	\$ 23.5
Settlement obligations	152.5
Deferred tax liability, net	31.9
Other liabilities	51.2
Total liabilities	<u>259.1</u>
Total consideration, including cash acquired	<u>\$371.0</u>

The valuation of assets acquired resulted in \$118.1 million of identifiable intangible assets, \$99.8 million of which were attributable to customer and other contractual relationships and were valued using an income approach and \$18.3 million of other intangibles, which were valued using both income and cost approaches. These fair values were derived using primarily unobservable Level 3 inputs which require significant management judgment and estimation. For the remaining assets and liabilities, fair value approximated carrying value. The intangible assets related to customer and other contractual relationships are being amortized over 10 to 12 years. The remaining intangibles are being amortized over three to five years. The goodwill recognized of \$272.2 million is attributable to the projected long-term business growth in current and new markets and an assembled workforce. All goodwill relates entirely to the global business payments segment. The preliminary assessment of goodwill expected to be deductible for United States income tax purposes is approximately \$225.1 million. The net deferred tax liability of \$31.9 million and the resulting impacts on goodwill are preliminary and will be completed once the Company finalizes its tax review for this acquisition. In addition, the Company is finalizing its analysis of the accounts associated with working capital and settlement, which may also result in an adjustment to goodwill.

FEXCO

On February 24, 2009, the Company acquired the money transfer business of European-based FEXCO, one of the Company's largest agents providing services in a number of European countries, primarily the United Kingdom, Spain, Sweden and Ireland. The acquisition of FEXCO's money transfer business has assisted the Company in the implementation of the Payment Services Directive ("PSD") in the European Union by providing an initial operating infrastructure. The PSD has allowed the Company to operate under a single license in the 27 European Union countries and, in those European Union countries where the Company has been limited to working with banks, post-banks and foreign exchange houses, to expand its network to additional types of businesses. The acquisition does not impact the Company's revenue, because the Company was already recording 100% of the revenue arising from money transfers originating at FEXCO's locations. As of the acquisition date, the Company no longer incurs commission costs for transactions related to FEXCO; rather, the Company now pays commissions directly to former FEXCO subagents, resulting in lower overall

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

commission expense. The Company's operating expenses include costs attributable to FEXCO's operations subsequent to the acquisition date.

Prior to the acquisition, the Company held a 24.65% interest in FEXCO Group Holdings ("FEXCO Group"), which was a holding company for both the money transfer business as well as various unrelated businesses. The Company surrendered its 24.65% interest in FEXCO Group as non-cash consideration, which had an estimated fair value of \$86.2 million on the acquisition date, and paid €123.1 million (\$157.4 million) as additional consideration for 100% of the common shares of the money transfer business, resulting in a total purchase price of \$243.6 million. The Company recognized no gain or loss in connection with the disposition of its equity interest in the FEXCO Group, because its estimated fair value approximated its carrying value. The Company recorded the assets and liabilities of FEXCO at fair value, excluding the deferred tax liability. The following table summarizes the allocation of purchase price for this acquisition:

Assets:	
Cash acquired	\$ 11.8
Settlement assets	43.0
Property and equipment	3.1
Goodwill	190.6
Other intangible assets	74.9
Other assets	<u>2.3</u>
Total assets	<u>\$325.7</u>
Liabilities:	
Accounts payable and accrued liabilities	\$ 2.7
Settlement obligations	43.0
Income taxes payable	0.2
Deferred tax liability, net	19.2
Other liabilities	<u>17.0</u>
Total liabilities	<u>82.1</u>
Total consideration, including cash acquired	<u>\$243.6</u>

The valuation of assets acquired resulted in \$74.9 million of identifiable intangible assets, \$64.8 million of which were attributable to the network of subagents, which were valued using an income approach, and \$10.1 million relating to other intangibles, which were valued using both income and cost approaches. These fair values, along with the fair value of the Company's 24.65% interest in FEXCO Group, were derived using primarily unobservable Level 3 inputs which require significant management judgment and estimation. For the remaining assets and liabilities, fair value approximated carrying value. The subagent network intangible assets are being amortized over 10 to 15 years. The remaining intangibles are being amortized over two to three years. The goodwill recognized of \$190.6 million is attributable to growth opportunities that will arise from the Company directly managing its agent relationships through a dedicated sales force, expected synergies, projected long-term business growth and an assembled workforce. All goodwill relates entirely to the consumer-to-consumer segment and \$91.1 million is expected to be deductible for income tax purposes.

Other acquisitions

In December 2008, the Company acquired 80% of its existing money transfer agent in Peru for a purchase price of \$35.0 million. The aggregate consideration paid was \$29.7 million, net of a holdback reserve of \$3.0 million. The Company acquired cash of \$2.3 million as part of the acquisition. In 2009, \$1.0 million of the holdback reserve was paid and the remainder is scheduled to be paid in annual \$1.0 million increments

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in December 2010 and 2011, subject to the terms of the agreement. The results of operations of the acquiree have been included in the Company's consolidated financial statements since the acquisition date. The purchase price allocation resulted in \$10.1 million of identifiable intangible assets, a significant portion of which were attributable to the network of subagents acquired by the Company. The identifiable intangible assets are being amortized over three to 10 years and goodwill of \$27.1 million was recorded, most of which is expected to be deductible for income tax purposes. In addition, the Company has the option to acquire the remaining 20% of the money transfer agent and the money transfer agent has the option to sell the remaining 20% to the Company within 12 months after December 2013 at fair value.

In August 2008, the Company acquired the money transfer assets from its then-existing money transfer agent in Panama for a purchase price of \$18.3 million. The consideration paid was \$14.3 million, net of a holdback reserve of \$4.0 million. In 2009, \$1.7 million of the holdback reserve was paid and the remainder is scheduled to be paid in approximately equal installments in August 2010 and 2011, subject to the terms of the agreement. The results of operations of the acquiree have been included in the Company's consolidated financial statements since the acquisition date. The purchase price allocation resulted in \$5.6 million of identifiable intangible assets, a significant portion of which were attributable to the network of subagents acquired by the Company. The identifiable intangible assets are being amortized over three to seven years and goodwill of \$14.2 million was recorded, which is not expected to be deductible for income tax purposes.

In October 2007, the Company entered into agreements totaling \$18.3 million to convert its non-participating interest in an agent in Singapore to a fully participating 49% equity interest and to extend the agent relationship at more favorable commission rates to Western Union. As a result, the Company earns a pro-rata share of profits and has enhanced voting rights. The Company also has the right to add additional agent relationships in Singapore. In addition, in October 2007, the Company completed an agreement to acquire a 25% ownership interest in an agent in Jamaica and to extend the term of the agent relationship for \$29.0 million. The aggregate consideration paid resulted in \$20.2 million of identifiable intangible assets for these two investments, including capitalized contract costs, which are being amortized over seven to 10 years. Western Union's investments in these agents are accounted for under the equity method of accounting.

The following table presents changes to goodwill for the years ended December 31, 2009 and 2008 (in millions):

	Consumer-to- Consumer	Global Business Payments	Other	Total
January 1, 2008 balance	\$ 1,389.0	\$ 235.9	\$14.6	\$1,639.5
Acquisitions	39.0	—	—	39.0
Purchase price adjustments	(1.0)	—	—	(1.0)
Currency translation	—	(3.2)	(0.1)	(3.3)
December 31, 2008 balance	\$ 1,427.0	\$ 232.7	\$14.5	\$1,674.2
Acquisitions	190.6	272.2	—	462.8
Purchase price adjustments	2.3	—	—	2.3
Currency translation	—	4.3	(0.2)	4.1
December 31, 2009 balance	<u>\$ 1,619.9</u>	<u>\$ 509.2</u>	<u>\$14.3</u>	<u>\$2,143.4</u>

4. Restructuring and Related Expenses

Missouri and Texas Closures

During 2008, the Company closed substantially all of its facilities in Missouri and Texas and did not renew the Company's collective bargaining agreement with the unionized workers employed at these locations.

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The decision also resulted in the elimination of certain management positions in these same facilities and resulted, along with other actions, in the Company no longer having employees working in the United States under a collective bargaining agreement.

The Company incurred severance and employee related benefit expenses for all union and certain affected management employees, facility closure expenses and other expenses associated with the relocation of these operations to existing Company facilities and third-party providers, including costs related to hiring, training, relocation, travel and professional fees.

The Company incurred cumulative total expenses of \$46.3 million comprised of \$13.1 million, \$7.3 million, \$7.8 million and \$18.1 million in severance and other employee related costs, asset write-offs and incremental depreciation, lease terminations and other restructuring expenses, respectively, through December 31, 2008. No additional restructuring and related expenses were incurred in the year ended December 31, 2009.

Other Reorganizations

Also during 2008, in addition to the Missouri and Texas closures, the Company restructured some of its operations and relocated or eliminated certain shared service and call center positions. The relocated positions were moved to the Company's existing facilities or outsourced service providers in 2008.

The Company incurred cumulative total expenses of \$36.6 million comprised of \$31.2 million, \$0.6 million and \$4.8 million in severance and other employee related costs, asset write-offs and incremental depreciation and other restructuring expenses, respectively, through December 31, 2008. No additional restructuring and related expenses were incurred in the year ended December 31, 2009.

Total Plans

At December 31, 2008, the Company had a restructuring accrual of \$25.8 million related to these plans, of which \$24.8 million represented an accrual for severance and employee related expenses. During 2009, substantially all of the accruals were paid resulting in a remaining restructuring accrual which was immaterial at December 31, 2009. The Company did not incur any material restructuring and related expenses in the year ended December 31, 2009. Restructuring and related expenses were reflected in the Consolidated Statement of Income for the year ended December 31, 2008 as follows (in millions):

	<u>Year Ended</u> <u>December 31, 2008</u>
Cost of services	\$ 62.8
Selling, general and administrative	20.1
Total restructuring and related expenses, pre-tax	<u>\$ 82.9</u>
Total restructuring and related expenses, net of tax	<u>\$ 51.6</u>

While these items were identifiable to the Company's segments, these expenses were excluded from the measurement of segment operating profit provided to the chief operating decision maker ("CODM") for purposes of assessing segment performance and decision making with respect to resource allocation. Of the Company's total restructuring and related expenses of \$82.9 million, \$56.1 million, \$23.4 million and \$3.4 million are attributable to the Company's consumer-to-consumer, global business payments and other segments, respectively.

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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, as it does its other agents, commissions for money transfer and other services provided on the Company's behalf. Commission expense recognized for these agents for the years ended December 31, 2009, 2008 and 2007 totaled \$203.2 million, \$305.9 million and \$256.6 million, respectively. For those agents where an ownership interest was acquired during 2007, only amounts paid subsequent to the investment date have been reflected as a related party transaction. Commission expense recognized for FEXCO prior to February 24, 2009, the date of the acquisition (see Note 3), was considered a related party transaction.

In July 2009, the Company appointed a director who is also a director for a company holding significant investments in two of the Company's existing agents. These agents had been agents of the Company prior to the director being appointed to the board. The Company recognized commission expense of \$54.2 million for the year ended December 31, 2009 related to these agents.

6. Commitments and Contingencies

Letters of Credit and Bank Guarantees

The Company had \$88.0 million in outstanding letters of credit and bank guarantees at December 31, 2009 with expiration dates through 2015, certain of which contain a one-year renewal option. The letters of credit and bank guarantees are primarily held in connection with lease arrangements and certain agent agreements. The Company expects to renew the letters of credit and bank guarantees prior to expiration in most circumstances.

Litigation and Related Contingencies

During the year ended December 31, 2009, the Company recorded an accrual of \$71.0 million for an anticipated agreement and settlement with the State of Arizona. On February 11, 2010, the Company signed this agreement and settlement, which resolved all outstanding legal issues and claims with the State and requires 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 will participate with Arizona. The accrual includes amounts for reimbursement to the State of Arizona for its costs associated with this matter. In addition, as part of the agreement and settlement, the Company expects to make certain investments in its compliance programs along the United States and Mexico border and to engage a monitor of that program, which are expected to cost up to \$23 million over the next two to four years. While the \$71.0 million in charges were identifiable to the Company's segment, they were not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation.

The United States Department of Justice served one of our subsidiaries with a grand jury subpoena requesting documents in connection with an investigation into money transfers from the United States to the Dominican Republic during the last several years. The Company is cooperating fully with the DOJ investigation. Due to the stage of the DOJ investigation, the Company is unable to predict the outcome of the investigation or the possible loss or range of loss, if any, associated with the resolution of any charges that may be brought against the Company.

In the normal course of business, Western Union is subject to claims and litigation. Management of Western Union believes such matters involving a reasonably possible chance of loss will not, individually or in the aggregate, result in a material adverse effect on Western Union's financial position, results of operations and cash flows. Western Union accrues for loss contingencies as they become probable and estimable.

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In May 2007, the Company initiated litigation against MoneyGram Payment Systems, Inc. (“MoneyGram”) for infringement of the Company’s Money Transfer by Phone patents by MoneyGram’s FormFree service. On September 24, 2009, a jury found that MoneyGram was liable for patent infringement and awarded the Company \$16.5 million in damages. This case is on appeal to the United States Court of Appeals for the Federal Circuit. In accordance with its policies, the Company does not recognize gain contingencies in earnings until realization and collectability are assured and, therefore, due to MoneyGram’s challenges to the verdict, the Company has not recognized any amounts in its Consolidated Statement of Income through December 31, 2009.

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).

7. Investment Securities

Investment securities, classified within “Settlement assets” in the Consolidated Balance Sheets, consist primarily of high-quality state and municipal debt obligations. Substantially all of the Company’s investment securities were marketable securities during the periods presented. The Company is required to maintain specific high-quality, investment grade securities and such investments are restricted to satisfy outstanding settlement obligations in accordance with applicable state and foreign country requirements. Western Union does not hold investment securities for trading purposes. All 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 making high-quality investments and through investment diversification. At December 31, 2009, the majority of the Company’s investment securities had credit ratings of “AA-” or better from a major credit rating agency.

Effective October 1, 2009 (the “Transition Date”), in accordance with the agreement signed on July 18, 2008, IPS, a subsidiary of First Data, assigned and transferred to the Company certain operating assets used by IPS to issue Western Union branded money orders and approximately \$860 million of cash sufficient to satisfy all outstanding money order liabilities. On the Transition Date, the Company assumed IPS’s role as issuer of the money orders, including its obligation to pay outstanding money orders, and terminated the existing agreement whereby IPS paid Western Union a fixed return of 5.5% on the outstanding money order balances. Following the Transition Date, Western Union invested the cash received from IPS in high-quality, investment grade securities, primarily tax exempt United States state and municipal securities, in accordance with applicable regulations, which are the same as those currently governing the investment of the Company’s United States originated money transfer principal. Prior to the Transition Date, the Company had entered into interest rate swaps on certain of its fixed rate notes to reduce its exposure to fluctuations in interest rates. Through a combination of the revenue generated from these investment securities and the anticipated interest expense savings resulting from the interest rate swaps, the Company estimates that it should be able to retain, subsequent to the Transition Date, a materially comparable after-tax rate of return through 2011 as it was receiving under its agreement with IPS. Refer to Note 14 for additional information on the interest rate swaps.

Subsequent to the Transition Date, all revenue generated from the investment portfolio is being retained by the Company. IPS continues to provide the Company with clearing services necessary for payment of the money orders in exchange for the payment by the Company to IPS of a per-item processing fee. The Company

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no longer provides to IPS the services required under the original money order agreement or receives from IPS the fee for such services.

In 2008, the Company began increasing its investment levels in various state and municipal variable rate demand note securities which can be put (sold at par) typically on a daily basis with settlement periods ranging from the same day to one week, but that have varying maturities through 2048. 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. As a result, this has increased the frequency of purchases and proceeds received by the Company.

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. Proceeds from the sale and maturity of available-for-sale securities during the years ended December 31, 2009, 2008 and 2007 were \$8.4 billion, \$2.8 billion and \$0.2 billion, respectively.

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. Factors that could indicate an impairment exists include, but are not limited to: earnings performance, changes in credit rating or adverse changes in the regulatory or economic environment of the asset. If potential impairment exists, the Company assesses whether it has the intent to sell the debt security, more likely than not will be required to sell the debt security before its anticipated recovery or expects that some of the contractual cash flows will not be received. The Company had no material other-than-temporary impairments during the periods presented.

The components of investment securities, all of which are classified as available-for-sale, are as follows (in millions):

	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gains/(Losses)
December 31, 2009					
State and municipal obligations (a)	\$ 686.4	\$ 696.4	\$ 10.6	\$ (0.6)	\$ 10.0
State and municipal variable rate demand notes	513.8	513.8	—	—	—
Corporate debt securities	12.2	12.4	0.2	—	0.2
Other	0.1	0.2	0.1	—	0.1
	<u>\$ 1,212.5</u>	<u>\$ 1,222.8</u>	<u>\$ 10.9</u>	<u>\$ (0.6)</u>	<u>\$ 10.3</u>
December 31, 2008					
State and municipal obligations (a)	\$ 192.4	\$ 194.0	\$ 2.5	\$ (0.9)	\$ 1.6
State and municipal variable rate demand notes	207.7	207.7	—	—	—
Other	4.0	3.9	—	(0.1)	(0.1)
	<u>\$ 404.1</u>	<u>\$ 405.6</u>	<u>\$ 2.5</u>	<u>\$ (1.0)</u>	<u>\$ 1.5</u>

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

There were no investments with a single issuer or individual securities representing greater than 10% of total investment securities as of December 31, 2009 and 2008.

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The following summarizes contractual maturities of investment securities as of December 31, 2009 (in millions):

	<u>Amortized Cost</u>	<u>Fair Value</u>
Due within 1 year	\$ 76.5	\$ 76.6
Due after 1 year through 5 years	597.9	605.9
Due after 5 years through 10 years	68.8	70.8
Due after 10 years	469.3	469.5
	<u>\$ 1,212.5</u>	<u>\$ 1,222.8</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 \$22.1 million, \$27.4 million and \$452.4 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.

8. Fair Value Measurements

Fair value, as defined by the relevant accounting standards, represents the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. For additional information on how Western Union measures fair value, refer to Note 2, “Summary of Significant Accounting Policies.”

The following table reflects assets and liabilities that were measured and carried at fair value on a recurring basis as of December 31, 2009 (in millions):

	<u>Fair Value Measurement Using</u>			<u>Assets/Liabilities at Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Assets:				
State and municipal obligations	\$ —	\$ 696.4	\$ —	\$ 696.4
State and municipal variable rate demand notes	—	513.8	—	513.8
Corporate debt securities	—	12.4	—	12.4
Other	0.2	—	—	0.2
Derivatives	—	109.4	0.5	109.9
Total assets	<u>\$ 0.2</u>	<u>\$ 1,332.0</u>	<u>\$ 0.5</u>	<u>\$ 1,332.7</u>
Liabilities:				
Derivatives	\$ —	\$ 80.6	\$ —	\$ 80.6
Total liabilities	<u>\$ —</u>	<u>\$ 80.6</u>	<u>\$ —</u>	<u>\$ 80.6</u>

The Level 3 assets above represent an immaterial portion of the derivatives portfolio related to the Custom House acquisition for which credit judgments are deemed to be a significant input to the determination of fair value.

No non-recurring fair value adjustments were recorded during the year ended December 31, 2009, except those associated with the acquisitions as disclosed in Note 3, “Acquisitions.”

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Other Fair Value Measurements

The carrying amounts for Western Union financial instruments, including cash and cash equivalents, settlement cash and cash equivalents, settlement receivables and settlement obligations approximate fair value due to their short maturities. The Company's borrowings had a carrying value and fair value of \$3,048.5 million and \$3,211.3 million, respectively, at December 31, 2009 and had a carrying value and fair value of \$3,143.5 million and \$2,846.7 million, respectively, at December 31, 2008 (see Note 15).

The fair value of the assets in the Trust, which holds the assets for the Company's defined benefit plans, are disclosed in Note 11, "Employee Benefit Plans."

9. Other Assets and Other Liabilities

The following table summarizes the components of other assets and other liabilities (in millions):

	December 31,	
	2009	2008
Other assets:		
Derivatives	\$109.9	\$116.8
Equity method investments	87.4	213.1
Other receivables	63.4	33.2
Amounts advanced to agents, net of discounts	37.5	69.3
Receivable for securities sold	30.6	298.1
Deferred customer set up costs	26.1	34.6
Receivables from First Data	24.8	26.3
Prepaid expenses	21.7	23.6
Debt issue costs	12.3	14.0
Accounts receivable, net	12.1	19.8
Other	16.4	9.3
Total other assets	<u>\$442.2</u>	<u>\$858.1</u>
Other liabilities:		
Pension obligations	\$124.2	\$107.1
Derivatives	80.6	10.8
Deferred revenue	45.4	59.4
Other	23.0	20.7
Total other liabilities	<u>\$273.2</u>	<u>\$198.0</u>

Receivable for securities sold

On September 15, 2008, Western Union requested redemption of its shares in the Reserve International Liquidity Fund, Ltd. (the "Fund"), a money market fund, totaling \$298.1 million. Western Union included the value of the receivable in "Other assets" in the Consolidated Balance Sheets. At the time the redemption request was made, the Company was informed by the Reserve Management Company, the Fund's investment advisor (the "Manager"), that the Company's redemption trades would be honored at a \$1.00 per share net asset value. In 2009, the Company received partial distributions totaling \$255.5 million from the Fund. The Company continues to vigorously pursue collection of the remaining balance and believes it has a right to full payment of the remaining amount based on the written and verbal representations from the Manager and the Company's legal position. However, given the increased uncertainty surrounding the numerous third-party legal

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claims associated with the Fund, the Company reserved \$12 million representing the estimated impact of a pro-rata distribution of the Fund during 2009. As of December 31, 2009, the Company had a remaining receivable balance of \$30.6 million, net of the related reserve. If further deterioration occurs in the underlying assets in the Fund, or if the Fund incurs significant legal and/or administrative costs during the distribution process, the Company may record additional reserves related to the remaining receivable balance, which could negatively affect its financial position, results of operations and cash flows.

Amounts advanced to agents, net of discounts

From time to time, the Company makes advances and loans to agents. In 2006, the Company signed a six year agreement with one of its existing agents which included a four year loan of \$140.0 million to the agent. The remaining loan receivable balance at December 31, 2009 was \$16.9 million, which was fully repaid in January 2010. At December 31, 2008, the note had a receivable balance of \$47.0 million, net of a discount of \$3.0 million, which represented imputed interest on this below-market rate note receivable. Other advances and loans outstanding as of December 31, 2009 and 2008 were \$20.6 million and \$22.3 million, respectively.

10. Income Taxes

The components of pretax income, generally based on the jurisdiction of the legal entity, were as follows (in millions):

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Components of pretax income:			
Domestic	\$ 249.7	\$ 416.3	\$ 529.3
Foreign	881.8	822.4	693.1
	<u>\$1,131.5</u>	<u>\$1,238.7</u>	<u>\$1,222.4</u>

The provision for income taxes was as follows (in millions):

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal	\$ 217.3	\$ 234.8	\$ 287.7
State and local	28.0	30.3	26.3
Foreign	37.4	54.6	51.1
	<u>\$ 282.7</u>	<u>\$ 319.7</u>	<u>\$ 365.1</u>

Domestic taxes have been incurred on certain pre-tax income amounts that were generated by the Company's foreign operations. Accordingly, the percentage obtained by dividing the total federal, state and local tax provision by the domestic pretax income, all as shown in the preceding tables, may be higher than the statutory tax rates in the United States.

The Company's effective tax rates differed from statutory rates as follows:

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefits	1.5%	1.3%	1.7%
Foreign rate differential	(12.5)%	(11.4)%	(7.7)%
Other	1.0%	0.9%	0.9%
Effective tax rate	<u>25.0%</u>	<u>25.8%</u>	<u>29.9%</u>

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The Company continues to benefit from an increasing proportion of profits being foreign-derived and therefore taxed at lower rates than its combined federal and state tax rates in the United States. In addition, in the second quarter of 2008, the Company implemented additional foreign tax efficient strategies consistent with its overall tax planning which impacted its effective tax rate for all subsequent periods.

Western Union's provision for income taxes consisted of the following components (in millions):

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current:			
Federal	\$235.8	\$219.6	\$284.9
State and local	26.0	34.5	25.5
Foreign	41.8	49.7	50.5
Total current taxes	303.6	303.8	360.9
Deferred:			
Federal	(18.5)	15.2	2.8
State and local	2.0	(4.2)	0.8
Foreign	(4.4)	4.9	0.6
Total deferred taxes	(20.9)	15.9	4.2
	<u>\$282.7</u>	<u>\$319.7</u>	<u>\$365.1</u>

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the book and tax bases of Western Union's assets and liabilities. The following table outlines the principal components of deferred tax items (in millions):

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Deferred tax assets related to:		
Reserves, accrued expenses and employee-related items	\$ 91.0	\$ 45.4
Pension obligations	43.5	39.5
Deferred revenue	3.6	3.1
Other	10.7	6.8
Total deferred tax assets	148.8	94.8
Deferred tax liabilities related to:		
Intangibles, property and equipment	416.7	349.0
Other	1.0	15.9
Total deferred tax liabilities	417.7	364.9
Net deferred tax liability	<u>\$268.9</u>	<u>\$270.1</u>

Uncertain Tax Positions

The Company has established contingency reserves for material, known tax exposures, including potential tax audit adjustments with respect to its international operations, which were restructured in 2003. The Company's tax reserves reflect management's judgment as to the resolution of the issues involved if subject to judicial review. 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

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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 during the period in the facts and circumstances (i.e., new information) surrounding a tax issue 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.

The Company adopted an accounting standard relating to the accounting for and disclosure of uncertain tax positions on January 1, 2007. The cumulative effect of applying this standard resulted in a reduction of \$0.6 million to the January 1, 2007 balance of retained earnings.

Unrecognized tax benefits represent the aggregate tax effect of differences between tax return positions and the amounts otherwise recognized in the Company's financial statements, and are reflected in "Income taxes payable" in the Consolidated Balance Sheets. A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, is as follows (in millions):

	<u>2009</u>	<u>2008</u>
Balance at January 1,	\$361.2	\$251.4
Increases—positions taken in current period (a)	124.3	93.8
Increases—positions taken in prior periods (b)	0.4	28.4
Decreases—positions taken in prior periods	—	(7.9)
Decreases—settlements with taxing authorities	(4.4)	(0.2)
Decreases—lapse of applicable statute of limitations	(4.3)	(4.3)
Balance at December 31,	<u>\$477.2</u>	<u>\$361.2</u>

(a) Includes recurring accruals for issues which initially arose in previous periods.

(b) Changes to positions taken in prior periods relate to changes in estimates used to calculate prior period unrecognized tax benefits.

A substantial portion of the Company's unrecognized tax benefits relate to the 2003 restructuring of the Company's international operations whereby the Company's income from certain foreign-to-foreign money transfer transactions has been taxed at relatively low foreign tax rates compared to the Company's combined federal and state tax rates in the United States. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$468.6 million and \$352.4 million as of December 31, 2009 and 2008, respectively, excluding interest and penalties.

The Company recognizes interest and penalties with respect to unrecognized tax benefits in "Provision for income taxes" in its Consolidated Statements of Income, and records the associated liability in "Income taxes payable" in its Consolidated Balance Sheets. The Company recognized \$11.0 million, \$11.6 million and \$13.5 million in interest and penalties during the years ended December 31, 2009, 2008 and 2007, respectively. The Company has accrued \$45.5 million and \$35.8 million for the payment of interest and penalties at December 31, 2009 and 2008, respectively.

Subject to the matter referenced in the paragraph below, the Company has identified no other uncertain tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within 12 months, except for recurring accruals on existing uncertain tax positions. The change in unrecognized tax benefits during the years ended December 31, 2009 and 2008 is substantially attributable to such recurring accruals.

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 and Ireland as its two major tax jurisdictions. The United States federal income tax returns of First Data, which include

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the Company, are eligible to be examined for the years 2002 through 2006. The Company's United States federal income tax returns since the Spin-off are also eligible to be examined. The United States Internal Revenue Service ("IRS") has issued a report of the results of its examination of the United States federal consolidated income tax return of First Data for 2002, and the Company believes that the resolution of the adjustments that affect the Company proposed in the report will not result in a material change to the Company's financial position. In addition, the 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. The Notice of Deficiency alleges significant additional taxes, interest and penalties owed with respect to a variety of adjustments involving the Company and its subsidiaries, and the Company generally has responsibility for taxes associated with these potential Company-related adjustments under the tax allocation agreement with First Data executed at the time of the Spin-off. The Company agrees with a number of the adjustments in the Notice of Deficiency; however, the Company does not agree with the Notice of Deficiency regarding several substantial adjustments representing total alleged additional tax and penalties due of approximately \$114 million. As of December 31, 2009, interest on the alleged amounts due for unagreed adjustments would be approximately \$30 million. A substantial part of the alleged amounts due for these unagreed adjustments relates to the Company's international restructuring, which took effect in the fourth quarter 2003, and, accordingly, the alleged amounts due related to such restructuring largely are attributable to 2004. On March 20, 2009, the Company filed a petition in the United States Tax Court contesting those adjustments with which it does not agree. The Company believes its overall reserves are adequate, including those associated with the adjustments alleged in the Notice of Deficiency. If the IRS' position in the Notice of Deficiency is sustained, the Company's tax provision related to 2003 and later years would materially increase. The IRS has now commenced an examination of the United States federal consolidated income tax returns of First Data that cover the Company's 2005 and pre-spin-off 2006 taxable periods and also has commenced an examination of the Company's federal consolidated income tax return for the post-spin-off 2006 period. The Irish income tax returns of certain subsidiaries for the years 2005 and forward are eligible to be examined by the Irish tax authorities, although no examinations have commenced.

At December 31, 2009, no provision had been made for United States federal and state income taxes on foreign earnings of approximately \$2.0 billion, which are expected to be reinvested outside the United States indefinitely. 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. Determination of this amount of unrecognized deferred United States 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 position 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 50% 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

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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 position and results of operations. First Data generally will be liable for all Spin-off Related Taxes, other than those described above.

11. Employee Benefit Plans

Defined Contribution Plans

The Western Union Company Incentive Savings Plan ("401(k)") covers eligible employees on the United States payroll of Western Union. Employees who make voluntary contributions to this plan receive up to a 4% Western Union matching contribution. All matching contributions are immediately 100% vested.

On September 30, 2009, the Company merged its defined contribution plan covering its former union employees and transferred the plan assets into the 401(k).

The Company administers more than 20 defined contribution plans in various countries globally on behalf of approximately 1,000 employee participants as of December 31, 2009. Such plans have vesting and employer contribution provisions that vary by country.

In addition, Western Union sponsors a non-qualified deferred compensation plan for a select group of highly compensated employees. The plan provides tax-deferred contributions, matching and the restoration of Company matching contributions otherwise limited under the 401(k).

The aggregate amount charged to expense in connection with all of the above plans was \$11.2 million, \$12.5 million and \$11.6 million during the years ended December 31, 2009, 2008 and 2007, respectively.

Defined Benefit Plans

The Company has two frozen defined benefit pension plans ("Plans") for which it had a recorded unfunded pension obligation of \$124.2 million as of December 31, 2009, included in "Other liabilities" in the Consolidated Balance Sheets. Due to the closure of one of its facilities in Missouri (see Note 4) and a recent agreement with the Pension Benefit Guaranty Corporation, the Company funded \$4.1 million into one of its subsidiary's pension plans during 2009. No contributions were made to these plans by Western Union during the years ended December 31, 2008 and 2007. Pursuant to final guidance issued by the IRS in September 2009, the Company made certain interest rate elections under the Pension Protection Act which will require it to fund approximately \$15 million to the plans in 2010, which is less than was previously anticipated. In addition, the Company may make a discretionary contribution of up to approximately \$10 million for a total contribution of \$25 million to the plans in 2010.

In connection with the adoption of an accounting standard, effective January 1, 2008, the Company changed its plan measurement date to December 31. In connection with the Company's change in measurement date, the Company prepared a 15-month projection of net periodic benefit income for the period from October 1, 2007 through December 31, 2008. The pro-rated portion of net periodic benefit income of \$0.1 million for the period from October 1, 2007 through December 31, 2007 was reflected as an increase to "Retained earnings" on January 1, 2008.

The Company recognizes the funded status of its pension plans in its Consolidated Balance Sheets with a corresponding adjustment to "Accumulated other comprehensive loss," net of tax.

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The following table provides a reconciliation of the changes in the pension plans' projected benefit obligations, fair value of assets and the funded status (in millions):

	<u>2009</u>	<u>2008</u>
Change in projected benefit obligation		
Projected benefit obligation at January 1, 2009 and October 1, 2007	\$ 398.8	\$ 426.0
Measurement date adjustment (a)	—	6.1
Interest costs	23.6	24.4
Actuarial loss/(gain)	21.1	(5.6)
Benefits paid	(43.4)	(54.9)
Employee termination benefits	—	2.8
Projected benefit obligation at December 31,	<u>\$ 400.1</u>	<u>\$ 398.8</u>
Change in plan assets		
Fair value of plan assets at January 1,	\$ 291.7	\$ 398.4
Actual return on plan assets	23.5	(51.8)
Benefits paid	(43.4)	(54.9)
Company contributions	4.1	—
Fair value of plan assets at December 31,	<u>275.9</u>	<u>291.7</u>
Funded status of the plan at December 31,	<u>\$(124.2)</u>	<u>\$(107.1)</u>
Accumulated benefit obligation at December 31,	<u>\$ 400.1</u>	<u>\$ 398.8</u>

(a) Represents the adjustment to retained earnings of \$0.1 million for the period from October 1, 2007 through December 31, 2007. This adjustment consists of interest costs of \$6.1 million, offset by \$6.2 million which represents the expected return on plan assets less amortization of the actuarial loss.

Differences in expected returns on plan assets estimated at the beginning of the year versus actual returns, and assumptions used to estimate the beginning of year projected benefit obligation versus the end of year obligation (principally discount rate and mortality assumptions) are, on a combined basis, considered actuarial gains and losses. Such actuarial gains and losses are recognized as a component of "Comprehensive income" and amortized to income over the average remaining life expectancy of the plan participants. Included in "Accumulated other comprehensive loss" at December 31, 2009 is \$6.2 million (\$3.9 million, net of tax) of actuarial losses that are expected to be recognized in net periodic pension cost during the year ended December 31, 2010.

The following table provides the amounts recognized in the Consolidated Balance Sheets (in millions):

	December 31,	
	<u>2009</u>	<u>2008</u>
Accrued benefit liability	\$(124.2)	\$(107.1)
Accumulated other comprehensive loss (pre-tax)	169.0	150.3
Net amount recognized	<u>\$ 44.8</u>	<u>\$ 43.2</u>

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The following table provides the components of net periodic benefit cost/(income) for the plans (in millions):

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Interest cost	\$ 23.6	\$ 24.4	\$ 24.6
Expected return on plan assets	(24.7)	(27.5)	(28.4)
Amortization of actuarial loss	3.6	2.7	3.6
Employee termination costs	—	2.8	—
Net periodic benefit cost/(income)	<u>\$ 2.5</u>	<u>\$ 2.4</u>	<u>\$ (0.2)</u>

During 2008, the Company recorded \$2.8 million of expense relating to the termination of certain retirement eligible union and management plan participants in connection with the restructuring and related activities disclosed in Note 4.

The accrued loss related to the pension liability included in accumulated other comprehensive loss, net of tax, increased/(decreased) \$11.3 million, \$46.4 million and (\$15.3) million in 2009, 2008 and 2007, respectively. The significant comprehensive loss in 2008 was caused by a decline in the fair value of plan assets, which was primarily attributable to a decrease in the value of the equity securities within the plan asset portfolio.

The weighted-average rate assumptions used in the measurement of the Company's benefit obligation were as follows:

	<u>2009</u>	<u>2008</u>
Discount rate	5.30%	6.26%

The weighted-average rate assumptions used in the measurement of the Company's net cost/(income) were as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Discount rate	6.26%	6.02%	5.62%
Expected long-term return on plan assets	7.50%	7.50%	7.50%

Western Union measures the Plan's obligations and annual expense using assumptions that reflect best estimates and are consistent to the extent that each assumption reflects expectations of future economic conditions. As the bulk of the pension benefits will not be paid for many years, the computation of pension expenses and benefits is based on assumptions about future interest rates and expected rates of return on plan assets. In general, pension obligations are most sensitive to the discount rate assumption, and it is set based on the rate at which the pension benefits could be settled effectively. The discount rate is determined by matching the timing and amount of anticipated payouts under the plans to the rates from an AA spot rate yield curve. The curve is derived from AA bonds of varying maturities.

Western Union employs a building block approach in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed-income securities are considered consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Consideration is given to diversification, re-balancing and yields anticipated on fixed income securities held. Peer data and historical returns are reviewed to check for reasonableness and appropriateness. The Company then applies this rate against a calculated value for its plan assets. The calculated value recognizes changes in the fair value of plan assets over a five-year period.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Pension plan asset allocation at December 31, 2009 and 2008, and target allocations based on investment policies, were as follows:

<u>Asset Category</u>	<u>Percentage of Plan Assets at Measurement Date</u>	
	<u>2009</u>	<u>2008</u>
Equity investments	32%	24%
Debt securities	68%	75%
Other	0%	1%
	<u>100%</u>	<u>100%</u>
		<u>Target Allocation</u>
Equity investments		25-35%
Debt securities		65-75%

The assets of the Company's defined benefit plans are managed in a third-party Trust. The investment policy and allocation of the assets in the Trust are overseen by the Company's Investment Council. Western Union employs a total return investment approach whereby a mix of equities and fixed income investments are used in an effort to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities and plan funded status. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across United States and non-United States stocks, as well as securities deemed to be growth, value, and small and large capitalizations. Other assets, primarily private equity, are used judiciously in an effort to enhance long-term returns while improving portfolio diversification. The Company's defined benefit plans also include certain derivatives. On behalf of the Plans, investment advisors may enter into futures contracts to manage interest rate risks. These contracts are contractual obligations to buy or sell a United States treasury bond or note at predetermined future dates and prices. Futures are transacted in standardized amounts on regulated exchanges. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset and liability studies.

The following table reflects investments of the Trust that were measured and carried at fair value as of December 31, 2009 (in millions). For information on how Western Union measures fair value, refer to Note 2, "Summary of Significant Accounting Policies."

<u>Asset Category</u>	<u>Fair Value Measurement Using</u>			<u>Total Assets at Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equity investments (a)				
Domestic	\$ 5.7	\$ 35.4	\$ —	\$ 41.1
International	—	43.1	—	43.1
Private equity	—	—	2.0	2.0
Debt securities				
Corporate debt (b)	—	119.3	—	119.3
U.S. treasury bonds	46.6	—	—	46.6
U.S. government agencies	—	9.6	—	9.6
Asset-backed	—	8.7	—	8.7
Other bonds	—	2.9	—	2.9
Total investments of the Trust at fair value	<u>\$ 52.3</u>	<u>\$219.0</u>	<u>\$ 2.0</u>	<u>\$ 273.3</u>
Other assets (c)				2.6
Total investments of the Trust	<u>\$ 52.3</u>	<u>\$219.0</u>	<u>\$ 2.0</u>	<u>\$ 275.9</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- (a) Equity investments include 6% of securities that participate in securities lending.
 (b) Substantially all corporate debt securities are investment grade securities.
 (c) Other assets primarily includes investment related receivables and futures contracts.

The maturities of debt securities at December 31, 2009 range from less than one year to approximately 57 years with a weighted-average maturity of 22 years.

The following table provides a summary of changes in the fair value of the Trust's Level 3 financial assets for the year ended December 31, 2009, (in millions).

	<u>Asset-backed securities</u>	<u>Private equity securities</u>	<u>Total</u>
Beginning balance, January 1, 2009	\$ 9.8	\$ 2.8	\$12.6
Actual return on plan assets:			
Relating to assets still held at the reporting date	1.0	(0.8)	0.2
Relating to assets sold during the period	0.2	—	0.2
Net issuances and repayments	(2.3)	—	(2.3)
Transfers out of Level 3 (a)	(8.7)	—	(8.7)
Ending balance, December 31, 2009	<u>\$ —</u>	<u>\$ 2.0</u>	<u>\$ 2.0</u>

- (a) Market liquidity for these assets has significantly improved since 2008 resulting in improved price transparency.

The estimated future benefit payments are expected to be \$42.3 million in 2010, \$41.0 million in 2011, \$39.7 million in 2012, \$38.3 million in 2013, \$36.8 million in 2014 and \$159.7 million in 2015 through 2019.

12. Operating Lease Commitments

Western Union leases certain real properties for use as customer service centers and administrative and sales offices. Western Union also leases data communications terminals, computers and office equipment. Certain of these leases contain renewal options and escalation provisions. Total rent expense under operating leases, net of sublease income, was \$34.0 million, \$39.7 million and \$31.6 million during the years ended December 31, 2009, 2008 and 2007, respectively.

