Western Union WU

Notice of 2019 Annual Meeting of Stockholders, Proxy Statement and 2018 Annual Report

2018

2018 Highlights

Cross-Border Platform

APIs
FX/Settlement
Compliance
Licensing
Funds In/Out Network
Technology
Data
Global Retail Network
Digital Footprint

Financial Performance

$5.6 B
Revenue

$741 M
Returned to shareholders

$821 M
Operating cash flow

$973 M
Cash balance at year end

Digital Transformation

21%
WU.com revenue growth

25%
WU.com transaction growth

60+
WU.com is available in more than 60 countries, plus additional territories, to send funds to 200+ countries & territories

35
Mobile apps are live in 35 countries

34
Transactions per second

75%
Globally, 75% of WU.com transactions are initiated on a mobile device

100
Access to billions of accounts in nearly 100 countries & territories

150 M+
Customers served

WesternUnion WU

CEO LETTER

DEAR FELLOW STOCKHOLDERS,

I am pleased to report that Western Union produced solid performance in 2018, with our digital business continuing to deliver strong growth, while effective cost management and our WU Way lean programs contributed to overall stability.

Our north star is unwavering: we are striving to be the global leader in cross-border, cross-currency money movement. In 2018, we generated $5.6 billion in revenue and over $800 million of operating cash flow. We returned more than $740 million to stockholders through dividends and share repurchases. In addition, we are very pleased to further emphasize our continued commitment to stockholder-focused capital allocation with the recent announcements of a new $1 billion share repurchase program and a 5% increase in our quarterly dividend.

Today, Western Union ranks as a leader of digital money transfers across the person-to-person sector by both revenue and footprint. Total 2018 revenue for this part of the business exceeded half a billion dollars. Our digital presence now exceeds 60 countries, with mobile apps in 35 countries and the capability to send money to billions of bank accounts and 550,000 agent locations around the world.

We believe that no one moves money farther or faster across multiple channels. Our expanded digital capabilities allow us to serve new customer segments who desire to send money seamlessly across the world from mobile and web directly into accounts and mobile wallets, while still retaining the choice to be paid out in cash in over 200 countries and territories.

Our unique global cross-border, cross-currency platform - meaning our technology stack, Application Programming Interfaces (APIs), foreign exchange and settlement engine, compliance infrastructure, retail network and digital reach - serves as an engine, powering current and potential business partners and allowing them to access new, untapped customer segments. We have evolved our platform to facilitate high-value account-to-account transfers, and 2018 saw us make our foray into the multi-billion-dollar account-to-account money transfer sector.

NEW OPPORTUNITIES IN THE NEW GLOBALISM

2018 was a remarkable year from many perspectives, not least of which was the growing trend towards populism and placing national interests ahead of global cooperation that was palpable throughout. For me, this trend magnifies the need to shape the new globalism to be more inclusive; the need for global teamwork to solve today's challenges being critical.

Despite the protectionist trends, it is technology that is shifting the balance of power and reshaping economies by allowing individuals to build their own global bridges. To that end, Western Union has been focused on opening its platform to power services for people via third-party applications.

Our platform enables us to power cross-border money movement solutions for a vast range of businesses on a global scale. What we are bringing to the table is our unique ability to connect the digital and physical worlds of money movement. Take our recently-announced relationship with Amazon, where our unique cross-border platform enables online shoppers in Africa, Latin America and Asia to conveniently pay in person at Western Union agent locations for a vast selection of Amazon.com products. While in its early stages, this new payment option is designed to allow international shoppers to shop global and pay local. Today, there are entire communities of people around the world who want greater access to the global e-commerce marketplace but paying for those purchases is a real obstacle for many international customers. We are leveraging our platform to help unlock new market segments and to facilitate the complex foreign exchange and settlement process.

In Kenya, we are powering Safaricom, a company revolutionizing financial inclusion with its e-wallet, to make it easier for individuals to send money from their wallets for pay-out across Western Union's global network.

Turning to our Global Payments business, our new and expanded collaborations with companies such as Geoswift and UnionPay allow students studying abroad to pay their tuition and fees on a broad range of digital payment platforms at more than 650 education institutions globally. These alliances enable academic institutions to simplify the reconciliation of payments from foreign students and improve the payment experience for millions of students globally.

These collaborations and digital expansions open a world of connectivity across borders, and I firmly believe that when people are connected globally, good things can happen.

POTENTIAL IN NEW TECHNOLOGIES

We are fueling innovation in a number of different ways. Our Technology and Innovation Center in Pune, India, recently celebrated the successful conclusion of its first year, with our team advancing new technologies such as robotics, predictive learning and blockchain proof of concept. Compliance, one of the key pillars of our cross-border platform and a differentiator for Western Union, is just one area where the use of technologies such as Artificial Intelligence (AI) and machine learning is ripe for exploration. These technologies have the ability to enhance our identification and understanding of risk, inform our business decisions and develop compliance programs that are aligned to the degree of risk. The display of talent, commitment, knowledge, creativity and innovation that I witnessed in Pune, and in other Western Union Operating and Technology Centers around the world like Vilnius and Costa Rica, is second to none and I am excited by the potential these new technologies can hold for shaping our future.

Our new fintech accelerator collaboration with TechStars, a worldwide network that helps entrepreneurs succeed, is focused on uncovering creative payment solutions, enhancing a seamless global money transfer experience, and spurring the next generation of disruption in the fintech sector. The Boulder, Colorado-based accelerator initiative is a natural outgrowth of our innovation engine. One of our most important cultural pillars as a company is believing that good ideas come from everywhere, and so we see the mentorship-driven accelerator program as a valuable new way to collaborate with innovative startups in the payment tech space, covering areas from digital customer experience to blockchain. We are ready to learn, as well as mentor and fund, and very much look forward to seeing the contributions from applicants across the globe.

THE WU WAY

The WU Way continues to be an integral part of how we execute on our strategy and deliver programs; changing the way we work, the way we integrate with one another, the way we innovate - anchored in lean and agile management tools and practices and focused on our end goal of improving the customer experience. In 2018, we implemented more than 40 lean deployments and trained more than 6,000 employees on lean processes and, since implementation, we have achieved approximately $70 million in run rate savings.

The WU Way is a mindset shift that requires all of us to work and behave differently, and to apply new practices and tools to run our business better for the millions of customers we serve across the globe. In adopting this mindset shift and applying WU Way tools, we are creating our own blueprint for customer experience, with our customers at the core of everything we do and every decision we make.

We rounded out 2018 by holding our first global Customer Focus Week, offering all Western Union employees an opportunity to walk in our customers' shoes to understand pain points and find opportunities for continued improvement within the customer journey. We refer to this relentless focus on customer experiences as being obsessed with our customers. Adopting this mindset is critical for our customers, our Agents, our business partners and our employees to be successful.

As a business we are committed to evolving with the needs of our customers and strengthening our leadership in the dynamic payments and money transfer industries. The recent announcement regarding the divestiture of Speedpay, our United States domestic bill pay business, marks another milestone that will allow us to further concentrate our resources on our cross-border money movement strategies while monetizing a non-core asset for our stockholders. This deal is expected to close in mid-2019.

The renewed focus on our cross-border strategies along with the WU Way initiative will further improve efficiencies and expand our cross-border capabilities throughout 2019 so as to capitalize on opportunities for business growth.

OUR PURPOSE OF CONNECTING AND EMPOWERING INDIVIDUALS AND BUSINESSES

Western Union has the capabilities, network and reach to deliver truly global opportunities for individuals and businesses that live and work in a world that is on the move. Mobility is key to unlocking these opportunities. We propel our customers' physical mobility by supporting their ability to study, work, thrive and live across borders. We leverage our technology capabilities and assets to enable their digital mobility by making it easy for our customers to send and receive funds almost anywhere, anytime. And, we empower individuals, communities and businesses to grow through access to technology, education, resources and funds, thereby fostering social mobility. Our customers' success powers the global economy, and we are proud to support them.

The Western Union Foundation also plays a key role in enabling global mobility. In 2018, the Foundation continued its Education for Better commitment, helping over 45,000 people, including 11,600 with transformational impact, such as the 164 in-need students in 56 countries who received scholarships for their STEM or business degrees as part of its WU Scholars program. The Foundation also responded to 13 disasters with financial assistance and achieved record-breaking 84% participation in employee giving through the employee gift match program. Our Foundation has recently published its most recent Impact Report showcasing all the truly mobilizing work it has been spearheading.

As a globally diverse company, our own people - our employees - are a fundamental component of our DNA in connecting and empowering people. Diversity is a core strength at Western Union, and we consider it an asset in adopting our core values to be globally-minded, purpose-driven, trustworthy and respectful. It starts with our leadership and manifests itself throughout our global workforce and our Board. We are committed to creating and maintaining a versatile and global workforce where everyone is treated fairly, with trust and respect.

LOOKING AHEAD

As we look to the coming year, we can anticipate some certainties: sustained geopolitical complexity, increasingly heightened regulation of cross-border flows of people, money, goods and data, and a race to adopt new technologies, to name but a few.

People and businesses will continue to move across borders and have needs for seamless global payment flows to enable their mobility. Our cross-border platform sets the standard for international money movement. It is powering new ways for people to participate in the financial ecosystem and succeed in the global economy. Furthermore, it is powering brands, both big and small, to access untapped customer segments and connect the digital and physical worlds of global commerce and trade.

In 2019, we will continue to offer our global cross-border platform to new payments areas, execute our strategy to deliver strong digital expansion, improve our customer experience and generate additional operating efficiencies through our WU Way program. We feel confident about our operations and business and are excited about our future, powering the global mobile economy while delivering value to our stockholders, consumers, agents, business partners and employees.

Hikmet Ersek
President, Chief Executive Officer and Director

WesternUnion WU

Notice of 2019 Annual Meeting of Stockholders, Proxy Statement and 2018 Annual Report

2018

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

THE WESTERN UNION COMPANY
7001 E. Belleview Avenue
Denver, Colorado 80237

April 3, 2019

DEAR STOCKHOLDER:

You are cordially invited to attend the 2019 Annual Meeting of Stockholders (the "Annual Meeting") of The Western Union Company (the "Company"), to be held at 8:00 a.m., local time, on Friday, May 17, 2019, at the Company's headquarters, located at 7001 E. Belleview Avenue, Denver, Colorado 80237. The registration desk will open at 7:30 a.m.

The attached notice and Proxy Statement contain details of the business to be conducted at the Annual Meeting. In addition, the Company's 2018 Annual Report, which is being made available to you along with the Proxy Statement, contains information about the Company and its performance. Directors and certain officers of the Company will be present at the Annual Meeting.