As of December 31, 2009, the minimum aggregate rental commitments under all noncancelable operating leases, net of sublease income commitments aggregating \$3.4 million through 2014, were as follows (in millions):

<u>Year Ending December 31,</u>	
2010	\$ 28.3
2011	21.5
2012	15.8
2013	12.0
2014	10.6
Thereafter	19.5
Total future minimum lease payments	<u>\$107.7</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13. Stockholders' Equity

Accumulated other comprehensive loss

Accumulated other comprehensive loss includes all changes in equity during a period that have yet to be recognized in income, except those resulting from transactions with shareholders. The major components include foreign currency translation adjustments, pension liability adjustments, unrealized gains and losses on investment securities and gains or losses from cash flow hedging activities.

Unrealized gains and losses on investment securities that are available for sale, primarily municipal securities, are included in accumulated other comprehensive loss until the investment is either sold or deemed other-than-temporarily impaired. See Note 7 for further discussion.

The effective portion of the change in fair value of derivatives that qualify as cash flow hedges are recorded in accumulated other comprehensive loss. Generally, amounts are recognized in income when the related forecasted transaction affects earnings. See Note 14 for further discussion.

The assets and liabilities of foreign subsidiaries whose functional currency is not the United States dollar are translated using the appropriate exchange rate as of the end of the year. Foreign currency translation adjustments represent unrealized gains and losses on assets and liabilities arising from the difference in the foreign country currency compared to the United States dollar. These gains and losses are accumulated in comprehensive income. When a foreign subsidiary is substantially liquidated, the cumulative translation gain or loss is removed from "Accumulated other comprehensive loss" and is recognized as a component of the gain or loss on the sale of the subsidiary.

A pension liability adjustment associated with our defined benefit pension plans is recognized for the difference between estimated assumptions (e.g., asset returns, discount rates, mortality) and actual results. The amount in "Accumulated other comprehensive loss" is amortized to income over the remaining life expectancy of the plan participants. Details of the pension plans' assets and obligations are explained further in Note 11.

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The income tax effects allocated to and the cumulative balance of each component of accumulated other comprehensive loss were as follows (in millions):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Beginning balance, January 1	\$ (30.0)	\$(68.8)	\$(73.5)
Unrealized gains/(losses) on investments securities:			
Unrealized gains/(losses)	11.5	(2.4)	(2.1)
Tax (expense)/benefit	(4.3)	0.9	0.7
Reclassification adjustment for (gains)/losses	(2.7)	4.3	(0.2)
Tax expense/(benefit)	<u>1.0</u>	<u>(1.6)</u>	<u>0.1</u>
Net unrealized gains/(losses) on investment securities	5.5	1.2	(1.5)
Unrealized (losses)/gains on hedging activities:			
Unrealized (losses)/gains	(43.6)	82.6	(55.9)
Tax benefit/(expense)	8.9	(15.0)	14.6
Reclassification adjustment for (gains)/losses	(32.9)	25.1	31.3
Tax expense/(benefit)	<u>5.1</u>	<u>(3.5)</u>	<u>(4.4)</u>
Net unrealized (losses)/gains on hedging activities	(62.5)	89.2	(14.4)
Foreign currency translation adjustments:			
Foreign currency translation adjustments	(21.6)	(8.0)	8.1
Tax benefit/(expense)	7.6	2.8	(2.8)
Reclassification adjustment for disposal of investment (a)	(23.1)	—	—
Tax expense (a)	<u>8.1</u>	<u>—</u>	<u>—</u>
Net foreign currency translation adjustments	(29.0)	(5.2)	5.3
Unrealized (losses)/gains on pension liability:			
Unrealized (losses)/gains	(22.2)	(76.1)	20.9
Tax benefit/(expense)	8.7	28.0	(7.9)
Reclassification adjustment for losses	3.6	2.7	3.6
Tax benefit	<u>(1.4)</u>	<u>(1.0)</u>	<u>(1.3)</u>
Net unrealized (losses)/gains on pension liability	(11.3)	(46.4)	15.3
Other comprehensive (loss)/income	<u>(97.3)</u>	<u>38.8</u>	<u>4.7</u>
Ending balance, December 31	<u><u>\$(127.3)</u></u>	<u><u>\$(30.0)</u></u>	<u><u>\$(68.8)</u></u>

(a) The year ended December 31, 2009 includes the impact to the foreign currency translation account of the surrender of the Company's interest in FEXCO Group. See Note 3, "Acquisitions."

The components of accumulated other comprehensive loss, net of tax, were as follows (in millions):

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Unrealized gains/(losses) on investment securities	\$ 6.4	\$ 0.9	\$ (0.3)
Unrealized (losses)/gains on hedging activities	(17.0)	45.5	(43.7)
Foreign currency translation adjustment	(10.9)	18.1	23.3
Pension liability adjustment	<u>(105.8)</u>	<u>(94.5)</u>	<u>(48.1)</u>
	<u><u>\$(127.3)</u></u>	<u><u>\$(30.0)</u></u>	<u><u>\$(68.8)</u></u>

Cash Dividends Paid

During the fourth quarter of 2009, the Company's Board of Directors declared a quarterly cash dividend of \$0.06 per common share representing \$41.2 million in total dividends. During the fourth quarter of 2008

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

and 2007, the Company's Board of Directors declared an annual dividend of \$0.04 per common share representing \$28.4 million and \$30.0 million, respectively, in total dividends. These amounts were paid to shareholders of record in December of each respective year.

On February 25, 2010, our Board of Directors declared a quarterly cash dividend of \$0.06 per share payable on March 31, 2010 to shareholders of record on March 19, 2010.

Share Repurchases

During the years ended December 31, 2009, 2008 and 2007, 24.8 million, 58.1 million and 34.7 million shares, respectively, have been repurchased for \$400.0 million, \$1,313.9 million and \$726.5 million, respectively, excluding commissions, at an average cost of \$16.10, \$22.60 and \$20.93 per share, respectively. At December 31, 2009, common stock repurchases of up to \$1.0 billion have been authorized by the Board of Directors through December 31, 2012.

During December 2007, the Company's Board of Directors adopted resolutions to retire all of its existing treasury stock, thereby restoring the status of the Company's common stock held in treasury as "authorized but unissued". The resulting impact to the Company's Consolidated Balance Sheet was the elimination of \$462.0 million held in "Treasury stock" and a decrease in "Common stock" of \$0.2 million and "Retained earnings" of \$461.8 million. There is no change to the Company's overall equity position as a result of this retirement. All shares repurchased by the Company subsequent to this resolution have been and will continue to be retired at the time such shares are reacquired.

14. 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 and other currencies, related to forecasted money transfer revenues and on money transfer settlement assets and obligations. Subsequent to the acquisition of Custom House, the Company is also exposed to risk from derivative contracts written to its customers arising from its cross-currency business-to-business 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-to-business payments by writing derivatives to customers and entering into offsetting derivatives with established financial institution counterparties, or by holding sufficient foreign currency cash balances to cover those transactions. Foreign currency forward and option contracts and interest rate swaps of varying maturities are used in these activities.

The Company executes the consumer-to-consumer 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 executes global business payments derivatives mostly with small and medium size enterprises. The credit risk inherent in both the consumer-to-consumer and global business payments 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 (including termination of contracts) when doubt arises about the counterparties' ability to perform. 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.

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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 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. At December 31, 2009, 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. The Company assesses the effectiveness of these foreign currency forward contracts 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 (losses)/gains, net" within the Company's 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, are utilized to offset foreign exchange rate fluctuations on certain foreign currency denominated cash positions. None of these contracts are designated as accounting hedges.

The aggregate United States dollar notional amounts of foreign currency forward contracts as of December 31, 2009 were as follows (in millions):

Contracts not designated as hedges:	
Euro	\$273.8
British pound	37.8
Other	73.4
Contracts designated as hedges:	
Euro	\$527.3
Canadian dollar	98.3
British pound	84.8
Other	89.8

Foreign Currency—Global Business Payments

As a result of the acquisition of Custom House, the Company writes derivatives, primarily foreign currency forward contracts and, to a much smaller degree, option contracts, mostly with small and medium size enterprises (customer contracts) and derives a currency spread from this activity as part of its global business payments operations. In this capacity, the Company facilitates cross-currency payment transactions for its customers but aggregates its Custom House 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 its cross-currency business-to-business payments operation, which includes significant spot exchanges of currency in addition to forwards and options. None of these contracts are designated as accounting hedges. The duration of these derivative contracts is generally nine months or less.

The aggregate United States dollar notional amounts of foreign currency derivative customer contracts held by the Company as of December 31, 2009 were approximately \$1.0 billion. The significant majority of customer contracts are written in major currencies such as the Canadian dollar, euro, Australian dollar and the British pound.

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The Company also entered into a forward contract, with a notional amount of approximately 230 million Canadian dollars (\$220 million), to offset foreign exchange rate fluctuations on a Canadian dollar denominated position in connection with the purchase of Custom House. This contract is not designated as an accounting hedge.

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 utilizing the short-cut method, which permits an assumption of no ineffectiveness if certain criteria are met. The change in fair value of the interest rate swaps is offset by a change in the balance of the debt being hedged within the Company's "Borrowings" in the Consolidated Balance Sheets and "Interest expense" in the Consolidated Statements of Income has been adjusted to include the effects of interest accrued on the swaps.

At December 31, 2009 and 2008, the Company held interest rate swaps in an aggregate notional amount of \$750 million and \$660 million, respectively.

Balance Sheet

The following table summarizes the fair value of derivatives reported in the Consolidated Balance Sheets as of December 31, 2009 and 2008 (in millions).

	Derivative Assets			Derivative Liabilities		
	Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value	
		2009	2008		2009	2008
Derivatives—hedges:						
Interest rate fair value hedges—Corporate	Other assets	\$ 31.0	\$ 48.9	Other liabilities	\$ —	\$ —
Foreign currency cash flow hedges—Consumer-to-consumer	Other assets	15.1	65.0	Other liabilities	31.0	6.7
Total		\$ 46.1	\$113.9		\$31.0	\$ 6.7
Derivatives—undesignated:						
Foreign currency—Global business payments	Other assets	\$ 58.9	\$ —	Other liabilities	\$48.2	\$ —
Foreign currency—Consumer-to-consumer	Other assets	4.9	2.9	Other liabilities	1.4	4.1
Total		\$ 63.8	\$ 2.9		\$49.6	\$ 4.1
Total derivatives		\$109.9	\$116.8		\$80.6	\$10.8

THE WESTERN UNION COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the fair value of derivatives held at December 31, 2009 and their expected maturities (in millions):

	<u>Total</u>	<u>2010</u>	<u>2011</u>	<u>Thereafter</u>
Foreign currency cash flow hedges—Consumer-to-consumer	\$(15.9)	\$ (8.4)	\$(7.5)	\$ —
Foreign currency undesignated hedges—Consumer-to-consumer	3.5	3.5	—	—
Foreign currency undesignated hedges—Global business payments	10.7	10.9	(0.2)	—
Interest rate fair value hedges—Corporate	31.0	20.5	10.5	—
Total	\$ 29.3	\$26.5	\$ 2.8	\$ —

Income Statement

The following tables summarize the location and amount of gains and losses of derivatives in the Consolidated Statements of Income segregated by designated, qualifying hedging instruments and those that are not, for the years ended December 31, 2009, 2008 and 2007 (in millions):

Fair Value Hedges

The following table presents the location and amount of gains/(losses) from fair value hedges for the years ended December 31, 2009, 2008 and 2007 (in millions):

Derivatives	Gain Recognized in Income on Derivatives			Hedged Items	Gain/(Loss) Recognized in Income on Related Hedged Item (b)				
	Income Statement	Amount			Income Statement	Amount			
	Location	2009	2008		2007	Location	2009	2008	2007
Interest rate contracts	Interest expense	\$12.9	\$58.5	\$3.6	Fixed-rate debt	Interest expense	\$11.1	\$(54.6)	\$(3.6)
Total gain/(loss)		<u>\$12.9</u>	<u>\$58.5</u>	<u>\$3.6</u>			<u>\$11.1</u>	<u>\$(54.6)</u>	<u>\$(3.6)</u>

Cash Flow Hedges

The following table presents the location and amount of gains/(losses) from cash value hedges for the years ended December 31, 2009, 2008 and 2007 (in millions):

Derivatives	Amount of (Loss)/Gain Recognized in OCI on Derivatives (Effective Portion)			Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)			(Loss)/Gain Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) (c)				
				Income Statement	Amount		Income Statement	Amount			
	2009	2008	2007	Location	2009	2008	2007	Location	2009	2008	2007
Foreign currency contracts	\$ (43.6)	\$ 82.6	\$ (55.9)	Revenue	\$ 34.6	\$ (23.4)	\$ (29.6)	Derivative (losses)/gains, net	\$(1.2)	\$(9.9)	\$8.7
Interest rate contracts (d)	—	—	—	Interest expense	(1.7)	(1.7)	(1.7)	Derivative (losses)/gains, net	—	—	—
Total gain/(loss)	\$ (43.6)	\$ 82.6	\$ (55.9)		\$ 32.9	\$ (25.1)	\$ (31.3)		\$(1.2)	\$(9.9)	\$8.7

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Undesignated Hedges

The following table presents the location and amount of net gains/(losses) from undesignated hedges for the years ended December 31, 2009, 2008 and 2007 (in millions):

<u>Derivatives</u>	<u>Income Statement Location</u>	<u>(Loss)/Gain Recognized in Income on Derivatives</u>		
		<u>Amount</u>		
		<u>2009</u>	<u>2008</u>	<u>2007</u>
Foreign currency contracts (e)	Foreign exchange revenue	\$ 4.5	\$ —	\$ —
Foreign currency contracts (a)	Selling, general and administrative	(7.4)	13.0	(21.1)
Foreign currency contracts (f)	Derivative (losses)/gains, net	(2.8)	3.9	(2.9)
Total gain/(loss)		<u>\$(5.7)</u>	<u>\$16.9</u>	<u>\$(24.0)</u>

- (a) 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. The (loss)/gain of (\$7.4) million, \$13.0 million, and (\$21.1) million generated by the undesignated foreign currency contracts in 2009, 2008 and 2007, respectively, was offset by a foreign exchange gain/(loss) on settlement assets and obligations and cash balances of \$2.8 million, (\$24.9) million and \$39.1 million, respectively.
- (b) The 2009 gain of \$11.1 million is comprised of a loss in value on the debt of \$12.9 million and amortization of hedge accounting adjustments of \$24.0 million. The 2008 loss of \$54.6 million is comprised of a loss in value on the debt of \$58.5 million and amortization of hedge accounting adjustments of \$3.9 million.
- (c) 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.
- (d) The Company incurred an \$18.0 million loss on the termination of these swaps in 2006 which is included in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets and is reclassified as an increase to "Interest expense" over the life of the related notes.
- (e) The Company uses foreign currency forward and option contracts as part of its international business-to-business payments operation. The derivative contracts are managed as part of a broader currency portfolio that includes non-derivative currency exposures.
- (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 loss of (\$3.9) million related to the foreign currency forward contracts is expected to be reclassified into revenue within the next 12 months as of December 31, 2009. Approximately \$1.7 million of losses on the forecasted debt issuance hedges are expected to be recognized in interest expense within the next 12 months as of December 31, 2009. 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

15. Borrowings

The Company's outstanding borrowings at December 31, 2009 and 2008 consisted of the following (in millions):

	December 31, 2009		December 31, 2008	
	<u>Carrying Value</u>	<u>Fair Value (e)</u>	<u>Carrying Value</u>	<u>Fair Value (e)</u>
Due in less than one year:				
Commercial paper	\$ —	\$ —	\$ 82.9	\$ 82.9
Term loan (a)	—	—	500.0	500.0
Due in greater than one year:				
5.400% notes, net of discount, due 2011 (b)	1,033.9	1,066.4	1,042.8	962.9
6.500% notes, net of discount, due 2014 (c)	498.6	559.5	—	—
5.930% notes, net of discount, due 2016 (d)	1,012.5	1,080.0	1,014.4	903.5
6.200% notes, net of discount, due 2036	497.5	499.4	497.4	391.4
Other borrowings	6.0	6.0	6.0	6.0
Total borrowings	<u>\$ 3,048.5</u>	<u>\$ 3,211.3</u>	<u>\$ 3,143.5</u>	<u>\$ 2,846.7</u>

- (a) The term loan due in December 2009 ("Term Loan") was paid and financed with the issuance of the 6.500% notes due 2014 ("2014 Notes") on February 26, 2009.
- (b) At December 31, 2009 and 2008, the Company held interest rate swaps related to the 5.400% notes due 2011 ("2011 Notes") with an aggregate notional amount of \$750 million and \$550 million, respectively. The carrying value at December 31, 2009 and 2008 contained \$34.3 million and \$42.7 million, respectively, of hedge accounting adjustments related to active swaps as well as the unamortized portion of previously terminated swaps. These hedge accounting adjustments will be reclassified as reductions to "interest expense" over the life of the 2011 Notes.
- (c) The 2014 Notes were issued on February 26, 2009 and the proceeds were used to repay the Term Loan.
- (d) The carrying value at December 31, 2009 and 2008 included \$12.8 million and \$15.4 million, respectively, of hedge accounting adjustments. The remaining unamortized portion of this previously terminated swap will be reclassified as a reduction to "interest expense" over the life of the 2016 Notes.
- (e) At December 31, 2008, the fair value of commercial paper approximated its carrying value due to the short term nature of the obligations. The fair value of the Term Loan approximated its carrying value as it was a variable rate loan and Western Union credit spreads did not move significantly between the date of the borrowing (December 5, 2008) and December 31, 2008. The fair value of the fixed rate notes is determined by obtaining quotes from multiple independent banks and excludes the impact of discounts and related interest rate swaps.

Exclusive of discounts and the fair value of the interest rate swaps, maturities of borrowings as of December 31, 2009 are \$1.0 billion in 2011, \$500 million in 2014, and \$1.5 billion thereafter.

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

Commercial Paper Program

On November 3, 2006, the Company established a commercial paper program pursuant to which the Company may issue unsecured commercial paper notes (the "Commercial Paper Notes") in an amount not to exceed \$1.5 billion outstanding at any time. The Commercial Paper Notes 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

issuance. The Company's commercial paper borrowings at December 31, 2008 had weighted-average interest rates of approximately 4.1% and weighted-average initial terms of 27 days. The Company had no commercial paper borrowings outstanding at December 31, 2009.

Revolving Credit Facility

On September 27, 2006, the Company entered into a five-year unsecured revolving credit facility, which includes a \$1.5 billion revolving credit facility, a \$250.0 million letter of credit sub-facility and a \$150.0 million swing line sub-facility (the "Revolving Credit Facility"). On September 28, 2007, the Company entered into an amended and restated credit agreement, the primary purpose of which was to extend the maturity by one year from its original five-year \$1.5 billion facility entered into in 2006. No other material changes were made in the amended and restated facility. The Revolving Credit Facility, which is diversified through a group of 15 participating institutions, is used to meet additional liquidity needs that might arise for the Company and to support borrowings under the Company's commercial paper program. The Revolving Credit Facility contains certain covenants that, among other things, limit or restrict the ability of the Company and other significant subsidiaries to grant certain types of security interests, incur debt or enter into sale and leaseback transactions. The Company is also required to maintain compliance with a consolidated interest coverage ratio covenant.

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 19 basis points. A facility fee of 6 basis points on the total facility is also payable quarterly, regardless of usage. The facility fee percentage is determined based on certain of the Company's credit ratings. In addition, to the extent the aggregate outstanding borrowings under the Revolving Credit Facility exceed 50% of the related aggregate commitments, a utilization fee of 5 basis points as of December 31, 2009 based upon such ratings is payable to the lenders on the aggregate outstanding borrowings.

As of December 31, 2009, the Company had \$1.5 billion available to borrow, as the Company had no commercial paper borrowings outstanding.

Term Loan

On December 5, 2008, the Company entered into a senior, unsecured, 364-day term loan in an aggregate principal amount of \$500 million with a syndicate of lenders. The Term Loan was paid and financed with the issuance of the 2014 Notes on February 26, 2009.

Notes

On February 26, 2009, the Company issued \$500 million of aggregate principal amount of the 2014 Notes to repay the balance of the Term Loan which was scheduled to mature in December 2009. Interest with respect to the 2014 Notes is payable semiannually on February 26 and August 26 each year based on the fixed per annum interest rate of 6.500%. The 2014 Notes contain covenants that, among other things, limit or restrict the ability of the Company and certain of its subsidiaries to grant certain types of security interests or enter into sale and leaseback transactions. The Company may redeem the 2014 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 50 basis points.

On November 17, 2006, the Company issued \$2 billion aggregate principal amount of the Company's unsecured fixed and floating rate notes, comprised of \$500 million aggregate principal amount of the Company's Floating Rate Notes due 2008 (the "Floating Rate Notes"), \$1 billion aggregate principal amount of 5.400% Notes due 2011 and \$500 million aggregate principal amount of 6.200% Notes due 2036 (the "2036 Notes"). The Floating Rate Notes were redeemed upon maturity in November 2008.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Interest with respect to the 2011 Notes and 2036 Notes is payable semiannually on May 17 and November 17 each year based on fixed per annum interest rates of 5.400% and 6.200%, respectively. The indenture governing the 2011 Notes and 2036 Notes contains covenants that, among other things, limit or restrict the ability of the Company and other significant subsidiaries to grant certain types of security interests, incur debt (in the case of significant subsidiaries), or enter into sale and leaseback transactions. The Company may redeem the 2011 Notes and the 2036 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 15 basis points and 25 basis points, respectively.

On September 29, 2006, the Company issued \$1.0 billion aggregate principal amount of unsecured notes maturing on October 1, 2016. Interest on the 2016 Notes is payable semiannually on April 1 and October 1 each year based on a fixed per annum interest rate of 5.930%. The indenture governing the 2016 Notes contains covenants that, among other things, limit or restrict the ability of the Company and other significant subsidiaries to grant certain types of security interests, incur debt (in the case of significant subsidiaries) or enter into sale and leaseback transactions. The Company may redeem the 2016 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 20 basis points.

16. Stock Compensation Plans

Stock Compensation Plans

The Western Union Company 2006 Long-Term Incentive Plan

The Western Union Company 2006 Long-Term Incentive Plan (“2006 LTIP”) provides for the granting of stock options, restricted stock awards and units, unrestricted stock awards, and other equity-based awards to employees who perform services for the Company. A maximum of 120.0 million shares of common stock may be awarded under the 2006 LTIP, of which 34.6 million shares are available as of December 31, 2009.

Options granted under the 2006 LTIP are issued with exercise prices equal to the fair value of Western Union common stock on the grant date, have 10-year terms, and vest over four equal annual increments beginning 12 months after the date of grant. Compensation expense related to stock options is recognized over the requisite service period. The requisite service period for stock options is the same as the vesting period, with the exception of retirement eligible employees, who have shorter requisite service periods ending when the employees become retirement eligible.

Restricted stock awards and units granted under the 2006 LTIP typically become 100% vested on the three year anniversary of the grant date. The fair value of the awards granted is measured based on the fair value of the shares on the date of grant. Certain share unit grants do not provide for the payment of dividend equivalents. For those grants, the value of the grants is reduced by the net present value of the foregone dividend equivalent payments. The related compensation expense is recognized over the requisite service period which is the same as the vesting period.

In February 2009, the Compensation Committee of the Company’s board of directors granted the Company’s executives long-term incentive awards under the 2006 LTIP which consisted of one-third restricted stock units, one-third stock option awards and one-third performance-based cash awards. The performance-based cash awards are based on strategic performance objectives for 2009 and 2010 and are payable in equal installments on the second and third anniversaries of the award, assuming the applicable performance objectives are satisfied. Based on their contributions to the Company and additional assumed responsibilities, certain executives received an incremental grant of restricted stock units which fully vest on the fourth anniversary of the grant date. Additionally, non-executive employees of the Company participating in the 2006 LTIP received annual equity grants of 50% stock option awards and 50% restricted stock units, representing a change from the 75% stock option awards and 25% restricted stock awards or units previously granted under the 2006 LTIP.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Western Union Company 2006 Non-Employee Director Equity Compensation Plan

The Western Union Company 2006 Non-Employee Director Equity Compensation Plan (“2006 Director Plan”) provides for the granting of equity-based awards to non-employee directors of the Company. Options granted under the 2006 Director Plan are issued with exercise prices equal to the fair value of Western Union common stock at the grant date, have 10-year terms, and vest immediately. Since options and deferred stock units under this plan vest immediately, compensation expense is recognized on the date of grant based on the fair value of the awards when granted. Awards under the plan may be settled immediately unless the participant elects to defer the receipt of the common shares under applicable plan rules. A maximum of 1.5 million shares of common stock may be awarded under the 2006 Director Plan. As of December 31, 2009, the Company has issued 0.5 million options and 0.2 million unrestricted stock units to non-employee directors of the Company.

Impact of Spin-Off to Stock—Based Awards Granted Under First Data Plans

At the time of the Spin-off, First Data converted stock options, restricted stock awards and restricted stock units (collectively, “Stock-Based Awards”) of First Data stock held by Western Union and First Data employees. For Western Union employees, each outstanding First Data Stock-Based Award was converted to new Western Union Stock-Based Awards. For First Data employees, each outstanding First Data Stock-Based Award held prior to the Spin-off was converted into one replacement First Data Stock-Based Award and one Western Union Stock-Based Award. The new Western Union and First Data Stock-Based Awards maintained their pre-conversion aggregate intrinsic values, and, in the case of stock options, their ratio of the exercise price per share to their fair value per share.

All converted Stock-Based Awards, which had not vested prior to September 24, 2007, were subject to the terms and conditions applicable to the original First Data Stock-Based Awards, including change of control provisions which required full vesting upon a change of control of First Data. Accordingly, upon the completion of the acquisition of First Data on September 24, 2007 by an affiliate of Kohlberg Kravis Roberts & Co.’s (“KKR”), all of these remaining converted unvested Western Union Stock-Based Awards vested. In connection with this accelerated vesting, the Company incurred a non-cash pre-tax charge of \$22.3 million during the year ended December 31, 2007 for such awards held by Western Union employees. Approximately one-third of this charge was recorded within “Cost of services” and two-thirds was recorded within “Selling, general and administrative expense” in the Consolidated Statements of Income. As a result of this accelerated vesting, there is no remaining unamortized compensation expense associated with such converted Stock-Based Awards.

After the Spin-off, the Company receives all cash proceeds related to the exercise of all Western Union stock options, and recognizes all stock compensation expense and retains the resulting tax benefits relating to Western Union awards held by Western Union employees. First Data recognizes all stock-based compensation expense and retains all associated tax benefits for Western Union Stock-Based Awards held by First Data employees.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock Option Activity

A summary of Western Union stock option activity for the year ended December 31, 2009 was as follows (options and aggregate intrinsic value in millions):

	Year Ended December 31, 2009			Aggregate Intrinsic Value
	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	
Outstanding at January 1,	43.6	\$ 19.11		
Granted	3.8	12.42		
Exercised	(1.9)	13.04		
Cancelled/forfeited	(2.7)	19.34		
Outstanding at December 31,	<u>42.8</u>	\$ 18.77	5.0	\$ 52.9
Options exercisable at December 31,	<u>35.7</u>	\$ 19.21	4.3	\$ 29.4

As of December 31, 2009, approximately 40% of outstanding options to purchase shares of common stock of the Company were held by employees of First Data.

The Company received \$23.9 million, \$289.7 million and \$211.8 million in cash proceeds related to the exercise of stock options during the years ended December 31, 2009, 2008 and 2007, respectively. Upon the exercise of stock options, shares of common stock are issued from authorized common shares.

The Company's calculated pool of excess tax benefits available to absorb write-offs of deferred tax assets in subsequent periods was approximately \$14.9 million as of December 31, 2009. The Company realized total tax benefits during the years ended December 31, 2009, 2008 and 2007 from stock option exercises of \$0.8 million, \$13.5 million and \$10.7 million, respectively.

The total intrinsic value of stock options exercised during the years ended December 31, 2009, 2008 and 2007 was \$8.6 million, \$134.0 million and \$91.0 million, respectively.

Restricted Stock Awards and Restricted Stock Units

A summary of Western Union activity for restricted stock awards and units for the year ended December 31, 2009 is listed below (awards/units in millions):

	Year Ended December 31, 2009	
	Number Outstanding	Weighted-Average Grant-Date Fair Value
Non-vested at January 1,	1.2	\$ 20.32
Granted	1.7	12.46
Vested	(0.6)	18.96
Forfeited	(0.1)	17.55
Non-vested at December 31,	<u>2.2</u>	\$ 14.63

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Stock-Based Compensation

The following table sets forth the total impact on earnings for stock-based compensation expense recognized in the Consolidated Statements of Income resulting from stock options, restricted stock awards and restricted stock units for the years ended December 31, 2009, 2008 and 2007 (in millions, except per share data).

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Stock-based compensation expense	\$(31.9)	\$(26.3)	\$(50.2)
Income tax benefit from stock-based compensation expense	9.9	7.7	15.1
Net income impact	<u>\$(22.0)</u>	<u>\$(18.6)</u>	<u>\$(35.1)</u>
Earnings per share:			
Basic	\$(0.03)	\$(0.03)	\$(0.05)
Diluted	\$(0.03)	\$(0.03)	\$(0.05)

As discussed previously, the Company incurred a pre-tax charge of \$22.3 million during the year ended December 31, 2007 upon the completion of the acquisition of First Data on September 24, 2007 by an affiliate of KKR.

As of December 31, 2009, there was \$31.0 million of total unrecognized compensation cost, net of assumed forfeitures, related to non-vested stock options which is expected to be recognized over a weighted-average period of 2.4 years, and there was \$18.0 million of total unrecognized compensation cost, net of assumed forfeitures, related to non-vested restricted stock awards and restricted stock units which is expected to be recognized over a weighted-average period of 2.1 years.

Fair Value Assumptions

The Company used the following assumptions for the Black-Scholes option pricing model to determine the value of Western Union options granted.

	<u>Year Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Stock options granted:			
Weighted-average risk-free interest rate	2.0%	3.0%	4.5%
Weighted-average dividend yield	0.2%	0.2%	0.2%
Volatility	46.3%	31.8%	23.8%
Expected term (in years)	5.6	5.9	6.2
Weighted-average grant date fair value	\$5.41	\$7.57	\$7.35

Expected volatility—For the Company's board of directors and executives, the expected volatility for the 2009, 2008 and 2007 grants was 46.9%, 31.3% and 26.9%, respectively. The expected volatility for the Company's non-executive employees was 46.0%, 31.9% and 22.8% for the 2009, 2008 and 2007 grants, respectively. In 2009 and 2008, Western Union used a blend of implied and historical volatility. The Company's implied volatility was calculated using the market price of traded options on Western Union's common stock. In 2009, the historical volatility represented a blend of Western Union and First Data (prior to the Spin-off) stock data. In 2008, the historical volatility also included a peer group of companies in similar industries and/or market capitalizations. In 2007, Western Union's volatility was determined based entirely on the calculated peer group historical volatility since there was not sufficient trading history for Western Union's common stock or traded options.

Expected dividend yield—The Company's expected annual dividend yield is the calculation of the annualized Western Union dividend divided by a rolling 12 month average Western Union stock price on each

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

respective grant date. The 2009 grants do not reflect the increase in dividends approved by the Board of Directors on December 9, 2009 as all 2009 grants were issued prior to that date.

Expected term — For 2009, Western Union’s expected term was 5.0 years for non-executive employees and 6.7 years for the board of directors and executives. For 2008 and 2007, Western Union’s expected term was 5.8 years for non-executive employees and 7.5 years for the board of directors and executives. The Company’s expected term of options was based upon, among other things, historical exercises (including the exercise history of First Data’s awards), the vesting term of the Company’s options and the options’ contractual term of ten years.

Risk-free interest rate —The risk-free rate for stock options granted during the period is determined by using a United States Treasury rate for the period that coincided with the expected terms listed above.

The assumptions used to calculate the fair value of options granted will be evaluated and revised, as necessary, to reflect market conditions and the Company’s historical experience and future expectations. The calculated fair value is recognized as compensation cost in the Company’s financial statements over the requisite service period of the entire award. Compensation cost is recognized only for those options expected to vest, with forfeitures estimated at the date of grant and evaluated and adjusted periodically to reflect the Company’s historical experience and future expectations. Any change in the forfeiture assumption will be accounted for as a change in estimate, with the cumulative effect of the change on periods previously reported being reflected in the financial statements of the period in which the change is made. In the future, as more historical data is available to calculate the volatility of Western Union stock and the actual terms Western Union employees hold options, expected volatility and expected term may change which could change the grant-date fair value of future stock option awards and, ultimately, the recorded compensation expense.

17. Segments

As previously described in Note 1, the Company classifies its businesses into two reportable segments: consumer-to-consumer and global business payments. 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 (“CODM”) in deciding where to allocate resources and in assessing performance.

The consumer-to-consumer reporting segment is viewed as one global network where a money transfer can be sent from one location to another, anywhere in the world. The segment consists of three regions, which primarily coordinate agent network management and marketing activities. The CODM makes decisions regarding resource allocation and monitors performance based on specific corridors within and across these regions, but also reviews total revenue and operating profit of each region. These regions frequently interact on transactions with consumers and share processes, systems and licenses, thereby constituting one global consumer-to-consumer money transfer network. The regions and corridors generally offer the same services distributed by the same agent network, have the same types of customers, are subject to similar regulatory requirements, are processed on the same system and have similar economic characteristics, allowing the geographic regions to be aggregated into one reporting segment.

The global business payments (formerly consumer-to-business) segment processes payments from consumers or businesses to other businesses. The results of the Company’s existing consumer-to-business operations as well as the newly acquired Custom House business have been combined in this segment as both are focused on facilitating payments. For further information on Custom House, see Note 3, “Acquisitions.”

All businesses that have not been classified into consumer-to-consumer or global business payments are reported as “Other.” These businesses primarily include the Company’s money order services business.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company's reportable segments are reviewed separately below because each reportable segment represents a strategic business unit that offers different products and serves different markets. The business segment measurements provided to, and evaluated by, the Company's CODM are computed in accordance with the following principles:

- The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.
- Corporate and other overhead is allocated to the segments primarily based on a percentage of the segments' revenue compared to total revenue.
- Expenses incurred in connection with mergers and acquisitions are included in "Other."
- During the year ended December 31, 2009, the Company recorded an accrual of \$71.0 million for an anticipated agreement and settlement with the State of Arizona, which has not been allocated to the segments. On February 11, 2010, the Company signed an agreement and settlement which resolved all outstanding legal issues and claims with the State and requires 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 will participate with Arizona. While this item was identifiable to the Company's consumer-to-consumer segment, it was not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on the settlement accrual, refer to Note 6.
- Restructuring and related activities of \$82.9 million for the year ended December 31, 2008 were not allocated to the segments. While these items were identifiable to the Company's segments, they were not included in the measurement of segment operating profit provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on restructuring and related activities refer to Note 4.
- In connection with the change in control of First Data, the Company incurred an accelerated stock-based compensation vesting charge of \$22.3 million during the year ended December 31, 2007. Of the \$22.3 million charge, \$18.9 million, \$3.0 million and \$0.4 million were allocated to the consumer-to-consumer, global business payments and other segments, respectively.
- All items not included in operating income are excluded.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table presents the Company's reportable segment results for the years ended December 31, 2009, 2008 and 2007, respectively (in millions):

	<u>Years Ended December 31,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:			
Consumer-to-consumer:			
Transaction fees	\$3,373.5	\$3,532.9	\$3,286.6
Foreign exchange revenue	877.1	893.1	769.3
Other revenues	50.1	45.6	37.2
	<u>4,300.7</u>	<u>4,471.6</u>	<u>4,093.1</u>
Global business payments:			
Transaction fees	621.9	668.1	665.5
Foreign exchange revenue	33.2	3.2	2.0
Other revenues	36.6	48.5	52.4
	<u>691.7</u>	<u>719.8</u>	<u>719.9</u>
Other:			
Transaction fees	40.8	39.8	37.7
Commission and other revenues	50.4	50.8	49.5
	<u>91.2</u>	<u>90.6</u>	<u>87.2</u>
Total consolidated revenues	<u>\$5,083.6</u>	<u>\$5,282.0</u>	<u>\$4,900.2</u>
Operating income:			
Consumer-to-consumer	\$1,175.5	\$1,222.7	\$1,078.3
Global business payments	171.9	199.4	223.7
Other	6.3	15.8	20.0
Total segment operating income	<u>1,353.7</u>	<u>\$1,437.9</u>	<u>\$1,322.0</u>
Anticipated agreement and settlement (see Note 6)	(71.0)	—	—
Restructuring and related expenses	—	(82.9)	—
Total consolidated operating income	<u>\$1,282.7</u>	<u>\$1,355.0</u>	<u>\$1,322.0</u>
Assets:			
Consumer-to-consumer	\$4,602.5	\$4,305.0	\$4,734.7
Global business payments	1,419.0	819.5	885.6
Other	1,331.9	453.8	163.9
Total assets	<u>\$7,353.4</u>	<u>\$5,578.3</u>	<u>\$5,784.2</u>
Depreciation and amortization:			
Consumer-to-consumer	\$ 124.2	\$ 111.0	\$ 98.5
Global business payments	24.3	21.1	21.8
Other	5.7	4.0	3.6
Total segment depreciation and amortization	<u>154.2</u>	<u>\$ 136.1</u>	<u>\$ 123.9</u>
Restructuring and related expenses	—	7.9	—
Total depreciation and amortization	<u>\$ 154.2</u>	<u>\$ 144.0</u>	<u>\$ 123.9</u>
Capital expenditures:			
Consumer-to-consumer	\$ 71.6	\$ 114.8	\$ 155.7
Global business payments	16.7	30.5	28.1
Other	10.6	8.4	8.3
Total capital expenditures	<u>\$ 98.9</u>	<u>\$ 153.7</u>	<u>\$ 192.1</u>

THE WESTERN UNION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Information concerning principal geographic areas was as follows (in millions):

	Years Ended December 31,		
	2009	2008	2007
Revenue:			
United States	\$1,584.9	\$1,760.0	\$1,825.3
International	3,498.7	3,522.0	3,074.9
Total	<u>\$5,083.6</u>	<u>\$5,282.0</u>	<u>\$4,900.2</u>
Long-lived assets:			
United States	\$ 161.1	\$ 162.3	\$ 172.3
International	43.2	30.0	28.0
Total	<u>\$ 204.3</u>	<u>\$ 192.3</u>	<u>\$ 200.3</u>

The geographic split of revenue above for consumer-to-consumer is based upon the country where a money transfer is initiated and the country where a money transfer is paid with revenue being split 50% between the two countries. The geographic split of revenue above for global business payments is based upon the country where the transaction is initiated with 100% of the revenue allocated to that country. Long-lived assets, consisting of "Property and equipment, net," are presented based upon the location of the assets.

A majority of Western Union's consumer-to-consumer transactions involve at least one non-United States location. Based on the method used to attribute revenue between countries described in the paragraph above, no individual country outside the United States accounted for more than 10% of revenue for the years ended December 31, 2009, 2008 and 2007. In addition, no individual agent or global business payments customer accounted for greater than 10% of revenue during these periods.

THE WESTERN UNION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18. Quarterly Financial Information (Unaudited)

Summarized quarterly results for the years ended December 31, 2009 and 2008 were as follows (in millions):

2009 by Quarter:	Q1	Q2	Q3	Q4	Year Ended December 31, 2009
Revenues	\$1,201.2	\$1,254.3	\$1,314.1	\$1,314.0	\$ 5,083.6
Expenses (a)	860.3	912.6	1,032.6	995.4	3,800.9
Other expense, net	35.7	46.0	35.0	34.5	151.2
Income before income taxes	305.2	295.7	246.5	284.1	1,131.5
Provision for income taxes	81.3	75.5	65.5	60.4	282.7
Net income	<u>\$ 223.9</u>	<u>\$ 220.2</u>	<u>\$ 181.0</u>	<u>\$ 223.7</u>	<u>\$ 848.8</u>
Earnings per share:					
Basic	\$ 0.32	\$ 0.31	\$ 0.26	\$ 0.32	\$ 1.21
Diluted	\$ 0.32	\$ 0.31	\$ 0.26	\$ 0.32	\$ 1.21
Weighted-average shares outstanding:					
Basic	707.1	700.6	698.4	689.8	698.9
Diluted	708.0	702.7	701.6	693.2	701.0

(a) Includes \$71.0 million in the third quarter for an anticipated agreement and settlement with the State of Arizona. See Note 6 "Commitments and Contingencies" for more information.

2008 by Quarter:	Q1	Q2	Q3	Q4	Year Ended December 31, 2008
Revenues	\$1,265.9	\$1,347.1	\$1,377.4	\$1,291.6	\$ 5,282.0
Expenses (b)	956.6	1,010.9	1,002.2	957.3	3,927.0
Other expense, net	16.8	28.2	42.2	29.1	116.3
Income before income taxes	292.5	308.0	333.0	305.2	1,238.7
Provision for income taxes	85.4	76.5	92.2	65.6	319.7
Net income	<u>\$ 207.1</u>	<u>\$ 231.5</u>	<u>\$ 240.8</u>	<u>\$ 239.6</u>	<u>\$ 919.0</u>
Earnings per share:					
Basic	\$ 0.28	\$ 0.31	\$ 0.33	\$ 0.34	\$ 1.26
Diluted	\$ 0.27	\$ 0.31	\$ 0.33	\$ 0.34	\$ 1.24
Weighted-average shares outstanding:					
Basic	746.7	736.5	724.9	712.5	730.1
Diluted	756.8	747.5	737.2	713.8	738.2

(b) Includes \$24.2 million in the first quarter, \$22.9 million in the second quarter, \$3.2 million in the third quarter and \$32.6 million in the fourth quarter of restructuring and related expenses. For more information, see Note 4, "Restructuring and Related Expenses."

THE WESTERN UNION COMPANY

SCHEDULE I—CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

The following lists the condensed financial information for the parent company as of December 31, 2009 and 2008 and statements of income and cash flows for each of the three years in the period ended December 31, 2009.

THE WESTERN UNION COMPANY

CONDENSED BALANCE SHEETS
(PARENT COMPANY ONLY)
(in millions, except per share amounts)

	December 31,	
	2009	2008
Assets		
Cash and cash equivalents	\$ 27.9	\$ 281.0
Property and equipment, net of accumulated depreciation of \$9.4 and \$3.1, respectively	31.8	33.1
Other assets	82.1	106.4
Investment in subsidiaries	3,722.4	3,387.0
Total assets	<u>\$3,864.2</u>	<u>\$3,807.5</u>
Liabilities and Stockholders' Equity/(Deficiency)		
Liabilities:		
Accounts payable and accrued liabilities	69.3	54.2
Payable to subsidiaries, net	397.4	622.2
Borrowings	3,042.5	3,137.5
Other liabilities	1.5	1.7
Total liabilities	3,510.7	3,815.6
Stockholders' equity/(deficiency):		
Preferred stock, \$1.00 par value; 10 shares authorized; no shares issued	—	—
Common stock, \$0.01 par value; 2,000 shares authorized; 686.5 and 709.6 shares issued and outstanding at December 31, 2009 and 2008, respectively	6.9	7.1
Capital surplus/(deficiency)	40.7	(14.4)
Retained earnings	433.2	29.2
Accumulated other comprehensive loss	(127.3)	(30.0)
Total stockholders' equity/(deficiency)	353.5	(8.1)
Total liabilities and stockholders' equity/(deficiency)	<u>\$3,864.2</u>	<u>\$3,807.5</u>

See Notes to Condensed Financial Statements.

THE WESTERN UNION COMPANY
CONDENSED STATEMENTS OF OPERATIONS
(PARENT COMPANY ONLY)
(in millions)

	For the Years Ended December 31,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues	\$ —	\$ —	\$ —
Expenses	<u>—</u>	<u>—</u>	<u>—</u>
Operating income	—	—	—
Interest income	1.8	2.8	1.1
Interest expense	<u>(157.3)</u>	<u>(171.0)</u>	<u>(188.7)</u>
Loss before equity in earnings of affiliates and income taxes	<u>(155.5)</u>	<u>(168.2)</u>	<u>(187.6)</u>
Equity in earnings of affiliates, net of tax	941.7	1,022.3	972.3
Income tax benefit	<u>62.6</u>	<u>64.9</u>	<u>72.6</u>
Net income	<u>\$ 848.8</u>	<u>\$ 919.0</u>	<u>\$ 857.3</u>

See Notes to Condensed Financial Statements.

THE WESTERN UNION COMPANY
CONDENSED STATEMENTS OF CASH FLOW
(PARENT COMPANY ONLY)
(in millions)

	For the Years Ended December 31,		
	2009	2008	2007
Cash flows from operating activities			
Net cash provided by operating activities	\$ 505.0	\$ 1,145.2	\$ 772.2
Cash flows from investing activities			
Purchases of property and equipment	—	(0.1)	(2.0)
Capital contributed to subsidiary	(29.0)	(0.2)	(379.9)
Net cash used in investing activities	(29.0)	(0.3)	(381.9)
Cash flows from financing activities			
Advances from subsidiaries	224.7	397.7	166.2
Net proceeds from issuance of borrowings	496.6	500.0	—
Principal payments on borrowings	(500.0)	(500.0)	—
Net (repayments)/proceeds from commercial paper	(82.8)	(255.3)	13.6
Net repayments from net borrowings under credit facilities	—	—	(3.0)
Proceeds from exercise of options	23.2	300.5	216.1
Cash dividends to stockholders	(41.2)	(28.4)	(30.0)
Common stock repurchased	(400.2)	(1,314.5)	(726.8)
Net cash used in financing activities	(729.1)	(900.0)	(363.9)
Net change in cash and cash equivalents	(253.1)	244.9	26.4
Cash and cash equivalents at beginning of year	281.0	36.1	9.7
Cash and cash equivalents at end of year	<u>\$ 27.9</u>	<u>\$ 281.0</u>	<u>\$ 36.1</u>

See Notes to Condensed Financial Statements.

CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

**THE WESTERN UNION COMPANY
NOTES TO CONDENSED FINANCIAL STATEMENTS**

1. Basis of Presentation

The Western Union Company (“the Parent”) is a holding company that conducts substantially all of its business operations through its subsidiaries. Under a parent company only presentation, the Parent’s investments in its consolidated subsidiaries are presented under the equity method of accounting, and the condensed financial statements do not present the financial statements of the Parent and its subsidiaries on a consolidated basis. These financial statements should be read in conjunction with The Western Union Company’s consolidated financial statements.

2. Restricted Net Assets

Certain assets of the Parent’s subsidiaries totaling approximately \$190 million constitute restricted net assets, as there are legal or regulatory limitations on transferring such assets outside of the countries where the respective assets are located, or because they constitute undistributed earnings of affiliates of the Parent accounted for under the equity method of accounting. As of December 31, 2009, the Parent is in a stockholders’ equity position of \$353.5 million, and as such, all of the restricted net assets of the Parent’s subsidiaries currently exceeds 25% of the consolidated net assets of the Parent and its subsidiaries, thus requiring this Schedule I, “Condensed Financial Information of the Registrant.”

3. Related Party Transactions

Excess cash generated from operations of the Parent’s subsidiaries that is not required to meet certain regulatory requirements is paid periodically to the Parent and is reflected as “Payable to subsidiaries, net” in the Condensed Balance Sheet as of December 31, 2009. The Parent’s subsidiaries periodically distribute excess cash balances to the Parent in the form of a dividend, although the amounts of such dividends may vary from year to year.

The Parent files a consolidated U.S. federal income tax return, and also a number of consolidated state income tax returns on behalf of its subsidiaries. In these circumstances, the Parent is responsible for remitting income tax payments on behalf of the consolidated group. The Parent’s provision for income taxes has been computed as if it were a separate tax-paying entity.

4. Commitments and Contingencies

The Parent provides guarantees of the performance on property leases to its subsidiaries for properties located in various facilities in the United States and Mexico.

The Company provides a parental guarantee to one of its subsidiaries for letters of credit to certain agents. These letters of credit are amended quarterly. As of December 31, 2009, \$2.4 million of letters of credit were outstanding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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, have evaluated the effectiveness of our controls and procedures related to our reporting and disclosure obligations as of December 31, 2009, which is the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that, as of December 31, 2009, 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 are accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Management's report on Western Union's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934), and the related Report of Independent Registered Public Accounting Firm, are set forth under Item 8 of this Annual Report on Form 10-K. Management's annual report on internal control over financial reporting did not include an assessment of and conclusion on the effectiveness of internal control over financial reporting of Custom House, Ltd. ("Custom House"), which was acquired on September 1, 2009 and is included in our consolidated financial statements as of December 31, 2009 and for the period from September 1, 2009 through December 31, 2009. The assets of Custom House, excluding goodwill, constituted approximately 5% of our total assets as of December 31, 2009, and Custom House revenues constituted approximately 0.6% of our total revenues for the year ended December 31, 2009. Under guidelines established by the Securities and Exchange Commission, companies are allowed to exclude acquisitions from their assessment of internal control over financial reporting during the first year following the acquisition while integrating the acquired company.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2009, we completed the implementation of a new version of our existing Oracle enterprise resource planning system. This implementation was subject to various testing and review procedures prior to execution. We believe the conversion to and implementation of this new version further strengthened our existing internal control over financial reporting by enhancing certain business processes.

Other than the change described above, there has not been any change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information required by this item with respect to our executive officers included in Item 1 of Part I of this Annual Report on Form 10-K and our Code of Ethics, the information required by this Item 10 is incorporated herein by reference to the discussion in “Proposals Submitted for Shareholder Vote—Proposal 1—Election of Directors,” “Board of Directors Information,” “Section 16(a) Beneficial Ownership Reporting Compliance,” and “Corporate Governance—Committees of the Board of Directors” of our definitive proxy statement for the 2010 annual meeting of stockholders.

Code of Ethics

The Company’s Directors’ Code of Conduct, Code of Ethics for Senior Financial Officers, Auditing Complaint Procedure, Professional Conduct Policy for Attorneys, and the Code of Conduct are available without charge through the “Corporate Governance” portion of the company’s web site, www.westernunion.com, or by writing to the attention of: Investor Relations, The Western Union Company, 12500 East Belford Avenue, Englewood, Colorado 80112. In the event of an amendment to, or a waiver from, the Company’s Code of Ethics for Senior Financial Officers, the Company intends to post such information on its website, www.westernunion.com.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference to the discussion in “Compensation Discussion and Analysis,” “Executive Compensation,” “Compensation of Directors,” and “Compensation and Benefits Committee Report” of our definitive proxy statement for the 2010 annual meeting of stockholders; provided that the Compensation and Benefits Committee Report shall not be deemed filed in this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated herein by reference to the discussion in “Stock Beneficially Owned by Directors, Executive Officers and Our Largest Stockholders,” and “Equity Compensation Plan Information” of our definitive proxy statement for the 2010 annual meeting of stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference to the discussion of “Corporate Governance—Independence of Directors” of our definitive proxy statement for the 2010 annual meeting of stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference to the discussion in “Proposal 2—Ratification of Selection of Auditors” of our definitive proxy statement for the 2010 annual meeting of stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Financial Statements (See Index to Consolidated Financial Statements on page 72 of this Annual Report on Form 10-K);
2. Financial Statement Schedule (See Index to Consolidated Financial Statements on page 72 of this Annual Report on Form 10-K);
3. The exhibits listed in the “Exhibit Index” attached to this Annual Report on Form 10-K.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
2.1	Separation and Distribution Agreement, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference thereto).
3.1	Amended and Restated Certificate of Incorporation of The Western Union Company (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8 (registration no. 333-137665) and incorporated herein by reference thereto).
3.2	The Western Union Company By-laws, as amended on December 11, 2008 (filed as Exhibit 3.1(ii) to the Company's Current Report on Form 8-K filed on December 17, 2008 and incorporated herein by reference thereto).
4.1	Indenture, dated as of September 29, 2006, between The Western Union Company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 2, 2006 and incorporated herein by reference thereto).
4.2	Form of 5.930% Note due 2016 (filed as Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 2, 2006 and incorporated herein by reference thereto).
4.3	Form of 5.930% Note due 2016 (filed as Exhibit 4.11 to the Company's Registration Statement on Form S-4 filed on December 22, 2006 and incorporated herein by reference thereto).
4.4	Supplemental Indenture, dated as of September 29, 2006, among The Western Union Company, First Financial Management Corporation and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on October 2, 2006 and incorporated herein by reference thereto).
4.5	Second Supplemental Indenture, dated as of November 17, 2006, among The Western Union Company, First Financial Management Corporation and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 20, 2006 and incorporated herein by reference thereto).
4.6	Third Supplemental Indenture, dated as of September 6, 2007, among The Western Union Company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.6 to the Company's Annual Report on Form 10-K filed on February 26, 2008 and incorporated herein by reference thereto).
4.7	Indenture, dated as of November 17, 2006, between The Western Union Company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 20, 2006 and incorporated herein by reference thereto).
4.8	Form of 5.400% Note due 2011 (filed as Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 20, 2006 and incorporated herein by reference thereto).
4.9	Form of 6.200% Note due 2036 (filed as Exhibit 4.4 to the Company's Current Report on Form 8-K filed on November 20, 2006 and incorporated herein by reference thereto).
4.10	Form of 5.400% Note due 2011 (filed as Exhibit 4.13 to the Company's Registration Statement on Form S-4 filed on December 22, 2006 and incorporated herein by reference thereto).
4.11	Form of 6.200% Note due 2036 (filed as Exhibit 4.14 to the Company's Registration Statement on Form S-4 filed on December 22, 2006 and incorporated herein by reference thereto).
4.12	Form of 6.50% Note due 2014 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 26, 2009 and incorporated herein by reference thereto).
4.13	Supplemental Indenture, dated as of September 6, 2007, among The Western Union Company and Wells Fargo Bank, National Association, as trustee (filed as Exhibit 4.13 to the Company's Annual Report on Form 10-K filed on February 26, 2008 and incorporated herein by reference thereto).
10.1	Tax Allocation Agreement, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference thereto).
10.2	Employee Matters Agreement, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference thereto).

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<u>Exhibit Number</u>	<u>Description</u>
10.3	Transition Services Agreement, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference thereto).
10.4	Patent Ownership Agreement and Covenant Not to Sue, dated as of September 29, 2006, between First Data Corporation and The Western Union Company (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on October 3, 2006 and incorporated herein by reference thereto).
10.5	Amended and Restated Credit Agreement, dated as of September 28, 2007, among The Western Union Company, the banks named therein, as lenders, Wells Fargo Bank, National Association, as syndication agent, Citibank, N.A., as administrative agent, and Citigroup Global Markets Inc. and Wells Fargo Bank, National Association, as joint lead arrangers and joint book runners (filed as Exhibit 10 to the Company's Current Report on Form 8-K filed on October 3, 2007 and incorporated herein by reference thereto).
10.6	Settlement Agreement, dated as of February 11, 2010, by and between Western Union Financial Services, Inc. and the State of Arizona (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 16, 2010 and incorporated herein by reference thereto).
10.7	Form of Director Indemnification Agreement (filed as Exhibit 10.11 to the Company's Registration Statement on Form 10 (file no. 001-32903) and incorporated herein by reference thereto).*
10.8	The Western Union Company 2006 Long-Term Incentive Plan, as Amended and Restated Effective February 17, 2009 (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K filed on February 19, 2009 and incorporated herein by reference thereto).*
10.9	The Western Union Company 2006 Non-Employee Director Equity Compensation Plan, as Amended and Restated Effective December 31, 2008 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 3, 2008 and incorporated herein by reference thereto).*
10.10	The Western Union Company Non-Employee Director Deferred Compensation Plan, as Amended and Restated Effective December 31, 2008 (filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K filed on February 19, 2009 and incorporated herein by reference thereto).*
10.11	The Western Union Company Severance/Change in Control Policy (Executive Committee Level), as Amended and Restated Effective January 1, 2010.*
10.12	The Western Union Company Senior Executive Annual Incentive Plan (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2007 and incorporated herein by reference thereto).*
10.13	The Western Union Company Supplemental Incentive Savings Plan, as Amended and Restated Effective January 1, 2010.*
10.14	The Western Union Company Grandfathered Supplemental Incentive Savings Plan, as Amended and Restated Effective January 1, 2010.*
10.15	Form of Unrestricted Stock Unit Award Agreement Under The Western Union Company 2006 Non-Employee Director Equity Compensation Plan, as Amended and Restated Effective February 17, 2009.*
10.16	Form of Nonqualified Stock Option Award Agreement Under The Western Union Company 2006 Non-Employee Director Equity Compensation Plan, as Amended and Restated Effective February 17, 2009.*
10.17	Form of Restricted Stock Award Agreement for Executive Committee Members Residing in the United States Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.20 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2006 and incorporated herein by reference thereto).*
10.18	Form of Restricted Stock Unit Award Agreement for Executive Committee Members Residing Outside the United States Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2006 and incorporated herein by reference thereto).*

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<u>Exhibit Number</u>	<u>Description</u>
10.19	Form of Nonqualified Stock Option Award Agreement for Executive Committee Members Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2006 and incorporated herein by reference thereto).*
10.20	Amendment to Form of Nonqualified Stock Option Award Agreement for Executive Committee Members Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on August 5, 2008 and incorporated herein by reference thereto).*
10.21	Amendment to Form of Nonqualified Stock Option Award Agreement for Executive Committee Members under the 2002 First Data Corporation Long-Term Incentive Plan (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on August 5, 2008 and incorporated herein by reference thereto).*
10.22	Amendment to Form of Nonqualified Stock Option Award Agreement for Executive Committee Members under the First Data Corporation 1992 Long-Term Incentive Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on August 5, 2008 and incorporated herein by reference thereto).*
10.23	Form of Nonqualified Stock Option Award Agreement for Scott T. Scheirman Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2006 and incorporated herein by reference thereto).*
10.24	Form of Restricted Stock Award Agreement for Scott T. Scheirman Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q filed on November 8, 2006 and incorporated herein by reference thereto).*
10.25	Form of Nonqualified Stock Option Award Agreement for Executive Committee Members Residing in the United States Under The Western Union Company 2006 Long-Term Incentive Plan, as Amended and Restated Effective December 8, 2009.*
10.26	Form of Nonqualified Stock Option Award Agreement for Executive Committee Member Residing in Austria Under The Western Union Company 2006 Long-Term Incentive Plan, as Amended and Restated Effective December 8, 2009.*
10.27	Form of Restricted Stock Unit Award Agreement for Executive Committee Members Residing in the United States Under The Western Union Company 2006 Long-Term Incentive Plan, as Amended and Restated Effective December 8, 2009.*
10.28	Form of Restricted Stock Unit Award Agreement for Executive Committee Member Residing in Austria Under The Western Union Company 2006 Long-Term Incentive Plan, as Amended and Restated Effective December 8, 2009.*
10.29	Form of Restricted Stock Unit Award Agreement (Career Shares) for Executive Committee Members Residing in the United States Under The Western Union Company 2006 Long-Term Incentive Plan, as Amended and Restated Effective December 8, 2009.*
10.30	Form of Restricted Stock Unit Award Agreement (Career Shares) for Executive Committee Member Residing in Austria Under The Western Union Company 2006 Long-Term Incentive Plan, as Amended and Restated Effective December 8, 2009.*
10.31	Form of Restricted Stock Unit Award Agreement (Career Shares) for Stewart A. Stockdale Under The Western Union Company 2006 Long-Term Incentive Plan.*
10.32	Form of Cash Performance Grant Award Agreement for Executive Committee Members (filed as Exhibit 10.33 to the Company's Annual Report on Form 10-K filed on February 19, 2009 and incorporated herein by reference thereto).*
10.33	Form of 2010 Cash Performance Grant Award Agreement for Executive Committee Members.*
10.34	Form of Award Agreement under The Western Union Company Senior Executive Annual Incentive Plan for 2010.*
10.35	Employment Contract, dated as of November 9, 2009, between Western Union Financial Services GmbH and Hikmet Ersek.*
10.36	Expatriate Letter Agreement, dated as of November 9, 2009, between Western Union Financial Services GmbH, The Western Union Company and Hikmet Ersek.*

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<u>Exhibit Number</u>	<u>Description</u>
10.37	Letter Agreement, dated May 22, 2008, between The Western Union Company and Stewart A. Stockdale (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on August 5, 2008 and incorporated herein by reference thereto).*
10.38	Letter Agreement, dated February 13, 2009, between The Western Union Company and Ranjana Clark (filed as Exhibit 10 to the Company's Quarterly Report on Form 10-Q filed on May 2, 2009 and incorporated herein by reference thereto).*
12	Computation of Ratio of Earnings to Fixed Charges
14	The Western Union Company Code of Ethics for Senior Financial Officers, as Amended and Restated Effective December 9, 2009.
21	Subsidiaries of The Western Union Company
23	Consent of Independent Registered Public Accounting Firm
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.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 15(b) of this report.

**THE WESTERN UNION COMPANY
SEVERANCE/CHANGE IN CONTROL POLICY
(Executive Committee Level)
Amended and Restated Effective January 1, 2010**

1. Purpose

This severance/change in control policy (the "Policy") is maintained by The Western Union Company, a Delaware corporation ("Western Union"), to enable Western Union to offer a form of income protection to its Eligible Executives in the event their employment with the Company is involuntarily terminated other than for Cause or, in the event of a Change in Control, if their employment terminates involuntarily other than for Cause or for Good Reason during the twenty-four months following the Change in Control.

This Policy shall constitute a "welfare plan" within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and shall be construed in a manner consistent with such intent.

2. Effective Date

This Policy was originally adopted as of September 29, 2006 (the "Effective Date"). The Policy is hereby amended and restated effective January 1, 2010.

3. Definitions

Base Salary means the Eligible Executive's current annualized rate of base cash compensation as paid on each regularly scheduled payday for the Eligible Executive's regular work schedule as of his or her Termination Date, including any before-tax contributions that are deducted for Company benefit plan purposes. Base Salary shall not include taxable or nontaxable fringe benefits or awards, vacation, performance awards, bonus, commission or other incentive pay, or any payments which are not made on each regular payday, regardless of how such payments may be characterized.

Board means the Board of Directors of Western Union.

Cause means the willful and continued failure by an Eligible Executive to substantially perform the duties assigned by the Company (other than a failure resulting from Disability), the willful engagement by an Eligible Executive in conduct which is demonstrably injurious to the Company (monetarily or otherwise), any act of dishonesty, the commission of a felony, the continued failure by an Eligible Executive to meet performance standards, an Eligible Executive's excessive absenteeism or a significant violation by an Eligible Executive of any statutory or common law duty of loyalty to the Company.

Change in Control means

- (a) the acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 25% or more of either (i) the then outstanding shares of common stock of Western Union (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding securities of Western Union entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (A) any acquisition directly from Western Union (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from Western Union), (B) any acquisition by Western Union, (C) any acquisition by an
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employee benefit plan (or related trust) sponsored or maintained by Western Union or any corporation controlled by Western Union or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii), and (iii) of subsection (c) of this definition; provided further, that for purposes of clause (B), if any Person (other than Western Union or any employee benefit plan (or related trust) sponsored or maintained by Western Union or any corporation controlled by Western Union) shall become the beneficial owner of 25% or more of the Outstanding Common Stock or 25% or more of the Outstanding Voting Securities by reason of an acquisition by Western Union, and such Person shall, after such acquisition by Western Union, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

- (b) the cessation of individuals who constitute the Board (the "Incumbent Board") as of the date this Policy is adopted by the Committee, to constitute at least a majority of such Incumbent Board; provided that any individual who becomes a director of Western Union subsequent to the date this Policy is adopted by the Committee whose election, or nomination for election by Western Union's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of Western Union as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board;
- (c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Western Union (a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 60% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns Western Union or all or substantially all of Western Union's assets either directly or indirectly) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than Western Union; any employee benefit plan (or related trust) sponsored or maintained by Western Union or any corporation controlled by Western Union; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 25% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 25% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

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(d) the consummation of a plan of complete liquidation or dissolution of Western Union.

Committee means the Compensation and Benefits Committee of the Board or its delegate or successor.

Company means Western Union, including any of its 50% or more owned or controlled subsidiaries or any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise, including, without limitation, any successor due to a Change in Control) to substantially all of the business or assets of Western Union, except that for purposes of Section 16, the definition of Change in Control, and other provisions where the context so requires, Company means Western Union or any such successor.

Disability means the inability of the Eligible Executive to substantially perform such Eligible Executive's duties and responsibilities due to a physical or mental condition (i) that would entitle such Eligible Executive to benefits under the Company's long-term disability plan under which he or she is covered or, if the Committee deems it relevant, any disability rights provided as a matter of local law or (ii) if such Eligible Executive is not eligible for long-term disability benefits under any plan sponsored by the Company, that would, as determined by the Committee, entitle such Eligible Executive to benefits under the Company's long-term disability plan if the Eligible Executive were eligible therefor.

Eligible Executive means, effective prior to October 1, 2008, an individual who is designated by Western Union as an insider for purposes of Section 16 of the Exchange Act and who is a member of Western Union's Executive Committee on the earlier of his or her Termination Date or the date of a Change in Control. Effective October 1, 2008, Eligible Executive means an individual who is designated by Western Union as an insider for purposes of Section 16 of the Exchange Act and who is the Chief Executive Officer of Western Union or is an Executive Vice President of Western Union who reports directly to the Chief Executive Officer on the earlier of his or her Termination Date or the date of a Change in Control, provided that individuals who were Eligible Executives as defined under this Policy as of September 30, 2008 shall remain eligible for this Policy (other than individuals who have waived their eligibility for this Policy in writing).

Exchange Act means the Securities Exchange Act of 1934, as amended.

Good Reason means any one or more of the following: (i) action by the Company resulting in a material diminution of the Eligible Executive's titles or positions with the Company, (ii) a reduction in the Eligible Executive's Base Salary or bonus, or (iii) action by the Company to require the relocation of the Eligible Executive more than fifty (50) miles from the Eligible Executive's current principal work location without the executive's consent. Within 30 days after the Eligible Executive becomes aware of one or more actions or inactions described in the preceding sentence, the Eligible Executive shall deliver written notice to the Company of the action(s) or inaction(s) (the "Good Reason Notice"). The Company shall have 30 days after the Good Reason Notice is delivered to cure the particular action(s) or inaction(s). If the Company so effects a cure, the Good Reason Notice will be deemed rescinded and of no further force and effect.

Severance Benefits means the benefits payable to an Eligible Executive pursuant to this Policy, other than the Change in Control benefits payable pursuant to Sections 7(c)(ii)(b) and 8 hereof.

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Severance Period means with respect to Western Union's Chief Executive Officer, the 36 consecutive month period commencing on the executive's Termination Date, and with respect to all other Eligible Executives, the 24 consecutive month period commencing on the Eligible Executive's Termination Date.

Termination Date means the date on which the Eligible Executive's employment with the Company terminates for a reason set forth under Section 5.

4. Eligibility

All Eligible Executives who have been on the Company's payroll for at least three months are eligible to receive benefits according to the terms of this Policy. Eligible Executives are not eligible for any benefits under this Policy during the first three months of their employment.

5. Eligible Termination Reasons

- (a) Prior to the occurrence of a Change in Control, action by the Company to involuntarily terminate the employment of an Eligible Executive with the Company, but not including a separation from service on account of death, Disability or for Cause.
- (b) After the occurrence of a Change in Control, (i) action by the Company to involuntarily terminate the employment of an Eligible Executive with the Company, but not including a separation from service on account of death, Disability or for Cause, or (ii) voluntary separation from service from the Company by an Eligible Executive for Good Reason during the twenty-four (24) month period commencing on the date of the Change in Control.

An Eligible Executive shall not be entitled to any benefits under this Policy upon a separation from service for an eligible termination reason under this Section 5 if the Eligible Executive becomes employed by any subsidiary or affiliate of Western Union (as determined under Internal Revenue Code ("Code") Section 414(b) or (c), but substituting a 50 percent ownership level for the 80 percent ownership level therein) immediately following his or her termination of employment from the Company by which the Eligible Executive is employed.

6. Non-Eligible Termination Reasons

A non-eligible termination reason is any reason for an Eligible Executive's separation from service by or from the Company that is not an eligible termination reason described in Section 5.

7. Severance and Change in Control Benefits. The provisions of this Section 7 are subject, without limitation, to the provisions of Section 9 hereof.

- (a) **Post-Termination Payments**. If an Eligible Executive's employment with the Company is terminated after the Effective Date for any reason set forth in Section 5, the Company shall pay to the Eligible Executive the following amounts in accordance with Section 10:
 - (i) **Severance Pay**. An amount equal to 2 multiplied by the sum of (1) 100% of the Eligible Executive's Base Salary and (2) the percentage of the Eligible Executive's Base Salary established as the target bonus for the Eligible Executive under the Company's Senior

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Executive Annual Incentive Plan (or the bonus plan then applicable to the Eligible Executive), for the year in which the Termination Date occurs. If an Eligible Executive's target bonus for the year in which the Termination Date occurs has not been established at the time an amount is payable under this subsection 7(a)(i), then such amount shall be calculated using the Eligible Executive's annual target bonus for the immediately preceding year, or, if no such prior year target bonus exists with respect to the Eligible Executive, the prior year target bonus established for a similarly situated Eligible Executive, as determined by the Committee. (The reference to the Eligible Executive's target bonus for the year in which the Termination Date occurs in this subsection 7(a)(i) is solely for purposes of calculating the Eligible Executive's severance pay, and shall not give the Executive any right to be paid an amount for the year in which the Termination Date occurs under the Company's Senior Executive Annual Incentive Plan (or the bonus plan then applicable to the Eligible Executive)).

- (ii) Bonus for Year of Termination . Subject to the Committee's certification that the applicable performance goals for the year in which the Termination Date occurs have been achieved, an amount equal to the lesser of (1) the maximum bonus which could have been paid to the Eligible Executive under the Company's Senior Executive Annual Incentive Plan (or the bonus plan then applicable to the Eligible Executive) for the year in which the Termination Date occurs based on actual performance for such year and (2) a prorated amount (equal to the product of (A) the Eligible Executive's target bonus for the year in which the Termination Date occurs and (B) the ratio of the number of days elapsed during such year prior to the Termination Date to 365) of the Eligible Executive's target bonus under the Company's Senior Executive Annual Incentive Plan (or the bonus plan then applicable to the Eligible Executive) for the year in which the Termination Date occurs.
- (b) Continued Benefits Coverage . If an Eligible Executive's employment with the Company terminates after the Effective Date for any reason set forth in Section 5, the Eligible Executive and his or her eligible dependents shall be given the opportunity to elect continued group health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended ("COBRA") with respect to all group health plans that are subject to COBRA in which the Eligible Executive and his or her dependents were participating immediately prior to such termination. Provided that the Eligible Executive (and/or his or her dependents) timely elects such coverage, the Company shall pay to the Eligible Executive, as an additional Severance Benefit, a lump sum approximately equal to the difference in cost between COBRA premiums and active employee premiums for 18 months of COBRA coverage as calculated by the Company in its discretion as of the Termination Date, which payment shall constitute taxable income to the Eligible Executive and which shall be paid in a lump sum in accordance with Section 10.

An Eligible Executive receiving Severance Benefits under this Policy shall also be entitled to receive during the Severance Period any financial planning benefits which the Eligible Executive was receiving as of the Termination Date, subject to the terms of the Executive Committee Financial Planning Program, but shall not be entitled to receive any other perquisites after the Termination Date. The Eligible Executive's continued group health coverage under this subsection shall cease as of the date the Eligible Executive becomes eligible to receive such benefits under a subsequent employer's benefit program, to the extent permitted under COBRA.

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Eligible Executives receiving Severance Benefits under this Policy are not eligible to continue contributions to the Company's qualified retirement plans or nonqualified deferred compensation program.

(c) Long-Term Incentive Awards

(i) Non-Change in Control.

- a. Long-Term Incentive Awards Granted On and After February 17, 2009. Effective for awards granted on and after February 17, 2009 to an Eligible Executive under The Western Union Company 2006 Long-Term Incentive Plan (or a successor plan) (the "LTIP"), if the Eligible Executive's employment with the Company is terminated for an eligible termination reason described in Section 5(a), then awards held by the Eligible Executive that are eligible to become fully vested and exercisable or payable contingent upon the Eligible Executive's continued employment and the passage of time (whether or not the Company or the Eligible Executive have attained any specified performance goals) ("Time Vested Awards"), other than awards classified by the Committee at the time of grant as "Career Shares" (if applicable to the Eligible Executive) and awards that provide for a deferral of compensation within the meaning of Code Section 409A, shall vest on a prorated basis effective on the Eligible Executive's Termination Date. Such prorated vesting shall be calculated on a grant-by-grant basis by multiplying the unvested portion of each such award by a fraction, the numerator of which is the number of days that have elapsed between the grant date and the Eligible Executive's Termination Date and the denominator of which is the number of days between the grant date and the date the award would have become fully vested had the Eligible Executive not terminated his or her employment. For awards subject to a graduated vesting schedule, the foregoing calculation shall be performed as if each vesting tranche of the award was a separate grant. Fractions of a share resulting from the calculations shall be rounded to the nearest whole share. The prorated portion of any nonqualified stock option and stock appreciation right awards that become vested in accordance with this subsection shall be exercisable until the end of the Eligible Executive's Severance Period (or, if earlier, the expiration of the original term of the award) but not thereafter.

If an Eligible Executive's employment with the Company is terminated during a performance period for an eligible termination reason described in Section 5(a), any cash Performance Grants (as defined in the LTIP) awarded to the Eligible Executive under the LTIP (if applicable) with respect to such performance period shall be payable on a prorated basis based upon actual performance results at the end of the applicable performance period as determined by the Committee in its sole discretion, and shall be paid at the time specified in the applicable award (and if applicable, deferral) agreement. Such prorated payment shall be calculated on a grant-by-grant basis by multiplying the Performance Grant award the Eligible Executive would have received had the Eligible Executive remained employed (based upon actual performance results at the end of the applicable performance period as determined by the Committee) by a fraction, the numerator of which is the number of days that have elapsed between the grant date and the Eligible

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Executive's Termination Date and the denominator of which is the number of days in the performance period. All other outstanding awards granted to the Eligible Executive under the LTIP on and after February 17, 2009, and any Time Vested Awards that provide for a deferral of compensation within the meaning of Code Section 409A, shall be payable, if at all, in accordance with the terms of the LTIP and the applicable award (and, if applicable, deferral) agreements.

- b. Long-Term Incentive Awards Granted Prior to February 17, 2009. Effective for awards granted prior to February 17, 2009 to an Eligible Executive under the LTIP, if the Eligible Executive's employment with the Company is terminated for an eligible termination reason described in Section 5(a), all outstanding nonqualified stock options held by the Eligible Executive shall continue to vest solely on account of the passage of time during the Eligible Executive's Severance Period and, to the extent vested, shall be exercisable in accordance with their terms until the end of the Eligible Executive's Severance Period (or, if earlier, the expiration of the original term of the award) but not thereafter. All Stock Awards (as defined in the LTIP) held by an Eligible Executive whose employment with the Company is terminated for an eligible termination reason described in Section 5(a) shall vest on a prorated basis effective on the Eligible Executive's Termination Date. Such prorated vesting shall be calculated on a grant-by-grant basis by multiplying the number of unvested shares subject to each Stock Award by a fraction, the numerator of which is the number of days that have elapsed between the grant date and the Eligible Executive's Termination Date and the denominator of which is the number of days between the grant date and the date the shares would have become fully vested had the Eligible Executive not terminated his or her employment. Fractions of a share resulting from the calculations shall be rounded to the nearest whole share.
- (ii) Change in Control.
- a. Long-Term Incentive Awards Granted On and After February 17, 2009. Effective for awards granted on and after February 17, 2009 to an Eligible Executive under the LTIP, if the Eligible Executive's employment with the Company terminates for an eligible termination reason described in Section 5(b) during the 24-month period commencing on the effective date of a Change in Control, then Time Vested Awards held by the Eligible Executive (including but not limited to grants of nonqualified stock options, stock appreciation rights, restricted stock awards, and restricted stock unit awards), other than awards that provide for a deferral of compensation within the meaning of Code Section 409A, shall become fully vested and exercisable or payable effective on the Eligible Executive's Termination Date. In the event this subsection applies, nonqualified stock options and stock appreciation rights granted to an Eligible Executive shall be exercisable until the end of the Eligible Executive's Severance Period (or, if earlier, the expiration of the original term of the award) but not thereafter. If an Eligible Executive's employment with the Company terminates for an eligible termination reason described in Section 5(b) after the 24-month period commencing on the effective date of a Change in Control, then Time Vested Awards held by the Eligible Executive, other than awards that provide for a deferral of compensation within the

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meaning of Code Section 409A, shall vest on a prorated basis effective on the Eligible Executive's Termination Date, and such prorated vesting shall be calculated in the manner described in Section 7(c)(i)a above.

In the event of a Change in Control, any cash Performance Grants awarded to an Eligible Executive under the LTIP (if applicable) shall be converted into restricted cash (representing only a contingent, unfunded and unsecured obligation of the Company) as of the effective date of the Change in Control, such conversion to be based upon target performance if less than 50% of the performance period has elapsed as of the effective date of the Change in Control, or based upon actual performance results as determined by the Committee in its sole discretion if 50% or more of the performance period has elapsed as of the effective date of the Change in Control. If the Eligible Executive's employment with the Company terminates for an eligible termination reason described in Section 5(b) during the 24-month period commencing on the effective date of a Change in Control, then such restricted cash shall be paid to the Eligible Executive in a lump sum within 30 days following the six month anniversary of the Eligible Executive's separation from service (or, if different, on the date specified in the applicable award and, if applicable, deferral agreement). In the event of a Change in Control, all other outstanding awards granted to the Eligible Executive under the LTIP, and any awards that provide for a deferral of compensation within the meaning of Code Section 409A, shall be payable, if at all, in accordance with the terms of the LTIP and the applicable award (and, if applicable, deferral) agreements.

- b. Long-Term Incentive Awards Granted Prior to February 17, 2009. In the event of a Change in Control, all outstanding awards granted prior to February 17, 2009 to an Eligible Executive under the LTIP shall become fully vested and exercisable or payable as of the effective date of the Change in Control. In the event this subsection applies, if the Eligible Executive's employment with the Company terminates for an eligible termination reason described in Section 5 (b) during the 24-month period beginning on the effective date of the Change in Control, then nonqualified stock options granted to the Eligible Executive shall remain exercisable until the end of the Eligible Executive's Severance Period (or, if earlier, the expiration of the original term of the award) but not thereafter.
- (d) Legal Fees. Effective for Termination Dates occurring on or after the date of a Change in Control, if after exhausting the administrative remedies provided for in Section 20 herein, an Eligible Executive commences litigation regarding a bona fide claim for damages or other relief arising as a result of a claim for benefits under the Policy, and as a result thereof, whether by judgment or settlement, becomes entitled to receive benefits in an amount greater than prior to such litigation, the Company shall reimburse the reasonable legal fees and related expenses that are incurred by the Eligible Executive in connection with such litigation. Any such reimbursement shall be paid as soon as practicable following the resolution of the litigation, and in no event later than March 15 of the calendar year following the calendar year in which the resolution of such litigation occurs.

8. Certain Additional Payments

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- (a) In the event it is determined that any payments or benefits provided by the Company to or on behalf of an Eligible Executive who first became an Eligible Executive before April 30, 2009 (whether pursuant to the terms of this Policy or otherwise) (any such payments or benefits being referred to in this Section as “Payments”), but determined without taking into account any additional payments required under this Section, would be subject to the excise tax imposed by Code Section 4999, or any interest or penalties are incurred by the Eligible Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively referred to herein as the “Excise Tax”), then the Eligible Executive shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount so that after payment by the Eligible Executive of all federal, state and local taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any federal, state or local income taxes (and any interest and penalties imposed with respect thereto) and the Excise Tax imposed upon the Gross-Up Payment, the Eligible Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing, if it is determined that the Eligible Executive otherwise would be entitled to a Gross-Up Payment, but that the Payments to the Eligible Executive do not exceed 110% of the amount which is one dollar less than the smallest amount that would give rise to any Excise Tax (the “Reduced Amount”), then no Gross-Up Payment shall be made to the Eligible Executive and the Payments shall be reduced to the Reduced Amount. In such event, the reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of accelerated vesting of equity awards; and (iii) reduction of other employee benefits. If acceleration of vesting of compensation from an Eligible Executive’s equity awards is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant unless the Eligible Executive elects in writing a different order for cancellation. Any Gross-Up Payment made pursuant to this Section 8(a) shall be made to the Eligible Executive no later than December 31 of the year following the year in which any Excise Tax is remitted to the taxing authority. No Gross-Up Payment shall be made pursuant to this Section 8(a) to any Eligible Executive who first becomes an Eligible Executive on or after April 30, 2009.
- (b) Subject to the provisions of Section 8(c), all determinations required to be made under this Section, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be used in arriving at such determination, shall be made by the independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control (the “Accounting Firm”). In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint another nationally recognized independent registered public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). The Accounting Firm shall provide its calculations, together with detailed supporting documentation, to the Company and the Eligible Executive within fifteen (15) calendar days after the date on which the Eligible Employee’s right to Payment is triggered (if requested at that time by the Company or the Eligible Executive) or such other time as agreed between the Company and the Eligible Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 8, shall be paid by the Company to the Eligible Executive within five business days of the receipt of the Accounting Firm’s determination. If the Accounting Firm determines that no Excise Tax is payable by the Eligible Executive, it shall furnish the Eligible Executive with a written opinion that no Excise Tax will be imposed. Any good faith

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determination by the Accounting Firm shall be binding upon the Company and the Eligible Executive. As a result of the uncertainty in the application of Code Section 4999 at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 8(c) and the Eligible Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Eligible Executive. If the related Excise Taxes have been remitted to the taxing authority by the Eligible Executive, the Company shall reimburse the Eligible Executive for the Underpayment no later than December 31 of the year following the year in which the Excise Taxes were remitted to the taxing authority.