Your vote is important! Whether or not you plan to attend the Annual Meeting, **please read the Proxy Statement and then vote** at your earliest convenience, by telephone, Internet, tablet or smartphone, or request a proxy card to complete, sign, date and return by mail. Using the telephone, Internet, tablet or smartphone voting systems, or mailing your completed proxy card, will not prevent you from voting in person at the Annual Meeting if you are a stockholder of record and wish to do so.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the Company.

Regards,

Hikmet Ersek
President, Chief Executive Officer and Director

YOUR VOTE IS IMPORTANT!

PLEASE PROMPTLY VOTE BY TELEPHONE, INTERNET, TABLET OR SMARTPHONE, OR REQUEST A PROXY CARD TO COMPLETE, SIGN, DATE AND RETURN BY MAIL SO THAT YOUR SHARES MAY BE VOTED IN ACCORDANCE WITH YOUR WISHES AND SO THAT THE PRESENCE OF A QUORUM MAY BE ASSURED. YOUR PROMPT ACTION WILL AID THE COMPANY IN REDUCING THE EXPENSE OF PROXY SOLICITATION.

THE WESTERN UNION COMPANY
7001 E. BELLEVIEW AVENUE
DENVER, COLORADO 80237
(866) 405-5012

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

When:
May 17, 2019
at 8:00 a.m. local time

Where:
Company Headquarters
7001 E. Belleview Avenue
Denver, Colorado 80237

Record Date:
March 19, 2019

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider, and you should read the entire Proxy Statement before voting.

	ITEMS OF BUSINESS	BOARD'S RECOMMENDATION	FURTHER INFORMATION
1	Election of Directors named in this Proxy Statement to serve as members of the Company's Board of Directors until the Company's 2020 Annual Meeting of Stockholders	**FOR** each director nominee	Page 13
2	Hold an advisory vote to approve executive compensation	**FOR**	Page 65
3	Ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for 2019	**FOR**	Page 67
4	Vote on the stockholder proposal described in the accompanying Proxy Statement, if properly presented at the Annual Meeting	**AGAINST**	Page 69
5	Transact any other business as may properly come before the Annual Meeting or any postponement or adjournment of the Annual Meeting		

ATTENDING THIS MEETING

All stockholders will be required to show valid, government-issued, photo identification or an employee badge issued by the Company. If your shares are registered in your name (a "Registered Holder"), your name will be compared to the list of registered stockholders to verify your share ownership. If your shares are in the name of your broker or bank or other nominee (a "Beneficial Holder"), you will need to bring evidence of your share ownership, such as your most recent brokerage account statement or a legal proxy from your broker. If you do not have valid picture identification and proof that you own Company shares, you will not be admitted to the Annual Meeting. All packages and bags are subject to inspection. Please note that the registration desk will open at 7:30 a.m. Please arrive in advance of the start of the Annual Meeting to allow time for identity verification.

WHO CAN ATTEND AND VOTE

Our stockholders of record on March 19, 2019 are entitled to notice of, and to vote at, the Annual Meeting and at any adjournment or postponement that may take place. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder at the Annual Meeting and for ten days prior to the Annual Meeting at our principal executive offices located at 7001 E. Belleview Avenue, Denver, Colorado 80237.

YOUR VOTE IS EXTREMELY IMPORTANT.

TELEPHONE
Beneficial Owners call toll free at 1-800-454-8683

Registered Holders call toll free at 1-866-883-3382

INTERNET
Beneficial Owners visit www.proxyvote.com

Registered Holders visit www.proxypush.com/wu

BY MAIL
Request a paper proxy card to complete, sign, date and return

BY TABLET OR SMARTPHONE
Beneficial Owners vote your shares online with your tablet or smartphone by scanning the QR code above.

Registered Holders vote your shares online with your tablet or smartphone by scanning the QR code on your Proxy Card.

IN PERSON
Attend the Annual Meeting

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

The Company's Proxy Statement and Annual Report to Stockholders are available at *www.proxyvote.com* for Beneficial Owners and *www.proxydocs.com/wu* for Registered Holders. To access such proxy materials, you will need the control/identification numbers provided to you in your Notice of Internet Availability of Proxy Materials or your Proxy Card. You may also access this Proxy Statement and Annual Report to Stockholders at *www.wuannualmeeting.com*.

We appreciate your prompt vote. After reading the Proxy Statement, please vote at your earliest convenience, by telephone, Internet, tablet or smartphone, or request a proxy card to complete, sign, date and return by mail. If you decide to attend the Annual Meeting and would prefer to vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted.

Please note that all votes cast via telephone, Internet, tablet or smartphone must be cast prior to 11:59 p.m., Eastern Time on Thursday, May 16, 2019. For shares held in The Western Union Company Incentive Savings Plan, direction regarding how to vote such shares must be received, if by mail, on or before May 14, 2019.

By Order of the Board of Directors

Caroline Tsai

Caroline Tsai
Executive Vice President, General Counsel and Corporate Secretary

April 3, 2019

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PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider, and you should read the entire Proxy Statement before voting.

2019 ANNUAL MEETING OF STOCKHOLDERS OF THE WESTERN UNION COMPANY (the "Company")

When:
May 17, 2019
at 8:00 a.m. local time

Where:
Company Headquarters
7001 E. Belleview Avenue
Denver, Colorado 80237

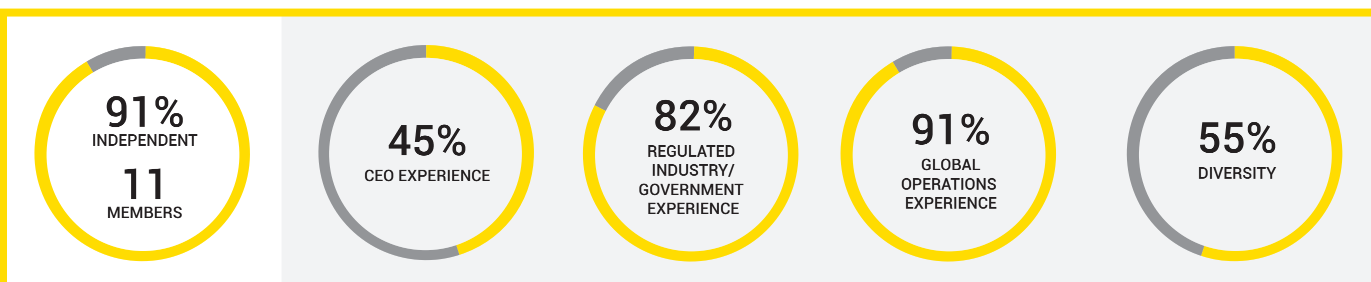
Record Date:
March 19, 2019

MEETING AGENDA AND VOTING MATTERS

ITEM	MANAGEMENT PROPOSALS	BOARD VOTE RECOMMENDATION	PAGE REFERENCE (FOR MORE DETAIL)
1	Election of Directors named in this Proxy Statement to serve as members of the Company's Board of Directors until the Company's 2020 Annual Meeting of Stockholders	**FOR** each director nominee	13
2	Advisory Vote to Approve Executive Compensation	**FOR**	65
3	Ratify the Selection of Ernst & Young LLP as our independent registered public accounting firm for 2019	**FOR**	67

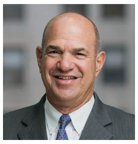
ITEM	STOCKHOLDER PROPOSAL	BOARD VOTE RECOMMENDATION	PAGE REFERENCE (FOR MORE DETAIL)
4	Stockholder proposal regarding political contributions disclosure	**AGAINST**	69

INFORMATION ABOUT OUR BOARD (PAGE 6)



MEMBERS OF OUR BOARD OF DIRECTORS

Martin I. Cole
Independent



Age **62**

Director Since **2015**

Committee(s)

- **Audit Committee**
- **Compliance Committee**

Hikmet Ersek

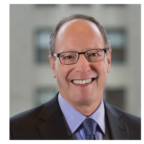
Age **58**

Director Since **2010**

Committee(s)

- **Compliance Committee** (Non-voting Member)

Richard A. Goodman
Independent



Age **70**

Director Since **2012**

Committee(s)

- **Audit Committee Chair**
- **Compensation and Benefits Committee**

Betsy D. Holden
Independent

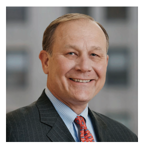
Age **63**

Director Since **2006**

Committee(s)

- **Compensation and Benefits Committee Chair**
- **Audit Committee**

Jeffrey A. Joerres
Independent



Age **59**

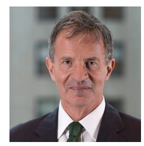
Director Since **2015**

Chairman of the Board

Committee(s)

- **None**

Roberto G. Mendoza
Independent



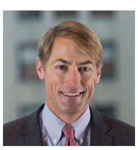
Age **73**

Director Since **2006**

Committee(s)

- **Corporate Governance and Public Policy Committee**
- **Compliance Committee**

Michael A. Miles, Jr.
Independent



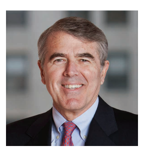
Age **57**

Director Since **2006**

Committee(s)

- **Compensation and Benefits Committee**
- **Corporate Governance and Public Policy Committee**

Robert W. Selander
Independent



Age **68**

Director Since **2014**

Committee(s)

- **Corporate Governance and Public Policy Committee Chair**
- **Compensation and Benefits Committee**

Angela A. Sun
Independent

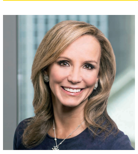
Age **44**

Director Since **2018**

Committee(s)

- **Audit Committee**

Frances Fragos Townsend
Independent



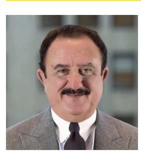
Age **57**

Director Since **2013**

Committee(s)

- **Compliance Committee Chair**
- **Corporate Governance and Public Policy Committee**

Solomon D. Trujillo
Independent



Age **67**

Director Since **2012**

Committee(s)

- **Audit Committee**
- **Compliance Committee**

GOVERNANCE HIGHLIGHTS (PAGE 14)

- ✓ Annual Election of Directors
- ✓ Proxy Access
- ✓ Majority Vote Standard in Uncontested Elections
- ✓ Stockholder Right to Call Special Meetings (with the stock ownership requirement to call such meetings reduced from 20% to 10% in 2018)
- ✓ No Stockholder Rights Plan ("Poison Pill")
- ✓ No Supermajority Voting Provisions in the Company's Organizational Documents
- ✓ Independent Board, Except Our Chief Executive Officer ("CEO")
- ✓ Independent Non-Executive Chairman
- ✓ Independent Board Committees
- ✓ Confidential Stockholder Voting
- ✓ Board Committee Authority to Retain Independent Advisors
- ✓ Robust Codes of Conduct
- ✓ Robust Stock Ownership Guidelines for Senior Executives and Directors
- ✓ Prohibition Against Pledging and Hedging of Company Stock by Senior Executives and Directors
- ✓ Regular Stockholder Engagement