- (c) The Eligible Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 10 business days after the Eligible Executive is informed in writing of such claim, and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Eligible Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Eligible Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Eligible Executive in writing prior to the expiration of such period that it desires to contest such claim, the Eligible Executive shall:
- (i) give the Company any information reasonably requested by the Company relating to such claim;
 - (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;
 - (iii) cooperate with the Company in good faith in order effectively to contest such claim; and
 - (iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred by the Eligible Executive in connection with such contest and shall indemnify and hold the Eligible Executive harmless, on an after-tax basis, for any Excise Tax or federal, state or local income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 8(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Eligible Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Eligible Executive agrees to prosecute such contest to a determination before

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any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided further, that if the Company directs the Eligible Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Eligible Executive on an interest-free basis and shall indemnify and hold the Eligible Executive harmless, on an after-tax basis, from any Excise Tax or federal, state or local income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and provided further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Eligible Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount.

Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Eligible Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority. Any payment or cost owed to the Eligible Executive pursuant to this Section 8(c) shall be made no later than December 31 of the year following the year in which the related taxes are remitted to the taxing authority or, if no taxes are paid, the end of the taxable year following the year in which such contest is finally resolved.

- (d) If, after the receipt by the Eligible Executive of an amount advanced by the Company pursuant to Section 8(c), the Eligible Executive becomes entitled to receive, and receives, any refund with respect to such claim, the Eligible Executive shall (subject to the Company's complying with the requirements of Section 8(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Eligible Executive of an amount advanced by the Company pursuant to Section 8(c), a determination is made that the Eligible Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Eligible Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

9. Requirement of Release and Restrictive Covenant

The provision of Severance Benefits under this Policy is conditioned upon the Eligible Executive timely signing an Agreement and Release (in a form satisfactory to the Company) which will include restrictive covenants and a comprehensive release of all claims. In this Agreement and Release, the Eligible Executive will be asked to release the Company and its directors, officers, employees and agents from any and all claims the Eligible Executive may have against them, including but not limited to any contract, tort, or wage and hour claims, and any claims under Title VII, the ADEA, the ADA, ERISA, and other federal, state, local or foreign laws. Under the Agreement and Release, the Eligible Executive must also agree not to solicit business similar to any business offered by the Company from any Company customer, not to advise any entity to cancel or limit its business with the Company, not to recruit, solicit, or encourage any employee to leave their employment with the Company, not to perform the same or substantially the same functions or job duties that the Eligible Executive performed for the Company for any business enterprise engaging in activities that compete with the business activities of the Company, not to disclose any of Company's trade secrets or confidential information, and not to disparage the Company or its employees in any way. These obligations are in addition to any other non-solicitation, noncompete, nondisclosure, or confidentiality agreements the Eligible Executive may

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have executed while employed by Company. No Severance Benefits will commence under this Policy prior to the eighth day following the date on which the Company has received the Eligible Executive's fully executed Agreement and Release.

10. Method of Payment of Severance Benefits Under Sections 7(a) and 7(b)

- (a) Severance Benefits payable hereunder to an Eligible Executive pursuant to Section 7(a)(i) of this Policy on account of a separation from service for an eligible termination reason under Section 5(a) shall be paid in substantially equal installments consistent with the Company's payroll practice during the Eligible Executive's Severance Period and shall be paid in full no later than the end of such period. The bonus for the year in which the Termination Date occurs payable hereunder to an Eligible Executive pursuant to Section 7(a)(ii) of this Policy on account of a separation from service for an eligible termination reason under Section 5(a) shall be paid to the Eligible Executive in a lump sum cash payment at the same time as bonus payments for such year are paid to other executives under the Company's Senior Executive Annual Incentive Plan (or other bonus plan applicable to the Eligible Executive for such year). The cash payment referenced in Section 7(b) of this Policy shall be made in a lump sum on or as soon as practicable after the first date on which the Eligible Executive begins to receive severance payments in accordance with the first sentence of this Section 10(a), and in no event later than March 15 of the calendar year following the calendar year in which the Eligible Executive's separation from service occurs.
- (b) Severance Benefits payable hereunder to an Eligible Executive pursuant to Sections 7(a) and 7(b) of this Policy on account of a separation from service for an eligible termination reason under Section 5(b) shall be paid, if the Change in Control which makes Section 5(b) applicable constitutes a "change in control event" under Treasury Regulation §1.409A-3(i)(5) , in a lump sum within 30 days following the Eligible Executive's separation from service, and, if such Change in Control does not constitute a "change in control event" under Treasury Regulation §1.409A-3(i)(5) , in the manner set forth in Section 10(a).
- (c) If an Eligible Executive dies after becoming eligible for Severance Benefits and executing an Agreement and Release but before full receipt of Severance Benefits, the remaining Severance Benefits, if any, will be paid to the Eligible Executive's estate in one lump sum upon the Eligible Executive's death. If an Eligible Executive dies after becoming eligible for Severance Benefits but prior to executing an Agreement and Release, his or her estate or representative may not execute an Agreement and Release and no Severance Benefits will be paid under this Policy. All payments will be net of amounts withheld with respect to taxes, offsets, or other obligations.

11. Offsets

- (a) **Non-duplication of Benefits** . The Company may, in its discretion and to the extent permitted under applicable law, offset against the Eligible Executive's Severance Benefits under this Policy any other severance, termination, or similar benefits payable to the Eligible Executive by the Company, including, but not limited to any amounts paid under any employment agreement or other individual contractual arrangement, amounts paid pursuant to federal, state, or local workers' notification or office closing requirements, or statutory severance benefits or payments

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made on account of notice periods during which the Eligible Executive is released from further duties as provided pursuant to the law of any country or political subdivision thereof.

- (b) **Debts and Property**. The Company also may, in its discretion and to the extent permitted under applicable law, offset against the Eligible Executive's Severance Benefits under this Policy the value of unreturned property and any outstanding loan, debt or other amount the Eligible Executive owes to the Company. The entire amount of any offset taken pursuant to this Section 11(b) shall not exceed \$5,000 in any taxable year, and the offset shall be taken at the same time and in the same amount as such amount would have been otherwise due from the Eligible Executive.
- (c) **Overpayment**. The Company may recover any overpayment of Severance Benefits made to an Eligible Executive or an Eligible Executive's estate under this Policy or, to the extent permitted by applicable law, offset any other overpayment made to the Eligible Executive against any Severance Benefits or other amount the Company owes the Eligible Executive or the Eligible Executive's estate.

12. Outplacement

In the Committee's sole and absolute discretion, Eligible Executives who are eligible for Severance Benefits under the Policy also may be eligible for outplacement services selected by the Company. Eligibility for and the scope of any outplacement services will be determined in the sole discretion of the Committee. Under no circumstances shall any Eligible Executive be eligible to receive a cash payment or any other benefit in lieu of outplacement services.

Any outplacement services provided under this Section 12 must be provided to the Eligible Employee no later than December 31 of the second calendar year following the calendar year in which the Termination Date occurs.

13. Re-employment and Other Employment

In the event an Eligible Executive is re-employed by the Company prior to the commencement of or within the Severance Period, the payment of any Severance Benefits payable with respect to the prior termination immediately will cease and such Severance Benefits shall no longer be payable under this Policy.

Subject to Section 9 of this Policy, if an Eligible Executive obtains employment (other than with the Company) while receiving Severance Benefits, the Eligible Executive shall continue to receive any remaining cash Severance Benefits in accordance with the payment schedule then in effect, but, except as otherwise required under applicable law, he or she will no longer be eligible to receive continued benefits under Section 7(b) of this Policy as of the date the Eligible Executive becomes eligible to receive such benefits under a subsequent employer's benefit programs.

14. Funding

This Policy is not funded, and payment of benefits hereunder shall be made solely from the general assets of the Company. An Eligible Executive entitled to benefits hereunder shall have only the rights of a general creditor of the Company.

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15. Administration

This Policy shall be administered by the Committee, which as the Named Fiduciary shall have the absolute discretion and exclusive right to interpret, construe and administer the Policy and to make final determinations on all questions arising under the Policy, including but not limited to questions concerning eligibility for, the amount of and receipt of Policy benefits. All decisions of the Committee will be conclusive, final and binding upon the parties. Notwithstanding the foregoing, upon the occurrence of a Change in Control, determinations of the Committee hereunder shall be subject to *de novo* judicial review.

16. Amendment or Termination of the Policy

Western Union reserves the right to amend or terminate this Policy at any time in its sole discretion, provided, however, that during the period commencing upon the earliest of (a) the signing of a definitive agreement that, if consummated, would result in a Change in Control, (b) the filing of a tender offer with the Securities and Exchange Commission that, if accepted, would result in a Change in Control, or (c) the election of a director to the Board who is not a member of the Incumbent Board (each, a "Triggering Event") and ending upon the earlier of (x) the date on which the Committee in its sole discretion determines that the Triggering Event will not actually result in a Change in Control, or (y) the 36-month anniversary of the Change in Control, the Company shall not amend or terminate this Policy as it applies to an Eligible Executive without the consent of such affected Eligible Executive. Notwithstanding the foregoing, this Policy may be amended at any time, without the consent of any Eligible Executive, as necessary or desirable to comply with the requirements, or avoid the application, of Code Section 409A.

17. Limitation on Individually Negotiated Severance Arrangements

As of the Effective Date, this Policy is intended to be the sole source of severance and change in control benefits for Eligible Executives. Absent prior Board approval, no individual agreement shall be entered into with any Eligible Executive or any person being considered for promotion or hire as an Eligible Executive which would provide severance or change in control-type benefits.

18. Section 409A

Notwithstanding any provision of this Policy, the Policy will be construed, administered or deemed amended as necessary to comply with the requirements of Code Section 409A to avoid taxation under Code Section 409A(a)(1) to the extent subject to Code Section 409A. The Committee, in its sole discretion shall determine the requirements of Code Section 409A applicable to the Policy and shall interpret the terms of the Policy 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 Policy, including any taxes, penalties or interest imposed under Code Section 409A. The payments to Eligible Executives pursuant to this Policy are also intended to be exempt from Code Section 409A to the maximum extent possible, first, to the extent such payments are scheduled to be paid and are in fact paid during the short-term deferral period, as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), and then under the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii), and for this purpose each payment shall be considered a separate

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payment such that the determination of whether a payment qualifies as a short-term deferral shall be made without regard to whether other payments so qualify and the determination of whether a payment qualifies under the separation pay exemption shall be made without regard to any payments which qualify as short-term deferrals. To the extent any amounts under this Policy are payable by reference to an Eligible Executive's "termination of employment," such term shall be deemed to refer to the Eligible Executive's "separation from service," within the meaning of Code Section 409A. Notwithstanding any other provision in this Policy, if an Eligible Executive is a "specified employee," as defined in Section 409A of the Code, as of the date of the Eligible Executive's separation from service, then to the extent any amount payable under this Policy (i) constitutes the payment of nonqualified deferred compensation, within the meaning of Code Section 409A, (ii) is payable upon the Eligible Executive's separation from service and (iii) under the terms of this Policy would be payable prior to the six-month anniversary of the Eligible 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 the Eligible Executive's death.

19. Miscellaneous

No Eligible Executive shall vest in any entitlement to or eligibility for benefits under this Policy until he or she has satisfied all requirements for eligibility and the conditions required to receive the benefits specified in this Policy have been satisfied. No interest shall accrue on any benefit to which an Eligible Executive may be entitled under this Policy. No benefits hereunder, whether or not in pay status, shall be subject to any pledge or assignment, and no creditor may attach or garnish any Eligible Executive's Policy benefits. This Policy does not create any contract of employment or right to employment for any period of time. Employment with the Company is at-will, and may be terminated by either the Company or the Eligible Executive at any time for any reason.

20. Review Procedure

Executives eligible to receive benefits under this Policy will be notified of such eligibility as soon as administratively practicable after the event occurs which gives rise to the provision of Policy benefits. If an executive who believes he or she is eligible to receive Policy benefits does not receive such notice or disagrees with the amount of benefits set forth in such notice, or if an executive is informed that he or she is not eligible for benefits under this Policy, the executive (or his or her legal representative) may file a written claim for benefits with the Company's senior human resources executive or such other officer or body designated by the Committee for this purpose. The written claim must include the facts supporting the claim, the amount claimed, and the executive's name and mailing address.

If the claim is denied in part or in full, the Company's senior human resources executive (or other designated officer or body) will notify the executive by mail no later than 90 days after receipt of the written claim. If special circumstances require an extension of time for processing the claim, the executive will be notified in writing before the end of the initial 90-day period. If the claim is denied, the notice of denial will state the specific reasons for the denial, the provisions of the Policy on which the denial is based, a description of any additional information or material required by the Committee to consider the claim (if applicable), as well as an explanation as to why such information or material is necessary, an explanation of the Policy's review procedures and the time limits applicable to such procedures, as well as a statement of the executive's right to bring a civil action under ERISA Section 502(a) in the event of an adverse determination upon review.

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An executive (or his or her legal representative) may appeal a denial by filing a written appeal with the Committee. The written appeal must be received no later than 60 days after the executive or legal representative received the notice of denial. During the same 60-day period, the executive or legal representative may have reasonable access to relevant documents, records, or other information and may submit written comments and supporting documents, records and other materials to the Committee. 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 Policy and that, where appropriate, the Policy provisions have been applied consistently with respect to similarly situated executives or designated beneficiaries.

The Committee will review the appeal and notify the executive or legal representative by mail of its final decision within 60 days. If special circumstances require an extension of time for processing the claim, the executive will be notified in writing before the end of the initial 60-day period. If the claim is denied, the notice of denial will state the reason for the denial, references to the specific Sections of the Policy on which the denial is based, a statement that the executive may receive, upon request and free of charge, copies of all documents and information relevant to the appeal, a description of the Policy's claims and appeals procedures, and a statement of the executive's right to bring an action under Section 502 of ERISA.

Rights Under the Employee Retirement Income Security Act (ERISA)

As a participant in the Policy, an Eligible Executive is entitled to certain rights and protections under ERISA which provides that all Policy participants shall be entitled to:

Receive Information About The Policy And Benefits

The executive may examine, without charge, at the Policy administrator's office and at other specified locations such as worksites, all documents governing the policy and a copy of the latest annual report (Form 5500 Series) filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

The executive may obtain, upon written request to the Policy administrator, copies of documents governing the operation of the Policy including copies of the latest annual report (Form 5500 Series). The Policy administrator may make a reasonable charge for the copies.

The executive may receive a summary of the Policy's annual financial report. The Policy administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Policy Fiduciaries

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In addition to creating rights for Policy participants, ERISA imposes duties upon the people who are responsible for the operation of the Policy. The people who operate the Policy, called “fiduciaries” of the Policy, have a duty to do so prudently and in the interest of the Policy participants and beneficiaries. No one, including an executive’s employer or any other person, may fire an executive or otherwise discriminate against an executive in any way to prevent such executive from obtaining a welfare benefit or exercising his or her rights under ERISA.

Enforcement of Rights

If an executive’s claim for benefits is denied or ignored, in whole or in part, the executive has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps that can be taken to enforce the above rights. For example, if an executive requests a copy of Policy documents or the latest annual report from the Policy and does not receive them within 30 days, the executive may file suit in a Federal court. In such a case, the court may require the Policy administrator to provide the materials, and pay the executive up to \$110 a day until the executive receives the materials, unless the materials were not sent because of reasons beyond the control of the Policy administrator. If an executive has a claim for benefits which is denied or ignored, in whole or in part, he or she may file suit in a state or Federal Court. If it should happen that the fiduciaries misuse Policy money, or if an executive is discriminated against for asserting his or her rights, the executive may seek assistance from the U.S. Department of Labor, or may file a suit in a Federal court. The court will decide who should pay court costs and legal fees. If the executive is successful the court may order the person the executive has sued to pay these costs and fees. If the executive loses, the court may order the executive to pay these costs and fees, for example, if it finds the executive’s claim is frivolous.

Assistance With Questions

An executive who has questions about the Policy should contact the Policy administrator. If an executive has any questions about this statement or about his or her rights under ERISA, or if the executive needs assistance in obtaining documents from the Policy administrator, he or she should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in a telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210. The executive may also obtain certain publications about his or her rights and responsibilities under ERISA by calling the publication’s hotline of the **Employee Benefits Security Administration**.

ADDITIONAL INFORMATION

The details on the following chart are provided for the Eligible Executive’s information and possible use.

Name of Policy	Type of Policy	Policy Year:
The Western Union Company Severance/Change in Control Policy	Welfare	1/1 - 12/31

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SEVERANCE/CHANGE IN CONTROL POLICY
(Executive Committee Level)**

(Executive Committee Level)

Type of Policy Administration

Self-Administered

Policy Sponsor

The Western Union Company
12500 E. Belford Avenue
Englewood, CO 80112

Policy Administrator

Compensation and Benefits Committee of the Board of Directors
c/o The Western Union Company
Office of the General Counsel
12500 E. Belford Avenue
Englewood, CO 80112

Agent for Service of Legal Process

The Western Union Company
Office of the General Counsel
12500 E. Belford Avenue
Englewood, CO 80112

In addition, service of legal process may be made upon the Policy administrator.

Identification Number (Policy Sponsor)

20-4531180

Identification Number (Policy)

506

THIS DESCRIPTION OF THE WESTERN UNION COMPANY SEVERANCE/CHANGE IN CONTROL POLICY FOR EXECUTIVE COMMITTEE-LEVEL PARTICIPANTS SERVES AS THE OFFICIAL POLICY DOCUMENT AND AS THE LEGAL SUMMARY PLAN DESCRIPTION.

**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 SISP were transferred to the Plan as of that time. The Plan is hereby amended and restated effective as of January 1, 2010.

1.2 **Accounts Transferred From the First Data SISP** . The following accrued liabilities were transferred from the First Data SISP 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 SISIP with respect to deferred salary and bonus amounts which were transferred from the First Data SISIP 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 “**Year of Service**” means a year of service as defined in the Incentive Savings Plan.

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:

Years of Service	Vesting Percentage
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 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 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 SISP .** A Participant who was formerly a participant in the First Data SISP and whose balance under the First Data SISP was transferred from the First Data SISP to this Plan shall be deemed to have the same Distribution Election as previously filed with respect to the First Data SISP (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 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) on the date a distribution is to commence, the recipient shall receive a lump sum payment of the Participant's Account balance, 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 SISIP 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:

- (b) the specific reason or reasons for the denial;
- (c) specific references to pertinent Plan provisions on which the denial is based;
- (d) 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
- (e) 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:

- (f) submit in writing any comments, documents, records and other information relating to the claim and request a review;
- (g) review pertinent Plan documents; and
- (h) 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 January 1, 2010.

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
Grandfathered Supplemental Incentive Savings Plan**

**ARTICLE I
HISTORY AND PURPOSE OF THE PLAN**

1.1 **Plan History.** The Western Union Company (the “Company”) hereby continues a portion of its nonqualified deferred compensation plan as The Western Union Company Grandfathered Supplemental Incentive Savings Plan (the “Plan”) as a separate plan, effective as of the date that the Company was spun off from First Data Corporation (“Spin-Off Date”). Effective as of the Spin-Off Date, the Plan is being spun off from the First Data Corporation Supplemental Incentive Savings Plan (the “First Data SISP”), which was most recently amended and restated effective January 1, 2003.

1.2 **Accounts Spun Off From the First Data SISP.** The following accrued liabilities under the First Data SISP are hereby spun off from the First Data SISP and held in the Plan, effective as of the Spin-Off Date:

- (a) liability equal to the bookkeeping accounts for deferrals contributed before January 1, 2005, 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 100% vested as of December 31, 2004 (collectively, “Vested Employer Contributions”), plus related earnings on the Vested Employer Contributions, by Participants who are Business Employees.
- (c) liability equal to the bookkeeping accounts for account balances accumulated under other deferred compensation plans or programs of First Data Corporation that were merged into the First Data SISP, as listed in Appendix A, for Participants who are Business Employees.

For purposes of this Section 1.2, “Business Employees” 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.

Code § 409A does not apply to the Plan under the grandfather rules of Code § 409A because (i) the predecessor plan, the First Data SISF, was in existence as of October 3, 2004, (ii) the Plan has not been materially modified, and (iii) all amounts credited under the Plan were 100% vested before January 1, 2005.

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.

ARTICLE II DEFINITIONS

2.1 "**Affiliate**" shall mean any entity which is treated as a single employer together with the Company pursuant to section 414(b) or (c) of the Code, and any other entity or organization designated as an Affiliate by the Committee.

2.2 "**Base Salary**" shall mean 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.

2.3 "**Board**" shall mean the Board of Directors of the Company.

2.4 "**Bonus**" shall mean the payout amount earned by a Participant under one of the Company's annual bonus or incentive compensation plans.

2.5 "**Cause**" shall mean (i) willful and continued failure to substantially perform the duties assigned by the Company or an Affiliate (other than a failure resulting from the award recipient's disability); (ii) engaging in conduct which is injurious to the Company or an Affiliate (monetarily or otherwise); (iii) any act of dishonesty, violation of a policy of the Company or Affiliate, or violation of any agreement between the Employee and the Company or Affiliate; (iv) commission of a felony; or (v) continued failure to meet performance standards, excessive absenteeism, or a significant violation of any statutory or common law duty of loyalty to the Company or an Affiliate.

2.6 "**Change in Control**" shall have the meaning ascribed to such term in the 2002 First Data Corporation Long Term Incentive Plan, as approved by First Data Corporation's shareholders.

2.7 "**Code**" shall mean the United States Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

2.8 “**Committee**” means, prior to the Spin-Off Date, the Company’s Employee Benefits Administration and Investment Committee, or its successor, and, on and after the Spin-Off Date, the Company’s Employee Benefits Committee or its successor.

2.9 “**Compensation**” means, for all purposes of the Plan, “compensation” as defined in the First Data Corporation Incentive Savings Plan, as may be amended, in which case such amendments shall automatically apply to the definition of Compensation under this Plan.

2.10 “**Competitor**” shall mean any business, foreign or domestic, which is engaged, at any time relevant to the provisions of this Plan, in the manufacture, sale, or distribution of products, or in the providing of services, in competition with products manufactured, sold, or distributed, or services provided, by the Company or any subsidiary, partnership, or joint venture of the Company. The determination of whether a business is a Competitor shall be made by the Company’s General Counsel, in his or her sole discretion.

2.11 “**Deferred Account**” or “**Deferral Account**” shall mean the record maintained by the Company for each Participant of the cumulative amount of (a) account balances accumulated under the First Data SISP which were spun off from the First Data SISP into this Plan and (b) imputed gains or losses on those amounts accrued as provided in Article V of the Plan.

2.12 “**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 and any of First Data Corporation’s affiliates, in substantially the form set forth in Appendix B, whereby a Participant irrevocably agrees to defer a portion of his or her Salary and/or Bonus (a Deferral Election Agreement) and the Company agrees to make benefit payments in accordance with the provisions of the Plan (a Distribution Election Agreement).

2.13 “**Deferred Compensation and Benefits Trust**” or “**DCB Trust**” means the irrevocable trust established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which will be subject to claims of the Company’s creditors in the event of bankruptcy or insolvency.

2.14 “**Designated Beneficiary**” shall mean 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.

2.15 “**Employee**” means a full time employee on the United States Payroll of the Company.

2.16 “**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

2.17 “**Excess Benefit Credits**” means the amounts, if any, credited to a Participant’s Plan Deferral Account pursuant to Section 4.7 of this Plan.

2.18 “**Incentive Savings Plan**” or “**ISP**” means the First Data Corporation Incentive Savings Plan, as amended from time to time.

2.19 “**Investment Account**” means any of the notional accounts as may be identified by the Company from time to time to which Participants may allocate all or any portion of their Deferred Accounts for purposes of determining the gains or losses to be assigned to the Deferred Accounts. Such accounts shall be notional, unfunded, and established solely for the purpose of determining imputed gains or losses in a Participant’s Deferred Account. Effective before the Spin-Off Date, the available Investment Account and applicable earnings rate shall be the First Data Fixed Interest Rate as determined under the First Data SISP. Effective after the Spin-Off Date and prior to January 1, 2007, Participants may choose to have gains or losses determined under (a) the available Investment Account and applicable earnings rate offered under the First Data SISP as of the Spin-Off Date or (b) the investment options available to participants under The Western Union Company Incentive Savings Plan, excluding any brokerage account option or any employer stock fund. Effective on and after January 1, 2007, the available Investment Accounts shall be the same investment options available to participants under The Western Union Company Incentive Savings Plan, excluding any brokerage account option or any employer stock fund.

2.20 “**Participant**” means an Employee who had satisfied the Plan’s eligibility criteria and who had entered into a written Deferred Compensation Agreement in accordance with the provisions of the First Data SISP.

2.21 “**Person**” shall have the meaning given in Section 3(a)(9) of the Exchange Act, 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.

2.22 “**Potential Change in Control**” means any of the following: if (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 to 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 of the Company has occurred.

2.23 “**Salary**” means a Participant’s Base Salary plus commissions and incentive compensation other than Bonus paid to the Participant for personal services rendered by the Participant to the Company during a calendar year.

2.24 “**Termination**” means the Participant’s ceasing to be employed by the Company or an Affiliate for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, death or disability. Transfers from the Company to an Affiliate, or vice versa, or among Affiliates shall not be deemed a Termination for purposes of this Plan.

ARTICLE III 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 Section 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 IX and X. Any interpretation by the Committee shall be final and binding on the Participants.

ARTICLE IV PARTICIPANT DEFERRAL AND DISTRIBUTION ELECTIONS

4.1 **Eligibility**. The Company shall identify those Employees of the Company or any of its subsidiaries that are eligible to participate in this Plan. Only Employees who are in salary grade 13 or above (IT Broadband 4), whose Base Salary is equal to or greater than \$80,000 annually (which amount may be reviewed and adjusted annually by the Committee in its discretion), and who are selected by the Committee as eligible to participate may enroll in the Plan. Eligibility to participate in 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 participate in this Plan for any calendar year shall not confer the right to participate during any subsequent year.

4.2 **Execution of Agreement**. An Employee who wishes to participate in the Plan must execute a Deferred Compensation Agreement(s) either (a) for a newly hired Employee, within 30 days after his or her date of hire, or (b) for an Employee satisfying the Plan's eligibility criteria and who is selected by the Committee, during the annual enrollment period determined from time to time by the Committee. The Deferred Compensation Agreement shall specify the Employee's election to participate in the Plan to defer Salary and/or Bonus to be earned during the remainder of that calendar year (for new hires only) and subsequent calendar years. Participants shall make separate elections with respect to deferrals of Salary and Bonus.

4.3 **Deferral Election**. Within limits established by the Company, each Participant shall have the opportunity to elect the amount of his or her Salary and/or Bonus to be earned in calendar years subsequent to the date of election, which will be deferred in accordance with this Plan. The Compensation otherwise paid to a Participant during each calendar year beginning after the date of the deferral election shall be reduced by the amount elected to be deferred. Elections to defer Compensation are irrevocable except as otherwise provided in this Plan. The amount of Salary and/or Bonus to be deferred will be specified in the Deferred Compensation Agreement and will be limited to a maximum of 80 percent of the Participant's Compensation. Notwithstanding the foregoing, no deferrals to the Plan shall be allowed after December 31, 2004.

4.4 **Change of Deferral Election**.

- (a) **Change For Following Calendar Year**. A Participant who wishes to change an election to defer Compensation may do so at any time by notifying the Committee in writing of such change in election. Such written change must be submitted in all events prior to December 31 of the year immediately preceding the calendar year for which the change in election is to be effective. 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.
- (b) **Change For Current Calendar Year**. A Participant who wishes to change an election to defer Compensation on or after January 1 of any calendar year for which the change in election is to be effective must submit a written request to the Committee to revoke his or her existing deferral election. The request must state why the Participant believes he or she should be permitted to revoke the prior election. Requests will be reviewed as soon as administratively feasible and, if a change is permitted by the Committee in its sole discretion, the change will be effective for all remaining pay periods following the date of the determination.

4.5 **Distribution Election**. At the time a Participant initially elects to defer Compensation under Section 4.3, he or she shall elect a distribution option for the

Compensation so deferred, including gains or losses thereon, as specified in the Deferred Compensation Agreement. The distribution election shall apply to all amounts attributable to the Participant's Deferred Account under this Plan, including amounts previously deferred under plans listed under Appendix A which have been merged into this Plan and amounts spun off from the First Data SISIP. Elections regarding distribution of Deferred Accounts under this Plan are irrevocable except as otherwise provided in this Plan.

4.6 **Change of Distribution Election**. Participants who are actively employed by the Company or an Affiliate may request, in writing, a change in their distribution election no more frequently than once in any five calendar year period. The changed distribution election must be one of the distribution options in the original Deferred Compensation Agreement. The Committee must receive the request by the earlier of (a) December 31 of the calendar year immediately preceding the year benefits are first scheduled to be paid, or (b) 30 days before the first date benefits are scheduled to be paid. The request shall be approved or denied at the Committee's sole discretion. No change will be permitted that would allow a payment to be made earlier than originally elected in the Deferred Compensation Agreement.

4.7 **Excess Benefit Credits**. Participation in this Plan is not intended to cause an employee to lose any portion of any Company contribution that would otherwise have been made to the Participant's ISP account. The Committee may implement such procedures and policies as are necessary or appropriate in the Committee's discretion consistent with such intent. A Participant's Deferral Account under this Plan shall be credited with amounts that would have been contributed by the Company and credited to his or her accounts as employer matching contributions, service-related contributions, and ISP Plus contributions (collectively, "Excess Benefit Credits") in accordance with the terms of the ISP but for the limitations imposed by sections 401(a)(17) of the Code, provided, however, that Excess Benefit Credits for employer matching contributions shall be made for any Plan Year only to the extent that a Participant's Participation Election is in effect for such Plan Year. Such amounts shall be credited to the Participant's Deferral Account as of the date such amounts would have been credited to the Participant's accounts under the ISP but for the application of such limitations. The Committee shall separately account for that portion, if any, of a Participant's Deferral Account that is allocable to Excess Benefit Credits attributable to (i) employer matching contributions, (ii) service-related contributions, and (iii) ISP Plus contributions. The Company matching contribution will be allocated to the Investment Account to which the Participant's deferrals of Base Salary are allocated.

ARTICLE V DEFERRED ACCOUNT ALLOCATIONS AND ADJUSTMENTS

5.1 **Committee's Selection of Investment Accounts**. Effective before the Spin-Off Date, the Committee shall identify one or more Investment Accounts based upon which imputed gains or losses shall be credited to Participants' Deferred Accounts. The

Committee may add or eliminate Investment Accounts from time to time in its sole discretion. No identification by the Committee of an Investment Account shall 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. Effective before the Spin-Off Date, the Committee in its sole discretion shall determine the interest or earnings rates to be applied in any such Investment Accounts from time to time. Effective after the Spin-Off Date and prior to January 1, 2007, Participants may choose to have gains or losses determined under (a) the available Investment Account and applicable earnings rate offered under the First Data SISP as of the Spin-Off Date or (b) the investment options available to participants under The Western Union Company Incentive Savings Plan, excluding any brokerage account option or any employer stock fund. Effective on and after January 1, 2007, the available Investment Accounts shall be the same investment options available to participants under The Western Union Company Incentive Savings Plan, excluding any brokerage account option or any employer stock fund.

5.2 Participant Identification of Investment Accounts . Participants shall identify one or more Investment Account(s) with respect to which imputed gains or losses shall be attributed (credited or debited) to the Participant's Deferred Account. Each Participant must allocate his or her current deferrals of Compensation to one of the Investment Accounts. Participants who are active employees may change the allocation of future deferrals to or from any Investment Account on any business day, with any change effective as of the first pay period beginning after the date of the change. Effective prior to the Spin-Off Date, Participants who are active employees, and on and after the Spin-Off Date, all Participants may, upon notice to the Plan's recordkeeper, shift the allocation of all or any portion of their Deferred Account balance among any of the Investment Accounts, 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. Effective January 1, 2007, if a Participant does not choose an Investment Account, the Participant's Deferred Account shall be invested in the Target Retirement fund based on the Participant's age as of the default investment election date.

5.3 Record of Investment Accounts . The Committee shall maintain a record of each Participant's Deferred Account balance, allocations, thereto, and gains or losses credited thereto. Each Participant's Deferred Account shall be adjusted on a daily basis to reflect the deemed gains or losses attributable to the Investment Account(s) selected by the Participant.

5.4 Initial Investment Accounts for Accounts . A Participant's Deferred Account spun off from the First Data SISP into this Plan shall be initially allocated to the same Investment Accounts to which the Participant's Deferred Account balance was allocated under the First Data SISP.

**ARTICLE VI
DISTRIBUTIONS**

6.1 **Distributions in General** . The Company shall distribute Participants' Deferred Accounts as elected by each Participant in the applicable Deferred Compensation Agreement, except as otherwise provided in this Article VI

6.2 **Benefits Upon Termination** .

- (a) Investment Allocation Upon Termination (Prior to the Spin-Off Date) . Effective prior to the Spin-Off Date, upon Termination, the Participant's entire Deferred Account shall be automatically allocated to the Fixed Income Fund Account pending distribution thereof, notwithstanding any elections or allocation decisions previously made by the Participant. The deemed earnings rate for the Fixed Income Fund Account shall apply prospectively from the date of Termination to all undistributed amounts of the Participant's Deferred Account. Prior to the Spin-Off Date, from and after the date of Termination, the Participant shall have no rights under this Plan to alter the Investment Account to which his or her Deferred Account is allocated, or to request any change in previous distribution election(s).
- (b) Investment Allocation Upon Termination (On and After the Spin-Off Date) . On and after the Spin-Off Date, upon Termination, the Participant's elections and allocation decisions previously made by the Participant shall continue to apply, and the Participant shall be permitted to change Investment Accounts in his or her discretion in the same manner as an active Employee. Participants who terminated prior to the Spin-Off Date shall again be permitted to change Investment Accounts in their discretion in the same manner as an active Employee.
- (c) Payment of Deferred Account Upon Termination . Upon Termination, a Participant shall be paid his or her Deferred Account in a lump sum or in quarterly or annual installments calculated to distribute his or her Deferred Account over a period of not more than 10 years, as elected by the Participant in his or her Deferred Compensation Agreement. Payments shall commence on the date and shall be made in the manner elected by the Participant in the Deferred Compensation Agreement. Unpaid balances under the installment election shall continue to be credited with imputed gains or losses.

6.3 **Service with a Competitor/Violation of Nonsolicitation or Noncompete Agreement** . If a Participant provides services for remuneration to a Competitor following his or her Termination, or if a Participant is determined by the Company's General Counsel to have violated any non-solicitation or non-compete agreement the Participant has signed with the Company, then notwithstanding anything in this Plan to

the contrary such Participant's entire Deferred Account balance shall be distributed in a single lump sum as soon as administratively feasible, less the value of all Excess Benefit Credits and earnings thereon previously credited to the Participant's Deferred Account under Section 4.7. Determination of whether a Participant provides services to a Competitor shall be determined by the Company's General Counsel, in his or her sole discretion.

6.4 Hardship Distribution . If serious and unanticipated financial hardship occurs, a Participant may request termination of participation in the Plan and a lump-sum distribution of all or a portion of his or her Deferred Account balance. The Participant shall document, to the Committee's satisfaction, that distribution of his or her account is necessary to satisfy an unanticipated, immediate, and serious financial need, and that the Participant does not have access to other funds, including proceeds of any loans, sufficient to satisfy the need. Upon receipt of a request under this Section, the Committee may, in its sole discretion, terminate the Participant's involvement in the Plan and distribute all or a portion of the Participant's account balance in a lump sum, to the extent necessary to satisfy the financial need. The Participant shall sign all documentation requested by the Committee relating to the distribution. Any Participant whose participation in the Plan terminates under this Section shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company during the remainder of the calendar year of distribution under this paragraph and the immediately following calendar year.

6.5 Premature Distribution With Penalty . Notwithstanding any provision in this Plan to the contrary, a Participant or beneficiary may, at any time, request in writing a single lump-sum payment of the amount credited to his or her Deferred Account under the Plan. The amount of the payment shall be equal to (a) the Participant's Deferred Account balance under the Plan as of the payment date, reduced by (b) an amount equal to 10% of the Deferred Account balance. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. The Plan Administrator shall review all requests under this Section 6.5 and shall, in his or her sole discretion, approve or deny the request. If approved, the payment shall be made within 30 days of the date on which the Committee received the request for the distribution. If a Participant makes a request which is approved under this provision, he or she shall not be eligible to participate in this Plan or any other nonqualified deferred compensation plan maintained by the Company, and any deferred compensation agreement under any such nonqualified deferred compensation plan shall not be effective with respect to Compensation payable to the Participant for a period of time equal to the remainder of the calendar year of distribution under this paragraph and the immediately following calendar year. Such period of ineligibility shall commence on the first date on which the application of such suspension of eligibility would not violate Code § 409A.

6.6 Distribution Upon Extraordinary Events . If any Participant terminates employment with the Company as a direct result of the sale, closure, or divestiture of a facility, operating division, or reduction in force in connection with any reorganization of the Company's operations or staff, the Participant may request a lump sum distribution of

his or her entire Deferred Account balance without penalty. Upon receipt of a request for distribution under this Section, the Committee may, in its sole discretion, elect whether to approve or deny the request. If the Committee approves the request, distribution of the Participant's Deferred Account balance shall occur on or about January 1 of the year following the year during which Termination occurred.

6.7 **Small Account Distributions**. On the date of Termination, if a Participant's Deferred Account balance is less than \$50,000, the Company shall promptly distribute the entire Deferred Account balance in a lump sum to the Participant, regardless of Participant's distribution election, and the Participant shall have no further rights or benefits under this Plan.

6.8 **Distributions Following Death; Designation of Beneficiary**. The Company shall make all payments to the Participant, if living. A Participant shall designate a beneficiary by filing a written notice of designation with the Committee in such form as the Committee may prescribe. If a Participant dies either before benefit payments have commenced under this Plan or after his or her benefits have commenced but before his or her entire Deferred Account has been distributed, his or her Designated Beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement. If no beneficiary designation is in effect at the time of a Participant's death, 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, the Participant's entire Deferred Account shall be distributed in a single lump sum to the Participant's estate.

ARTICLE VII MISCELLANEOUS

7.1 **Assignability**. A Participant's rights and interests under the Plan may not be assigned or transferred except, in the event of the Participant's death, as described in Section 6.8.

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

7.3 **Construction**. To the extent not preempted by federal law, the Plan shall be construed according to the laws of the state of Colorado.

7.4 **Form of Communication**. Any election, application, claim, notice, or other communication required or permitted to be made by a Participant to the Committee shall be made in writing and in such form as the Committee may prescribe. Such communication shall be effective upon receipt by the Company's Senior Vice President, Compensation and Benefits, at 12500 East Belford Avenue, Englewood, CO 80112.

7.5 **Service Providers**. The Company may, in its sole discretion, retain one or more independent entities to provide services to the Company in connection with the

operation and administration of the Plan. Except as may be specifically delegated or assigned to any such entity in writing, the Company 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 and any such service provider.

7.6 **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.

7.7. **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.

ARTICLE VIII DEFERRED COMPENSATION AND BENEFITS TRUST

Upon the occurrence of any Potential Change in Control or an actual Change in Control, the Company may in its discretion transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value up to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations with respect to Deferred 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 occurrence of an actual Change in Control, be returned to the Company by the Trustee at the Company's request.

Upon an actual Change in Control, all assets then held in the DCB Trust shall be used to pay benefits under this Plan, except to the extent the Company pays such benefits. The Company and any successor shall continue to be liable for the ultimate payment of those benefits.

**ARTICLE IX
CLAIMS PROCEDURE**

Claims for benefits under the Plan shall be filed in writing, within 60 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.

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

- (b) the specific reason or reasons for the denial;
- (c) specific references to pertinent Plan provisions on which the denial is based;
- (d) 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
- (e) 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 request a review in writing to the Plan Administrator within 60 days after the appealing claimant received the denial of benefits.

ARTICLE X
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 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 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 XI
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 IX and X. 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 X, 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 XII
EFFECTIVE DATE OF PLAN**

Effective as of the Spin-Off Date, the Plan was spun off from the First Data SISF, which was effective January 1, 2003. The Plan is hereby amended and restated effective as of January 1, 2010.

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: _____

APPENDIX A
List of Deferred Compensation Plans/Programs Merged into
the First Data Corporation Supplemental Incentive Savings Plan

- First Data Corporation Supplemental Savings Plan 2000
- First Data Corporation Supplemental Savings Plan
- First Data Corporation 1992 Salary Deferral Plan*

* indicates merger of plans only to extent of participant elections to transfer accrued liabilities to this Plan.

NOTE: Plan merger is effective only with respect to active employees. All rights of participants and obligations of First Data Corporation under the above-listed plans with respect to employees who have terminated employment with First Data Corporation or any subsidiary prior to January 1, 2003, shall be as described in those plans. Such former employees shall not be Participants in, or have any rights under, this Plan.

The Western Union Company Grandfathered Supplemental Incentive Savings Plan

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APPENDIX B
First Data Corporation Supplemental Incentive Savings Plan
Deferral Election Agreement

THIS AGREEMENT, dated _____, is between FIRST DATA CORPORATION (the "Company") and _____(the "Employee"). The Company designates the Employee as a Participant in the Company's Supplemental Incentive Savings Plan (the "Plan"), which is incorporated into this Agreement. The Company and the Employee agree as follows:

Salary Deferral Election

1. I, the Employee, elect to defer a portion of my 2003 Salary [YES___] [NO___] [*Initial one*]. If Yes, I irrevocably elect to defer receipt of ___% (1% to 80%) of my Salary otherwise payable to me commencing January 1, 2003.

Note: This election will apply to your Salary defined as Plan eligible compensation excluding annual bonus compensation, paid during 2003 and in successive years provided that you remain eligible for participation in the Plan , unless you elect to change this deferral election as provided in the Plan. You will have the opportunity each year to make a different deferral election for the following year.

Bonus Deferral Elections

2. I, the Employee, elect to defer a portion of my 2002 Annual Bonus, payable in 2003, in addition to the deferral election stated above [YES___] [NO___] [*Initial one*]. If Yes, I irrevocably elect to defer receipt of ___% (1% to 80%) of the Bonus otherwise payable in 2003.

3. I, the Employee, elect to defer a portion of my 2003 Annual Bonus in addition to the deferral election stated above [YES___] [NO___] [*Initial one*]. If Yes, I irrevocably elect to defer receipt of ___% (1% to 80%) of the Bonus, if any, earned based on 2003 performance and otherwise payable in 2004.

Note: Your election to defer 2003 Annual Bonus payable in 2004 will remain in effect for future annual bonus compensation provided that you remain eligible for participation in the Plan, unless you elect to change this deferral election as provided in the Plan. You will have the opportunity each year to make a different bonus deferral election on bonus amounts to be earned during the following year (and payable in the next following year).

The Company believes, but does not guarantee, that a deferral election made in accordance with the terms of the Plan is effective to defer the receipt of taxable income.

I, the Employee, understand and acknowledge that my account balance in the plan is unfunded, represents a contractual obligation of the Company, that no assets are or will be set aside from the Company's general assets to pay benefits under the Plan, and that I am an unsecured general creditor of the Company with respect to my interest in and benefits under the Plan.

In witness whereof, the parties have entered into this Agreement on the day first written above.

First Data Corporation

Employee

By _____

By _____

**First Data Corporation Supplemental Incentive Savings Plan
Distribution Election Agreement and Beneficiary Designation**

THIS AGREEMENT, dated _____, is between FIRST DATA CORPORATION (the "Company") and _____ (the "Employee"). The Company has designated the Employee as a Participant in the Company's Supplemental Incentive Savings Plan (the "Plan"), which is incorporated into this Agreement. The Company and the Employee agree as follows:

Distribution Election. *This election will apply to ALL Employee's nonqualified plan deferred compensation with the Company including amounts deferred under prior plans that have been merged into this Plan.*

1. The Employee elects the following **form of distribution** of his or her Deferred Account balance (choose one):

- ___ A. Lump-sum payment.
- ___ B. Quarterly installment payments over a period of _____ years (enter whole number not to exceed 10 years).
- ___ C. Annual installment payments over a period of _____ years (enter whole number not to exceed 10 years).

2. The Employee elects the following **payment start date** (choose one):

- ___ A. Upon Termination of Employment.
- ___ B. One Year Following Termination of Employment. ["First Anniversary"]
- ___ C. Two Years Following Termination of Employment. ["Second Anniversary"]
- ___ D. ___ Years (Maximum of 5) Following Termination of Employment ["_____ Anniversary"]

3. If at the time on termination of employment, the value of the Employee's Deferred Account balance is less than \$50,000, the entire Deferred Account balance will be distributed as soon as administratively feasible to the employee as a single lump sum.

4. Beneficiary Designation:

Beneficiary _____
Social Security Number _____

Contingent Beneficiary _____
Social Security Number _____

If the Employee dies at any time with a valid beneficiary designation, the Employee's entire Deferred Account balance will be distributed as soon as administratively feasible to the beneficiary as a single lump sum. If there is not valid beneficiary designation at the time of the participant's death, the Employee's entire Deferred Account balance will be distributed as soon as administratively feasible to the Employee's estate in a single lump sum .

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day first written above.

First Data Corporation

Employee

By _____

By _____

First Data Corporation
Deferred Compensation Consolidation Election

THIS ELECTION, dated _____, is made by _____ (the "Employee"). The Company has designated the Employee as a Participant in the Company's Supplemental Incentive Savings Plan (the "Plan"), under which this Election is made. Under the terms of the Plan, the Employee may elect to transfer existing account balances (collectively, "Deferred Compensation") under the Company's Supplemental Savings Plan, Supplemental Savings Plan 2000, or Salary Deferral Plan (collectively, the "Deferral Plans") to this Plan.

Deferred Compensation Consolidation Election

I the Employee, hereby elect to transfer my Deferred Compensation to my Deferred Account under the Plan. I acknowledge that all rights with respect to the Deferred Compensation under the terms of the Deferral Plan(s) will be null and void and that my rights with respect to the Deferred Compensation represented by those account balances will be governed exclusively by the terms and conditions of the Plan, including but not limited to the distribution election I make or have made under the Plan. I understand and acknowledge that if I make no other affirmative election, my account balance under the Plan, including all amounts transferred pursuant to this election, will be credited with earnings or losses based on the Plan's Stable Value Investment Fund. I understand and acknowledge that my account balance in the plan is unfunded, represents a contractual obligation of the Company, that no assets are or will be set aside from the Company's general assets to pay benefits under the Plan, and that I am an unsecured general creditor of the Company with respect to my interest in and benefits under the Plan.

[YES ___] [NO ___] [*Initial one*]

The Employee has executed this Election on the day first written above.

Employee Signature _____

The Western Union Company Grandfathered Supplemental Incentive Savings Plan

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THE WESTERN UNION COMPANY
2006 NON-EMPLOYEE DIRECTOR EQUITY COMPENSATION PLAN
STOCK UNIT AWARD AGREEMENT — TERMS AND CONDITIONS

1. Pursuant to The Western Union Company 2006 Non-Employee Director Equity Compensation Plan (the “Plan”), The Western Union Company (the “Company”) hereby grants to you (“Director”) as of _____ (the “Grant Date”), the number of Unrestricted Stock Units (the “Units”) relating to shares of the Company’s common stock specified in the attached Stock Unit Award Notice (which forms part of this Agreement), subject to the conditions and restrictions set forth in this Agreement and the Plan. Each Unit shall provide for the issuance and transfer to Director of one share of the Company’s common stock. Upon issuance and transfer of the shares of common stock subject to the Units, Director shall have all rights incident to ownership, including but not limited to voting rights and the right to receive dividends.
 2. The terms of the Plan are hereby incorporated in this instrument 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.
 3. The Company, in its sole discretion, may require, prior to the issuance or delivery of any shares of common stock pursuant to the Units, payment by Director of any Federal, state, local or other taxes which may be required to be withheld or paid in connection with the Award.
 4. Prior to the settlement of the Units, Director will be paid amounts equal to the regular cash dividends that would have been payable to Director if Director had received and held the shares of common stock underlying the Units, which payment shall be made as soon as practicable after the payment of dividends with respect to the Company’s common stock but in no event later than March 15 of the calendar year immediately following the calendar year in which such dividends are paid with respect to the Company’s common stock. No amounts will be paid with respect to record dates for dividends occurring prior the Grant Date. Prior to the issuance and transfer of the shares of common stock underlying the Units, Director shall not be a shareholder of record with respect to such shares and shall have no voting rights with respect to such shares.
 5. The Units may not be sold, assigned, transferred, pledged, or otherwise disposed of, except by will or the laws of descent and distribution, or otherwise as provided by the Plan. If Director or anyone claiming under or through Director attempts to make any such sale, transfer, assignment, pledge or other disposition of the Units in violation of this Paragraph 5, such attempted violation shall be null, void, and without effect.
 6. 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 Director under this Agreement without Director’s written consent. The Committee may, in its sole discretion, permit Director to surrender the Units in order to exercise or realize the rights under other Awards under the Plan, or in exchange for the grant of new Awards under the Plan, or require Director to surrender the Units as a condition precedent of new Awards under the Plan.
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7. 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 Director and all persons claiming under or through Director. By accepting this grant of Units or other benefit under the Plan, Director and each person claiming under or through Director 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.
8. This Award is discretionary, non-binding for future years and there is no promise or guarantee that such grants will be offered to the Director in future years.
9. 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 laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

THE WESTERN UNION COMPANY
2006 NON-EMPLOYEE DIRECTOR EQUITY COMPENSATION PLAN
NONQUALIFIED STOCK OPTION GRANT — TERMS AND CONDITIONS

1. These Terms and Conditions form part of the Stock Option Agreement (the “Agreement”) pursuant to which you have been granted a Nonqualified Stock Option (“Stock Option”) under The Western Union Company 2006 Non-Employee Director Equity Compensation 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, and the option exercise price, are 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, at any time or times on or after the Date of Grant specified in the attached Award Notice, but not later than the tenth anniversary of such Date of Grant, you may exercise this Stock Option as to the number of shares of common stock of the Company (“Common Stock”) which, when added to the number of shares of Common Stock as to which you have theretofore exercised under this Stock Option, if any, will not exceed the total number of shares of Common Stock covered hereby. This Stock Option may not be exercised for a fraction of a share of Common Stock of the Company.
 4. This Stock Option may not be exercised 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) by delivery (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Stock (which you have held for at least six months or which you have purchased on the open market) having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) except as may be prohibited by applicable law, in cash by a broker-dealer acceptable to the Company to whom you have submitted an irrevocable notice of exercise (i.e., also known as “cashless exercise”) or (D) by a combination of (A) and (B) and (ii) by executing such documents as the Company may reasonably request.
 5. In the event that you cease to be a Non-Employee Director for any reason, you will continue to have the right to exercise this Stock Option in accordance with the other provisions of this Agreement and the applicable provisions of the Plan until and including the tenth anniversary of the Date of Grant specified in the attached Award Notice.
 6. As long as you continue service to the Company, you may transfer Stock Options to a Family Member or Family Entity without consideration; provided, however, in the case of a transfer of Stock Options 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 Stock Options shall be in a form acceptable to the Committee, shall be signed by you and shall be effective only upon written acknowledgement by the
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Committee of its receipt and acceptance of such notice. If a 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.

7. The Board or Committee may amend or terminate the Plan and the Committee may amend (or its delegate may amend) these Terms and Conditions. No amendment may impair your rights as an option holder without your consent. The determination of such impairment shall be made by the Committee in its sole discretion.
8. The Committee (or its delegate) administers the Plan and has discretion to interpret the Plan and this Agreement. Any decision or interpretation rendered by the Committee or its delegate 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 Committee or its delegate.
9. 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 laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

**THE WESTERN UNION COMPANY 2006 LONG-TERM INCENTIVE PLAN
NONQUALIFIED STOCK OPTION GRANT — TERMS AND CONDITIONS
EXECUTIVE COMMITTEE MEMBERS (U.S.)**

1. These Terms and Conditions 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 2006 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 attached Award Notice.
4. This Stock Option may not be exercised, in whole or in part, unless the following conditions are met:
 - (a) **You have accepted 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. 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.**
 - (b) 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.
 - (c) 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) by delivery (either actual delivery or by attestation procedures established by the Company) of Mature Shares having an aggregate Fair Market Value, determined as of the

Executive Committee (U.S.)

date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) 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 (D) by a combination of (A) and (B) and (ii) by executing such documents as the Company may reasonably request.

- (d) 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.
 - (e) **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.**
 - (f) You pay all applicable taxes, withholding obligations, securities fees, or other costs, charges, or fees associated with the exercise. You may elect to satisfy your obligation to pay all applicable taxes, withholding obligations, securities fees, or other costs, charges, or fees by any of the following means: (A) a cash payment to the Company, (B) 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, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to you, equal to the amount necessary to satisfy any such obligations, (D) except as may be prohibited by applicable law, a cash payment by a broker-dealer acceptable to the Company to whom you have submitted an irrevocable notice of exercise, or (E) any combination of (A) and (B). Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. You (or any beneficiary or person entitled to act on your behalf) shall provide the Company with any forms, documents or other information reasonably required by the Company.
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 shall continue to vest in accordance

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with its terms, and to the extent vested, may thereafter be exercised by you (or your legal representative or similar person) until the date which is four years after the effective date of your termination of employment or service, or if earlier, the expiration date of the term of this Stock Option.

- (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 7 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, this Stock Option shall vest on a prorated basis effective on your termination date. Such prorated vesting shall be calculated by multiplying the unvested portion of the Stock Option by a fraction, the numerator of which is the number of days that have elapsed between the grant date and your termination date and the denominator of which is the number of days between the grant date and the date the Stock Option would have become fully vested, treating each separate vesting tranche of the Stock Option as a separate Stock Option award. The 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 prorated portion of the Stock Option that vests in accordance with such 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.
- (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

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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. 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. If you are an eligible participant in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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.
 8. The Board or Committee may amend or terminate the Plan and the Committee may amend (or its delegate may amend) these Terms and Conditions. No amendment may impair your rights as an option holder without your consent. The determination of such impairment shall be made by the Committee in its sole discretion.
 9. The Committee (or its delegate) administers the Plan and has discretion to interpret the Plan and this Agreement. Any decision or interpretation rendered by the Committee or its delegate 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 Committee or its delegate.
 10. The validity, construction, interpretation, administration and effect of the Plan and this Agreement shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware.
 11. 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 and any determinations of the Board pursuant to the Clawback Policy. Without limiting the foregoing, and notwithstanding

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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.

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: _____

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**THE WESTERN UNION COMPANY 2006 LONG-TERM INCENTIVE PLAN,
NONQUALIFIED STOCK OPTION GRANT — TERMS AND CONDITIONS
EXECUTIVE COMMITTEE (AUSTRIA)**

1. These Terms and Conditions 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 2006 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;
 - (f) If you are an eligible participant in the Severance/Change in Control Policy applicable to members of the Company’s Executive Committee 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.

4. This Stock Option may not be exercised, in whole or in part, unless the following conditions are met:
 - (a) **You have accepted 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. 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.**
 - (b) 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.
 - (c) 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.
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- (d) 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.
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 shall continue to vest in accordance with its terms, and to the extent vested, may thereafter be exercised by you (or your legal representative or similar person) until the date which is four years after the effective date of your termination of employment or service, or if earlier, 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, this Stock Option shall vest on a prorated basis effective on your termination date. Such prorated vesting shall be calculated by multiplying the unvested portion of the Stock Option by a fraction, the numerator of which is the number of days that have elapsed between the grant date and your termination date and the denominator of which is the number of days between the grant date and the date the Stock Option would have become fully vested, treating each separate vesting tranche of the Stock Option as a separate Stock Option award. The 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 prorated portion of the Stock Option that vests in accordance with such 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.
- (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.

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- (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 takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax Related Items"), you acknowledge that the ultimate liability for all Tax Related Items legally due remains your responsibility and that the Company (i) makes 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 acquired at exercise and the receipt of any dividends; and (ii) does not commit to structure the terms of the grant or any aspect of the Stock Options to reduce or eliminate your liability for Tax Related Items.
- (d) Prior to the issuance of Shares upon exercise of the Stock Options, you shall pay, or make adequate arrangements satisfactory to the Company (in its sole discretion) to satisfy all withholding and payment on account obligations of the Company. In this regard, you authorize the Company to withhold all applicable Tax Related Items legally payable by you from your wages or other cash compensation payable to you by the Company upon exercise of any Stock Options. Alternatively, or in addition, if

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permissible under local law, the Company may, in its sole discretion, (i) sell or arrange for the sale of Shares to be issued on the exercise of the Stock Options to satisfy the withholding or payment on account obligation, and/or (ii) withhold in Shares, provided that the Company shall withhold only the amount of Shares necessary to satisfy the minimum withholding amount. You shall pay to the Company any amount of Tax Related Items that the Company may be required to withhold as a result of your receipt of the Stock Options, or the exercise of the Stock Options, that cannot be satisfied by the means previously described. The Company may refuse to deliver Shares if you fail to comply with your 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

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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 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 should be aware that you may be entitled to revoke this Agreement and your acceptance of the grant of the Stock Option pursuant to the Austrian Consumer Protection Act under the following conditions: (a) if you sign this Agreement outside of the business premises of your employer, you may be entitled to revoke the Agreement provided the revocation is made within one week of your acceptance; or (b) if circumstances relevant to your decision to enter into the Agreement, as presented by the Company, either do not materialize or materialize to a significantly reduced extent, though no fault of your own, you may be entitled to revoke the Agreement. This revocation must be made within one week of the time that it is foreseeable that the circumstances mentioned above do not materialize or materialize at a significantly reduced extent. If you revoke under sections (a) or (b) listed above, the revocation must be in written form to be valid. It is sufficient if you return this Agreement to the Company or the Company’s representative with language which can be understood as your refusal to conclude or honor this Agreement.
15. 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 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.

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: _____

Executive Committee (Austria)

**THE WESTERN UNION COMPANY 2006 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT — TERMS AND CONDITIONS
EXECUTIVE COMMITTEE MEMBERS (U.S.)**

1. Pursuant to The Western Union Company 2006 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 your Award Notice (which forms part of this Agreement) as of the Grant Date specified in your Award Notice, related to shares of the Company’s 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 the Executive following the Restricted 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 “Restricted Period.”

Notwithstanding the foregoing provisions in this paragraph 3, you will forfeit all rights to the Units 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 prior to the third anniversary of 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, you 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 prior to vesting will cause the Units to continue to be subject to restriction.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. 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). 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 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 Committee (U.S.)

Executive (or his or her 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 his or her 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 of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to a holder, equal to the amount necessary to satisfy any such obligation, or (4) any combination of (1) and (2). Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate.
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 (and any associated dividend equivalents) if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restricted 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 applicable to members of the Company's Executive Committee, any then-restricted Units shall vest 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. If Executive dies or incurs a Disability during a period of continuous employment with the Company or a Subsidiary or Affiliate during the Restricted Period, Executive shall immediately vest, as of the date of such termination of employment, in any then-unvested Units. Executive shall not vest in any unvested Units by reason of Retirement.
8. Prior to the issuance and transfer of Shares upon vesting, Executive will be credited with amounts equal to the regular cash dividends that would be payable to Executive if Executive had been transferred such Shares, which amounts shall accrue during the Restricted Period and be paid in cash upon lapse of the Restricted Period; provided, however, that if the Company adopts a shareholder-wide dividend reinvestment program during the Restricted Period, the Committee may direct that Executive be credited with additional Restricted Stock Units equal to the

Executive Committee (U.S.)

dividends that would be payable with respect to the Shares on or after the date of adoption of such program if Executive had been transferred such Shares and which shall be subject to the same terms as this Agreement, with the increase in the number of Restricted Stock Units equal to the number of Shares that could be purchased with the dividends based on the value of the Shares at the time such dividends are paid (in lieu of crediting Executive with any fractional Units, the Committee may direct that amounts equal to the fair market value of any such fractional Units accrue during the restricted period and be paid in cash upon lapse of the restrictions). This Paragraph 8 will not apply with respect to record dates for dividends occurring prior to the Grant Date or after the Restricted Period has lapsed. During the Restricted Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will not be a shareholder of record of the Shares underlying the Units and will have no voting or other shareholder rights with respect to such Shares.

9. If Executive is eligible to participate in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 such policy during the 24-month period commencing on the effective date of the Change in Control, then 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 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.
14. 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

Executive Committee (U.S.)

Agreement to be construed as to foster the intent of this Agreement and the Plan.

15. 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 Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 \$ ____ of operating income during the fiscal year ending December 31, 2010, as determined by the Committee based on the Company's 2010 annual financial statements.
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 shares of Common Stock 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 shares of Common Stock 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.

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: _____

Executive Committee (U.S.)

**THE WESTERN UNION COMPANY 2006 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT — TERMS AND CONDITIONS
EXECUTIVE COMMITTEE (AUSTRIA)**

1. Pursuant to The Western Union Company 2006 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 your Award Notice (which forms part of this Agreement) as of the Grant Date specified in your Award Notice, related to shares of the Company’s common stock (“Shares”), such grant contingent upon your acceptance of these terms and conditions and subject to the restrictions 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 the Executive following the Restricted 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 local 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 “Restricted Period.” **Notwithstanding the foregoing provisions in this paragraph 3, you will forfeit all rights to the Units 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 prior to the third anniversary of 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.**

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. 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). 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 his or her estate), such issuance and transfer will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained.

Executive Committee (Austria)

4. Regardless of any action the Company or Executive's employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax Related Items"), Executive acknowledges that the ultimate liability for all Tax Related Items legally due by Executive is and remains Executive's responsibility and that the Company and/or Executive's employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items 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, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Units to reduce or eliminate Executive's liability for Tax Related Items.

Prior to the issuance and transfer of Shares upon vesting of the Units, Executive shall pay, or make adequate arrangements satisfactory to the Company or to Executive's employer (in their sole discretion) to satisfy all withholding and payment on account obligations of the Company and/or Executive's employer. In this regard, Executive authorizes the Company or Executive's employer to withhold all applicable Tax Related Items legally payable by Executive from Executive's wages or other cash compensation payable to Executive by the Company or Executive's employer. Alternatively, or in addition, if permissible under local law, the Executive may elect to satisfy his obligations with respect to all applicable Tax Related Items by any of the following means: (1) making a cash payment to the Company or Executive's employer, (2) authorizing the Company to sell Shares to be issued on vesting of the Units to satisfy such obligation, or (3) authorizing the Company to withhold whole shares of common stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation. Shares of common stock withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Executive shall pay to the Company or to Executive's employer any amount of Tax Related Items 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 deliver Shares to the Executive if Executive fails to comply with Executive's obligations in connection with the Tax Related Items 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 (and any associated dividend equivalents) if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restricted 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

Executive Committee (Austria)

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 applicable to members of the Company's Executive Committee, any then-restricted Units shall vest 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. If Executive dies or incurs a Disability during a period of continuous employment with the Company or a Subsidiary or Affiliate during the Restricted Period, Executive shall immediately vest, as of the date of such termination of employment, in any then-unvested Units. Executive shall not vest in any unvested Units by reason of Retirement.

8. Prior to the issuance and transfer of Shares upon vesting, Executive will be credited with amounts equal to the regular cash dividends that would be payable to Executive if Executive had been transferred such Shares, which amounts shall accrue during the Restricted Period and be paid in cash upon lapse of the Restricted Period; provided, however, that if the Company adopts a shareholder-wide dividend reinvestment program during the Restricted Period, the Committee may direct that Executive be credited with additional Restricted Stock Units equal to the dividends that would be payable with respect to the Shares on or after the date of adoption of such program if Executive had been transferred such Shares and which shall be subject to the same terms as this Agreement, with the increase in the number of Restricted Stock Units equal to the number of Shares that could be purchased with the dividends based on the value of the Shares at the time such dividends are paid (in lieu of crediting Executive with any fractional Units, the Committee may direct that amounts equal to the fair market value of any such fractional Units accrue during the restricted period and be paid in cash upon lapse of the restrictions). This Paragraph 8 will not apply with respect to record dates for dividends occurring prior to the Grant Date or after the Restricted Period has lapsed. During the Restricted Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will not be a shareholder of record of the Shares underlying the Units and will have no voting or other shareholder rights with respect to such Shares.
9. If Executive is eligible to participate in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 such policy during the 24-month period commencing on the effective date of the Change in Control, then 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.

Executive Committee (Austria)

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 Company; (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 or her entitlement to pursue such claim; and (xii) in the event of involuntary termination of Executive's employment (whether or not in breach of local labor laws), Executive's right to receive the Units and vest under the Plan, if any, will terminate effective as of the date that Executive is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws),

Executive Committee (Austria)

Executive's right to receive Shares pursuant to the Units after termination of employment, if any, will be measured by the date of termination of Executive's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Executive is no longer actively employed for purposes of the award of the Units.

13. 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.
14. **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 Agreement 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, and details of all equity awards to you under the Plan, 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 protection than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. 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, escrow agent or other third party with whom the Shares received upon vesting of the Units may be deposited. 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 refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand that refusal or withdrawal of consent may affect your ability to receive a transfer of Shares following the expiration of the Restricted Period. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Executive Committee (Austria)

15. The Company may, in its sole discretion, decide to deliver any documents related to the Units awarded under the Plan or future Units that may be awarded under the Plan by electronic means or request Executive's consent to participate in the Plan by electronic means. Executive hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
16. 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.
17. 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 differs from the English version, the English version will control.
18. Executive should be aware that Executive may be entitled to revoke this Agreement and Executive's acceptance of the grant of the Units pursuant to the Austrian Consumer Protection Act under the following conditions: (a) if Executive signs this Agreement outside of the business premises of Executive's employer, Executive may be entitled to revoke the Agreement provided the revocation is made within one week of Executive's acceptance; or (b) if circumstances relevant to Executive's decision to enter into the Agreement, as presented by the Company, either do not materialize or materialize to a significantly reduced extent, through no fault of Executive's, Executive may be entitled to revoke the Agreement. This revocation must be made within one week of the time that it is foreseeable that the circumstances mentioned above do not materialize or materialize at a significantly reduced extent. If Executive revokes under sections (a) or (b) listed above, 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.
19. 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 Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 \$ ____ of operating income during the fiscal year ending December 31, 2010, as determined by the Committee based on the Company's 2010 annual financial statements.

Executive Committee (Austria)

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 shares of Common Stock 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 shares of Common Stock 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.

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: _____

Hikmet Ersek

Executive Committee (Austria)

**THE WESTERN UNION COMPANY 2006 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT — TERMS AND CONDITIONS
CAREER SHARES AWARD (U.S.)**

1. Pursuant to The Western Union Company 2006 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 your Award Notice (which forms part of this Agreement) as of the Grant Date specified in your Award Notice, related to shares of the Company’s 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 the Executive following the Restricted 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 fourth 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 four year period in which the Units may be forfeited by the Executive is defined as the “Restricted Period.”

Notwithstanding the foregoing provisions in this paragraph 3, you will forfeit all rights to the Units 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 prior to the fourth anniversary of 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, you 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 prior to vesting will cause the Units to continue to be subject to restriction.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. 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). 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 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 his or her 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 his or her 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 of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to a holder, equal to the amount necessary to satisfy any such obligation, or (4) any combination of (1) and (2). Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate.
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 (and any associated dividend equivalents) if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restricted Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9).
7. If Executive dies or incurs a Disability during a period of continuous employment with the Company or a Subsidiary or Affiliate during the Restricted Period, Executive shall immediately vest, as of the date of such termination of employment, in any then-unvested Units. Executive shall not vest in any unvested Units by reason of Retirement.
8. Prior to the issuance and transfer of Shares upon vesting, Executive will be credited with amounts equal to the regular cash dividends that would be payable to Executive if Executive had been transferred such Shares, which amounts shall accrue during the Restricted Period and be paid in cash upon lapse of the Restricted Period; provided, however, that if the Company adopts a shareholder-wide dividend reinvestment program during the Restricted Period, the Committee may direct that Executive be credited with additional Restricted Stock Units equal to the dividends that would be payable with respect to the Shares on or after the date of adoption of such program if Executive had been transferred such Shares and which shall be subject to the same terms as this Agreement, with the increase in the number of Restricted Stock Units equal to

the number of Shares that could be purchased with the dividends based on the value of the Shares at the time such dividends are paid (in lieu of crediting Executive with any fractional Units, the Committee may direct that amounts equal to the fair market value of any such fractional Units accrue during the restricted period and be paid in cash upon lapse of the restrictions). This Paragraph 8 will not apply with respect to record dates for dividends occurring prior to the Grant Date or after the Restricted Period has lapsed. During the Restricted Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will not be a shareholder of record of the Shares underlying the Units and will have no voting or other shareholder rights with respect to such Shares.

9. If Executive is eligible to participate in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 such policy during the 24-month period commencing on the effective date of the Change in Control, then 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 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.
14. 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.

15. 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 Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 \$ ____ of operating income during the fiscal year ending December 31, 2010, as determined by the Committee based on the Company's 2010 annual financial statements.
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 shares of Common Stock 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 shares of Common Stock 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.

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 2006 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT — TERMS AND CONDITIONS
CAREER SHARES AWARD (AUSTRIA)**

1. Pursuant to The Western Union Company 2006 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 your Award Notice (which forms part of this Agreement) as of the Grant Date specified in your Award Notice, related to shares of the Company’s common stock (“Shares”), such grant contingent upon your acceptance of these terms and conditions and subject to the restrictions 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 the Executive following the Restricted 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 fourth 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 local laws and Company policies, Executive may hold, assign, pledge, sell, or transfer the Shares in Executive’s discretion. The four year period in which the Units may be forfeited by the Executive is defined as the “Restricted Period.” **Notwithstanding the foregoing provisions in this paragraph 3, you will forfeit all rights to the Units 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 prior to the fourth anniversary of 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.**

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. 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). 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 his or her 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. Regardless of any action the Company or Executive's employer takes with respect to any or all income tax (including federal, state and local taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax Related Items"), Executive acknowledges that the ultimate liability for all Tax Related Items legally due by Executive is and remains Executive's responsibility and that the Company and/or Executive's employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items 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, the subsequent sale of any Shares acquired at vesting and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the Units to reduce or eliminate Executive's liability for Tax Related Items.

Prior to the issuance and transfer of Shares upon vesting of the Units, Executive shall pay, or make adequate arrangements satisfactory to the Company or to Executive's employer (in their sole discretion) to satisfy all withholding and payment on account obligations of the Company and/or Executive's employer. In this regard, Executive authorizes the Company or Executive's employer to withhold all applicable Tax Related Items legally payable by Executive from Executive's wages or other cash compensation payable to Executive by the Company or Executive's employer. Alternatively, or in addition, if permissible under local law, the Executive may elect to satisfy his obligations with respect to all applicable Tax Related Items by any of the following means: (1) making a cash payment to the Company or Executive's employer, (2) authorizing the Company to sell Shares to be issued on vesting of the Units to satisfy such obligation, or (3) authorizing the Company to withhold whole shares of common stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, equal to the amount necessary to satisfy any such obligation. Shares of common stock withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Executive shall pay to the Company or to Executive's employer any amount of Tax Related Items 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 deliver Shares to the Executive if Executive fails to comply with Executive's obligations in connection with the Tax Related Items 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 (and any associated dividend equivalents) if Executive's continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restricted Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9).

7. If Executive dies or incurs a Disability during a period of continuous employment with the Company or a Subsidiary or Affiliate during the Restricted Period, Executive shall immediately vest, as of the date of such termination of employment, in any then-unvested Units. Executive shall not vest in any unvested Units by reason of Retirement.
8. Prior to the issuance and transfer of Shares upon vesting, Executive will be credited with amounts equal to the regular cash dividends that would be payable to Executive if Executive had been transferred such Shares, which amounts shall accrue during the Restricted Period and be paid in cash upon lapse of the Restricted Period; provided, however, that if the Company adopts a shareholder-wide dividend reinvestment program during the Restricted Period, the Committee may direct that Executive be credited with additional Restricted Stock Units equal to the dividends that would be payable with respect to the Shares on or after the date of adoption of such program if Executive had been transferred such Shares and which shall be subject to the same terms as this Agreement, with the increase in the number of Restricted Stock Units equal to the number of Shares that could be purchased with the dividends based on the value of the Shares at the time such dividends are paid (in lieu of crediting Executive with any fractional Units, the Committee may direct that amounts equal to the fair market value of any such fractional Units accrue during the restricted period and be paid in cash upon lapse of the restrictions). This Paragraph 8 will not apply with respect to record dates for dividends occurring prior to the Grant Date or after the Restricted Period has lapsed. During the Restricted Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will not be a shareholder of record of the Shares underlying the Units and will have no voting or other shareholder rights with respect to such Shares.
9. If Executive is eligible to participate in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 such policy during the 24-month period commencing on the effective date of the Change in Control, then 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 Company; (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 or her entitlement to pursue such claim; and (xii) in the event of involuntary termination of Executive's employment (whether or not in breach of local labor laws), Executive's right to receive the Units and vest under the Plan, if any, will terminate effective as of the date that Executive is no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, 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 date of termination of Executive's active employment and will not be extended by a notice period mandated under local law; the Committee shall have the exclusive discretion to determine when the Executive is no longer actively employed for purposes of the award of the Units.

13. 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.
14. **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 Agreement 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, and details of all equity awards to you under the Plan, 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 protection than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. 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, escrow agent or other third party with whom the Shares received upon vesting of the Units may be deposited. 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 refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand that refusal or withdrawal of consent may affect your ability to receive a transfer of Shares following the expiration of the Restricted Period. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

15. The Company may, in its sole discretion, decide to deliver any documents related to the Units awarded under the Plan or future Units that may be awarded under the Plan by electronic means or request Executive's consent to participate in the Plan by electronic means. Executive hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. 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.
17. 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 differs from the English version, the English version will control.
18. Executive should be aware that Executive may be entitled to revoke this Agreement and Executive's acceptance of the grant of the Units pursuant to the Austrian Consumer Protection Act under the following conditions: (a) if Executive signs this Agreement outside of the business premises of Executive's employer, Executive may be entitled to revoke the Agreement provided the revocation is made within one week of Executive's acceptance; or (b) if circumstances relevant to Executive's decision to enter into the Agreement, as presented by the Company, either do not materialize or materialize to a significantly reduced extent, through no fault of Executive's, Executive may be entitled to revoke the Agreement. This revocation must be made within one week of the time that it is foreseeable that the circumstances mentioned above do not materialize or materialize at a significantly reduced extent. If Executive revokes under sections (a) or (b) listed above, 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.
19. 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 Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 \$ ____ of operating income during the fiscal year ending December 31, 2010, as determined by the Committee based on the Company's 2010 annual financial statements.
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 shares of Common Stock 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 shares of Common Stock 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.

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.

Hikmet Ersek

Career Shares Award (Austria)

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**THE WESTERN UNION COMPANY 2006 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT — TERMS AND CONDITIONS
CAREER SHARES AWARD (U.S.) — STEWART STOCKDALE**

1. Pursuant to The Western Union Company 2006 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 your Award Notice (which forms part of this Agreement) as of the Grant Date specified in your Award Notice, related to shares of the Company’s 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 the Executive following the Restricted 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 fourth 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 four year period in which the Units may be forfeited by the Executive is defined as the “Restricted Period.”

Notwithstanding the foregoing provisions in this paragraph 3, you will forfeit all rights to the Units 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 prior to the fourth anniversary of 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, you 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 prior to vesting will cause the Units to continue to be subject to restriction.

Prior to the issuance and transfer of Shares upon vesting, the Units will represent only an unfunded and unsecured obligation of the Company. Any Units that vest in accordance with paragraphs 3, 6, 7 or 9 will be settled as soon as administratively practicable after vesting (*i.e.*, upon lapse of the restrictions on the Units). 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 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 his 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 his 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 of Common Stock 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, or (4) any combination of (1) and (2). Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate.
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 (and any associated dividend equivalents) if Executive’s continuous employment with the Company or a Subsidiary or Affiliate terminates for any reason during the Restricted Period (except solely by reason of a period of Related Employment or as set forth in paragraphs 7 and 9); provided that, subject to the Committee’s certification that the performance goal specified in paragraph 15 has been achieved, if Executive’s employment with the Company or a Subsidiary or Affiliate is involuntarily terminated by Executive’s employer without Cause during the Restricted Period, then the Units (and any associated dividend equivalents) shall vest in full on the later of the date the Committee certifies that the performance goal specified in paragraph 15 has been achieved or the date on which Executive’s employment terminates.
7. If Executive dies or incurs a Disability during a period of continuous employment with the Company or a Subsidiary or Affiliate during the Restricted Period, Executive shall immediately vest, as of the date of such termination of employment, in any then-unvested Units (and any associated dividend equivalents). Executive shall not vest in any unvested Units by reason of Retirement.
8. Prior to the issuance and transfer of Shares upon vesting, Executive will be credited with amounts equal to the regular cash dividends that would be payable to Executive if Executive had

been transferred such Shares, which amounts shall accrue during the Restricted Period and be paid in cash upon lapse of the Restricted Period; provided, however, that if the Company adopts a shareholder-wide dividend reinvestment program during the Restricted Period, the Committee may direct that Executive be credited with additional Restricted Stock Units equal to the dividends that would be payable with respect to the Shares on or after the date of adoption of such program if Executive had been transferred such Shares and which shall be subject to the same terms as this Agreement, with the increase in the number of Restricted Stock Units equal to the number of Shares that could be purchased with the dividends based on the value of the Shares at the time such dividends are paid (in lieu of crediting Executive with any fractional Units, the Committee may direct that amounts equal to the fair market value of any such fractional Units accrue during the restricted period and be paid in cash upon lapse of the restrictions). This paragraph 8 will not apply with respect to record dates for dividends occurring prior to the Grant Date or after the Restricted Period has lapsed. During the Restricted Period, Executive (and any person succeeding to Executive's rights pursuant to the Plan) will not be a shareholder of record of the Shares underlying the Units and will have no voting or other shareholder rights with respect to such Shares.

9. If Executive is eligible to participate in the Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 such policy during the 24-month period commencing on the effective date of the Change in Control, then any remaining restrictions applicable to the Units (and any associated dividend equivalents) 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 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.

14. 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.
15. 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 Severance/Change in Control Policy applicable to members of the Company's Executive Committee 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 \$10 million of operating income during the fiscal year ending December 31, 2010, as determined by the Committee based on the Company's 2010 annual financial statements.
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 shares of Common Stock 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 shares of Common Stock 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.

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
GRANT ACCEPTANCE AGREEMENT

Pursuant to The Western Union Company 2006 Long-Term Incentive Plan (the "LTIP"), _____ ("the Participant") has been granted the Performance Grant Award described below. Certain terms and conditions of the Performance Grant Award are set forth immediately below in this Grant Acceptance Agreement. Other terms and conditions are set forth in the Performance Grant Award Agreement which is appended to this Grant Acceptance Agreement. The Grant Acceptance Agreement and the Performance Grant Award Agreement are together the "Agreement" which is made and entered into between The Western Union Company, a Delaware corporation ("the Company"), and the Participant as of the Grant Date. Capitalized terms not otherwise defined in this Grant Acceptance Agreement are defined in the LTIP or the Performance Grant Award Agreement.

Grant Date: **[Insert Date]**

Maximum Award: _____% of the pool established through which the Performance Grant Awards will be funded (the "Performance Grant Funding Pool")

Performance Period: January 1, 2010 – December 31, 2011

Performance Grant Funding Pool: 0.5% of Combined Consolidated Operating Income for fiscal years 2010 and 2011

Vesting Date: December 31, 2012

The Participant acknowledges receipt of copies of the Performance Grant Award Agreement, The Western Union Company Severance/Change in Control Policy (Executive Committee Level) (the "Severance/Change in Control Policy"), The Western Union Company Clawback Policy (the "Clawback Policy") and the LTIP (which are incorporated by reference and made a part hereof) and this Grant Acceptance Agreement and agrees to abide by all of the terms and conditions of the Performance Grant Award Agreement, the Severance/Change in Control Policy, the Clawback Policy and the LTIP.

In witness whereof, the parties have executed the Agreement as of _____, 2010.

THE WESTERN UNION COMPANY,
a Delaware corporation

By: _____
Name: _____
Title: _____

Agreed and Accepted:

Participant

PERFORMANCE GRANT AWARD AGREEMENT
THE WESTERN UNION COMPANY
2006 LONG-TERM INCENTIVE PLAN

The Western Union Company, a Delaware corporation (the "Company"), hereby grants to _____ (the "Participant") as of **[Insert Date]**, pursuant to the provisions of The Western Union Company 2006 Long-Term Incentive Plan (the "LTIP"), a Performance Grant Award (the "Award"), upon and subject to the restrictions, terms and conditions set forth in the LTIP and below. Capitalized terms not defined herein shall have the meanings specified in the LTIP.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Participant shall accept this Agreement by executing the Grant Acceptance Agreement and returning it to the Company at such time as shall be satisfactory to the Company.

2. Vesting and Forfeiture.

2.1. Service Vesting Requirement. Subject to the satisfaction of the performance vesting requirement set forth in the Grant Acceptance Agreement and subject to the provisions governing the treatment of the Award upon a Change in Control as set forth in Section 2.2 of the Agreement, the Award shall vest and become payable pursuant to the terms of the LTIP if the Participant remains in continuous employment with the Company through the date set forth in the Grant Acceptance Agreement (the "Vesting Date"). Except as otherwise provided herein, if the Participant's employment by the Company terminates prior to the Vesting Date, the Participant shall forfeit all rights with respect to the Award and the Award shall be cancelled by the Company.