CORE COMPONENTS OF 2018 EXECUTIVE COMPENSATION (PAGE 41)

- **Base Salary** - Fixed compensation component payable in cash
- **Annual Incentive Awards** - Variable compensation component payable in cash based on performance against annually established performance objectives
- **Performance-Based Restricted Stock Units ("PSUs")** - Restricted stock units vest based on the Company's achievement of financial performance objectives and the Company's relative total stockholder return ("TSR") versus the Standard & Poor's 500 Index ("S&P 500 Index")
- **Restricted Stock Units ("RSUs")** - RSUs generally cliff vest on the third anniversary of the date of grant based on continued service during the vesting period
- **Stock Options** - For our CEO, non-qualified stock options granted with an exercise price equal to fair market value on the date of grant that expire ten years after grant and become exercisable in 25% annual increments over a four-year vesting period

KEY FEATURES OF OUR EXECUTIVE COMPENSATION PROGRAM (PAGE 30)

WHAT WE DO

- **Pay-for-performance and at-risk compensation.**

  A significant portion of our targeted annual compensation is performance-based and/or subject to forfeiture ("at-risk"), with emphasis on variable pay to reward short- and long-term performance measured against pre-established objectives informed by our Company's strategy. For 2018, performance-based compensation comprised approximately 83% of the targeted annual compensation for our CEO and, on average, approximately 61% of the targeted annual compensation for the other NEOs. The remaining components of our NEOs' 2018 targeted annual compensation consisted of base salary and service-based RSUs, with the Compensation and Benefits Committee (the "Compensation Committee") viewing RSUs as at-risk as their value fluctuates based on our stock price performance.

- **Align compensation with stockholder interests.**

  Performance measures for incentive compensation are linked to the overall performance of the Company, and are designed to be aligned with the creation of long-term stockholder value.

- **Emphasis on future pay opportunity vs. current pay.**

  Our long-term incentive awards are equity-based and have multi-year vesting provisions to encourage retention. For 2018, long-term equity compensation comprised approximately 73% of the targeted annual compensation for our CEO and, on average, approximately 60% of the targeted annual compensation for the other NEOs.

- **Mix of performance metrics.**

  The Company utilizes a mix of performance metrics that emphasize both absolute performance goals, which provide the primary links between incentive compensation and the Company's strategic operating plan and financial results, and a relative performance goal, which measures Company performance in comparison to the S&P 500 Index.

- **Stockholder engagement.**

  The Compensation Committee chair and members of management seek to engage with stockholders regularly to discuss and understand their perceptions or concerns regarding our executive compensation program.

- **"Clawback" policies.**

  The Company may recover incentive compensation paid to an executive officer that was calculated based upon any financial result or performance metric impacted by fraud or misconduct of the executive officer. In addition, the Company's compliance clawback policy allows the Company to recover incentive compensation paid to an executive officer for conduct that is later determined to have contributed to future compliance failures, subject to applicable laws.

- **Robust stock ownership guidelines.**

  We require our executive officers to own a meaningful amount of Company stock to align them with long-term stockholder interests (six-times base salary in the case of our CEO and three-times base salary for our other NEOs).

- **Three-year performance period for PSUs.**
- **Outside compensation consultant retained by the Compensation Committee.**
- **"Double trigger" severance benefits in the event of a change-in-control.**
- **Maximum payout caps for annual cash incentive compensation and PSUs.**
- **Consider compliance in compensation program.**

WHAT WE DON'T DO

✘ **No repricing or buyout of underwater stock options.**

None of our equity plans permit the repricing or buyout of underwater stock options or stock appreciation rights without stockholder approval, except in connection with certain corporate transactions involving the Company.

✘ **No change-in-control tax gross ups for individuals promoted or hired after April 2009.**

Mr. Ersek is the only Company employee who remains eligible for excise tax gross-up payments based on Compensation Committee action in 2009.

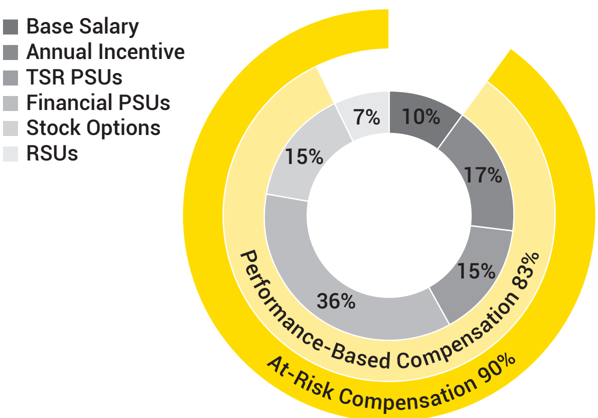
✘ **No dividends or dividend equivalents are paid on unvested or unearned PSUs or RSUs.**

✘ **Prohibition against pledging and hedging of Company securities by senior executives and directors.**

CHIEF EXECUTIVE OFFICER COMPENSATION

The following chart demonstrates that our CEO's compensation is heavily weighted toward "at risk" and performance-based pay elements, and such elements comprised approximately 90% and 83% of the 2018 total targeted direct compensation for Mr. Ersek, respectively. Pay is based on the annual base salary and target incentive opportunities applicable to Mr. Ersek as of December 31, 2018.

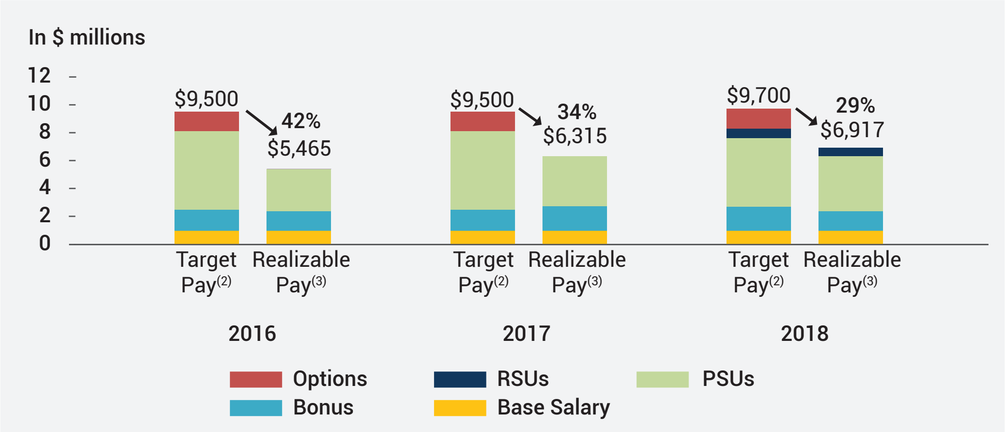
CEO 2018 TOTAL TARGET DIRECT COMPENSATION



Since a significant portion of Mr. Ersek's compensation is both performance-based and "at-risk," we are providing the following supplemental graph to compare Mr. Ersek's total target direct compensation to the compensation "realizable" by him for each of 2016, 2017 and 2018. For the cumulative period of 2016 to 2018, realizable pay was approximately 35% lower than total target direct compensation for that period.

We believe the "realizable" compensation and its relationship to total target direct compensation in each of the years and over the three-year cumulative period reflective of the Compensation Committee's emphasis on "pay-for-performance" in that differences between realizable pay and total target direct compensation, as well as fluctuations year-over-year are primarily the result of our stock performance and our varying levels of achievement against pre-established performance goals under our Annual Incentive Plan and Long-Term Incentive Plan.

CEO TOTAL
TARGET DIRECT COMPENSATION
VERSUS TOTAL REALIZABLE COMPENSATION(1)



(1) This graph and the total target direct compensation and total realizable compensation reported in this graph provide supplemental information regarding the compensation paid to Mr. Ersek and should not be viewed as a substitute for the 2018 Summary Compensation Table.

(2) Amounts reported in the calculation of total target direct compensation consist of (a) annualized base salary, (b) target annual incentive opportunities granted to Mr. Ersek with respect to each of the years shown under the Annual Incentive Plan and (c) the target grant values of the long-term incentives granted to Mr. Ersek with respect to each of the years shown under the Long-Term Incentive Plan.

(3) Amounts reported in the calculation of total realizable compensation consist of (a) annualized base salary, (b) actual annual incentive payments received by Mr. Ersek with respect to each of the years shown under the Annual Incentive Plan, (c) the value realized from the exercise of stock options and for unexercised stock options, the difference between the exercise price and the closing stock price on the last trading day of 2018, each reported in the year granted, (d) the value realized upon vesting of PSUs and the value of unvested PSUs based on the closing stock price on the last trading day of 2018 and estimated performance as of December 31, 2018, each reported in the year granted, and (e) the value of unvested RSUs based on the closing stock price on the last trading day of 2018, each reported in the year granted.

PROXY STATEMENT

The Board of Directors (the "Board of Directors" or the "Board") of The Western Union Company ("Western Union" or the "Company") is soliciting your proxy to vote at the 2019 Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 17, 2019 at 8:00 a.m., local time, and any adjournment or postponement of the Annual Meeting. The Annual Meeting will be held at the Company's Headquarters, 7001 E. Belleview Avenue, Denver, Colorado 80237.

In accordance with U.S. Securities and Exchange Commission (the "SEC") rules and regulations, instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner, we furnish proxy materials, which include this Proxy Statement and the accompanying Proxy Card, Notice of Meeting, and Annual Report to Stockholders, to our stockholders over the Internet unless otherwise instructed by the stockholder. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

The Notice of Internet Availability of Proxy Materials was first mailed on April 3, 2019 to all stockholders of record as of March 19, 2019 (the "Record Date"). The only voting securities of the Company are shares of the Company's common stock, $0.01 par value per share (the "Common Stock"), of which there were 436,119,403 shares outstanding as of the Record Date. The closing price of the Company's Common Stock on the Record Date was $18.07 per share.

The Company's Annual Report to Stockholders, which contains consolidated financial statements for the year ended December 31, 2018 (the "2018 Annual Report"), accompanies this Proxy Statement. You also may obtain a copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2018 that was filed with the SEC, without charge, by writing to Investor Relations, The Western Union Company, 7001 E. Belleview Avenue, WU-HQ-14, Denver, Colorado 80237. If you would like to receive a copy of any exhibits listed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, please call (866) 405-5012 or submit a request in writing to Investor Relations at the above address, and the Company will provide you with the exhibits upon the payment of a nominal fee (which fee will be limited to the expenses we incur in providing you with the requested exhibits). The Company's Annual Report on Form 10-K for the year ended December 31, 2018 and these exhibits are also available in the "Investor Relations" section of *www.westernunion.com*. This Proxy Statement and the 2018 Annual Report are also available at *www.wuannualmeeting.com,* as well as on the SEC's website at *sec.gov.*

THE PROXY PROCESS AND STOCKHOLDER VOTING

Q **WHY DID I RECEIVE THESE MATERIALS?**

A Our Board of Directors has made these materials available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the Board's solicitation of proxies for use at our Annual Meeting, which will take place on May 17, 2019, or any adjournment or postponement thereof. Our stockholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

Q **WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR SET OF PROXY MATERIALS?**

A This means you hold shares of the Company in more than one way. For example, you may own some shares directly as a Registered Holder and other shares through a broker or you may own shares through more than one broker. In these situations, you may receive multiple Notices of Internet Availability of Proxy Materials or, if you request proxy materials to be delivered to you by mail, Proxy Cards. It is necessary for you to vote, sign, and return all of the Proxy Cards or follow the instructions for any alternative voting procedure on each of the Notices of Internet Availability of Proxy Materials you receive in order to vote all of the shares you own. If you request proxy materials to be delivered to you by mail, each Proxy Card you receive will come with its own prepaid return envelope; if you vote by mail, make sure you return each Proxy Card in the return envelope that accompanied that Proxy Card.

Q **WHY DID MY HOUSEHOLD RECEIVE ONLY ONE COPY OF THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS OR PROXY MATERIALS?**

A In addition to furnishing proxy materials electronically, we take advantage of the SEC's "householding" rules to reduce the delivery cost of materials. Under such rules, only one Notice of Internet Availability of Proxy Materials or, if you have requested paper copies, only one set of proxy materials is delivered to multiple stockholders sharing an address unless we have received contrary instructions from one or more of the stockholders. If you are a stockholder sharing an address and wish to receive a separate Notice of Internet Availability of Proxy Materials or copy of the proxy materials, you may so request by contacting the Broadridge Householding Department by phone at 1-866-540-7095 or by mail to Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717. A separate copy of the proxy materials will be promptly provided following receipt of your request, and you will receive separate materials in the future. If you currently share an address with another stockholder but are nonetheless receiving separate copies of the materials, you may request delivery of a single copy in the future by contacting the Broadridge Householding Department at the number or address shown above.

Q **DOES MY VOTE MATTER?**

A **YES!** We are required to obtain stockholder approval for the election of directors and other important matters. Each share of Common Stock is entitled to one vote and every share voted has the same weight. In order for the Company to obtain the necessary stockholder approval of proposals, a "quorum" of stockholders (a majority of the issued and outstanding shares entitled to vote) must be represented at the Annual Meeting in person or by proxy. If a quorum is not obtained, the Company must adjourn or postpone the Annual Meeting and solicit additional proxies; this is an expensive and time-consuming process that is not in the best interest of the Company or its stockholders. Since few stockholders can spend the time or money to attend stockholder meetings in person, voting by proxy is important to obtain a quorum and complete the stockholder vote.

Q **HOW DO I VOTE?**

A @ **By Telephone or Internet**—You may vote your shares via telephone as instructed on the Proxy Card, or the Internet as instructed on the Proxy Card or the Notice of Internet Availability of Proxy Materials. The telephone and Internet procedures are designed to authenticate your identity, to allow you to vote your shares, and confirm that your instructions have been properly recorded.

The telephone and Internet voting facilities will close at 11:59 p.m., Eastern Time, on May 16, 2019.

By Mail—If you request paper Proxy Cards by telephone or Internet, you may elect to vote by mail. If you elect to do so, you should complete, sign, and date each Proxy Card you receive, indicating your voting preference on each proposal, and return each Proxy Card in the prepaid envelope that accompanied each Proxy Card. If you return a signed and dated Proxy Card but you do not indicate your voting preferences, your shares will be voted in accordance with the recommendations of the Board of Directors. By returning your signed and dated Proxy Card or providing instructions by the alternative voting procedure in time to be received for the Annual Meeting, you authorize Hikmet Ersek and Caroline Tsai to act as your proxies (the "Proxies") to vote your shares of Common Stock as specified.

By Tablet or Smartphone—If you are a Beneficial Owner, you may vote your shares online with your tablet or smartphone by scanning the QR code above. If you are a Registered Holder, you may vote your shares online with your tablet or smartphone by scanning the QR code on your Proxy Card. The ability to vote in this way by tablet or smartphone will expire at 11:59 p.m., Eastern Time, on May 16, 2019.

At the Annual Meeting—Shares held in your name as a Registered Holder may be voted by you in person at the Annual Meeting. Shares held by Beneficial Holders may be voted by you in person at the Annual Meeting only if you obtain a legal proxy from the broker or agent that holds your shares giving you the right to vote the shares, and you bring such proxy to the Annual Meeting.

Shares held in The Western Union Company Incentive Savings Plan—For shares held in The Western Union Company Incentive Savings Plan (the "ISP"), that plan's trustee will vote such shares as directed. If no direction is given on how to vote such shares to the trustee by mail on or before May 14, 2019 or by Internet, telephone, tablet or smartphone by 11:59 p.m., Eastern Time, on May 16, 2019, the trustee will vote your shares held in that ISP in the same proportion as the shares for which it receives instructions from all other participants in the ISP.

Q HOW MANY VOTES ARE REQUIRED TO APPROVE A PROPOSAL?

A The Company's By-Laws (the "By-Laws") require that directors be elected by the majority of votes cast with respect to such director in uncontested elections (the number of shares voted "for" a director must exceed the number of votes cast "against" that director with abstentions and broker non-votes not counted as votes "for" or "against"). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

The advisory vote to approve executive compensation (Proposal 2), the ratification of Ernst & Young LLP's selection as independent registered public accounting firm for 2019 (Proposal 3), and the stockholder proposal regarding political contributions disclosure (Proposal 4) each require the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

Q WHAT IS THE EFFECT OF NOT VOTING?

A It depends on how ownership of your shares is registered and the proposal to be voted upon. If you own shares as a Registered Holder, rather than through a broker, your unvoted shares will not be represented at the Annual Meeting and will not count toward the quorum requirement. Except as described below regarding your broker's ability to vote your shares on certain matters, and assuming a quorum is obtained, your unvoted shares will not affect whether a proposal is approved or rejected.

If you own shares as a Beneficial Holder through a broker and do not vote, your broker may represent your shares at the meeting for purposes of obtaining a quorum. As described in the answer to the following question, in the absence of your voting instruction, your broker may or may not be authorized to vote your shares.

Q IF I DON'T VOTE, WILL MY BROKER VOTE FOR ME?

A If you own your shares as a Beneficial Holder through a broker and you don't vote, your broker may vote your shares in its discretion on some "routine matters." With respect to other proposals, however, your broker may not be able to vote your shares for you. With respect to these proposals, the aggregate number of unvoted shares is reported as the "broker non-vote." A "broker non-vote" share will not affect the determination of whether the matter is approved. The Company believes that the proposal to ratify Ernst & Young LLP's selection as independent registered public accounting firm for 2019 (Proposal 3) set forth in this Proxy Statement is a routine matter on which brokers will be permitted to vote shares on your behalf, even without voting instructions. If your broker votes these shares on your behalf, your shares will be counted as present for purposes of establishing a quorum at the Annual Meeting.

Other than Proposal 3, the Company believes that all proposals set forth in this Proxy Statement are not considered routine matters and brokers will not be able to vote on behalf of their clients if no voting instructions have been furnished. Please vote your shares on all proposals.

Q HOW ARE ABSTENTIONS TREATED?

A Whether you own your shares as a Registered Holder or as a Beneficial Holder, abstentions are counted toward the quorum requirement and have the same effect as votes "against" a proposal, other than the proposal to elect directors (Proposal 1), on which they have no effect.

Q IF I OWN MY SHARES THROUGH A BROKER, HOW IS MY VOTE RECORDED?

A Brokers typically own shares of Common Stock for many stockholders. In this situation, the Registered Holder on the Company's stock register is the broker or its nominee. This often is referred to as holding shares in "Street Name." The Beneficial Holders of such shares do not appear in the Company's stockholder register. If you hold your shares in Street Name, and elect to vote via telephone, Internet, tablet or smartphone, your vote will be submitted to your broker. If you request paper Proxy Cards and elect to vote by mail, the accompanying return envelope is addressed to return your executed Proxy Card to your broker. Shortly before the Annual Meeting, each broker will total the votes submitted by telephone, Internet, tablet or smartphone or mail by the Beneficial Holders for whom it holds shares and submit a Proxy Card reflecting the aggregate votes of such Beneficial Holders.

Q IS MY VOTE CONFIDENTIAL?

A In accordance with the Company's Corporate Governance Guidelines, the vote of any stockholder will not be revealed to anyone other than a non-employee tabulator of votes or an independent election inspector (the "Inspector of Election"), except (i) as necessary to meet applicable legal and stock exchange listing requirements, (ii) to assert claims for or defend claims against the Company, (iii) to allow the Inspector of Election to certify the results of the stockholder vote, (iv) in the event a proxy, consent, or other solicitation in opposition to the voting recommendation of the Board of Directors takes place, (v) if a stockholder has requested that his or her vote be disclosed, or (vi) to respond to stockholders who have written comments on Proxy Cards.

Q **CAN I REVOKE MY PROXY AND CHANGE MY VOTE?**

A Yes. You have the right to revoke your proxy at any time prior to the time your shares are voted. If you are a Registered Holder, your proxy can be revoked in several ways: (i) by timely delivery of a written revocation delivered to the Corporate Secretary, (ii) by timely submission of another valid proxy bearing a later date (including through any alternative voting procedure described on the Notice of Internet Availability of Proxy Materials or Proxy Card), or (iii) by attending the Annual Meeting and giving the Inspector of Election notice that you intend to vote your shares in person. If your shares are held by a broker, you must contact your broker in order to revoke your proxy.

Q **WILL ANY OTHER BUSINESS BE TRANSACTED AT THE MEETING? IF SO, HOW WILL MY PROXY BE VOTED?**

A Management does not know of any business to be transacted at the Annual Meeting other than those matters described in this Proxy Statement. The period specified in the Company's By-Laws for submitting additional proposals to be considered at the Annual Meeting has passed and there are no such proposals to be considered. However, should any other matters properly come before the Annual Meeting, and any adjournments and postponements thereof, shares with respect to which voting authority has been granted to the Proxies will be voted by the Proxies in accordance with their judgment.

Q **WHO COUNTS THE VOTES?**

A Votes will be counted and certified by the Inspector of Election, who is an employee of Equiniti Trust Company, the Company's Transfer Agent and Registrar ("Equiniti"). If you are a Registered Holder, your telephone, Internet, tablet, or smartphone vote is submitted, or your executed Proxy Card is returned, directly to Equiniti for tabulation. As noted above, if you hold your shares as a Beneficial Holder, your broker returns a single Proxy Card to Equiniti on behalf of its clients.