2.2. Change in Control. In the event of a Change in Control, the Award payable to the Participant shall be converted into restricted cash (representing only a contingent, unfunded and unsecured obligation of the Company) ("Restricted Cash") as of the effective date of the Change of Control, such conversion to be based upon target performance (as established by the Committee on the Grant Date) if less than 50% of the performance period has elapsed as of the effective date of the Change in Control, or based upon actual performance results as determined by the Committee in its sole discretion if 50% or more of the performance period has elapsed as of the effective date of the Change in Control. If the Participant's employment with the Company terminates for an Eligible Termination Reason (as described in Section 5(b) of the Policy) during the 24-month period beginning on the effective date of a Change in Control, such Participant shall receive such Restricted Cash in a lump sum cash payment during the period beginning on January 1 and ending on March 15 of the calendar year immediately following the year in which the Participant's employment terminates. If the Participant's employment with the Company does not terminate during the 24-month period beginning on the effective date of a Change in Control, such Participant shall receive such Restricted Cash payment amount during the period beginning on January 1 and ending on March 15 of the calendar year immediately following the year in which the Vesting Date occurs.

2.3. Termination by Reasons of Death or Disability . If the Participant's employment with the Company terminates by reason of death or Disability, the Award shall be paid, to the extent earned, based on the actual results at the end of the Performance Period (as determined by the Committee in its sole discretion) to the Participant or the Participant's executor, administrator, legal representative, beneficiary or similar person (together, the "Beneficiary"), as the case may be, as if the Participant had remained employed with the Company through the Vesting Date. Notwithstanding anything herein to the contrary, if a Participant or a Participant's Beneficiary is entitled to receive payment of an Award relating to a pending Performance Period pursuant to this Section 2.3, such Participant or such Participant's Beneficiary shall receive such payment in a lump sum cash amount during the period beginning on January 1 and ending on March 15 of the calendar year immediately after the year in which the Performance Period ends.

2.4. Termination by Reason Other Than Voluntary Termination by Participant, Death, Disability or Cause . If the Participant's employment with the Company terminates for any reason, other than voluntary termination by Participant, death, Disability or for Cause, and Section 2.2 does not apply, the Participant shall be entitled to a prorated Award. Such prorated Award shall be equal to the value of the Award at the end of the Performance Period based on the actual performance results at the end of the Performance Period (as determined by the Committee in its sole discretion) multiplied by a fraction, the numerator of which shall equal the number of days such Participant was employed with the Company during the Performance Period and the denominator of which shall equal the number of days in the Performance Period. Notwithstanding anything herein to the contrary, if a Participant is entitled to receive payment of a prorated Award relating to a pending Performance Period pursuant to this Section 2.4, such Participant shall receive such payment in a lump sum cash amount during the period beginning on January 1 and ending on March 15 of the calendar year immediately following the year in which the Performance Period ends.

2.5. Termination by Reason of Voluntary Termination or Cause . If the Participant's employment with the Company is terminated voluntarily by the Participant (except for an Eligible Termination Reason described in Section 5(b) of the Policy) or is terminated by the Company for Cause, the Participant's Award that is unvested as of the date of termination, shall be immediately forfeited.

3. Payment . Except as specifically provided otherwise in this Agreement, if the Award has vested in accordance with the terms of this Agreement, the Participant shall receive, during the period beginning on January 1 and ending on March 15 of the calendar year immediately following the year in which the Vesting Date occurs, a lump sum cash payment from the Company in an amount equal, as determined by the Committee, to the amount of the Award which shall have vested as of such Vesting Date, subject to the deduction of taxes and other amounts pursuant to the LTIP, unless the Participant is eligible to and elects to defer any such Award into The Western Union Company Supplemental Incentive Savings Plan ("SISP") by an election made no later than 6 months prior to end of the performance period. All payments under this Agreement are intended to be exempt from Section 409A of the Code as "short-term deferrals," within the meaning of Treasury regulations promulgated under Section 409A of the Code.

4. Committee Discretion . Notwithstanding anything herein to the contrary, in all cases, the Committee shall have the sole and absolute discretion, taking into account such factors, including those described in Exhibit A hereto, as the Committee deems appropriate, to determine the amount of the Award (not to exceed the maximum award set forth in the Grant Acceptance Agreement) payable to the Participant or to decide that no payment shall be made.

5. Withholding . All Awards or payments under this Agreement are subject to withholding of any federal, state, local or other income, social insurance, payroll or other tax-related items which may be required to be withheld or paid in connection with such award. At the election of the Participant, such withholding obligations may be satisfied through a cash payment to the Company.

6. Award Confers No Rights to Continued Employment . In no event shall the granting of the Award or its acceptance by the Participant give or be deemed to give the Participant any right to continued employment by the Company, or any Subsidiary or Affiliate of the Company.

7. Nontransferability of Award . The Award and any rights thereunder shall not be transferable other than by will or the laws of descent and distribution or pursuant to any beneficiary designation procedures as may be approved by the Committee for such purpose. Except as permitted by the preceding sentence, the Award shall not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt by the Participant to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights thereunder shall immediately become null and void.

8. Agreement Subject to the LTIP, Severance/Change in Control Policy, and the Clawback Policy . This Agreement is subject to the provisions of the LTIP, the Severance/Change in Control Policy and the Clawback Policy and shall be interpreted in accordance therewith. The Participant hereby acknowledges receipt of a copy of the LTIP, the Severance/Change in Control Policy and the Clawback Policy.

9. Meaning of Certain Terms . As used herein, employment by the Company shall include employment by a Subsidiary or an Affiliate of the Company.

10. Administration . The authority to administer and interpret this Agreement shall be vested in the Committee, and the Committee shall have all the powers with respect to this Agreement as it has with respect to the LTIP. Any interpretation, determination or other action made or taken by the Committee regarding the LTIP or this Agreement shall be final, binding and conclusive.

11. Amendment and Termination . The Board or Committee may at any time amend or terminate the LTIP, provided that, in the absence of consent to the amendment or termination by the Participant, no such amendment or termination may impair the rights of the Participant awarded hereunder.

12. Special 409A Provisions . Notwithstanding any other provision of this Agreement to the contrary, if any payment hereunder is subject to section 409A of the Code and if such

payment is to be paid on account of the Participant's separation from service (within the meaning of section 409A of the Code), if the Participant is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code), and if any such payment otherwise is required to be made prior to the first day of the seventh month following the Participant's separation from service, such payment shall be delayed until the first day of the seventh month following the Participant's separation from service. To the extent that any payments or benefits under this Agreement are subject to section 409A of the Code and are paid or provided on account of the Participant's termination of employment, the determination as to whether the Participant has had a termination of employment (or separation from service) shall be made in accordance with section 409A and the guidance issued thereunder.

13. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not otherwise governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to the conflicts of laws principles.

14. Statute of Limitations. Any action, claim or lawsuit relating to this Agreement must be filed no more than 6 months after the date of the employment action that is the subject of the action, claim or lawsuit. The Participant voluntarily waives any statute of limitations to the contrary.

15. Clawback Policy. 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 the Participant resulted from any financial result or performance metric that was impacted by the Participant's misconduct or fraud and that compensation should be recovered from the Participant (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 Award (the "Clawbacked Portion") and, in such case, the Participant shall cease to be entitled to receive the Clawbacked Portion of the Award and the Clawbacked Portion of the Award shall automatically and without further action of the Company be cancelled, (b) requiring the Participant to repay to the Company any portion of the Clawbacked Portion of the Award the Participant has already received or (c) any combination of the remedies set forth in clauses (a) or (b). The foregoing remedies are in addition to and separate from any other relief available to the Company due to the Participant's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon the Participant and all persons claiming through the Participant.

EXHIBIT A

**THE WESTERN UNION COMPANY
INCENTIVE AWARD ACCEPTANCE AGREEMENT**

Pursuant to The Western Union Company Senior Executive Annual Incentive Plan (the "Plan"), _____ ("the Participant") has been identified as eligible to participate in the Plan for the Performance Period set forth below and has been determined to be eligible to receive the Incentive Award described below. Certain terms and conditions of the Incentive Award are set forth immediately below in this Incentive Award Acceptance Agreement. Other terms and conditions are set forth in the Incentive Award Agreement which is appended to this Incentive Award Acceptance Agreement. The Incentive Award Acceptance Agreement and the Incentive Award Agreement are together the "Agreement" which is made and entered into between The Western Union Company, a Delaware corporation ("the Company"), and the Participant as of the beginning of the Performance Period set forth below. Capitalized terms not otherwise defined in this Incentive Award Acceptance Agreement are defined in the Plan or the Incentive Award Agreement.

Maximum Award: ___% of the Incentive Pool

Target Award: [_____]

Performance Period: January 1, 2010 – December 31, 2010

Incentive Pool: 3.0% of Operating Income for fiscal year 2010

Vesting Date: December 31, 2010

The Participant acknowledges receipt of copies of the Incentive Award Agreement, The Western Union Company Severance/Change in Control Policy (Executive Committee Level) (the "Severance/Change in Control Policy"), The Western Union Company Clawback Policy (the "Clawback Policy") and the Plan (which are incorporated by reference and made a part hereof) and this Incentive Award Acceptance Agreement and agrees to abide by all of the terms and conditions of the Incentive Award Agreement, the Severance/Change in Control Policy, the Clawback Policy and the Plan.

In witness whereof, the parties have executed the Agreement as of _____, 2010.

THE WESTERN UNION COMPANY,
a Delaware corporation

By: _____
Name: _____
Title: _____

Agreed and Accepted:

Participant



INCENTIVE AWARD AGREEMENT
THE WESTERN UNION COMPANY
SENIOR EXECUTIVE ANNUAL INCENTIVE PLAN

Pursuant to the provisions of The Western Union Company Senior Executive Annual Incentive Plan (the "Plan"), _____ (the "Participant"), has been identified as eligible to participate in the Plan for the Performance Period set forth in the Incentive Award Acceptance Agreement and has been determined to be eligible to receive an Incentive Award (the "Award"), upon and subject to the restrictions, terms and conditions set forth in the Incentive Award Acceptance Agreement, the Plan and below. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Participant shall accept this Agreement by executing the Incentive Award Acceptance Agreement and returning it to the Company at such time as shall be satisfactory to the Company.
 2. Service Vesting Requirement. Except as otherwise determined by the Committee, if the Participant's employment in his current position with the Company terminates for any reason prior to the date set forth in the Incentive Award Acceptance Agreement (the "Vesting Date"), the Participant shall not be entitled to receive the Incentive Award.
 3. Committee Discretion. Notwithstanding anything herein to the contrary, in all cases, the Committee shall have the sole and absolute discretion, taking into account such factors as the Committee deems appropriate, to determine the amount of the Award payable to the Participant (not to exceed the maximum award set forth in the Incentive Award Acceptance Agreement) or to decide that no payment shall be made.
 4. Payment. If the Committee certifies that the applicable Performance Measures have been achieved and has determined the amount and approved the payment of the Award to the Participant, the Participant shall receive, during the period beginning on January 1 and ending on March 15 (March 31, in the case of a Participant who is not a United States taxpayer) of the calendar year immediately following the year in which the Vesting Date occurs, a lump sum cash payment from the Company in an amount equal to the Award determined by the Committee, subject to the deduction of taxes and other amounts pursuant to the Plan, unless the Participant is eligible to and elects to defer a permissible portion of the Award into The Western Union Company Supplemental Incentive Savings Plan ("SISP") by an election made no later than 6 months prior to end of the performance period. All payments under this Agreement are intended to be exempt from Section 409A of the Code as "short-term deferrals," within the meaning of Treasury regulations promulgated under Section 409A of the Code.
 5. Withholding. All payments under this Agreement are subject to withholding of any federal, state, local or other income, social insurance, payroll or other tax-related items which may be required to be withheld or paid in connection with such award.
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6. Award Confers No Rights to Continued Employment. In no event shall the Participant's eligibility for the Award or its acceptance by the Participant give or be deemed to give the Participant any right to continued employment by the Company, or any Subsidiary or Affiliate of the Company.

7. Nontransferability of Award. The Award and any rights thereunder shall not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process.

8. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan, the Severance/Change in Control Policy and the Clawback Policy and shall be interpreted in accordance therewith. The Participant hereby acknowledges receipt of a copy of the Plan, the Severance/Change in Control Policy and the Clawback Policy.

9. Meaning of Certain Terms. As used herein, employment by the Company shall include employment by a Subsidiary or an Affiliate of the Company.

10. Administration. The authority to administer and interpret this Agreement shall be vested in the Committee, and the Committee shall have all the powers with respect to this Agreement as it has with respect to the Plan. Any interpretation, determination or other action made or taken by the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

11. Amendment and Termination. The Committee may at any time amend or terminate the Plan. The Committee may, in its sole discretion, reduce or eliminate the Award at any time and for any reason.

12. Special 409A Provisions. Notwithstanding any other provision of this Agreement to the contrary, if any payment hereunder is subject to section 409A of the Code and if such payment is to be paid on account of the Participant's separation from service (within the meaning of section 409A of the Code), if the Participant is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code), and if any such payment otherwise is required to be made prior to the first day of the seventh month following the Participant's separation from service, such payment shall be delayed until the first day of the seventh month following the Participant's separation from service. To the extent that any payments or benefits under this Agreement are subject to section 409A of the Code and are paid or provided on account of the Participant's termination of employment, the determination as to whether the Participant has had a termination of employment (or separation from service) shall be made in accordance with section 409A and the guidance issued thereunder.

13. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not otherwise governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to the conflicts of laws principles.

14. Statute of Limitations . Any action, claim or lawsuit relating to this Agreement must be filed no more than 6 months after the date of the event that is the subject of the action, claim or lawsuit. The Participant voluntarily waives any statute of limitations to the contrary.

15. Clawback Policy . 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 the Participant resulted from any financial result or performance metric that was impacted by the Participant's misconduct or fraud and that compensation should be recovered from the Participant (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 Award (the "Clawbacked Portion") and, in such case, the Participant shall not be entitled to receive the Clawbacked Portion of the Award and the Clawbacked Portion of the Award shall automatically and without further action of the Company be cancelled, (b) requiring the Participant to repay to the Company any portion of the Clawbacked Portion of the Award the Participant has already received or (c) any combination of the remedies set forth in clauses (a) or (b). The foregoing remedies are in addition to and separate from any other relief available to the Company due to the Participant's misconduct or fraud. Any determination by the Board with respect to the foregoing shall be final, conclusive and binding upon the Participant and all persons claiming through the Participant.

**Western Union Financial Services GmbH
Employment Contract**

SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS OF THE WESTERN UNION COMPANY

Hikmet Ersek
Rosenweg 4/Julius Bergerstr.
1170 Vienna

Dear Hikmet,

Western Union Financial Services GmbH, Schuberting 11, 1010 Vienna, Austria, hereinafter referred to as the “Company” and/or “Western Union”, is pleased to recognize your expatriate assignment as Chief Operating Officer (“COO”) of The Western Union Company, effective 1 January 2010. Additionally you will be a managing director (“*Geschäftsführer*”) of the Company. In connection with your expatriate assignment as COO of The Western Union Company, you will remain employed by the Company but will be placed on an expatriate assignment to the United States in accordance with the terms of your Expatriate Letter Agreement with the Company and The Western Union Company (the “Expatriate Agreement”), a copy of which is attached as Exhibit 1 and which forms — during its term - part of this agreement. Effective 1 January 2010, the terms and conditions of the employment agreement between you and the Company (the “Agreement”) shall be as set forth below, and the following terms and conditions shall entirely supersede and replace all previously agreed terms and conditions of your employment and other agreements with the Company, except for the agreement in place between you and the Company for your participation in the Company’s pension fund scheme (*Pensionskassenzusage*) and agreements reflecting outstanding long-term incentive awards granted to you under the applicable long-term incentive plans, all of which shall continue to apply unchanged. The terms and conditions of the Agreement and the Expatriate Agreement are subject to the approval of the Board of Directors of The Western Union Company (the “Board”) and/or the Compensation and Benefits Committee of the Board (the “Compensation Committee”).

1. APPOINTMENT/TERM OF AGREEMENT

- 1.1 The term of your expatriate assignment as COO of The Western Union Company pursuant to this Agreement begins on 1 January 2010, in accordance with the clauses and conditions listed in this Agreement. You will continue to receive service credit from the Company for the time you have spent with any Group Company and will be entitled to all applicable rights under the laws of Austria.

You have been appointed to the position as a managing director (“*Geschäftsführer*”) of the Company as a matter of Austrian corporate law by a shareholders’ resolution as of 4 November 2009.

Upon the termination or expiry of the Expatriate Agreement your function as COO will also terminate. If this Agreement is not also terminated, you will continue to be Managing Director of the Company, and the parties will attempt to identify a role for you that is mutually acceptable.

In the event the Board approves your appointment to the position of Chief Executive Officer of The Western Union Company and you accept such position, you agree that the expatriate assignment shall immediately end under the Expatriate Agreement, that you will give notice of immediate termination of this Agreement and that you will become employed by Western Union, LLC (or another U.S. subsidiary of The Western Union Company) and be based in the U.S.

- 1.2 You accept that you are being employed in accordance with the clauses and terms set forth in this Agreement, and officially state that you are not employed by any other company and that you are free of any commitment to any other employer. You agree that you are responsible for any work or employment dispute arising from a breach in this regard.
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- 1.3 You agree to perform any functions and duties related to your position and pursuant to the Company's instruction and to attend training courses when required to do so by the Company.

Your rights, obligations and powers as Managing Director are set forth by law, the Company's articles of association, the resolutions of the shareholders of the Company, the organization chart, the internal rules of procedure for the managing board, the Act on White Collar Workers (*Angestelltengesetz*) and this Agreement.

As Managing Director you shall fully and faithfully carry out all directions and instructions given to you by the Company. You shall regularly and at all times upon request, report to the shareholders of the Company and the Chief Executive Officer of The Western Union Company.

As Managing Director you shall have signing power together with the other Managing Directors.

You agree to comply with the Company's decision should it determine it necessary or appropriate to change your job title, reporting relationships, job duties and responsibilities, the legal entity which employs you and the jurisdiction where you are expected to perform your duties (despite your residence) on the basis of your performance or the Company's business requirements. Any such change will not be deemed to violate the terms of this Agreement or constitute any basis for constructive or involuntary termination of employment, provided that your base salary is not reduced and your other remuneration for services rendered to the company is not substantially reduced.

- 1.4 The Company may, in its discretion, second your services to another company in the Company's related group of companies ("Group Companies", see 1.8 below), During the term of the Expatriate Agreement, your normal place of work will be Englewood, Colorado U.S.A. and you shall be called to work at that place on all days devoted to business, except for travel for professional reasons or as otherwise provided in the Expatriate Agreement during the term of the expatriate assignment. You expressly agree and accept that your workplace may be changed or transferred. In addition, you expressly agree and accept that you may be required to travel worldwide on the Company's business and to work in other countries in the proper performance of your duties or as the Company may reasonably direct, at no extra pay or remuneration. The Company will, insofar as is reasonably possible, undertake to obtain all necessary work permits, visas and permission to enable you to work in such places as you may be required to work.
- 1.5 The Company will have the right to unilaterally change the scope of your duties, taking into account you qualifications, so long as such change is reasonable for you. Furthermore, the Company shall have the right to assign unilaterally its rights, interests and privileges in this Agreement to Group Companies. You consent to any future or subsequent transfer of your employment to Group Companies.
- 1.6 For purposes of this Agreement, Group Companies means the Company, its ultimate parent, The Western Union Company, and any Affiliate of the Company or The Western Union Company.
- 1.7 "Affiliate" means a person that directly, or indirectly through one or more intermediaries, owns or controls, is owned or is controlled by, or is under common ownership or control with, another person. As used in this clause, "control" means the power to direct the management or affairs of a person, and "ownership" means the beneficial ownership of at least 5% of the voting securities of the person. The Western Union Company shall be deemed to control any settlement network in which it has any equity ownership. As used in this clause, "person" means any corporation, limited or general partnership, limited liability company, joint venture, association, organization or other entity.
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2. REMUNERATION

- 2.1 For giving your entire time and attention to the work assigned to you, you shall receive a basic annual salary of 600,000€ subject to the approval of the Compensation Committee, Such annual basic salary shall be payable in 14 equal partial amounts, 12 of which shall be payable at the beginning of each calendar month and the remaining two at such times as corresponds to the Company's normal payroll practices, in each case net of all the deductions or withholdings authorized or required by law.
- 2.2 You are entitled to a company car, or alternatively a car allowance, in accordance with Western Union's Car Policy as amended from time to time. The company car is available to you also for private use. The private use is a benefit in kind and is taxable to you according to local tax law. This benefit may be changed into a car allowance in the future at Western Union's discretion Any relevant income taxes relating to the benefit of the car shall be borne by you.

Upon termination of the Agreement you shall return to the Company promptly and without separate request the company car and all pertinent documents, keys and other accessories, at the latest at the end of the employment relationship. In the event of release from the obligation to work, the Company can revoke the entitlement to private use of the company car as of the date of the release and you shall return the company car and all pertinent documents, keys and other accessories within 14 days after revocation. There shall be no right of retention.

The parties acknowledge that you are a managing employee ("*leitender Angestellter*") within the meaning of the Austrian Working Hours Act "*Arbeitszeitgesetz*" and thus are not subject to the provisions of that Act (*Arbeitszeitgesetz*, § 1 Abs 2 Z 8). You understand that your remuneration includes any overtime required of you in the course of your duties and responsibilities by virtue of this Agreement. You agree that you may not claim remuneration for that overtime (if any) subject to applicable law, as the fixed salary as set out above and the bonus set out under section 3 and all possible further payments cover all work provided by you, including work on Saturdays, Sundays and Public Holidays as well as night-work and travel times.

- 2.3 In consideration of changes in the cost-of-living index (consumer price index), your performance and the operational situation of the Company, the Company may adjust your remuneration on an annual basis at the discretion of the Company, subject to the approval of the Compensation Committee.
- 2.4 The Company is registered with the relevant Austrian local Social Security Authority ("*Gebietskrankenkasse*"), according to the requirements of applicable law.
- 2.5 In consequence of your entry date at Western Union, your employment will continue to be subject to the severance payment regimes as set forth in sections 23 et seq. of the Austrian White Collar Employee's Act (*Angestelltenengesetz*); you will therefore not participate in any company provision fund ("*betriebliche Vorsorgekasse*") arrangement

3. INCENTIVE BONUS (NON-SALARY)

- 3.1 You will continue to be eligible to participate in the Senior Executive Annual Incentive Plan ("Plan"). This Plan provides you with an opportunity to earn an incentive bonus upon the attainment of annual corporate, business unit/division, and individual performance goals. Pursuant to the Plan, you may, but are not guaranteed to, receive additional payments in an amount to be determined by the Compensation Committee in its sole discretion, in addition to your base salary, if all Plan criteria are satisfied and if specified levels of corporate, business unit/division, and individual performance on an annual basis are attained. You acknowledge the discretionary character of such payments, in particular that such payments are determined by the Compensation Committee in its sole discretion and are also contingent upon attainment of specified levels of corporate, business unit/division, and individual performance on an annual basis. You furthermore acknowledge that eligibility for any such payments is contingent upon
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you executing an acknowledgement and acceptance of the terms and conditions applicable to your participation in the Plan if requested by the Company. You acknowledge that participation in the Plan during any one year confers no rights upon you or any obligations on the Company to continue the Plan, or to make any payments of any kind, in succeeding years, and you renounce any claim that any repetition of any such payments, even if the repeated payments are in the same or similar amount as in the previous year, gives you the right to claim the payment of such amount or to any payment whatsoever in any succeeding year. You acknowledge that any payments made to you under the Plan will be made by the Company and not The Western Union Company and that your participation in the Plan does not establish or imply an employment relationship between you and The Western Union Company. You will be provided detailed written information about the Plan, including the terms and conditions applicable to your participation therein

- 3.2 Your target incentive bonus under the Plan, if any, is determined by the Compensation Committee in its sole discretion and may change from year to year in the Compensation Committee's sole discretion.
- 3.3 As the amount of the incentive bonus under the Plan is contingent upon annual corporate, business unit/division, and individual performance, the final bonus amount, if any, is determined after the end of the respective calendar year and after relevant figures have become available. Payment of the incentive bonus, if any, will be made to you in the first quarter of the following year (e.g. the 2010 Plan payment, if any, will be made in the first quarter of the 2011 calendar year).
- 3.4 The voluntary, non-binding character of the possible remuneration described in this section, which can be cancelled at any time, is understood by both parties. You acknowledge the voluntary character of such remuneration and hereby explicitly waive any entitlement of receiving any remuneration in the future.
- 3.5 You acknowledge that Plan payments are not provided with the character of salary and are excluded from the definition of "salary", "integrated salary" or "acquired rights" subject to the requirements of applicable law.

4. LONG-TERM INCENTIVE (NON-SALARY)

- 4.1 The Company may, from time to time, recommend to the Compensation Committee that you be considered for the grant of long-term incentive awards under The Western Union Company's Long-Term Incentive Plan ("LTIP"). Such awards may include options to purchase shares of the common stock of The Western Union Company, the grant of restricted stock units applicable to such common stock, and/or the grant of cash-based performance awards. These grants require the approval of the Compensation Committee and the acceptance by you of the terms and conditions of each grant. All your rights and obligations with respect to any stock options, restricted stock units, cash-based performance awards or other LTIP awards granted to you are subject to the terms and conditions of the LTIP as well as the terms and conditions of the applicable award agreements.
 - 4.2 There is no guarantee or promise that any future LTIP awards will be made or recommended. You understand the discretionary character of any grant under the LTIP and understand that any repetition of any such grants, even if the repeated grants are in the same or similar amount as in a previous year, do not give you any right or claim to any grant whatsoever in any succeeding year. You acknowledge that any grant made under the LTIP does not create any contractual right to receive future grants or any benefits in lieu of LTIP grants, and that your participation in the LTIP does not establish or imply an employment relationship between you and The Western Union Company. You further acknowledge that in accepting any such grant you may be subject to certain tax and exchange control regulations, and that it is your individual responsibility to comply with any regulations as a result of your acceptance of any grant under the LTIP.
 - 4.3 The voluntary, non-binding character of the possible remuneration described in this section, which can be cancelled at any time, is understood by both parties. You acknowledge the voluntary character of such
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remuneration and hereby explicitly waive any entitlement of receiving any remuneration in the future.

- 4.4 You acknowledge that LTIP awards are not provided with the character of salary and are excluded from the definition of “salary”, “integrated salary” or “acquired rights” subject to the requirements of applicable law.

5. BENEFITS

Except as otherwise provided in the Expatriate Agreement during the term of the expatriate assignment, you will be eligible to participate in the Company’s retirement, health and welfare benefits (“benefits”), under the terms and conditions applicable to similarly situated employees in Austria, as may be amended by the Company from time to time. You understand the discretionary character of these benefits and you acknowledge that the Company will have the right to vary the nature of these benefits, subject to the requirements of applicable law.

6. ANNUAL LEAVE, SICK LEAVE AND HOLIDAYS

- 6.1 You will be entitled to the full paid vacation as established by applicable law and related to your years of employment. The length of your employment with the Company, and your time employed with any of the Group Companies counts towards your years of service. Such combination of length of your employment is credited solely for the purpose of calculating your length of annual leave. Only your employment with the Company is taken into account for purposes of any pension or severance calculation, subject to the requirements of applicable law.
- 6.2 Annual leave not used during the year in which it has been accrued may be carried forward for use during the succeeding two years. Any such carried-forward leave that is not used in the immediately succeeding two years will be cancelled. You will not be entitled to any payment in lieu of cancelled or unused annual leave.
- 6.3 Any current or future benefits exceeding the benefits provided for in this Agreement are granted voluntarily and may be revoked and/or changed unilaterally by Western Union at any time; the granting of such benefits, if any, even if it were to occur more than one time, does not give rise to any entitlement to such benefits for future periods.
- 6.4 Your entitlement to statutory public holidays, sick leave and other leaves of absence shall be according to the Company’s policies, work rules and subject to the requirement of applicable law, provided that public holidays will be observed in accordance with Western Union business practices.

7. FULL TIME WORK

- 7.1 During the term of the Expatriate Agreement, you will observe the work schedule in effect at your place of assignment. Normal working hours of your employment will be at least 40 hours per week. From time to time, you may be required by the Company or by the nature of the work assigned to you to work beyond these normal working hours or overtime as may be necessary and reasonable in the proper performance of your duties. As a managerial employee who is authorised or delegated by the Company to hire employees, give other benefits to employees, reduce other employees’ wages, or terminate other employees’ employment, you are not subject to the Austrian Working Hours Act (sec. 1 para 2 subpara 8 of the Austrian Working Hours Act, “*Arbeitszeitgesetz*”) and thus not entitled to any extra pay or remuneration for working beyond normal working hours or overtime.

You should make yourself available to the Company at any time if the demands of the business so require.

7.2 Except as otherwise provided in the Expatriate Agreement during the term of the expatriate assignment and such other perquisites as are in place for other similarly situated executives, you are not entitled to any pay, perquisites, or benefits other than as set forth above or as regulated in the agreement in place between you and the Company for your participation in the Company's pension fund scheme (*Pensionskassenzusage*), or the agreements reflecting outstanding long-term incentive awards granted to you under the applicable long-term incentive plans, all of which shall continue to apply unchanged.

8. OTHER ACTIVITIES OF EMPLOYEE

8.1 For purposes of this Section 8, Company and its Group Companies are referred to as "the Company". During the term of your employment under this Agreement, you acknowledge that you shall devote your time to work for the Company and shall accept no other work, whether compensated or not, directly or indirectly (whether in the form of cash or a non-cash benefit), without receiving prior written permission, if that other work involves working during Company work hours, using Company facilities or equipment, and/or if such activity might interfere with the interests of the Company, impair your performance of your employment duties for the Company, the reputation of the Company, or conflict with The Western Union Company Code of Conduct. Nor shall you perform services or engage in activities, in any capacity, whether compensated or not, directly or indirectly, with or for any person or entity in competition with the businesses of the Company, without receiving prior written permission.

8.2 Therefore, you may not operate an independent commercial business or trade for your own or another's benefit in Western Union's line of business, unless you have received the written permission of The Board of Directors of The Western Union Company. Notwithstanding this provision 8.2, you are entitled to hold not more than five percent (5%) of the issued shares of a company, the shares of which are listed on a recognized stock exchange even if such company carries on a competitive business.

8.3 If you violate any obligations in this section 8, in addition to any and all other of its rights, Western Union may claim compensation for damages suffered by the violation or, alternatively, may require that any transactions made for your benefit be treated as made for Western Union's benefit. With respect to transactions made for the benefit of others, Western Union may demand that you surrender any compensation that you have received for such transactions or that you assign to Western Union your claim(s) to any compensation for such transactions. Western Union's exercise or failure to exercise any of the rights set forth in this section will not affect Western Union's right to dismiss your employment for violation of the non-compete obligation.

8.4 You agree to afford Western Union your full capacity of work.

9. USE OF SOFTWARE/TOOLS AND COMMUNICATIONS

9.1 If you have recourse to documents, correspondence, software, software package and materials, either handwritten or computerized, or more generally all means of communication, in particular Internet or Intranet, you agree to use such tools for professional purposes only and not to take copies or reproduce such tools for your personal use or for any other use. You shall take care of these tools and must inform Western Union in case of any deterioration, loss or theft, and will comply with Western Union's rules relating to the installation and use of such tools as applicable within Western Union.

9.2 You acknowledge that the Company's local and wide area network infrastructure and its telecommunications system and its components, including for example telephones, facsimile machines, photocopiers, printers, personal organizers, palmtops, Blackberries, computers and servers, as well as the applications running on and services provided by these systems including e-mail and voicemail, Internet and Intranet, and file storage facilities ("IT systems") and all oral communications, telephone conversations, information and messages or any part of a message (whether in the form of data, texts, images, speech or any other form) transferred via and/or stored on the IT systems, including any

recording and/or copies made of such communications, and any attachments to such communications (“Communications”) made via the IT systems are the property of the Company and that the equipment and all information are managed in the United States of America.

- 9.3 You are permitted to limited personal use of information resources if the use does not result in a loss of employee productivity, interfere with official duties or business, and does not involve additional expense to Western Union, refer to Western Union’s Acceptable Use Policy (ISSP-AU-001) and Email Policy (ISSP-E-001) for specific requirements. In addition when using Western Union information resources employees are expected to comply with all Western Union Polices, Standards and Controls.
- 9.4 You acknowledge that Western Union deploys a range of data protection and information safeguards, this includes and not limited to; the use of technologies to limit Internet access, assessments and management of applications/software licenses, identification and removal of potential risks to the network, management of viruses and spam, and removal of non-authorized and/or potentially dangerous software on Western Union provided platforms. As an employee your cooperation is required to protect and safeguard our company’s information, infrastructure and assets and all personal information (i.e. employee, supplier and/or consumer information).

10. INTELLECTUAL PROPERTY RIGHTS

- 10.1 You acknowledge that copyright and all other intellectual, moral, and proprietary rights in any documents and other materials produced by you during the course of this Agreement or your performance of duties (whether or not produced during working hours), including without limitation your inventions, creations, work products or whatever forms of objects that may be protected under the Copyright, Patent, Trademark, or Trade Secret legislation or other laws of the relevant jurisdiction (“Products”) shall vest in and be owned by the Company or its assignee to the maximum extent permitted by applicable law.
- 10.2 You further agree that you will do all things necessary (at the Company’s request and expense) to perfect such vesting and ownership of such rights by the Company both during and after the period of this Agreement.
- 10.3 You ensure that such documents and other materials produced by you will be original and will not infringe the rights of any third party.
- 10.4 You are entitled to a special compensation in consideration for making available a “service invention” as defined by the Austrian Patent Act (*Patentgesetz*). In all other respects, the relevant applicable provisions of the Austrian Patent Act (*Patentgesetz*) shall govern.

11. NON-DISCLOSURE OF TRADE SECRETS AND OTHER COMPANY CONFIDENTIAL INFORMATION

- 11.1 During the course of your employment with the Company, there may be disclosed to you certain confidential information, third party information and trade secrets of the Company, and it’s Group Companies (all of these, for purposes of this Section 11, are “the Company”).
- 11.2 You agree that the Company is engaged in a highly competitive business and has expended, and continues to expend, significant money, skill, and time to develop and maintain valuable customer relationships, trade secrets, and confidential and proprietary information. You agree that your work for the Company will continue to bring you into close contact with many of the Company’s customers, Trade Secrets, Confidential Information and Third Party Information (as defined below), the disclosure of which would cause the Company significant and irreparable harm.

You recognize that any unauthorized disclosure of Third Party Information could breach non-disclosure

obligations or violate applicable laws or Company policy. You further agree that the covenants in this Agreement are reasonable and necessary to protect the Company's legitimate business interests in its customer relationships, Trade Secrets, Confidential Information, and Third Party Information.

Therefore, you agree to observe the non-disclosure obligation as set out in this Section 11.

11.3 Company "Trade Secrets" includes but is not limited to the following:

(a) any data or information that is competitively sensitive or commercially valuable, and not generally known to the public, including, but not limited to, products planning information, marketing strategies, marketing results, forecasts or strategies, plans, finance, operations, reports, data, customer relationships, customer profiles, customer lists, sales estimates, business plans, and internal performance results relating to the past, present or future business activities of the Company, its customers, clients, and suppliers; and

(b) any scientific or technical information, design, process, procedure, formula, or improvement, computer software, object code, source code, specifications, inventions, systems information, whether or not patentable or copyrightable.

11.4 Company "Confidential Information" means any data or information and documentation, other than Trade Secrets, which is valuable to the Company and not generally known to the public, including but not limited to:

(a) Financial information, including but not limited to earnings, assets, debts, prices, fee structures, volumes of purchases or sales, or other financial data, whether relating to the Company generally, or to particular products, services, geographic areas, or time periods; and

(b) Supply and service information, including but not limited to information concerning the goods and services utilized or purchased by the Company, the names and addresses of suppliers, terms of supplier service contracts, or of particular transactions, or related information about potential suppliers, to the extent that such information is not generally known to the public, and to the extent that the combination of suppliers or use of particular suppliers, though generally known or available, yields advantages to the Company the details of which are not generally known.

11.5 "Third Party Information" means any data or information of the Company's customers, suppliers, consumers or employees that the Company is prohibited by law, contract or Company policy from disclosing. By way of example such information includes but is not limited to:

(a) Product specifications, marketing strategies, pricing, sales volumes, discounts;

(b) Nonpublic personal information regarding consumers, including but not limited to names, addresses, credit card numbers, financial transactions, and account balances;

(c) Personnel information, including but not limited to employees' personal or medical histories, compensation or other terms of employment, actual or proposed promotions, hiring, resignations, disciplinary actions, terminations or reasons therefore, training methods, performance skills, qualifications, and abilities, or other employee information; and

(d) Customer information, which is not protected by a separate confidentiality agreement, including but not limited to any compilations of past, existing or prospective customers, agreements between customers and the Company, status of customer accounts or credit, the identity of customer representatives responsible for entering into contracts with the Company, specific customer needs and requirements, or related information about actual or prospective customers or other nonpublic consumer information.

- 11.6 You agree that for so long as the pertinent information or documentation remains a Trade Secret, you will not use, disclose, or disseminate to any other person, organization, or entity or otherwise employ any Trade Secrets. You further agree that during your employment and after the cessation of your employment with the Company, you will not use, disclose, or disseminate to any other person, organization, or entity or otherwise employ any Confidential Information. The obligations set forth herein shall not apply to any Trade Secrets or Confidential Information which shall have become generally known to competitors of the Company through no act or omission of yourself.
- 11.7 You agree that for so long as the pertinent information or documentation is subject to protection under Company nondisclosure obligations, policy or applicable law, but in any event not less than two (2) years after the cessation of your employment with the Company, you will not use, disclose, or disseminate to any other person, organization, or entity or otherwise employ any Third Party Information.
- 11.8 Upon cessation of your employment with the Company or at any time the Company requests, you agree to return all Third Party Information as well as Company materials and Trade Secrets and Confidential Information, and all copies thereof (including without limitation, all memoranda and notes containing the names, addresses, and needs of the Company's customers and prospective customers) in your possession or over which you exercise control, and regardless of whether such materials were prepared by the Company, you, or a third party.
- 11.9 Any breach or failure to observe this condition may subject you to immediate dismissal without compensation or severance payment, subject to the requirements of the applicable law. The Company will have the right to take other appropriate legal actions before or after that dismissal.
- 11.10 Should you be required by law, regulation or court order to disclose any information you are not required to disclose under this condition, you should notify the Company prior to making such disclosure in order to allow the Company to seek a protective order or other appropriate remedy from the proper authority. You agree to cooperate with the Company in seeking such court order or other remedy, and further agree that if the Company is not successful in obtaining such court order, you shall furnish only that portion of the information that is legally required and shall exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded the information disclosed.
- 11.11 Your obligations under this Section 11 survive termination of your employment relationship with the Company.

12. PROCESSING AND USE OF EMPLOYEE INFORMATION

The Company informs you that your personal data including the sensitive data if collected by the Company (the "Data"), which you provided to our Company or that we otherwise acquired in the course of the ordinary activity will be processed for correct execution, management and performance of this Agreement in force between you and the Company. The Data might be communicated, in connection with the above-mentioned purposes, to the Company and any of its Group Companies, and to third party service providers, also outside the European Union, which provide assistance and consultancy or other services to the Company, with particular reference, but without limitation, to accounting, administrative, legal, tax and financial issues. Such data processing will be performed by means of either manual, electronic or network instruments, or in any other manner that can ensure a safe processing and avoid any unauthorized access. A list of the subjects to whom your Data are or might be communicated will be made available upon request at the Company's offices.

By executing this Agreement and subject to your execution of the Data Privacy Notice and Consent for Employees (Exhibit 2 to this Agreement), you expressly authorize the transfer, also in non-EU countries, of your Data to the Group Companies and third parties indicated above for the purposes listed in this Section. The Data will be kept secure and confidential in accordance with Company policy and national legislation. The Company will regularly update your Data with your assistance and as you request. You will retain the right of

access to your Data and the right to have incorrect Data corrected. The Data provided will not be used for any marketing purposes.

13. CODE OF CONDUCT AND POLICIES

- 13.1 You agree that you are bound by the provisions of The Western Union Company's Code of Conduct ("Code of Conduct") and other rules, regulations and policies, as that Code of Conduct and those rules, regulations and policies may be amended from time to time. You acknowledge that it shall be your duty to know and understand this Code of Conduct and, in the course of your employment, any change in this Code of Conduct and any other policies, which you may access through Western Union's employee-only intranet website.
- 13.2 You also agree to perform all aspects of your job in accordance with law, to strictly follow all workplace safety rules, to protect the property of the Company, to maintain the highest standards of personal and professional ethics, to actively participate in training arranged by the Company, and to continue to develop and improve your professional skills.
- 13.3 You further acknowledge that Western Union may take action in case of a violation of any of the provisions contained in the Code of Conduct and other rules, regulations and policies, including immediate dismissal of your employment.