Q **HOW MUCH DOES THE PROXY SOLICITATION COST?**

A The Company has engaged the firm of MacKenzie Partners, Inc., 105 Madison Avenue, New York, NY 10016, to assist in distributing and soliciting proxies for a fee of approximately $20,000, plus expenses. However, the proxy solicitor fee is only a small fraction of the total cost of the proxy process. A significant expense in the proxy process is printing and mailing the proxy materials. The Company will also reimburse brokers, fiduciaries, and custodians for their costs in forwarding proxy materials to Beneficial Holders of our Common Stock. Proxies also may be solicited on behalf of the Company by directors, officers, or employees of the Company in person or by mail, telephone, email, or facsimile transmission. No additional compensation will be paid to such directors, officers, or employees for soliciting proxies. The Company will bear the entire cost of solicitation of proxies, including the preparation, assembly, printing, and mailing of the Notice of Internet Availability of Proxy Materials, and this Proxy Statement and the accompanying Proxy Card, Notice of Meeting, and 2018 Annual Report.

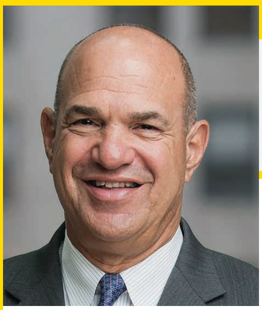
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

The Company's Proxy Statement and 2018 Annual Report are available at *www.proxyvote.com* for Beneficial Holders and www.proxydocs.com/wu for Registered Holders. To access such materials, you will need the control/identification numbers provided to you in your Notice of Internet Availability of Proxy Materials or your Proxy Card. You may also access this Proxy Statement and 2018 Annual Report at *www.wuannualmeeting.com.*

BOARD OF DIRECTORS INFORMATION

In accordance with applicable Delaware law, the business of the Company is managed under the direction of its Board of Directors. Pursuant to the Company's Certificate of Incorporation, the Board of Directors is to consist of not less than one nor more than 15 directors. All directors' terms will expire at the Annual Meeting. At the Annual Meeting, director nominees will stand for election for one-year terms, expiring at the 2020 Annual Meeting of Stockholders.

During 2018, the Board of Directors met six times (not including committee meetings). Each of the directors attended at least 75% of the aggregate number of meetings of the Board and Board committees on which they served during 2018.



Regulated Industry/ Government

Financial Literacy

Emerging Markets

Global Operational Experience

MARTIN I. COLE

Former Chief Executive of the Technology Group, Accenture plc

Age	62	**Committee(s)**	Audit Committee, Compliance Committee
Director Since	2015	**Term Expires**	2019
Other Public Directorships	Western Digital Corporation and Cloudera, Inc.		

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Mr. Cole served as Chief Executive of the Technology Group at Accenture plc ("Accenture"), a professional services company, from 2012 to 2014. During his career at Accenture, Mr. Cole also served as the Chief Executive of the Communications, Media & Technology Operating Group from 2006 to 2012, Chief Executive of the Government Operating Group from 2004 to 2006, Managing Partner of the Outsourcing and Infrastructure Delivery Group from 2002 to 2004 and Partner in the Outsourcing and Government Practices Group from 1989 to 2002. Mr. Cole joined Accenture in 1980. Mr. Cole has been a director of Western Digital Corporation since December 2014 and Non-executive Board Chairman since January 2019 and a director of Cloudera, Inc. since September 2014.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Cole brings to the Board experience as a former executive officer of a multinational management consulting, technology services, and outsourcing company, serving in various practice groups, including outsourcing and infrastructure, government services and technology. Mr. Cole also brings to the Board his experience as a member of the boards of technology companies, including a large multinational manufacturer of computer storage products and solutions and a market-leading data management software company.

HIKMET ERSEK

President and Chief Executive Officer

Age 58 | **Committee(s)** Compliance Committee (non-voting member)

Director Since 2010 | **Term Expires** 2019

Other Public Directorships None

CEO Experience
Regulated Industry/ Government
Financial Literacy
Emerging Markets
Global Operational Experience

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Mr. Ersek has served as the Company's President and CEO since August 2010. From January 2010 to August 2010, Mr. Ersek served as the Company's Chief Operating Officer. From 2008 to 2010, Mr. Ersek served as the Company's Executive Vice President and Managing Director, Europe, Middle East, Africa and Asia Pacific Region. From 2006 to 2008, Mr. Ersek served as the Company's Executive Vice President and Managing Director, Europe/Middle East/Africa/South Asia. Prior to 2006, Mr. Ersek held various positions of increasing responsibility with the Company. Prior to joining Western Union in 1999, Mr. Ersek was with GE Capital and Europay/MasterCard specializing in European payment systems and consumer finance.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Ersek is the only Director who is also an executive of the Company. Mr. Ersek provides insight as the Company's leader, and from his prior roles as the Company's Chief Operating Officer and leader in the Company's Europe, Middle East, Africa and Asia Pacific region, a significant area for the Company. Mr. Ersek provides many years of international consumer payment sales, marketing, distribution, and operations insight from his experience with the Company, GE Capital, and Europay/MasterCard.

RICHARD A. GOODMAN

Former Chief Financial Officer and Executive Vice President, Global Operations, PepsiCo Inc.

Age 70 | **Committee(s)** Audit Committee Chair, Compensation and Benefits Committee

Director Since 2012 | **Term Expires** 2019

Other Public Directorships Adient plc and Pattern Energy Group, Inc.

CFO Experience
Financial Literacy
Eligible for Audit Committee Financial Expert
Emerging Markets
Global Operational Experience

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

From 2010 to 2011, Mr. Goodman served as Executive Vice President, Global Operations of PepsiCo Inc. ("PepsiCo"), a global food and beverage company Prior to that, Mr. Goodman was PepsiCo's Chief Financial Officer from 2006 to 2010. From 2003 until 2006, Mr. Goodman was Senior Vice President and Chief Financial Officer of PepsiCo International. Mr. Goodman served as Senior Vice President and Chief Financial Officer of PepsiCo Beverages International from 2001 to 2003, and as Vice President and General Auditor of PepsiCo from 2000 to 2001. Before joining PepsiCo in 1992, Mr. Goodman was with W.R. Grace & Co. in a variety of senior financial positions. Mr. Goodman served as a director of Johnson Controls, Inc. from 2008 to 2016, Kindred Healthcare Inc. until July 2018 and privately-held Toys 'R' Us until January 2019. He currently serves as a director of Adient plc, and Pattern Energy Group, Inc.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Goodman brings to the Board experience as the chief financial officer and executive of a large, U.S.-based global company that manufactures, markets, and distributes a broad range of consumer goods. Mr. Goodman has experience with complex capital structures and brings to the Board a management perspective with regard to consumer products, global operations and M&A. Mr. Goodman also brings to the Board his experience as a board member of both a global diversified industrial company and a global retailer.

- CEO Experience
- Regulated Industry/ Government
- Financial Literacy
- Emerging Markets
- Global Operational Experience

BETSY D. HOLDEN

Senior Advisor to McKinsey & Company and Former Co-CEO of Kraft Foods Inc.

Age 63 **Committee(s)** Compensation and Benefits Committee Chair, Audit Committee

Director Since 2006 **Term Expires** 2019

Other Public Directorships Dentsply Sirona Inc. and National Retail Properties, Inc.

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Betsy D. Holden has been a Senior Advisor to McKinsey & Company, a global management consulting company, since April 2007 leading strategy, marketing and board effectiveness initiatives for consumer goods, healthcare, and financial services clients. Prior to that Ms. Holden spent 25 years in marketing and line positions in consumer goods. Ms. Holden served as President, Global Marketing and Category Development of Kraft Foods Inc. from January 2004 to June 2005, Co-Chief Executive Officer of Kraft Foods Inc. from March 2001 until December 2003, and President and Chief Executive Officer of Kraft Foods North America from May 2000 to December 2003. Ms. Holden began her career at General Foods in 1982. Ms. Holden currently serves as a Director of Dentsply Sirona and National Retail Properties, Inc. She has served on nine public boards over the last 20 years, including Diageo Plc (2009-2018), Time, Inc. (2014-2018), and Catamaran Corporation (2012-2015).

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Ms. Holden brings to the Board experience as a Chief Executive Officer of a large global public company and as a board member and consultant to multiple, large international companies. She is familiar with the challenges of operating in a highly regulated industry. She brings extensive corporate governance experience across multiple industries. Ms. Holden has held numerous leadership roles in marketing and product management both as an executive and as a consultant, successfully implementing growth strategies and innovative marketing plans to win in competitive industries.

- CEO Experience
- Financial Literacy
- Global Operational Experience
- Regulated Industry/ Government
- Emerging Markets

JEFFREY A. JOERRES

Non-Executive Chairman of the Board of Directors

Age 59 **Committee(s)** None

Director Since 2015 **Term Expires** 2019

Other Public Directorships Artisan Partners Asset Management Inc. and ConocoPhillips

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Mr. Joerres served as the Executive Chairman of ManpowerGroup Inc. ("ManpowerGroup"), a provider of workforce solutions, from May 2014 to December 2015. From 1999 to 2014, Mr. Joerres served as Chief Executive Officer of ManpowerGroup and from 2001 to 2014, he served as its Chairman of the Board. Mr. Joerres joined ManpowerGroup in 1993, and also served as Vice President of Marketing and Senior Vice President of European Operations and Marketing and Major Account Development. Mr. Joerres served as a director of Artisan Funds, Inc. from 2001 to 2011 and of Johnson Controls International plc from 2016 to 2017. Mr. Joerres currently serves as a director of Artisan Partners Asset Management Inc. and ConocoPhillips.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Joerres brings to the Board experience as the former chief executive officer and executive chairman of a large, U.S.-based global company that delivers workforce solutions around the world. Mr. Joerres also brings to the Board his prior experience as a board member of both a global diversified industrial company and the Federal Reserve Bank of Chicago.

ROBERTO G. MENDOZA

Managing Director, Foros Group

Age	73	**Committee(s)**	Corporate Governance and Public Policy Committee, Compliance Committee
Director Since	2006	**Term Expires**	2019
Other Public Directorships	None		

Financial Literacy

Global Operational Experience

Regulated Industry/ Government

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Mr. Mendoza currently serves as Managing Director of Foros Group, a strategic financial and M&A advisory firm, and served as Senior Managing Director of Atlas Advisors LLC, an independent global investment banking firm, from 2010 to 2018. From 1967 to 2000, Mr. Mendoza held positions at J.P. Morgan & Co. Inc., serving from 1990 to 2000 as a director and Vice Chairman of the Board. Mr. Mendoza previously served as a director of Quinpario Acquisition Corp 2 (now known as Exela Technologies Inc.), ManpowerGroup, and PartnerRe Ltd. and privately-held Baosteel Metal Co., Ltd.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Mendoza has substantial experience in investment banking and financial services. Mr. Mendoza also provides the Board with diversity in viewpoint and international business experience as he has served on a variety of public company boards, both in the United States and abroad.

MICHAEL A. MILES, JR.

Advisory Director, Berkshire Partners and Former President and Chief Operating Officer, Staples, Inc.

Age	57	**Committee(s)**	Compensation and Benefits Committee, Corporate Governance and Public Policy Committee
Director Since	2006	**Term Expires**	2019
Other Public Directorships	None		

Financial Literacy

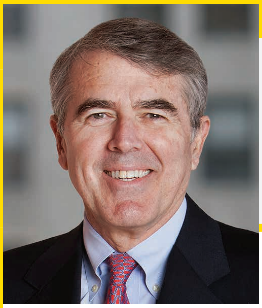
Global Operational Experience

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Since 2013, Mr. Miles has served as an Advisory Director of Berkshire Partners, a private equity firm. Previously, he was President of Staples, Inc., an office products provider, from 2006 until 2013, and Chief Operating Officer from 2003 to 2006. Prior to that, Mr. Miles was Chief Operating Officer, Pizza Hut for Yum! Brands, Inc. from 2000 to 2003. From 1996 to 1999, he served Pizza Hut as Senior Vice President of Concept Development & Franchise.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Miles has experience as an executive of an international consumer goods retailer with large acquisitions outside of the United States and franchise distribution networks, which are similar to the Company's agent network. Mr. Miles also brings U.S. and global operational expertise to the Board discussions.



- CEO Experience
- Regulated Industry/ Government
- Financial Literacy
- Emerging Markets
- Global Operational Experience

ROBERT W. SELANDER

Former Chief Executive Officer and Vice Chairman of MasterCard Incorporated and MasterCard International

Age	68	**Committee(s)**	Corporate Governance and Public Policy Committee Chair, Compensation and Benefits Committee
Director Since	2014	**Term Expires**	2019
Other Public Directorships	HealthEquity, Inc. and Equifax Inc.		

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Mr. Selander served as Executive Vice Chairman of MasterCard Incorporated and MasterCard International, which are financial services companies, during 2010. From 1997 until 2010, he served as Chief Executive Officer of MasterCard Incorporated and MasterCard International. In addition, until 2009, Mr. Selander served as President of MasterCard Incorporated and MasterCard International from 2002 and 1997, respectively. Prior to his appointment as President and Chief Executive Officer of MasterCard International in 1997, Mr. Selander was an Executive Vice President and President of the MasterCard International Europe, Middle East/Africa and Canada regions. Before joining MasterCard in 1994, Mr. Selander spent two decades with Citicorp/Citibank, N.A. Mr. Selander served as a director of the Hartford Financial Services Group, Inc. from 1998 to 2008, MasterCard Incorporated from 2002 until 2010, MasterCard International from 1997 until 2010 and the Board of Trustees of the Fidelity Equity and High Income Funds from 2011 to 2017. Mr. Selander currently serves as Non-Executive Chairman of HealthEquity, Inc. and as a director of Equifax Inc. Mr. Selander has declined to stand for re-election at the Annual Meeting.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Selander has extensive global business, leadership and financial services experience gained in over 13 years as Chief Executive Officer of MasterCard Incorporated and MasterCard International and in senior positions at Citicorp/Citibank N.A. Mr. Selander also has substantial board of director experience having served as a director of MasterCard Incorporated, MasterCard International, the Hartford Financial Services Group, Inc., Equifax Inc. and HealthEquity, Inc.

- Financial Literacy
- Regulated Industry/ Government

ANGELA A. SUN

Former Head of Strategy and Corporate Development of Bloomberg L.P.

Age	44	**Committee(s)**	Audit Committee
Director Since	2018	**Term Expires**	2019
Other Public Directorships	None		

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Ms. Sun served as Head of Strategy and Corporate Development for Bloomberg L.P. from 2014 to 2017, where she led new business development, and acquisitions and commercial partnerships across the company's media, financial products, enterprise and data businesses. From 2008 to 2014, Ms. Sun served as Chief-of-Staff to the former Bloomberg CEO. Prior to joining Bloomberg, L.P., Ms. Sun served as a Senior Policy Advisor in the Bloomberg Administration under New York City Deputy Mayor Daniel L. Doctoroff, where she oversaw a citywide portfolio of economic development agencies and led urban planning and real estate development projects. From 2001 to 2005, Ms. Sun served as a management consultant at McKinsey & Company, where she focused on the Financial Services and Healthcare sectors. Prior to McKinsey, from 1996 to 1998, Ms. Sun was an investment banker at J.P. Morgan and in 2001 was a Visiting Associate at the Henry L. Stimson Center, a non-partisan international security and defense analysis think tank in Washington, D.C.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Ms. Sun brings to the Board extensive strategic, operational, and government experience from her time in the Bloomberg Administration and at Bloomberg L.P.. Ms. Sun also gained financial services experience at McKinsey & Company and J.P. Morgan.

FRANCES FRAGOS TOWNSEND

Executive Vice President of Worldwide Government, Legal and Business Affairs, MacAndrews & Forbes Inc.

Age 57 **Committee(s)** Compliance Committee Chair, Corporate Governance and Public Policy Committee

Director Since 2013 **Term Expires** 2019

Other Public Directorships Scientific Games Corporation and Freeport-McMoRan Inc.

- Regulated Industry/Government
- Financial Literacy
- Emerging Markets
- Global Operational Experience

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Ms. Fragos Townsend has served as Executive Vice President of Worldwide Government, Legal and Business Affairs at privately-held MacAndrews & Forbes Inc., a diversified holding company, since 2013, and she previously served as Senior Vice President of Worldwide Government, Legal and Business Affairs from 2010 to 2012. Ms. Fragos Townsend was a corporate partner at the law firm of Baker Botts L.L.P. from 2009 to 2010. From 2008 to 2009, Ms. Fragos Townsend provided consulting services and advised corporate entities on global strategic risk and contingency planning. Prior to that, Ms. Fragos Townsend served as Assistant to President George W. Bush for Homeland Security and Counterterrorism and chaired the Homeland Security Council from 2004 until 2008. She also served as Deputy Assistant to the President and Deputy National Security Advisor Combating Terrorism from 2003 to 2004. Ms. Fragos Townsend was the first Assistant Commandant for Intelligence for the U.S. Coast Guard and spent 13 years at the U.S. Department of Justice in various senior positions. Ms. Fragos Townsend is currently a director of Scientific Games Corporation and Freeport-McMoRan Inc. and was a director of SIGA Technologies, Inc. from 2011 until 2014.

EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Ms. Fragos Townsend has extensive public policy, government, legal, and regulatory experience, and brings to the Board valuable insights regarding the conduct of business in a highly regulated industry. Ms. Fragos Townsend also has substantial leadership experience as former chair of the Homeland Security Council and as a former officer in the U.S. Coast Guard.

SOLOMON D. TRUJILLO

Founder and Chairman, Trujillo Group, LLC

Age 67 **Committee(s)** Audit Committee, Compliance Committee

Director Since 2012 **Term Expires** 2019

Other Public Directorship WPP plc

- CEO Experience
- Regulated Industry/Government
- Financial Literacy
- Emerging Markets
- Global Operational Experience

PRINCIPAL OCCUPATION, BUSINESS EXPERIENCE, AND DIRECTORSHIPS

Mr. Trujillo founded Trujillo Group, LLC, a business that provides consulting and venture capital services, and has served as its chairman since 2003. Mr. Trujillo also served as the Chief Executive Officer and as director of Telstra Corporation Limited, Australia's largest media-communications enterprise, from 2005 to 2009. From 2003 to 2004, Mr. Trujillo was Orange SA's Chief Executive Officer. Earlier in his career, Mr. Trujillo was President and Chief Executive Officer of US West Communications and President, Chief Executive Officer and Chairman of the Board of US West Inc. Mr. Trujillo previously served as a director of Target Corporation from 1994 to 2014, ProAmerica Bank until 2016, and Fang Holdings Ltd. (formerly SouFun Holdings Limited) until 2017, and currently serves as a director of WPP plc.

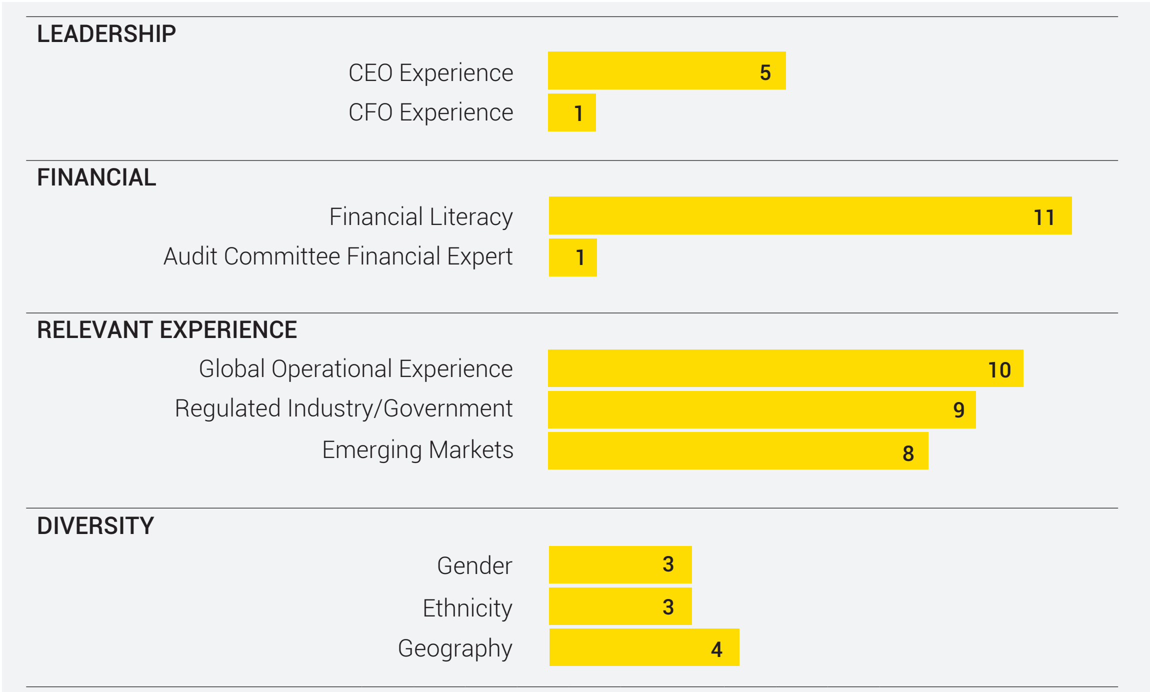
EXPERIENCE, QUALIFICATIONS, ATTRIBUTES, AND SKILLS SUPPORTING DIRECTORSHIP POSITION ON THE COMPANY'S BOARD*

Mr. Trujillo is an international business executive with experience as a chief executive officer of global companies in the telecommunications, media, and cable industries headquartered in the United States, the European Union, and the Asia-Pacific region. He has global operations experience and provides the Board with substantial international experience and expertise in the retail, technology, media, and communications industries.