14. TAX LIABILITIES

Except for those taxes and contributions mandated by law to be withheld or for any government filings to be made by the Company or Group Companies in connection with the salary and other compensation and benefits arising from this employment or in connection with the Expatriate Agreement, all other taxes and contributions and filings shall be your responsibility and shall be made by you. Except as specifically provided in the Expatriate Agreement during the term of the expatriate assignment, the Company and its Group Companies will not be responsible or liable for any of your tax or other liabilities in respect of your employment, such as personal income tax payable to any governments or authorities and you are solely responsible for filing any and all income tax returns and paying any amounts owed to the respective authorities in Austria or elsewhere. The Company will have the right to withhold your remuneration (or any part thereof) as may be required by law and pay the same on your behalf in order to settle any of your tax liabilities and penalties.

15. TERMINATION

- 15.1 Prior to its expiry, the employment relationship may be terminated by you or by the Company as set forth below and following the procedure mandated by the applicable law.
 - 15.2 The Company may, pursuant to a written or oral communication, terminate this Agreement (including the Expatriate Agreement) and your employment without notice and no compensation for just cause ("*wichtigen Grund*") as defined by Austrian law. This shall include, without limitation, your absence from work over a considerable period of time without legitimate cause, your insistent refusal to carry out your duties or your refusal to follow the Company's justified directions.

In particular, you explicitly acknowledge that any significant violation on your part of the provisions of this Agreement entitles the Company to immediately terminate the employment relationship with you, subject to the requirements of applicable law.
 - 15.3 In the event you intend to terminate this Agreement without just cause being given, prior to the desired date of termination (which must be the last day of a calendar month), you shall observe a notice period
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equivalent to 6 months, unless Austrian mandatory law provides for a longer notice period for termination by the Company (in which case such longer notice period applies also to you).

This notice period shall not apply in the event you terminate this Agreement as a result of your appointment to the position of Chief Executive Officer of The Western Union Company.

- 15.4 If the Company decides to terminate this Agreement without just cause being given prior to the expiry date, the Company shall observe a notice period equivalent to 6 months or longer if required as a matter of mandatory Austrian law.
- 15.5 Should this Agreement be terminated by giving notice either from you or the Company, and the Company will grant you leave for the rest of the notice period, or for any part of such period, you explicitly consent that you will consume your remaining days of vacation, if any, within such period of leave, provided that doing so is possible and reasonable.
- 15.6 Upon termination of employment, and without need of further notice or demand, you shall immediately transfer and deliver to the Company any property of the Company, and its Group Companies which may be in your possession, custody or under your control including, without limitation, all papers, documents, notes, memoranda, records and writings, in whatever form or stored in whatever media, which in any way relate to the business of the Company and its Group Companies and/or to the business of the clients of the Company and its Group Companies together with all extracts or copies thereof.
- 15.7 Should you have unpaid or pending obligations to the Company, monetary or otherwise, upon the termination of your employment for any reason or cause, you expressly agree and authorize the Company to make the necessary deductions from the salary, bonuses and any other amounts or benefits that may be due to you, to effect settlement or payment of your unpaid or pending obligations. This is without prejudice to the right of the Company to effect settlement or payment of your obligations through other legal means should the salary, bonuses and any other amounts or benefits due to you be insufficient to cover your unpaid or pending obligations.

16. NON-SOLICITATION

16.1 NON-SOLICITATION OF CUSTOMERS

- 16.1.1 You agree that while employed by the Company, or at a Group Company (if applicable) (for section 16, the Company and any applicable Group Company shall be referred to as the Company), you have had and will have contact with and has become and will become aware of the Company's customers and the representatives of those customers, their names and addresses, specific customer needs and requirements, and leads and references to prospective customers, and that you have benefited and added and will continue to benefit and add to the Company's goodwill with its customers and in the marketplace generally. You further agree that loss of such customers will cause the Company significant and irreparable harm.
- 16.1.2 Accordingly, you agree that, for twelve (12) months after the cessation of your employment with the Company, you will not solicit, contact, call upon, accept orders from, or attempt to communicate with any customer or prospective customer of the Company for the purpose of providing any products or services substantially similar to those you provided while employed with the Company. This restriction shall apply only to any customer or prospective customer of the Company with whom you had contact or about whom you learned Trade Secrets or Confidential Information, during the last twenty-four (24) months of your employment with the Company. For the purpose of this section, "contact" means interaction between you and the customer or prospective customer which takes place to further the business relationship, or making sales to or performing services for the customer or prospective customer on behalf of the Company.
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16.2. NON-SOLICITATION OF EMPLOYEES AND OTHERS.

- 16.2.1 You acknowledge and agree that solely as a result of employment with the Company, you have and will come into contact with and have acquired and will acquire Trade Secrets or Confidential Information regarding some, most, or all of the Company's employees, consultants, contractors, or agents (for purposes of this section, collectively referred to as "worker").
- 16.2.2 Accordingly, both during employment with the Company and for twelve (12) months after the cessation of employment with the Company, you will not recruit, hire, or attempt to recruit or hire, directly or by assisting others, any other worker of the Company with whom you had contact or about whom you learned Trade Secrets or Confidential Information during your last twenty-four (24) months of employment with the Company. For the purposes of this section, "contact" means any business-related interaction between you and the other worker.

17. NON-COMPETITION

Due to the extremely competitive market in which the Company is engaged and to the knowledge, particularly of a commercial, financial, scientific, industrial or marketing nature concerning the activities, operations and studies of the Company or at a Group Company (if applicable) (for paragraph 17, the Company and any applicable Group Company shall be referred to as the Company), acquired by you in the performance of your duties, you agree that you shall be bound, with regard to the Company, to an obligation of non-competition in the following conditions:

- 17.1 In the event of termination of your employment with the Company occurring for any reason whatsoever — except if (i) you terminate with just cause being given, or (ii) the Company terminates without you having given cause to do so and without undertaking to continue to pay your remuneration according to Section 2 above for the period set forth in Paragraph (c) below—, you hereby undertake not to enter into the service of a company studying, manufacturing or selling (including wholesale and retail) products or services that are identical or similar to those that are studied, manufactured or sold by the Company, or which are intended to provide the same or comparable benefits to the purchasers of such products or services in any countries or regions, including but not limited to Vienna and Austria. You agree that you shall refrain from taking a direct or indirect interest, in any form whatsoever, including in particular through consultancy work or acquisition of shareholding (except for current stock exchange transactions) in an activity of this type, be it in existence or in the process of creation.
- 17.2 You agree that this obligation of non-competition applies to Vienna and Austria as well as to the other countries in which you may have performed your duties during your work within the Company. Should you so desire, the list of countries in which you may have performed your duties during your work within the Company will be given to you, within 12 business days following receipt of such request.
- 17.3 This non-competition covenant is for the duration of TWELVE MONTHS as from the effective date of termination of this Agreement.
- 17.4 During the non-competition period, you undertake to communicate to the Company, if the latter so requests, the name and address of your new employer. The Company reserves the right to inform the new employer of the existence and contents of the present non-competition clause. You agree that you shall inform the latter of the present non-competition clause prior to entering into any commitment.
- 17.5 Upon termination of this Agreement and if this non-competition covenant is still in force at this time, you hereby agree that this special provision be included in any work certificate that will be given to you.
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18. INDEMNIFICATION AND CLAWBACK

- 18.1 You agree to indemnify and hold all Group Companies harmless from all losses, liabilities, claims and damages (including lawyer's fees) which may arise out of or as a result of any of your unauthorized act or any act caused by you in contravention of this Agreement.
- 18.2 Any payment according to the provision in this Agreement shall be without prejudice to the right the Company expressly reserves to engage proceedings against you in reparation for the financial and moral damage actually suffered by any Group Company.
- 18.3 You acknowledge that you have read The Western Union Company's Clawback Policy (the "Clawback Policy"). In consideration of the various elements of Incentive Compensation (as defined in the Clawback Policy) awarded or granted to you, you agree to abide by the Clawback Policy and any determinations of the Board pursuant to the Clawback Policy. You acknowledge that the Board shall have full discretion to make such determinations. 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 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 therefore be recovered from you (such amount to be recovered, the "Clawbacked Compensation"), then upon such determination, the Company or The Western Union Company (acting through the Board) may recover such Clawbacked Compensation by any suitable remedy determined by the Board. The foregoing right to recover certain elements of compensation shall be separate from any other relief available to the Company or The Western Union 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.

19. EXECUTION AND LANGUAGE OF AGREEMENT

- 19.1 This Agreement is executed in two originals, with each party to retain one original.
- 19.2 If there is any translation of this Agreement to other languages, the English version shall govern.
- 19.3 This Agreement may be executed in any number of counterparts, which shall together constitute one agreement. Any party may enter into this Agreement by signing any such counterpart, but this Agreement shall not be effective until each party has executed at least one counterpart.

20. SEVERABILITY

- 20.1 In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be invalid, illegal, unenforceable or void by any court of competent jurisdiction, this Agreement shall continue in full force and effect without said provision; provided that the Company reserves the right to determine whether such severability shall be effective if it materially changes the benefit of this Agreement to the Company. Such holding shall not invalidate or render unenforceable any other provision hereof.
- 20.2 Without limiting the generality of 20.1, each provision of the non-disclosure, non-solicitation and non-compete undertakings set out in 11, 16 and 17 shall, notwithstanding the manner in which it has been grouped with or grammatically linked to the others, be construed as imposing a separate and an independent obligation, severable from the rest of them. Without limiting the foregoing —
- 20.2.1 the non-disclosure undertakings in terms of 11 shall be severable in respect of—
each of the persons in whose favor they are given;
-

every month of period for which the confidentiality undertakings are stipulated to be applicable;
every category of Trade Secrets, Confidential Information and Third Party Information;

20.2.2 the non-solicitation undertakings in 16 shall be severable in respect of—

each of the persons in whose favor they are given;
each of 16.1 and 16.2 and;
each month of the non-solicitation period;
every activity in which you are prohibited from acting;
every capacity in which you are prohibited from acting;
each category of customer;
each category of employee;

20.2.3 the non-compete undertakings in 17 shall be severable in respect of —

each persons in whose favor they are given;
each month of the non-competition period;
every locality falling within the prescribed area;
every capacity and activity in which you are prohibited from acting;

20.3 The non-disclosure, non-solicitation and non-compete undertakings set out in 11, 16 and 17 are stipulations for the benefit of the Group Companies and the Company and their respective successors-in-title and assigns, which shall be entitled to elect whether to exercise their / its rights hereunder or not. By signing this Agreement the Company accepts the benefits on behalf of each such person. Such acceptance by the Company constitutes a separate acceptance on behalf of each such person for the time being and, to the extent that such acceptance may not constitute valid acceptance on behalf of such person, that person may accept such benefits in the future by giving written notice to that effect to you.

20.4 The failure by the Group Companies and the Company or any of their successors-in-title or assigns to — exercise any of its rights in terms of the foregoing non-disclosure, non-solicitation and non-complete undertakings; or
succeed in any proceedings instated by it to enforce any of its rights in terms of the foregoing non-disclosure, non-solicitation and non-complete undertakings;
shall not preclude the Group Companies and the Company or any of their respective successors-in-title and assigns from exercising any such rights in consequence of any subsequent breach by you or of any subsequent decision of any court, as the case may be.

20.5 Should the non-disclosure, non-solicitation and non-compete undertakings set out in 11, 16 and 17 or part thereof be found by any competent court to be defective or unenforceable for any reason whatever, the remaining provisions of 11, 16 and 17 shall continue to be of full force and effect.

20.6 Notwithstanding anything set out in this 20, the undertakings set out in 17 shall not be enforceable against you only in the following circumstances —

if you terminate this Agreement for just cause; or

if the Company terminates this Agreement without just cause; or

in favor of the Company or any Specified Company/ies which has / have given written notice to you that it / they do not intend to enforce the undertakings envisioned in 17.

21. SURVIVAL

Sections 9, 10, 11, 12, 13, 14, 15.6, 15.7, 16, 17, 18, 22, 23 and 24 of this Agreement shall survive termination of this Agreement and shall remain in full force and effect notwithstanding such termination.

22. ENTIRE AGREEMENT

22.1 This Agreement contains and represents the entire Agreement and understanding between you and the Company, and the Group Companies, relating to your employment with the Company. No collateral agreements have been made, except for the agreement in place with you to participate in the Company's pension fund arrangement (*Pensionskassenzusage*), the agreements reflecting outstanding long-term incentive awards granted to you under the applicable long-term incentive plans, all of which shall continue to apply unchanged, and — during its term — the Expatriate Agreement.

22.2 Except as provided in 22.1, this Agreement supersedes any oral or written agreements between you and the Company existing prior to this Agreement, or any other previous agreements, arrangements and any other discussions that you may have had with the Company, and the Group Companies, relating to your employment. All matters shall be governed by this Agreement.

22.3 This Agreement may be altered only by a written agreement signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought and must be approved by an authorized representative of Western Union.

23. GOVERNING LAW AND JURISDICTION

23.1 The execution, interpretation and enforcement of this Agreement and the respective rights and obligations of the parties shall be governed and construed in accordance with the laws of Austria.

23.2 Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as present in force. The appointing authority shall be the Secretary General of the International Arbitral Centre of the Austrian Federal Economic Chamber. The number of arbitrators shall be three. The place of arbitration shall be Vienna. The language to be used in the arbitral proceedings shall be English.

24. SUCCESSORSHIP

This Agreement inures to the benefit of any successors or assigns of the Company, the Group Companies and your obligations apply equally to the Company, the Group Companies and its successors or assigns.

Western Union Financial Services GmbH

/s/ Tim Keane _____

Date: 9 November 2009

Tim Keane
represented by its sole shareholder,
Western Union Processing Limited

I have read and understand the foregoing terms and conditions and I accept and agree to commence employment under the terms and conditions set forth herein. **I certify that I understand the English version of this Agreement.** I acknowledge my acceptance of this offer of employment on the terms and conditions set forth in the Agreement by signing below and returning this Agreement to the Company.

Agreed and Accepted By: /s/ Hikmet Ersek _____

Hikmet Ersek

Date: 9 November 2009

EXHIBIT 1

EXPATRIATE LETTER AGREEMENT

SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS OF THE WESTERN UNION COMPANY

9 November 2009

Mr. Hikmet Ersek
Rosenweg 4/Julius Bergerstr.
1170 Vienna

Dear Hikmet:

This Letter Agreement will serve to confirm our mutual understanding of the terms and conditions applicable to your assignment as Chief Operating Officer of The Western Union Company, effective January 1, 2010. In this role you will be reporting to Christina Gold (“Chief Executive Officer”). The position will be initially located in Englewood, Colorado, U.S.A. (the “Host Country”) and will be subject to your obtaining and maintaining the required Host Country entry documents or visas and your acceptance of the terms and conditions outlined in this Letter Agreement. The duration of your assignment will not exceed 24 months (unless the parties mutually agree to extend this assignment). This assignment may be shorter in duration under certain circumstances. Your home city and country are Vienna, Austria (the “Home Country”) and you will remain employed by Western Union Financial Services GmbH (“the Austrian Company”) during the term of this assignment, unless you, The Western Union Company and the Austrian Company mutually agree otherwise (hereinafter The Western Union Company and the Austrian Company are referred to collectively as the “Company” unless specifically designated). This assignment is subject to your execution of the employment agreement with the Austrian Company to which this Letter Agreement is attached as Exhibit 1 (the “Employment Agreement”).

The terms and conditions of this Letter Agreement, which forms a part of the Employment Agreement during the term of the Letter Agreement, are subject to the approval of the Board of Directors of The Western Union Company (the “Board) and/or the Compensation and Benefits Committee of the Board (the “Compensation Committee”). In the event the Board approves your appointment to the position of Chief Executive Officer of The Western Union Company and you accept such position, you agree that this assignment shall immediately end, that you will give notice of immediate termination of the Employment Agreement with the Austrian Company, and that you will become employed by Western Union, LLC (or another U.S. subsidiary of The Western Union Company) and be based in the U.S. The terms and conditions of any such employment will be determined at a later date.

In your role as Chief Operating Officer, and in consultation with and subject to the approval of the Chief Executive Officer, you will have the right to create an organizational structure for The Western Union Company and its

Affiliates reflecting the geography and product evolution of the business, including the appointment of business leaders in key geographical regions and for key product roles. Additionally, the Board and the Chief Executive Officer will consider when the title of "President" of The Western Union Company may be offered to you. In addition, on or about May 2010 and December 2010, you will have formal reviews with the Board, during which the Board will provide you with its appraisal of your performance and potential as a candidate for the position of Chief Executive Officer and you will have the opportunity to discuss your level of interest in such position.

The terms and conditions in this Letter Agreement, including your assignment as Chief Operating Officer, will be in effect for this assignment only. Your expatriate assignment will generally be subject to the terms of the Expatriate Policy (the "Expatriate Policy"), but if there is any conflict between the terms of the Expatriate Policy and this Letter Agreement, the terms of this Letter Agreement will govern.

1. Compensation:

- A. Base Salary:** Your base compensation is described in Section 2.1 of the Employment Agreement.
- B. Incentive Bonus:** Your annual cash incentive bonus opportunity is described in Section 3 of the Employment Agreement.

2. Benefits:

- A. Insurance Plans and Retirement Benefits:** Except to the extent you are no longer eligible for certain benefits offered to the employees of the Austrian Company as a result of this assignment, you will be eligible to participate in the Austrian Company's retirement, health and welfare benefits under the terms and conditions applicable to similarly situated employees in Austria. In addition, with respect to medical, dental and vision benefits coverage during your assignment, you will be enrolled in the Aetna Global Benefits program. Western Union's International Benefits team will assist you in enrollment and answer any questions you may have regarding the program. Once enrolled you will have access to the Aetna Global Benefits online Member Service's Center. This online resource offers a wide range of automated tools and information designed to help you use and understand your global benefits. You will soon receive a welcome letter and package which will contain your username and password. Your Aetna Global Benefits plan administrator contact, Karen Thompson, can be contacted at +1.720.332.5354 or at Karen.thompson@westernunion.com.
 - B. Work Schedules/Holidays/Vacation:** Your work schedule, holidays, vacation and other leave benefits are described in Sections 6 and 7 of the Employment Agreement; provided that you will observe the work schedule in effect at your place of assignment and will accrue vacation based on the Expatriate Policy (the greater of your Austria vacation schedule or four weeks). Unused annual vacation leave accrued in Austria prior to your departure to the Host Country will be carried forward with you to this assignment. Holidays will be
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observed in accordance with Western Union business practices in the USA or Austria, depending upon your working location as of the date of the holiday.

3. Relocation Benefits:

You will be eligible for relocation benefits during the term of your assignment as outlined below, provided that you are performing services in accordance with this assignment or as otherwise directed by the Company on the date the relocation benefit or payment is scheduled to be made. Upon receipt of your signed acceptance of this Letter Agreement, Weichert Relocation Resources, Inc. (WRRRI), Western Union's designated relocation company, will contact you to begin administering the relocation program. Amounts included below may constitute taxable income to you, however they will be provided to you on a net basis, (ie., will be grossed-up for any applicable taxes by the Company), but generally will not be taken into account as "compensation" for purposes of other Company benefit plans. **You should take no action relating to your relocation until you have been contacted by your Relocation Specialist.**

- A. Miscellaneous Relocation Allowance:** In accordance with the terms of the Expatriate Policy, you will receive a one-time Miscellaneous Relocation Allowance net payment equal to 1/24th of your annual base salary, to be paid immediately prior to your departure.
 - B. Work Permits/Visas:** If legal work authorization is required, it must be granted before you depart for the Host Country, WRRRI will coordinate assistance for you to obtain the proper visas/work permits for you and your family. To the extent that you pay any visas, passport, and/or immigration expenses personally, you will be reimbursed.
 - C. Present Housing Arrangements:** Should you choose to keep your present home, you will be paid a monthly amount of €300 to cover incidental expenditures related to its maintenance and upkeep (no receipts required). If you rent/lease a residence in your Home Country at the time you are offered and accept this expatriate assignment, the Company will pay the costs associated with the 'early termination' of your current lease agreement.
 - D. House Hunting Trips/Family Visits:** The Company will pay for a maximum of three trips for your spouse and your dependent children to visit you prior to the time at which your family joins you in the U.S. (which, unless the Company and you mutually agree otherwise, will be no later than September of 2010), any of which trips may be used for house hunting purposes. The Company will pay the reasonable costs associated with these trips, including reasonable airfare (based upon Western Union's Travel Policy), lodging and meals, and car rental.
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- E. Shipment and Storage of Household Goods/Personal Effects:** WRRI will be authorized to assist with the move of your household belongings to your new location. To expedite delivery of your goods, you will be entitled to an air shipment of up to 500 pounds (not to exceed 80 cubic feet) for items you need immediately at your new location. The remainder will be shipped via surface transportation. Your surface shipment allowance will be 10,000 pounds. When necessary, the Company will pay for storage and insurance for the remainder of your household goods during the time of your expatriate assignment. The cost of Company-paid storage will be for reasonable and customary household and personal goods. In no event will excess food supplies, firewood, building supplies, farm machinery, cars, vans, boats, trailers, or airplanes be stored at the Company expense. Responsibility for costs of storing items not listed here will be determined on a case-by-case basis, at the Company's discretion. Return to your Home Country is subject to the terms of the Western Union Expatriate Policy.
- F. Automobile Shipment/Sale:** As noted under "Automobile" below, you will remain entitled to a company car in Austria (or alternatively a car allowance) in accordance with the Austrian Car Policy, and in addition the Company will provide you with an automobile for your use in the Host Country. However, because the Company will not pay for shipment or storage of your personal car(s), you will need to make arrangements to sell your personal car(s) or leave it/them with someone while you and your family are in the U.S. Should you incur a forced sale loss on your car, the Company will partially reimburse you for this loss. The amount eligible for reimbursement will be the difference between the sales price of the car and the average of the retail and trade-in values for the make and model of your car (based on published local data), up to a maximum of \$2,500 USD per car (with a maximum of two cars being subject to this forced sale loss reimbursement). You must, however, secure more than one bid for your car and reimbursement will be based on the highest bid. If you choose to sell to a family member, you must secure bids from two dealers or private parties who are not members of your family as a basis for the forced sale loss reimbursement calculation. If the car is leased at the time you accept this assignment and you are assessed a penalty for early lease cancellation, the Company will reimburse for this cost.
- G. Household Pets:** If you choose to take your pets with you on assignment (dogs and cats only), the Company will pay for the cost of transporting up to two pets from your Home Country to your Host Country. Coordination, compliance with applicable laws, and costs other than transportation are your responsibility. Your Host Country has very stringent animal quarantine regulations and a further quarantine period may be required for pets returning home from a foreign country upon your relocation to your Home Country.
- H. Transportation to the Host Country:** The Company will reimburse the cost of a one-way first class ticket from the original location to the new location for you and your immediate family members. You will be reimbursed by submitting an expense report to WRRI. This process will be explained in your consultation call
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with WRRRI, which will take place shortly after your acceptance and signature of this Letter Agreement. Return to your home country is subject to the terms of the Western Union Expatriate Policy.

- I. Travel to Home Country/Home Leave:** Prior to the time at which your family joins you in the U.S. (which, unless the Company and you mutually agree otherwise, will be no later than September of 2010), you will be permitted to make trips to and work from Austria, as agreed with the Chief Executive Officer. After your family joins you in the U.S., the Company will pay the round trip first class airfare for you and your family to visit Europe two times during each twelve-month period. Any days absent from work for specified home leave will count as vacation days. If you have dependent children attending a college or university outside the Host Country, the Company will pay for two roundtrips each year between the Host Country and the airport serving the college or university, in place of and not in addition to the home leave trip.
 - J. Temporary Living Expenses:** The Company will reimburse you for reasonable temporary living expenses while your goods are in transit for up to a total of 45 days after you are required to vacate your regular Austrian residence and/or upon arrival in the U.S.
 - K. Destination Services:** WRRRI will coordinate with a Company designated vendor to assist you with house hunting and information/familiarization in the host location. The Company will pay up to the local equivalent of **\$5,000 USD** in agency fees.
 - L. Housing Allowance:** The Company will provide assistance to you in locating residential accommodations in the Denver, Colorado metropolitan area. The cost for your housing and utilities will be paid in full during the term of your assignment.
 - M. Automobile:** You will remain entitled to a company car in Austria, or alternatively a car allowance, in accordance with the Austrian Car Policy, as amended from time to time. In addition, the Company will provide you with one automobile deemed appropriate for your use in the Host Country. Insurance, maintenance, fuel, taxes, and registration costs for this vehicle and any costs you incur in obtaining a local driver's license will be borne by the Company. If any Company-provided automobile is considered taxable income to you, it will not be taken into account as "compensation" for purposes of other Company benefit plans.
 - N. Education:** The Company will pay the cost of private primary/secondary schooling at local Host Country international schools for your dependent children (the costs of colleges or universities for your dependent children are not included).
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4. Tax Reimbursement/Tax Services:

During your expatriate assignment, you will continue to be responsible for payment of applicable Austrian taxes. You will also be subject to U.S. income taxes on the income you earn while on assignment. The Western Union Tax Equalization Policy is intended to leave you in a net after-tax position substantially equivalent to what you would experience if you were subject only to Austrian taxes during this period.

The process of calculating and withholding your income tax responsibility requires the Company to estimate your hypothetical Austrian income tax liability, based on your total Austrian taxable income earned during the year for services provided to the Company (which includes base salary, bonus, mobility allowances, stock option exercises and other long-term incentive award proceeds). This hypothetical tax liability will be withheld from your pay in lieu of Austrian actual taxes and will reduce your take-home pay ratably throughout the year. Actual withholding for Austrian social insurance contributions and other employment taxes will also continue during your expatriate assignment. To clarify the foregoing, the Company will be responsible for making any actual home and host country income taxes incurred on your compensation during the length of your assignment. Pursuant to the Western Union Tax Equalization Policy, your tax responsibility for compensation that you would have received without regard to this assignment (such as base salary, bonus, and the proceeds from long-term incentive awards), should be substantially equivalent to the liability you would have incurred on this income had you remained in Austria. Therefore, for example, if you exercise stock options during the assignment, your tax liability as a result of such exercise will be similar to what your Austrian tax liability would have been had you exercised the stock options in Austria.

PricewaterhouseCoopers will assist in the filing of your Austrian and U.S. Federal and state income tax returns. When your actual Austrian tax returns are completed, PricewaterhouseCoopers will calculate your final theoretical Austrian tax liability. This amount will be similar to the hypothetical tax previously withheld, but will be revised to incorporate facts and amounts as reported in your actual Austrian income tax returns. This theoretical tax amount for the year involved is the amount you are responsible to pay. If the hypothetical tax amount previously withheld exceeds this amount, you will be refunded the excess. If the hypothetical tax amount withheld is insufficient to cover this liability, you will be responsible to pay the difference to the Company. The Company will be responsible for payment of actual Austrian and U.S. Federal and state income taxes over and above your final theoretical Austrian tax liability as calculated by PricewaterhouseCoopers. Remittance of actual tax amounts to either or both U.S. and Austrian tax authorities will be coordinated by the Company and PricewaterhouseCoopers.

If your employment terminates for any reason during your expatriate assignment, tax equalization will end as of the date of termination and the theoretical Austrian tax will be calculated based as if you repatriated on the date of termination.

In no event shall the payments referenced in this paragraph 5 be made later than the deadline specified in the Western Union Tax Equalization Policy.

PricewaterhouseCoopers services are limited to tax advice directly related to your assignment and do not extend to personal tax advice or financial planning.

5. Processing and Use of Employee Information:

By executing this Agreement, you agree and explicitly and unambiguously consent that for employment and management purposes, your personal data will be collected, processed, used, stored, maintained, and transferred between the Austrian Company and The Western Union Company, its subsidiaries, Affiliates, parent, and third party service providers, according to business requirements, including in electronic form, expressly authorizing the transfer of your personal data to the same companies. Your employee data will be kept secure and confidential in accordance with Company policy and national legislation. The Company will regularly update your data with your assistance and as you request. You will retain the right of access to your data and the right to have incorrect data corrected. The data provided will not be used for any marketing purposes. By executing this Agreement, you explicitly consent to the Company's collection, retention, and transmittal of your personal data outside of Austria, for all valid and appropriate purposes related to your employment.

6. Code of Conduct; and Compliance with Laws

You agree that you are bound by the provisions of the Western Union Code of Conduct and other rules, regulations and policies, as the Code of Conduct, rules, regulations and policies may be amended from time to time.

You also agree to perform all aspects of your job in accordance with all applicable laws, regulations and other rules having the force in law, including those of Austria and the U.S., to strictly follow all workplace safety rules, to protect the property of the Company, to maintain the highest standards of personal and professional ethics, to actively participate in training arranged by the Company, and to continue to develop and improve your professional skills.

7. Term and Termination

This assignment will be for a period of 24 months and will expire automatically at the end of such period without notice unless (i) terminated earlier pursuant to this Section, or (ii) terminated earlier as a result of termination of the Employment Agreement (see its Section 15), or (iii) it is agreed between you and the Company that the assignment is extended in writing.

The Company shall have the right, at any time during the assignment, to terminate this assignment (without simultaneous termination of the Employment Agreement) with one month's prior notice. If you wish to terminate

this assignment prior to its expiration, provided that you consult in advance with the Company, you may terminate this assignment (without simultaneous termination of the Employment Agreement) with one month's prior notice. If you voluntarily terminate this assignment on or before December 31, 2010 (unless you have been approved for and accepted the position of Chief Executive Officer of The Western Union Company or have become eligible for the termination payments described below), you will be required to repay a prorated portion of the relocation and tax equalization benefits you have received pursuant to Sections 3 and 4 of this Letter Agreement, based on the number of days between the beginning and end date of this assignment. If your employment with the Company is terminated as well, you acknowledge that such termination of employment will require the immediate settlement of all outstanding tax, travel and other advances in relation to the present assignment. If you are living in Company-paid leased housing, you agree to vacate the housing within 30 days of your termination of employment.

If (1) on or before the expiration of the term of this assignment (or any extension hereof) you are notified that you will not be considered a candidate for the position of Chief Executive Officer of The Western Union Company, and you elect, within 30 calendar days of such notification, to terminate your employment pursuant to Section 15 of the Employment Agreement, or (2) during or upon the expiration of the term of this assignment (or any extension hereof) you are offered the position of Chief Executive Officer of The Western Union Company and, after consultation with the Board, you decline to accept such offer and elect, within 30 calendar days of the date you decline such offer, to terminate your employment pursuant to Section 15 of the Employment Agreement, you will be eligible to receive the benefits provided under The Western Union Company Severance/Change in Control Policy (Executive Committee Level) (the "Severance Policy") as then in effect as if your employment had terminated for an eligible reason under the Severance Policy (other than benefits that would apply only in the event of a "Change in Control" as defined in the Severance Policy) (the "Termination Pay"). The Termination Pay shall be reduced by any other severance, termination, or similar benefits payable to you by the Company, including, but not limited to, any amounts payable under the Employment Agreement, the Severance Policy, or statutory severance benefits or payments made on account of notice periods during which you are released from further duties as provided pursuant to the law of any country or political subdivision thereof. The Termination Pay will be paid in 24 substantially equal monthly installments and shall be paid in full no later than 24 months after the termination of employment with the Austrian Company, subject to the requirements of Section 409A of the Internal Revenue Code of 1986, if applicable to you. The Board of Directors of The Western Union Company and/or the Compensation Committee, may, in their absolute discretion, agree to accelerate the vesting of certain outstanding Long-Term Incentive Plan awards held by you and/or to provide additional benefits to you in the event this paragraph applies. In order to receive the Termination Pay, you must timely sign an Agreement and Release (in a form satisfactory to the Company) which will include restrictive covenants and a comprehensive release of all claims. Under the Agreement and Release, you must agree not to solicit business similar to any business offered by the Company from any Company customer, not to advise any entity to cancel or limit its business with the Company, not to recruit, solicit, or encourage any employee to leave their employment with the Company, not to perform the same or substantially

the same functions or job duties that you performed for the Company for any business enterprise engaging in activities that compete with the business activities of the Company, not to disclose any of Company's trade secrets or confidential information, and not to disparage the Company or its employees in any way. These obligations are in addition to the restrictive covenants and undertakings in the Employment Agreement and to any other non-solicitation, noncompete, nondisclosure, or confidentiality agreements that you may have executed while employed by Company. In addition, the payment of the Termination Pay will always be conditional upon your full compliance with any restrictive covenants and undertakings in the Employment Agreement applying to the post-contract period, and you acknowledge that they can be recouped if such covenants or undertakings are violated. In the event this paragraph applies, you will be repatriated back to Vienna, Austria in accordance with the terms of the Expatriate Policy.

The Company will notify you on or before the expiration of this assignment (or any extension hereof) whether you will be considered a candidate for the position of Chief Executive Officer of The Western Union Company; provided, however, that the Company will have no obligation to provide such notification to you if (1) you have elected to terminate this assignment prior to its expiration pursuant to the second paragraph of this Section 7, or (2) the Company has terminated this assignment on account of your termination of employment for "Cause" as defined in the Severance Policy. In no case will you be eligible for the Termination Pay if your employment is terminated for "Cause" as defined in the Severance Policy.

8. Successors to the Company

The terms of this Letter Agreement shall inure to the benefit of any successors or assigns of the Company, and your obligations apply equally to the Company and its successors or assigns.

9. Severability, and Governing Law

In the event any provision of this Letter Agreement is deemed unenforceable, you agree that a court of competent jurisdiction shall have jurisdiction to reform such provision to the extent necessary to cause it to be enforceable to the maximum extent permitted by law. The provisions in this Letter Agreement are severable, and if any provision is determined to be prohibited or unenforceable in any jurisdiction, the remaining provisions shall nevertheless be binding and enforceable. The execution, interpretation and enforcement of this Letter Agreement and the respective rights and obligations of the parties shall be governed and construed in accordance with the laws of Austria. Both parties shall submit to the exclusive jurisdiction of the Austrian courts in the event of a dispute relating to this Agreement.

10. Amendments

Any modifications to the terms of this Letter Agreement must be memorialized in writing and signed by both you, the Austrian Company and the Western Union Company.

11. Other Agreements

You acknowledge that this Letter Agreement during its term is made a part of your Employment Agreement between you and Western Union Financial Services GmbH, effective January 1, 2010.

12. Paragraph Headings

The paragraph headings in this Letter Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

13. Special 409A Provisions

This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be interpreted and construed consistently with such intent. The payments to you pursuant to this Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible. To the extent any amounts under this Agreement are payable by reference to your "termination of employment," such term shall be deemed to refer to your "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if you are a "specified employee," as defined in Section 409A of the Code, as of the date of your 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 your separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of your 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 your death. Any reimbursement or advancement payable to you pursuant to this Agreement shall be conditioned on the submission by you of all expense reports reasonably required by the Company under any applicable expense reimbursement policy, and shall be paid to you as soon as administratively possible following receipt of such expense reports, but in no event later than the last day of the calendar year following the calendar year in which you incurred the reimbursable expense. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit.

14. Counterparts

This Letter Agreement may be executed in any number of counterparts, which shall together constitute one agreement. Any party may enter into this Letter Agreement by signing any such counterpart, but this Letter Agreement shall not be effective until each party has executed at least one counterpart.

We will provide you a copy of the Expatriate Policy under separate cover. If you have any questions regarding the information in that Policy, please call Eileen Gibson at (636) 866-0701.

Your assignment counselor at WRI is also available to answer any questions that you may have regarding your relocation. You will be contacted by WRI shortly, but for your reference or should you have any immediate questions, Patrick McCluskey will be your point of contact. He can be reached at +1.973.397.3919 or pmccluskey@wri.com

Sincerely,

Western Union Financial Services GmbH

/s/ Tim Keane

Tim Keane
represented by its sole shareholder,
Western Union Processing Limited

Date: 9 November 2009

The Western Union Company

/s/ Grover Wray

Grover Wray

Date: 9 November 2009

I hereby agree and accept this assignment under the terms and conditions set forth in this Letter Agreement and the Company's policies as described in the Expatriate Policy, a copy of which I have received, read, and understand.

/s/ Hikmet Ersek

Hikmet Ersek

Date: 9 November 2009

*A signed copy of this document (PDF or paper copy) should be sent to Western Union Global Mobility Department c/o _____
_____M21B12 or _____ for relocation services to be initiated.*

Exhibit 2
Data Privacy Notice and Consent for Employees

NOTICE

Western Union Financial Services GmbH (WUFS GmbH), (“Employer”) is a member of the control group of The Western Union Company, organized and existing under the laws of the State of Delaware, U.S.A. The Western Union Company is at 12500 East Belford Ave., Englewood, Colorado, 80112, U.S.A. The Western Union Company intends to implement for itself, the Employer and all their subsidiaries and affiliates (all collectively referred to as the “Company”), a uniform Human Resources (“HR”) reporting system enabling the Company to collect a set of HR data as described in **Appendix 2** (“HR data”) with regard to all Company employees worldwide, including the undersigned employee (the “Employee”). **Appendix 2** may be amended, e.g. by revising the categories of personal data, if necessary for the fulfillment of employment contract obligations of the Employer or for legal requirements.

This HR data will be stored in a Human Resource Management System (“HRMS”), enabling

- (1) consistent group HR reporting throughout the Company’s locations globally;
- (2) accurate consolidation of HR data on a global basis for the purpose of implementing, administering, and managing the Employee’s participation in the compensation and benefits plans of the Company (the “Plans”) and tracking incentive and other compensation eligibility and actual payments;
- (3) compliance with tax, finance, and securities laws as well as laws and orders requiring disclosure of HR data vis-à-vis authorities;
- (4) compliance training, certifications and related regulatory requirements;
- (5) employee training and certifications;
- (6) reporting and monitoring of health and safety of employees, and development of a risk management;
- (7) compliance with terms of the Plans;
- (8) administration of all human resource and employment programs;
- (9) consistent administration of the Plans throughout the Company’s international locations; and
- (10) the Company’s parts as listed in **Appendix 1** (the “Relevant Companies”) to facilitate the employment relationship by processing the Employee’s HR data to provide the Employee with his/her employment or career development including possible relocation; and to facilitate the following:
 - payroll administration, administering pension plans and other employee benefits, control of remuneration comparisons;
 - generating of holiday and absence records;
 - establishing contact to the next of kin;
 - disciplinary and/or grievance proceedings and appraisals;
 - statistical analyses regarding performance, conduct, sickness and employment costs;
 - establishing equal opportunities;
 - general employee training; compliance training and tracking;
 - disclosures to prospective employers and/or shareholders as part of a merger, acquisition, takeover or corporate re-organization;
 - detection or prevention of fraud or any offenses;
 - the provision of information as required by any governmental authority or other authority; legal proceedings (including prospective proceedings); obtaining legal advice, or otherwise establishing, exercising or defending legal rights;
 - financial disclosures to creditors or credit reporting agencies authorized by the employee.

The described processing and use of HR data serve to attain all procedures and purposes mentioned above (collectively the “Purpose”).

The Company reserves the right to amend the companies in the control group identified above and the Relevant Companies listed in **Appendix 1** as required to provide employee services. Any changes will be made known to the Employee through either the Company’s intranet, the Employer’s designated data privacy officer, or through other means of information accessible to the Employee.

To facilitate control and uniformity in achieving the Purpose, a HRMS will be utilized. Access to the Employee's HR data in the HRMS system to achieve the purpose will be restricted to the following authorized persons and/or departments of the Relevant Companies: Information Technology (IT), Human Resources, Health & Safety, Risk Management, Compliance, Legal, Finance, Security, Audit, TWUC Senior Management, line of superiors of the Employee, Data Protection Officers.

The HR data will only, be transferred to the Relevant Companies and to authorized third parties, as necessary for business requirements or contractual or statutory obligations including, without limitation, to accountants, legal service providers, consultants, brokerage houses, banks and social security organizations, and other authorities (the "Authorized Third Parties"). The Employee understands that the Relevant Companies or the Authorized Third Parties may be located in countries outside of Austria, and that the Relevant Company's or Authorized Third Party's country may have reduced data protection level. The Relevant Companies have, therefore, concluded the Authorized Third Parties are subject to confidentiality with regard to HR data according to statutory or contractual obligations.

Employee authorizes the Relevant Companies and the Authorized Third Parties to receive, possess, use, retain, process and transfer HR data, in electronic or other form, for any Purpose mentioned above.

Where sensitive personal data (*i.e.*, information on a person's racial and ethnic origin, political opinions, religious or philosophical convictions, union membership, health or sexual orientation) is at all collected, the Relevant Companies will collect, process, and use this data only with the Employee's express written consent where legally obliged or permitted to do so in accordance with Austria's data privacy or employment laws.

Employee understands that in the context of the Purpose, HR data will be held only insofar and as long as necessary to properly fulfill the requirements related to the Purpose. Employee understands that he or she may, at any time, view, request additional information about the storage and processing, be granted access, and request correction or amendment to render it accurate of their HR data. The employee has the right of refusal or to withdraw the consents herein, in particular in case of an amendment to **Appendix 1**, in any case without cost by contacting in writing his or her local human resources representative.