* The Board selects director nominees on the basis of experience, integrity, skills, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties, all in the context of an assessment of the perceived needs of the Board at a given point in time. In addition to the individual attributes of each of the directors described above, the Company highly values the collective business experience and qualifications of the directors. We believe that the diversity of experiences, viewpoints, and perspectives of our directors result in a Board with the commitment and energy to advance the interests of our stockholders.

DIRECTOR QUALIFICATIONS MATRIX

The following matrix is provided to illustrate the skills and qualifications of our Board of Directors.



DIVERSITY AND INCLUSION

We believe diversity is a core strength at Western Union and consider it an asset in fostering the Company's core values to be globally minded, purpose driven, trustworthy and respectful.

It starts with our leadership and manifests throughout our global workforce and our Board.

The diversity of the people who work at Western Union represents our commitment to creating and maintaining a versatile and global workforce where everyone is treated fairly, with trust and respect, while also rewarding and recognizing individuals based on high-quality results and effectiveness.

The Board is actively engaged in the review of women in leadership practices. Specifically, the Compensation and Benefits Committee reviews the results of Western Union's organizational health, talent reviews and engagement surveys.

A Few Selected Key Facts

- The Board includes three women and three ethnically diverse directors.
- Half of the committees of the Board are chaired by women.
- The executive team includes 40% women, and leaders born in eight different countries.
- The representation of women in leadership roles is above average when benchmarked with "Women in the Workplace" (Lean In/McKinsey) and "When Women Thrive" (Mercer).
- Western Union's approximately 12,000 employees reside in 57 countries and are approximately 50% women.
- The Company consistently reviews and updates salary ranges and performs internal pay equity reviews as to some of our populations. This ensures impartial and competitive pay practices, while aligning salary to local market conditions and cost of labor changes.
- Western Union is intentional about designing programs that support diversity of thought and cultivating talent. For example, Western Union ensures program participation is gender balanced to optimize learning and accelerate development of women.
- We strive for diverse slates and interview panels both internally and externally in our recruitment practices for employees.

PROPOSAL 1
ELECTION OF DIRECTORS

At the 2019 Annual Meeting, all director nominees will be elected for one-year terms.

Except for Mr. Selander, who has declined to stand for re-election, the terms of each director if elected or re-elected, as the case may be, will expire at the 2020 Annual Meeting of Stockholders. (See the "Board of Directors Information" section of this Proxy Statement for information concerning all nominees.)

The Company's By-Laws require that directors be elected by the majority of votes cast with respect to such director in uncontested elections (the number of shares voted "for" a director must exceed the number of votes cast "against" that director, with abstentions and broker non-votes not counted as cast either "for" or "against"). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors.

Under the Company's By-Laws, if an incumbent director is not elected, the director will promptly tender his or her resignation to the Board of Directors. The Corporate Governance and Public Policy Committee will make a recommendation to the Board of Directors as to whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board of Directors will act on the resignation, taking into account the Corporate Governance and Public Policy Committee's recommendation, and publicly disclose (by a press release, a filing with the SEC or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days following certification of the election results. If such incumbent director's resignation is not accepted by the Board of Directors, such director will continue to serve until the next annual meeting and until his or her successor is duly elected or his or her earlier resignation or removal. In the case of a vacancy, the Board of Directors may appoint a new director as a replacement, may leave the vacancy unfilled or may reduce the number of directors on the Board.

Your shares will be voted as you instruct via the voting procedures described on the Proxy Card or the Notice of Internet Availability of Proxy Materials, or as you specify on your Proxy Card(s) if you elect to vote by mail. If unforeseen circumstances (such as death or disability) require the Board of Directors to substitute another person for any of the director nominees, your shares will be voted for that other person.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE TO RE-ELECT MR. COLE, MR. ERSEK, MR. GOODMAN, MS. HOLDEN, MR. JOERRES, MR. MENDOZA, MR. MILES, MS. FRAGOS TOWNSEND AND MR. TRUJILLO, AND TO ELECT MS. SUN, EACH TO SERVE UNTIL THE 2020 ANNUAL MEETING OF STOCKHOLDERS OR UNTIL HIS OR HER RESPECTIVE SUCCESSOR IS ELECTED AND QUALIFIED.

CORPORATE GOVERNANCE

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors believes that strong corporate governance is key to long-term stockholder value creation. Over the years, our Board of Directors has responded to evolving governance standards by enhancing our practices to best serve the interests of the Company's stockholders, including:

✓ **Annual election of directors**.

✓ **Proxy access**. Our By-Laws permit qualifying stockholders or groups of qualifying stockholders that have each beneficially owned at least 3% of the Company's Common Stock for three years to nominate up to an aggregate of 20% of the members of the Board and have information and supporting statements regarding those nominees included in the Company's Proxy Statement.

✓ **Majority vote standard in uncontested elections**. In an uncontested election, each director must be elected by a majority of votes cast, rather than by a plurality.

✓ **Stockholder right to call special meetings (with the stock ownership requirement to call such meetings reduced from 20% to 10% in 2018)**.

✓ **No stockholder rights plan ("poison pill")**.

✓ **No supermajority voting provisions in the Company's organizational documents**.

✓ **Independent Board, except our CEO**. Our Board is comprised of all independent directors, except our CEO.

✓ **Independent non-executive chairman**. The Chairman of the Board of Directors is a non-executive independent director.

✓ **Independent Board committees**. Each of the Audit, Compensation, and Corporate Governance and Public Policy Committees is made up of independent directors, and all voting members of the Compliance Committee are independent. Each standing committee operates under a written charter that has been approved by the Board.

✓ **Confidential stockholder voting**. The Company's Corporate Governance Guidelines provide that the vote of any stockholder will not be revealed to anyone other than a non-employee tabulator of votes or an independent election inspector, except under circumstances set forth in the Company's Corporate Governance Guidelines.

✓ **Board Committee authority to retain independent advisors**. Each Board Committee has the authority to retain independent advisors.

✓ **Robust codes of conduct**. The Company is committed to operating its business with honesty and integrity and maintaining the highest level of ethical conduct. These absolute values are embodied in our Code of Conduct and require that every customer, employee, agent and member of the public be treated accordingly. The Company Code of Conduct applies to all employees, but the Company's senior financial officers are also subject to an additional code of ethics, reflecting the Company's commitment to maintaining the highest standards of ethical conduct. In addition, the Board of Directors is subject to a Directors' Code of Conduct.

✓ **Robust stock ownership guidelines for senior executives and directors**. Robust stock ownership requirements for our senior executives and directors strongly link the interests of management and the Board with those of stockholders.

✓ **Prohibition against pledging and hedging of Company stock by senior executives and directors**. The Company's insider trading policy prohibits the Company's executive officers and directors from pledging the Company's securities or engaging in hedging or short-term speculative trading of the Company's securities, including, without limitation, short sales or put or call options involving the Company's securities. Please see "Compensation of Directors—Prohibition Against Pledging and Hedging of the Company's Securities" and "Compensation Discussion and Analysis—The Western Union Executive Compensation Program—Prohibition Against Pledging and Hedging of the Company's Securities," below.

✓ **Regular stockholder engagement**. The Company regularly seeks to engage with its stockholders to better understand their perspectives.

You can learn more about our corporate governance by visiting the "Investor Relations, Corporate Governance" portion of the Company's website, *www.westernunion.com*, or by writing to the attention of: Investor Relations, The Western Union Company, 7001 E. Belleview Avenue, WU-HQ-14, Denver, Colorado 80237.

INDEPENDENCE OF DIRECTORS

The Board of Directors has adopted Corporate Governance Guidelines, which contain the standards that the Board of Directors use to determine whether a director is independent. A director is not independent under these categorical standards if:

- The director is, or has been within the last three years, an employee of Western Union, or an immediate family member of the director is, or has been within the last three years, an executive officer of Western Union.
- The director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $120,000 in direct compensation from Western Union, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- (i) The director is a current partner or employee of a firm that is Western Union's internal or external auditor; (ii) the director has an immediate family member who is a current partner of such a firm; (iii) the director has an immediate family member who is a current employee of such a firm and personally works on Western Union's audit; or (iv) the director or an immediate family member was within the last three years a partner or employee of such firm and personally worked on Western Union's audit within that time.
- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of Western Union's present executive officers at the same time serves or served on that company's compensation committee.
- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Western Union for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of $1 million or 2% of such other company's consolidated gross revenues.
- The director is a current employee, or an immediate family member is a current executive officer, of a company which was indebted to Western Union, or to which Western Union was indebted, where the total amount of either company's indebtedness to the other, in any of the last three fiscal years, exceeded 5% or more of such other company's total consolidated assets.
- The director or an immediate family member is a current officer, director, or trustee of a charitable organization where Western Union's (or an affiliated charitable foundation's) annual discretionary charitable contributions to the charitable organization, in any of the last three fiscal years, exceeded the greater of $1 million or 5% of such charitable organization's consolidated gross revenues.

The Board has reviewed the independence of the current directors under the Company's categorical standards and the rules of the New York Stock Exchange (the "NYSE") and found Mr. Cole, Mr. Goodman, Ms. Holden, Mr. Joerres, Mr. Mendoza, Mr. Miles, Mr. Selander, Ms. Sun, Ms. Fragos Townsend and Mr. Trujillo to be independent.

BOARD LEADERSHIP STRUCTURE AND ROLE IN RISK OVERSIGHT

The Board has a non-executive Chairman. This position is independent from management. The Chairman sets the agendas for and presides over the Board meetings, as well as meetings of the independent directors. Our CEO is a member of the Board and participates in its meetings. The Board believes that this leadership structure is appropriate for the Company at this time because it allows for independent oversight of management, increases management accountability, and encourages an objective evaluation of management's performance relative to compensation.

The Board regularly devotes time during its meetings to review and discuss the most significant risks facing the Company and management's process for identifying, prioritizing, and responding to those risks. During these discussions, the CEO, the General Counsel, the Chief Financial Officer, the Chief Compliance Officer (the "CCO"), the Chief Technology Officer, the Senior Vice President, Global Business Risk and the Chief Internal Auditor present management's process for assessment of risks, a description of the most significant risks facing the Company, and any mitigating factors, plans, or policies in place to address and monitor those risks. The Board has also delegated risk oversight authority to its committees.