CONSENT

The undersigned Employee hereby explicitly and unambiguously consents to the collection, processing, use and transfer, in electronic communications (*i.e.* fax, email, other) or other form, including collection, processing, use and transfer by and to the Relevant Companies listed in **Appendix 1** of the HR data set out in **Appendix 2** by and among, as applicable, the Employee's Employer, the Relevant Companies and the Authorized Third Parties, for the Purpose described above. The undersigned Employee also consents to the HR data listed in **Appendix 2** being collected, processed, transferred between the Relevant Companies, used and transferred to the Relevant Companies and Authorized Third Parties also for the Purpose mentioned above by the HRMS. Employee consents to **Appendix 2** being amended from time to time, if required for the fulfillment of employment contract obligations or legal obligations, and the Company reserves the right to amend the Relevant Companies listed in **Appendix 1** as required to provide employee services, and that such amendments of **Appendix 1** and/or **Appendix 2** are made known to him or her through the Company's intranet, Employer's data protection officer, or through other means of information accessible to the Employee.

Signed this 9th day of November 2009.

by /s/ Hikmet Ersek
Hikmet Ersek

Data Privacy Consent — **Appendix 1**

HR data will be disclosed among and/or transferred to the following companies:

Data Exporter

Western Union Financial Services GmbH (WUFS GmbH)
Schubertring 11
1010 Vienna
Austria

Data Importers

- 1) The Western Union Company, a Delaware Corporation(US Head Office)
 - 2) Western Union Financial Services Inc., a Colorado Corporation
 - 3) Western Union LLC, a Colorado Corporation
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Data Privacy Consent — **Appendix 2**

HR data consists of:

<i>DATA ELEMENT</i>	<i>Description/Comments</i>
ID	PS Employee ID (automatically created when new hire data is saved)
Alternate Employee ID	Employee ID in Payroll System (DATEV) — 5 digits
Prefix	Name Prefix: Mr., Ms. etc (English titles)
First Name	Forename
Last Name	Surname
Address 1-3	Home address of employee (3 address lines available for Street Name, Number and any additional address info if necessary)
Postal	Zipcode/Postal Code of employee's home address
City	City of employee's home address
Country	
Phone	Phone Number (drop down available for different phone types — e.g. Home, Cellular, ...) Data provided by employees on voluntary basis
Gender	Female/Male/Unknown
Marital Status	Married/Single/Divorced/Separated etc
Phone	phone number of emergency contact — voluntary
National ID Country	indicates format of Social Security Number
National ID Type	indicates type of Social Security Number (e.g. VSNR, EUVSNR, ...)
National ID	Social Security Number
Nationality	Nationality
Birthdate	exact date of birth (day, month, year)
Date of Death	possibility to enter in PS — if applicable
Country	Permit country
Type	Type of permit (e.g. work permit, residency permit)
Expiration Date	End date of permit (query can be run on a regular basis to identify expiring permits)
TWUC <u>Mail Drop</u>	Office address/stop code
Employee Status	automatically updated from action/reason codes — e.g. active, terminated, leave of absence, maternity etc.
Original Hire Date	Employment Start Date (= effective date entered on first panel "Personal Data — Name")
Rehire Date	Left and come back — new start date
Acquisition Date	Employment via an acquisition
Probation Date	Date probation due to end e.g. 6 months post start date
Company Seniority Date	automatically calculated — date taken for seniority calculation (usually TWUC hire date)
Service Date	automatically calculated — current length of employment
Regulatory Region	determines which fields are shown in PS
Company	
Business Unit	Standard BU or International BU
Location	Place of work (specific location codes available — details saved on location table: address, country, effective date)
Department	Cost center number (specific department IDs available — details saved on department table: location, company, contact listing — e.g. EVP, HR-Rep, Finance contact, ... — Shared Services Indicator, Segment Alignment Indicator)
Department Entry Date	automatically created by effective date of department change (action/reason)
Shared Services Indicator	pre-set on department table — indicates if employee works for a shared services dept. or not (e.g. HR, Finance, ...)
Segment Alignment Indicator	pre-set on department table — indicates business unit that employee is supporting (e.g. WUFISI WUI, ...)
Job Code	includes job title, manager level info (e.g. Non-Manager, Director, VP, ...), salary admin plan, grade, std hrs, regular/temp job, job function code — e.g. HR, Marketing etc.)
Job Entry Date	automatically created by effective date of job change

DATA ELEMENT**Description/Comments**

DATA ELEMENT	Description/Comments
Regular/Temporary	regular/temporary employee
Full/Part	full time/part time employee
Regular Shift	hours of work on shift pattern (Y/N field)
Standard Hours	pre-set on job code table — contractual hours of work e.g 40 hours (link to job code table)
FTE	full time equivalent — automatically calculated in PS
Employee Type	H= hourly paid, S= salaried
Empl Class	e.g. Consultant, Contractor, Expat, Trainee, ...
Pay Group	Payroll code — Fixed for Company
Labor Agreement Entry Date (Employment Contract)	date when employment contract was <u>signed</u> (# hire date/effective date of contract) + if employment contract changes, details of change need to be tracked (e.g. Legal changes, change of shift, ... — but not changes related to employee — e.g. change of standard hours) — TO CHECK STATUS OF EMPLOYMENT CONTRACT - will be saved on Job Labor panel
Salary Administration Plan	pre-set on job code table — includes number of pay months per year, standard working hours, currency, company code (link from salary plan table to job code table)
Grade	pre-set on job code table = salary grade (paygroups); includes currency, salary ranges, salary admin plan — link from salary grade table to job code table
Grade Entry Date	automatically created by effective date of grade change
Currency	
Compensation Rate	annual base salary
Compensation Frequency	monthly, weekly, annually — defaulting to annual
Date last increase	automatically created by effective date of salary change — indicates effective date of last salary increase
Rating Scale	automatically loaded from Performance Management System — for all emps
Review Rating	automatically loaded from Performance Management System — performance ratings on individual employee
Review Date	automatically loaded from Performance Management System
Comp Pgm	Bonus Plan (e.g. WU-IC ELG for eligible emps, WU-IC-NE for non-eligible emps)
Target Amount	Bonus Target Amount
Target Date	Start of plan (i.e. effective date of (new) bonus target — if bonus target changes during the year)
Job Earnings/Distribution Type	default to “none” — n/a outside USA
Benefit Program	INT for all international employees
Work Phone	Full work phone number (incl. country code, city code, tel # and extension)
Business Title	Job title (possibility to specify job title more closer — e.g. by region)
Supervisor ID	Supervisor’s employee PS 6 digit ED (Supervisor Name is linked to this — shows up next to Supv ID)
Action	e.g. hire, promotion, termination reasons, pay rate change, maternity
Reason	e.g. new hire, merit — linked to action
Date Created	automatically shows date of data entry for action/reason (not always equal to effective date!!!)
Effective Date	every action/reason needs to have an effective date (e.g. promotion eff. 06/01/2003)
Termination Date	Date employment ends
Duration of employment	
Disability	Degree of disability acknowledged by competent authority, duration

EXHIBIT 1

EXPATRIATE LETTER AGREEMENT

SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS OF THE WESTERN UNION COMPANY

9 November 2009

Mr. Hikmet Ersek
Rosenweg 4/Julius Bergerstr.
1170 Vienna

Dear Hikmet:

This Letter Agreement will serve to confirm our mutual understanding of the terms and conditions applicable to your assignment as Chief Operating Officer of The Western Union Company, effective January 1, 2010. In this role you will be reporting to Christina Gold (“Chief Executive Officer”). The position will be initially located in Englewood, Colorado, U.S.A. (the “Host Country”) and will be subject to your obtaining and maintaining the required Host Country entry documents or visas and your acceptance of the terms and conditions outlined in this Letter Agreement. The duration of your assignment will not exceed 24 months (unless the parties mutually agree to extend this assignment). This assignment may be shorter in duration under certain circumstances. Your home city and country are Vienna, Austria (the “Home Country”) and you will remain employed by Western Union Financial Services GmbH (“the Austrian Company”) during the term of this assignment, unless you, The Western Union Company and the Austrian Company mutually agree otherwise (hereinafter The Western Union Company and the Austrian Company are referred to collectively as the “Company” unless specifically designated). This assignment is subject to your execution of the employment agreement with the Austrian Company to which this Letter Agreement is attached as Exhibit 1 (the “Employment Agreement”).

The terms and conditions of this Letter Agreement, which forms a part of the Employment Agreement during the term of the Letter Agreement, are subject to the approval of the Board of Directors of The Western Union Company (the “Board”) and/or the Compensation and Benefits Committee of the Board (the “Compensation Committee”). In the event the Board approves your appointment to the position of Chief Executive Officer of The Western Union Company and you accept such position, you agree that this assignment shall immediately end, that you will give notice of immediate termination of the Employment Agreement with the Austrian Company, and that you will become employed by Western Union, LLC (or another U.S. subsidiary of The Western Union Company) and be based in the U.S. The terms and conditions of any such employment will be determined at a later date.

In your role as Chief Operating Officer, and in consultation with and subject to the approval of the Chief Executive Officer, you will have the right to create an organizational structure for The Western Union Company and its

Affiliates reflecting the geography and product evolution of the business, including the appointment of business leaders in key geographical regions and for key product roles. Additionally, the Board and the Chief Executive Officer will consider when the title of “President” of The Western Union Company may be offered to you. In addition, on or about May 2010 and December 2010, you will have formal reviews with the Board, during which the Board will provide you with its appraisal of your performance and potential as a candidate for the position of Chief Executive Officer and you will have the opportunity to discuss your level of interest in such position.

The terms and conditions in this Letter Agreement, including your assignment as Chief Operating Officer, will be in effect for this assignment only. Your expatriate assignment will generally be subject to the terms of the Expatriate Policy (the “Expatriate Policy”), but if there is any conflict between the terms of the Expatriate Policy and this Letter Agreement, the terms of this Letter Agreement will govern.

1. Compensation:

- A. Base Salary:** Your base compensation is described in Section 2.1 of the Employment Agreement.
- B. Incentive Bonus:** Your annual cash incentive bonus opportunity is described in Section 3 of the Employment Agreement.

2. Benefits:

- A. Insurance Plans and Retirement Benefits:** Except to the extent you are no longer eligible for certain benefits offered to the employees of the Austrian Company as a result of this assignment, you will be eligible to participate in the Austrian Company’s retirement, health and welfare benefits under the terms and conditions applicable to similarly situated employees in Austria. In addition, with respect to medical, dental and vision benefits coverage during your assignment, you will be enrolled in the Aetna Global Benefits program. Western Union’s International Benefits team will assist you in enrollment and answer any questions you may have regarding the program. Once enrolled you will have access to the Aetna Global Benefits online Member Service’s Center. This online resource offers a wide range of automated tools and information designed to help you use and understand your global benefits. You will soon receive a welcome letter and package which will contain your username and password. Your Aetna Global Benefits plan administrator contact, Karen Thompson, can be contacted at +1.720.332.5354 or at Karen.thompson@westernunion.com.
 - B. Work Schedules/Holidays/Vacation:** Your work schedule, holidays, vacation and other leave benefits are described in Sections 6 and 7 of the Employment Agreement; provided that you will observe the work schedule in effect at your place of assignment and will accrue vacation based on the Expatriate Policy (the greater of your Austria vacation schedule or four weeks). Unused annual vacation leave accrued in Austria prior to your departure to the Host Country will be carried forward with you to this assignment. Holidays will be
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observed in accordance with Western Union business practices in the USA or Austria, depending upon your working location as of the date of the holiday.

3. Relocation Benefits :

You will be eligible for relocation benefits during the term of your assignment as outlined below, provided that you are performing services in accordance with this assignment or as otherwise directed by the Company on the date the relocation benefit or payment is scheduled to be made. Upon receipt of your signed acceptance of this Letter Agreement, Weichert Relocation Resources, Inc. (WRRRI), Western Union's designated relocation company, will contact you to begin administering the relocation program. Amounts included below may constitute taxable income to you, however they will be provided to you on a net basis, (ie., will be grossed-up for any applicable taxes by the Company), but generally will not be taken into account as "compensation" for purposes of other Company benefit plans. **You should take no action relating to your relocation until you have been contacted by your Relocation Specialist.**

- A. Miscellaneous Relocation Allowance:** In accordance with the terms of the Expatriate Policy, you will receive a one-time Miscellaneous Relocation Allowance net payment equal to 1/24th of your annual base salary, to be paid immediately prior to your departure.
 - B. Work Permits/Visas:** If legal work authorization is required, it must be granted before you depart for the Host Country. WRRRI will coordinate assistance for you to obtain the proper visas/work permits for you and your family. To the extent that you pay any visas, passport, and/or immigration expenses personally, you will be reimbursed.
 - C. Present Housing Arrangements:** Should you choose to keep your present home, you will be paid a monthly amount of €300 to cover incidental expenditures related to its maintenance and upkeep (no receipts required). If you rent/lease a residence in your Home Country at the time you are offered and accept this expatriate assignment, the Company will pay the costs associated with the 'early termination' of your current lease agreement.
 - D. House Hunting Trips/Family Visits:** The Company will pay for a maximum of three trips for your spouse and your dependent children to visit you prior to the time at which your family joins you in the U.S. (which, unless the Company and you mutually agree otherwise, will be no later than September of 2010), any of which trips may be used for house hunting purposes. The Company will pay the reasonable costs associated with these trips, including reasonable airfare (based upon Western Union's Travel Policy), lodging and meals, and car rental.
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- E. Shipment and Storage of Household Goods/Personal Effects:** WRRI will be authorized to assist with the move of your household belongings to your new location. To expedite delivery of your goods, you will be entitled to an air shipment of up to 500 pounds (not to exceed 80 cubic feet) for items you need immediately at your new location. The remainder will be shipped via surface transportation. Your surface shipment allowance will be 10,000 pounds. When necessary, the Company will pay for storage and insurance for the remainder of your household goods during the time of your expatriate assignment. The cost of Company-paid storage will be for reasonable and customary household and personal goods. In no event will excess food supplies, firewood, building supplies, farm machinery, cars, vans, boats, trailers, or airplanes be stored at the Company expense. Responsibility for costs of storing items not listed here will be determined on a case-by-case basis, at the Company's discretion. Return to your Home Country is subject to the terms of the Western Union Expatriate Policy.
- F. Automobile Shipment/Sale:** As noted under "Automobile" below, you will remain entitled to a company car in Austria (or alternatively a car allowance) in accordance with the Austrian Car Policy, and in addition the Company will provide you with an automobile for your use in the Host Country. However, because the Company will not pay for shipment or storage of your personal car(s), you will need to make arrangements to sell your personal car(s) or leave it/them with someone while you and your family are in the U.S. Should you incur a forced sale loss on your car, the Company will partially reimburse you for this loss. The amount eligible for reimbursement will be the difference between the sales price of the car and the average of the retail and trade-in values for the make and model of your car (based on published local data), up to a maximum of \$2,500 USD per car (with a maximum of two cars being subject to this forced sale loss reimbursement). You must, however, secure more than one bid for your car and reimbursement will be based on the highest bid. If you choose to sell to a family member, you must secure bids from two dealers or private parties who are not members of your family as a basis for the forced sale loss reimbursement calculation. If the car is leased at the time you accept this assignment and you are assessed a penalty for early lease cancellation, the Company will reimburse for this cost.
- G. Household Pets:** If you choose to take your pets with you on assignment (dogs and cats only), the Company will pay for the cost of transporting up to two pets from your Home Country to your Host Country. Coordination, compliance with applicable laws, and costs other than transportation are your responsibility. Your Host Country has very stringent animal quarantine regulations and a further quarantine period may be required for pets returning home from a foreign country upon your relocation to your Home Country.
- H. Transportation to the Host Country:** The Company will reimburse the cost of a one-way first class ticket from the original location to the new location for you and your immediate family members. You will be reimbursed by submitting an expense report to WRRI. This process will be explained in your consultation call
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with WRRRI, which will take place shortly after your acceptance and signature of this Letter Agreement. Return to your home country is subject to the terms of the Western Union Expatriate Policy.

- I. Travel to Home Country/Home Leave:** Prior to the time at which your family joins you in the U.S. (which, unless the Company and you mutually agree otherwise, will be no later than September of 2010), you will be permitted to make trips to and work from Austria, as agreed with the Chief Executive Officer. After your family joins you in the U.S., the Company will pay the round trip first class airfare for you and your family to visit Europe two times during each twelve-month period. Any days absent from work for specified home leave will count as vacation days. If you have dependent children attending a college or university outside the Host Country, the Company will pay for two roundtrips each year between the Host Country and the airport serving the college or university, in place of and not in addition to the home leave trip.
 - J. Temporary Living Expenses:** The Company will reimburse you for reasonable temporary living expenses while your goods are in transit for up to a total of 45 days after you are required to vacate your regular Austrian residence and/or upon arrival in the U.S.
 - K. Destination Services:** WRRRI will coordinate with a Company designated vendor to assist you with house hunting and information/familiarization in the host location. The Company will pay up to the local equivalent of **\$5,000 USD** in agency fees.
 - L. Housing Allowance:** The Company will provide assistance to you in locating residential accommodations in the Denver, Colorado metropolitan area. The cost for your housing and utilities will be paid in full during the term of your assignment.
 - M. Automobile:** You will remain entitled to a company car in Austria, or alternatively a car allowance, in accordance with the Austrian Car Policy, as amended from time to time. In addition, the Company will provide you with one automobile deemed appropriate for your use in the Host Country. Insurance, maintenance, fuel, taxes, and registration costs for this vehicle and any costs you incur in obtaining a local driver's license will be borne by the Company. If any Company-provided automobile is considered taxable income to you, it will not be taken into account as "compensation" for purposes of other Company benefit plans.
 - N. Education:** The Company will pay the cost of private primary/secondary schooling at local Host Country international schools for your dependent children (the costs of colleges or universities for your dependent children are not included).
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4. Tax Reimbursement/Tax Services:

During your expatriate assignment, you will continue to be responsible for payment of applicable Austrian taxes. You will also be subject to U.S. income taxes on the income you earn while on assignment. The Western Union Tax Equalization Policy is intended to leave you in a net after-tax position substantially equivalent to what you would experience if you were subject only to Austrian taxes during this period.

The process of calculating and withholding your income tax responsibility requires the Company to estimate your hypothetical Austrian income tax liability, based on your total Austrian taxable income earned during the year for services provided to the Company (which includes base salary, bonus, mobility allowances, stock option exercises and other long-term incentive award proceeds). This hypothetical tax liability will be withheld from your pay in lieu of Austrian actual taxes and will reduce your take-home pay ratably throughout the year. Actual withholding for Austrian social insurance contributions and other employment taxes will also continue during your expatriate assignment. To clarify the foregoing, the Company will be responsible for making any actual home and host country income taxes incurred on your compensation during the length of your assignment. Pursuant to the Western Union Tax Equalization Policy, your tax responsibility for compensation that you would have received without regard to this assignment (such as base salary, bonus, and the proceeds from long-term incentive awards), should be substantially equivalent to the liability you would have incurred on this income had you remained in Austria. Therefore, for example, if you exercise stock options during the assignment, your tax liability as a result of such exercise will be similar to what your Austrian tax liability would have been had you exercised the stock options in Austria.

PricewaterhouseCoopers will assist in the filing of your Austrian and U.S. Federal and state income tax returns. When your actual Austrian tax returns are completed, PricewaterhouseCoopers will calculate your final theoretical Austrian tax liability. This amount will be similar to the hypothetical tax previously withheld, but will be revised to incorporate facts and amounts as reported in your actual Austrian income tax returns. This theoretical tax amount for the year involved is the amount you are responsible to pay. If the hypothetical tax amount previously withheld exceeds this amount, you will be refunded the excess. If the hypothetical tax amount withheld is insufficient to cover this liability, you will be responsible to pay the difference to the Company. The Company will be responsible for payment of actual Austrian and U.S. Federal and state income taxes over and above your final theoretical Austrian tax liability as calculated by PricewaterhouseCoopers. Remittance of actual tax amounts to either or both U.S. and Austrian tax authorities will be coordinated by the Company and PricewaterhouseCoopers.

If your employment terminates for any reason during your expatriate assignment, tax equalization will end as of the date of termination and the theoretical Austrian tax will be calculated based as if you repatriated on the date of termination.

In no event shall the payments referenced in this paragraph 5 be made later than the deadline specified in the Western Union Tax Equalization Policy.

PricewaterhouseCoopers services are limited to tax advice directly related to your assignment and do not extend to personal tax advice or financial planning.

5. Processing and Use of Employee Information:

By executing this Agreement, you agree and explicitly and unambiguously consent that for employment and management purposes, your personal data will be collected, processed, used, stored, maintained, and transferred between the Austrian Company and The Western Union Company, its subsidiaries, Affiliates, parent, and third party service providers, according to business requirements, including in electronic form, expressly authorizing the transfer of your personal data to the same companies. Your employee data will be kept secure and confidential in accordance with Company policy and national legislation. The Company will regularly update your data with your assistance and as you request. You will retain the right of access to your data and the right to have incorrect data corrected. The data provided will not be used for any marketing purposes. By executing this Agreement, you explicitly consent to the Company's collection, retention, and transmittal of your personal data outside of Austria, for all valid and appropriate purposes related to your employment.

6. Code of Conduct; and Compliance with Laws

You agree that you are bound by the provisions of the Western Union Code of Conduct and other rules, regulations and policies, as the Code of Conduct, rules, regulations and policies may be amended from time to time.

You also agree to perform all aspects of your job in accordance with all applicable laws, regulations and other rules having the force in law, including those of Austria and the U.S., to strictly follow all workplace safety rules, to protect the property of the Company, to maintain the highest standards of personal and professional ethics, to actively participate in training arranged by the Company, and to continue to develop and improve your professional skills.

7. Term and Termination

This assignment will be for a period of 24 months and will expire automatically at the end of such period without notice unless (i) terminated earlier pursuant to this Section, or (ii) terminated earlier as a result of termination of the Employment Agreement (see its Section 15), or (iii) it is agreed between you and the Company that the assignment is extended in writing.

The Company shall have the right, at any time during the assignment, to terminate this assignment (without simultaneous termination of the Employment Agreement) with one month's prior notice. If you wish to terminate

this assignment prior to its expiration, provided that you consult in advance with the Company, you may terminate this assignment (without simultaneous termination of the Employment Agreement) with one month's prior notice. If you voluntarily terminate this assignment on or before December 31, 2010 (unless you have been approved for and accepted the position of Chief Executive Officer of The Western Union Company or have become eligible for the termination payments described below), you will be required to repay a prorated portion of the relocation and tax equalization benefits you have received pursuant to Sections 3 and 4 of this Letter Agreement, based on the number of days between the beginning and end date of this assignment. If your employment with the Company is terminated as well, you acknowledge that such termination of employment will require the immediate settlement of all outstanding tax, travel and other advances in relation to the present assignment. If you are living in Company-paid leased housing, you agree to vacate the housing within 30 days of your termination of employment.

If (1) on or before the expiration of the term of this assignment (or any extension hereof) you are notified that you will not be considered a candidate for the position of Chief Executive Officer of The Western Union Company, and you elect, within 30 calendar days of such notification, to terminate your employment pursuant to Section 15 of the Employment Agreement, or (2) during or upon the expiration of the term of this assignment (or any extension hereof) you are offered the position of Chief Executive Officer of The Western Union Company and, after consultation with the Board, you decline to accept such offer and elect, within 30 calendar days of the date you decline such offer, to terminate your employment pursuant to Section 15 of the Employment Agreement, you will be eligible to receive the benefits provided under The Western Union Company Severance/Change in Control Policy (Executive Committee Level) (the "Severance Policy") as then in effect as if your employment had terminated for an eligible reason under the Severance Policy (other than benefits that would apply only in the event of a "Change in Control" as defined in the Severance Policy) (the "Termination Pay"). The Termination Pay shall be reduced by any other severance, termination, or similar benefits payable to you by the Company, including, but not limited to, any amounts payable under the Employment Agreement, the Severance Policy, or statutory severance benefits or payments made on account of notice periods during which you are released from further duties as provided pursuant to the law of any country or political subdivision thereof. The Termination Pay will be paid in 24 substantially equal monthly installments and shall be paid in full no later than 24 months after the termination of employment with the Austrian Company, subject to the requirements of Section 409A of the Internal Revenue Code of 1986, if applicable to you. The Board of Directors of The Western Union Company and/or the Compensation Committee, may, in their absolute discretion, agree to accelerate the vesting of certain outstanding Long-Term Incentive Plan awards held by you and/or to provide additional benefits to you in the event this paragraph applies. In order to receive the Termination Pay, you must timely sign an Agreement and Release (in a form satisfactory to the Company) which will include restrictive covenants and a comprehensive release of all claims. Under the Agreement and Release, you must agree not to solicit business similar to any business offered by (he Company from any Company customer, not to advise any entity to cancel or limit its business with the Company, not to recruit, solicit, or encourage any employee to leave their employment with the Company, not to perform the same or substantially

the same functions or job duties that you performed for the Company for any business enterprise engaging in activities that compete with the business activities of the Company, not to disclose any of Company's trade secrets or confidential information, and not to disparage the Company or its employees in any way. These obligations are in addition to the restrictive covenants and undertakings in the Employment Agreement and to any other non-solicitation, noncompete, nondisclosure, or confidentiality agreements that you may have executed while employed by Company. In addition, the payment of the Termination Pay will always be conditional upon your full compliance with any restrictive covenants and undertakings in the Employment Agreement applying to the post-contract period, and you acknowledge that they can be recouped if such covenants or undertakings are violated. In the event this paragraph applies, you will be repatriated back to Vienna, Austria in accordance with the terms of the Expatriate Policy.

The Company will notify you on or before the expiration of this assignment (or any extension hereof) whether you will be considered a candidate for the position of Chief Executive Officer of The Western Union Company; provided, however, that the Company will have no obligation to provide such notification to you if (1) you have elected to terminate this assignment prior to its expiration pursuant to the second paragraph of this Section 7, or (2) the Company has terminated this assignment on account of your termination of employment for "Cause" as defined in the Severance Policy. In no case will you be eligible for the Termination Pay if your employment is terminated for "Cause" as defined in the Severance Policy.

8. Successors to the Company

The terms of this Letter Agreement shall inure to the benefit of any successors or assigns of the Company, and your obligations apply equally to the Company and its successors or assigns.

9. Severability, and Governing Law

In the event any provision of this Letter Agreement is deemed unenforceable, you agree that a court of competent jurisdiction shall have jurisdiction to reform such provision to the extent necessary to cause it to be enforceable to the maximum extent permitted by law. The provisions in this Letter Agreement are severable, and if any provision is determined to be prohibited or unenforceable in any jurisdiction, the remaining provisions shall nevertheless be binding and enforceable. The execution, interpretation and enforcement of this Letter Agreement and the respective rights and obligations of the parties shall be governed and construed in accordance with the laws of Austria. Both parties shall submit to the exclusive jurisdiction of the Austrian courts in the event of a dispute relating to this Agreement.

10. Amendments

Any modifications to the terms of this Letter Agreement must be memorialized in writing and signed by both you, the Austrian Company and the Western Union Company.

11. Other Agreements

You acknowledge that this Letter Agreement during its term is made a part of your Employment Agreement between you and Western Union Financial Services GmbH, effective January 1, 2010.

12. Paragraph Headings

The paragraph headings in this Letter Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

13. Special 409A Provisions

This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and shall be interpreted and construed consistently with such intent. The payments to you pursuant to this Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible. To the extent any amounts under this Agreement are payable by reference to your "termination of employment," such term shall be deemed to refer to your "separation from service," within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, if you are a "specified employee," as defined in Section 409A of the Code, as of the date of your 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 your separation from service and (iii) under the terms of this Agreement would be payable prior to the six-month anniversary of your 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 your death. Any reimbursement or advancement payable to you pursuant to this Agreement shall be conditioned on the submission by you of all expense reports reasonably required by the Company under any applicable expense reimbursement policy, and shall be paid to you as soon as administratively possible following receipt of such expense reports, but in no event later than the last day of the calendar year following the calendar year in which you incurred the reimbursable expense. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit.

14. Counterparts

This Letter Agreement may be executed in any number of counterparts, which shall together constitute one agreement. Any party may enter into this Letter Agreement by signing any such counterpart, but this Letter Agreement shall not be effective until each party has executed at least one counterpart.

We will provide you a copy of the Expatriate Policy under separate cover. If you have any questions regarding the information in that Policy, please call Eileen Gibson at (636) 866-0701.

Your assignment counselor at WRRI is also available to answer any questions that you may have regarding your relocation. You will be contacted by WRRI shortly, but for your reference or should you have any immediate questions, Patrick McCluskey will be your point of contact. He can be reached at +1.973.397.3919 or pmclluskey@wrri.com

Sincerely,

Western Union Financial Services GmbH

/s/ Tim Keane

Date: 9 November 2009

Tim Keane
represented by its sole shareholder,
Western Union Processing Limited

The Western Union Company

/s/ Grover Wray

Grover Wray

Date: 9 November 2009

I hereby agree and accept this assignment under the terms and conditions set forth in this Letter Agreement and the Company's policies as described in the Expatriate Policy, a copy of which I have received, read, and understand.

/s/ Hikmet Ersek

Hikmet Ersek

Date: 9 November 2009

*A signed copy of this document (PDF or paper copy) should be sent to Western Union Global Mobility Department c/o _____
_____M21B12 or _____ for relocation services to be initiated.*

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Earnings:					
Income before income taxes	\$1,131.5	\$1,238.7	\$1,222.4	\$1,335.1	\$1,344.1
Fixed charges	172.8	184.8	204.1	56.9	7.9
Other adjustments	(0.9)	(4.6)	1.2	(7.2)	(2.3)
Total earnings (a)	<u>\$1,303.4</u>	<u>\$1,418.9</u>	<u>\$1,427.7</u>	<u>\$1,384.8</u>	<u>\$1,349.7</u>
Fixed charges:					
Interest expense	\$ 157.9	\$ 171.2	\$ 189.0	\$ 55.2	\$ 6.2
Other adjustments	14.9	13.6	15.1	1.7	1.7
Total fixed charges (b)	<u>\$ 172.8</u>	<u>\$ 184.8</u>	<u>\$ 204.1</u>	<u>\$ 56.9</u>	<u>\$ 7.9</u>
Ratio of earnings to fixed charges (a/b)	7.5	7.7	7.0	24.3	170.8

For purposes of calculating the ratio of earnings to fixed charges, earnings have been calculated by adding income before income taxes, fixed charges, 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. Substantially all of our debt was incurred in connection with our Spin-off from First Data on September 29, 2006, resulting in earnings to fixed charges being lower subsequent to the Spin-off. Debt balances have remained relatively consistent since the Spin-off.



CODE OF ETHICS FOR SENIOR FINANCIAL OFFICERS

*Approved by Audit Committee on December 8, 2009 and
the Board of Directors on December 9, 2009*

The Western Union Company has an unwavering commitment to maintain the highest ethical standards in everything we do. This Code provides principles of ethical conduct to which each senior financial officer of Western Union is expected to adhere and advocate.

Principles

Each senior financial officer is expected to:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
 - Provide constituents with information that is accurate, complete, objective, relevant, timely and understandable.
 - Provide full, fair, accurate, timely, and understandable disclosure in reports and documents that Western Union files with, or submits to, the Securities and Exchange Commission and in other public communications made by Western Union.
 - Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
 - Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing the officer's independent judgment to be subordinated.
 - Respect the confidentiality of information acquired in the course of the officer's work except when authorized or otherwise legally obligated to disclose the information. Confidential information acquired in the course of the officer's work may not be used for personal advantage.
 - Share knowledge and maintain skills important and relevant to the needs of the officer's constituents.
 - Proactively promote ethical behavior as a responsible partner among peers in the officer's work environment and community.
 - Achieve responsible use of and control over all assets and resources employed or entrusted to the officer.
-

Reporting

Any Senior Financial Officer who suspects misconduct or discovers that it has occurred should take immediate action to resolve the issue with the appropriate persons. If the officer is uncomfortable speaking with them regarding the issue or still has a concern, the officer must communicate detailed information regarding the issue on a confidential or anonymous basis to the General Auditor of Western Union through e-mail, regular mail or calling the Western Union Ethics Helpline:

General Auditor: E-mail — GeneralAuditor@westernunion.com

Mail – General Auditor
The Western Union Company
12500 East Belford Avenue, MS #M23B5
Englewood, CO 80112

Western Union Ethics Helpline – Worldwide: +1.503.352.189; and toll free from the United States, Canada, and Guam: 1.888.485.2254

Any information received will be reviewed under Audit Committee direction and oversight by the General Auditor, in consultation with the General Counsel, and such other persons as the Audit Committee determines to be appropriate. Alternatively, the officer may communicate detailed information regarding the issue to the Chairperson of the Corporate Governance and Public Policy Committee of the Board of Directors in the manner disclosed by the Company for such direct communications. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review. The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints.

Consequences

Acting in a manner that conflicts with these principles may result in disciplinary action, including termination. However, senior financial officers aren't expected to uphold these values and ethics just because of the threat of discipline. Each senior financial officer is expected to conduct each aspect of their position with the highest ethical standards because it is the way that Western Union conducts business.

LIST OF THE WESTERN UNION COMPANY SUBSIDIARIES
(as of December 31, 2009)

Name of Subsidiary	Jurisdiction of Incorporation
A. Serviban S.A.	Peru
American Rapid Corporation	Delaware, USA
CHL Management Services Limited Partnership	Canada
Custom House (Retail) Ltd.	Canada
Custom House (NZ) Ltd.	New Zealand
Custom House (Online) Ltd.	Canada
Custom House (USA) Ltd.	Delaware, USA
Custom House Currency Exchange (Australia) Pty. Ltd.	Australia
Custom House Currency Exchange (Singapore) Pt. Ltd.	Singapore
Custom House Holdings (USA) Ltd.	Washington, USA
Custom House Financial (UK) Ltd.	United Kingdom
Custom House S.P.A.	Italy
Custom House ULC	Canada
E Commerce Group Products Inc.	New York, USA
E Commerce Group, Inc.	New York, USA
Western Union Holding (Bermuda) Ltd.	Bermuda
Western Union (Bermuda) Holding Finance Ltd.	Bermuda
Western Union Management (Bermuda) Limited	Bermuda
First Financial Management Corporation	Georgia, USA
Global Collection Services, S.A.	Argentina
Grant Financial Group, Inc.	California, USA
Grupo Dinámico Empresarial, S.A. de C.V.	Mexico
LawNet, Inc.	New York, USA
LegalTech, Inc.	New York, USA
Montvale Mortgage Associates, LLC	Delaware, USA
MT Caribbean Holdings Srl	Barbados
MT Global Holdings Ltd.	Bermuda
MT Group Ltd.	Bermuda
MT Holdings (Bermuda) Ltd.	Bermuda
MT International Holdings, Ltd.	Bermuda
MT International Operations Ltd.	Bermuda
MT International Operations Partnership	Bermuda
MT Network Holdings Ltd.	Bermuda
MT Payment Services Operations EU/EEA Limited	Ireland
MT Processing Holdings Ltd.	Bermuda
MT Worldwide Holdings Ltd.	Bermuda
OOO Western Union MT East	Russian Federation
Operaciones Internacionales OV, S. de R.L. de C.V.	Mexico
Orlandi de Mexico S.A. de C.V.	Mexico
Red Global SA	Argentina
PayBills.com Inc.	New York, USA
Paymap, Inc.	Delaware, USA
Servicio Electrónico de Pago S.A.	Argentina
Servicio Integral de Envios, S. de R.L. de C.V.	Mexico
Servicios de Apoyo GDE, S.A. de C.V.	Mexico
Societe Financiere de Paiements S.A.S.	France
SpeedPay, Inc.	New York, USA
The Western Union Real Estate Holdings LLC	Delaware, USA
Transfer Express de Panama S.A.	Panama
Union del Oeste de Costa Rica SrL	Costa Rica
Vigo Remittance Canada Company	Nova Scotia, Canada
Vigo Remittance Corp.	Delaware, USA
Vigo Remittance Espana SA	Spain

Name of Subsidiary	Jurisdiction of Incorporation
Vigo UK Limited	United Kingdom
Western Union Acquisition Partnership	Australia
Western Union Benelux MT Limited	Ireland
Western Union Chile Limitada	Chile
Western Union Communications, Inc.	Delaware, USA
Western Union Deutschland GbR	Germany
Western Union do Brasil Servicos e Participacoes Ltda.	Brazil
Western Union (Hellas) International Holdings S.A.	Greece
Western Union Holding (Bermuda) Ltd. & Co. OG	Austria
Western Union Financial Holdings L.L.C.	New York, USA
Western Union Financial Services Argentina S.R.L.	Argentina
Western Union Financial Services (Australia) PTY Ltd.	Australia
Western Union Financial Services (Belgium) SPRL	Belgium
Western Union Financial Services (Canada), Inc.	Ontario, Canada
Western Union Financial Services Eastern Europe LLC	Delaware, USA
Western Union Financial Services International (France) SARL	France
Western Union Financial Services GmbH	Germany
Western Union Financial Services GmbH	Austria
Western Union Financial Services (Hong Kong) Limited	Hong Kong
Western Union Financial Services (Italia) SRL	Italy
Western Union Financial Services (Korea) Inc.	Korea
Western Union Financial Services (Luxembourg) S.A.R.L.	Luxembourg
Western Union Financial Services Overseas, Inc.	Delaware, USA
Western Union Financial Services, Inc.	Colorado, USA
Western Union GB Limited	United Kingdom
Western Union Holdings, Inc.	Georgia, USA
Western Union International Bank GmbH	Austria
Western Union International Ltd.	Ireland
Western Union Ireland Holdings Limited	Ireland
Western Union Italy Holdings Srl	Italy
Western Union, LLC	Colorado, USA
Western Union Morocco SARL	Morocco
Western Union Network (Bermuda) Limited	Bermuda
Western Union Network (Canada) Company	Nova Scotia, Canada
Western Union Network (France) SAS	France
Western Union Network (Ireland) Limited	Ireland
Western Union Northern Europe GmbH	Germany
Western Union Online Limited	Ireland
Western Union Operations (UK) Ltd.	United Kingdom
Western Union Overseas Limited	Ireland
Western Union Peru SAC	Peru
Western Union Payment Services Ireland Limited	Ireland
Western Union Payment Services Network EU/EEA Limited	Ireland
Western Union Payment Services UK Limited	United Kingdom
Western Union Processing Limited	Ireland
Western Union Provision of Marketing & Advertising Services (Hellas) MEPE	Greece
Western Union Regional Panama S.A.	Panama
Western Union Retail Services Norway AS	Norway
Western Union Retail Services Ireland Limited	Ireland
Western Union Retail Services GB Limited	United Kingdom
Western Union Retail Services Spain S.A.	Spain
Western Union Retail Services Sweden AB.	Sweden
Western Union Holding (Netherlands) C.V.	Netherlands
Western Union Luxembourg Holdings I S.a.r.l.	Luxembourg
Western Union Luxembourg Holdings II S.a.r.l.	Luxembourg
Western Union Services, Inc.	Maryland, USA

Name of Subsidiary	Jurisdiction of Incorporation
Western Union Services India Private Limited	India
Western Union Services (Philippines) Inc.	Philippines
Western Union Services Singapore Private Limited	Singapore
Western Union Services S.L.	Spain
Western Union Services (Spain) S.L.	Spain
Western Union Settlement Holdings Limited	Ireland
Western Union Singapore Limited	Bermuda
Western Union Consulting Services (Beijing), Co., Ltd.	Beijing
WU BP Peru SRL	Peru

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statements (Form S-3 Nos. 333-147189 and 333-150722) of The Western Union Company, and
- (2) Registration Statement (Form S-8 No. 333-137665) pertaining to The Western Union Company 2006 Long-Term Incentive Plan, The Western Union Company 2006 Non-Employee Director Equity Compensation Plan, and The Western Union Company Supplemental Incentive Savings Plan;

of our reports dated February 26, 2010, with respect to the consolidated financial statements and schedule and the effectiveness of internal control over financial reporting of The Western Union Company included in this Annual Report (Form 10-K) of The Western Union Company for the year ended December 31, 2009.

/s/ Ernst & Young LLP

Denver, Colorado
February 26, 2010

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Christina A. Gold, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 officers 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: February 26, 2010

/s/ CHRISTINA A. GOLD

Christina A. Gold
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott T. Scheirman, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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 officers 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: February 26, 2010

/s/ SCOTT T. SCHEIRMAN

Scott T. Scheirman
Executive Vice President and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The certification set forth below is being submitted in connection with the Annual Report of The Western Union Company on Form 10-K for the period ended December 31, 2009 (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.

Christina A. Gold and Scott T. Scheirman certify that, to the best of her or his 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: February 26, 2010

/s/ CHRISTINA A. GOLD

Christina A. Gold
Chief Executive Officer

Date: February 26, 2010

/s/ SCOTT T. SCHEIRMAN

Scott T. Scheirman
Executive Vice President and Chief Financial Officer