Consistent with the NYSE listing standards, to which the Company is subject, the Audit Committee bears responsibility for oversight of the Company's policies with respect to risk assessment and risk management and must discuss with management the major risk exposures facing the Company and the steps the Company has taken to monitor and control such exposures. The Audit Committee is also responsible for assisting Board oversight of the Company's compliance with legal and regulatory requirements, which represent many of the most significant risks the Company faces. During the Audit Committee's discussion of risk, the Company's CEO, Chief Financial Officer, General Counsel, CCO, Chief Technology Officer, Senior Vice President, Global Business Risk, and Chief Internal Auditor present information and participate in discussions with the Audit Committee regarding risk and risk management. Risks discussed regularly include those related to global economic and political trends, business and financial performance, legal and regulatory matters, cybersecurity, data privacy, competition, legislative developments, and other matters.

While the Board committee with primary oversight of risk is the Audit Committee, the Board has delegated to other committees the oversight of risks within their areas of responsibility and expertise. For example, in light of the breadth and number of responsibilities that the Audit Committee must oversee, and the importance of the evaluation and management of risk related to the Company's compliance programs and policies associated with anti-money laundering ("AML") laws, including investigations or other matters that may arise in relation to such laws, the Board formed the Compliance Committee in 2013 to assist the Audit Committee and the Board with oversight of those risks. This function was previously performed by the Corporate Governance and Public Policy Committee. The Compliance Committee reports regularly on these matters to the Board and Audit Committee and during the Compliance Committee's meetings, each of the General Counsel and CCO regularly present and participate in discussions. In addition, the Compensation Committee oversees the risks associated with the Company's compensation practices, including an annual review of the Company's risk assessment of its compensation policies and practices for its employees and the Company's succession planning process.

COMMITTEES OF THE BOARD OF DIRECTORS

The current members of each Board Committee are indicated in the table below.

Director	Audit	Corporate Governance & Public Policy	Compensation & Benefits	Compliance
Martin I. Cole	Member			Member
Hikmet Ersek				Non-voting member
Richard A. Goodman	Committee Chair		Member	
Betsy D. Holden	Member		Committee Chair	
Jeffrey A. Joerres ★				
Roberto G. Mendoza		Member		Member
Michael A. Miles, Jr.		Member	Member	
Robert W. Selander		Committee Chair	Member	
Angela A. Sun	Member			
Frances Fragos Townsend		Member		Committee Chair
Solomon D. Trujillo	Member			Member

★ Chairman of the Board
● Committee Chair
● Member
○ Non-voting member

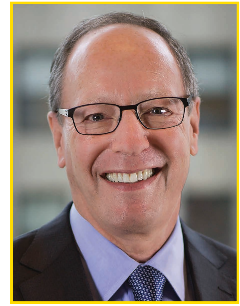
BOARD AND COMMITTEE GOVERNING DOCUMENTS

Each committee operates under a charter approved by the Board. The Company's Audit Committee Charter, Compensation and Benefits Committee Charter, Corporate Governance and Public Policy Committee Charter, Compliance Committee Charter, and Corporate Governance Guidelines are available without charge through the "Investor Relations, Corporate Governance" portion of the Company's website, *www.westernunion.com*, or by writing to the attention of: Investor Relations, The Western Union Company, 7001 E. Belleview Avenue, WU-HQ-14, Denver, Colorado 80237.

Audit Committee

"During 2018, the Audit Committee continued to oversee financial reporting, internal audit and legal and regulatory matters, with a strong focus on the Company's controls and culture of compliance. The Committee is continuing to focus on these areas and risk management and mitigation in 2019, with an emphasis on the evolving cybersecurity and data privacy regulatory environment."

Richard A. Goodman, Committee Chair



Additional Committee Members: Martin I. Cole, Betsy D. Holden, Angela A. Sun, and Solomon D. Trujillo

Meetings Held in 2018: 8

Primary Responsibilities: Pursuant to its charter, the Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to:

- integrity of the Company's consolidated financial statements;
- compliance with legal and regulatory requirements;
- independent registered public accounting firm qualifications, independence and compensation; and
- performance of the Company's internal audit function and independent registered public accounting firm.

Independence: Each member of the Audit Committee meets the independence requirements of our Corporate Governance Guidelines, the NYSE and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as the Board has determined, has no material relationship with the Company. Each member of the Audit Committee is financially literate, knowledgeable, and qualified to review financial statements. The Board has designated Mr. Goodman as a "financial expert" as defined by Item 407(d) of Regulation S-K.

Service on Other Audit Committees: No director may serve as a member of the Audit Committee if such director serves on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee. Currently, none of the Audit Committee members serve on more than two other public company audit committees.

Compensation and Benefits Committee

"In 2018, the Compensation Committee continued to focus on pay-for-performance to set the foundation for the long-term strength and performance of the Company through the Company's executive compensation program."

Betsy D. Holden, Committee Chair

Additional Committee Members: Richard A. Goodman, Michael A. Miles, Jr., and Robert W. Selander

Meetings Held in 2018: 5

Primary Responsibilities: Pursuant to its charter, the Compensation Committee has the authority to administer, interpret, and take any actions it deems appropriate in connection with any incentive compensation or equity-based plans of the Company, any salary or other compensation plans for officers and other key employees of the Company, and any employee benefit or fringe benefit plans, programs or policies of the Company. Among other things, the Compensation Committee is responsible for:

- in consultation with senior management, establishing the Company's general compensation philosophy, and overseeing the development and implementation of compensation and benefits policies;
- reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and other executive officers, evaluating the performance of the CEO and other executive officers in light thereof, and setting compensation levels and other benefits for the CEO (with the ratification by the independent directors of the Board) and other executive officers based on this evaluation;
- overseeing the Company's regulatory compliance with respect to compensation matters;
- reviewing and making recommendations to the Board regarding severance or similar termination agreements with the Company's CEO or to any person being considered for promotion or hire into the position of CEO;
- approving grants and/or awards of options, restricted stock, restricted stock units, and other forms of equity-based compensation under the Company's equity-based plans;
- reviewing with management and preparing an annual report regarding the Company's Compensation Discussion and Analysis to be included in the Company's Proxy Statement and Annual Report;
- in consultation with the CEO, reviewing management succession planning;
- reviewing and recommending to the Board of Directors compensation for non-employee directors; and
- periodically reviewing the overall effectiveness of the Company's principal strategies related to human capital management, recruiting, retention, career development, and diversity.

The Compensation Committee has the authority to delegate all or a portion of its duties and responsibilities to a subcommittee and, in some situations, may also delegate its authority and responsibility with respect to certain compensation and benefit plans and programs to one or more employees.

Independence: Each member of the Compensation Committee meets the definitions of "outside director" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") and "non-employee director" under Rule 16b-3 of the Exchange Act. Each member of the Compensation Committee meets the independence requirements of our Corporate Governance Guidelines, the NYSE and the Exchange Act, and as the Board has determined, has no material relationship with the Company.

Compliance Committee

"The Compliance Committee shares with regulators the goals of protecting consumers and the integrity of the global money transfer network, and remains at the forefront of the Company's focus on the execution and enhancement of the Company's compliance policies and procedures."

Frances Fragos Townsend, Committee Chair

Additional Committee Members: Hikmet Ersek (non-voting member), Martin I. Cole, Roberto G. Mendoza, and Solomon D. Trujillo

Meetings Held in 2018: 8

Primary Responsibilities: Pursuant to its charter, the Compliance Committee assists the Audit Committee and the Board in fulfilling the Board's oversight responsibility for the Company's compliance with legal and regulatory requirements. Among other things, the Compliance Committee is responsible for reviewing:

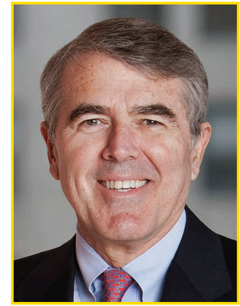
- the Company's compliance programs and policies relating to AML laws, including establishing procedures to be apprised of material investigations or other material matters that may arise in relation to such laws; and
- legal, compliance or other regulatory matters that may have a material effect on the Company's business, financial statements or compliance policies, including material notices to or inquiries received from governmental agencies.

Independence: Each voting member of the Compliance Committee meets the independence requirements of our Corporate Governance Guidelines, the NYSE and the Exchange Act, and as the Board has determined, has no material relationship with the Company. The Board may appoint non-voting members to the Compliance Committee that are not independent from the Company. The Company's CEO is currently a non-voting member of the Compliance Committee.

Corporate Governance and Public Policy Committee

"With a continued focus on board refreshment, the Committee successfully added and on-boarded a new Director to the Board in 2018 and will continue to seek opportunities to enhance the skills, experience, gender and ethnic diversity, and effectiveness of the Board in 2019."

Robert W. Selander, Committee Chair



Additional Committee Members: Roberto G. Mendoza, Michael A. Miles, Jr., and Frances Fragos Townsend

Meetings Held in 2018: 4

Primary Responsibilities: Pursuant to its charter, the Corporate Governance and Public Policy Committee is responsible for:

- recommending to the Board of Directors criteria for Board and committee membership;
- considering, in consultation with the Chairman of the Board and the CEO, and recruiting candidates to fill positions on the Board of Directors;
- evaluating current directors for re-nomination to the Board of Directors;
- recommending the director nominees for approval by the Board of Directors and the Company's stockholders;
- recommending to the Board of Directors appointments to committees of the Board of Directors;
- recommending to the Board of Directors corporate governance guidelines, reviewing the Corporate Governance Guidelines at least annually, and recommending modifications to the Corporate Governance Guidelines to the Board of Directors;
- establishing and implementing self-evaluation procedures for the Board of Directors and its committees;
- reviewing stockholder proposals submitted for inclusion in the Company's Proxy Statement;
- reviewing the Company's related persons transaction policy, and as necessary, reviewing specific related person transactions; and
- reviewing and advising the Board of Directors regarding matters of public policy and social responsibility that are relevant to the Company or the industries in which the Company operates.

Independence: Each member of the Corporate Governance and Public Policy Committee meets the independence requirements of our Corporate Governance Guidelines, the NYSE and the Exchange Act, and as the Board has determined, has no material relationship with the Company.

CHIEF EXECUTIVE OFFICER SUCCESSION PLANNING

The Company's Board of Directors has developed a governance framework for CEO succession planning that is intended to provide for a talent-rich leadership organization that can drive the Company's strategic objectives. Under its governance framework, the Board of Directors:

- Reviews succession planning for the CEO on an annual basis. As part of this process, the CEO reviews the annual performance of each member of the management team with the Board and the Board engages in a discussion with the CEO and the Chief Human Resources Officer regarding each team member and the team member's development;
- Maintains a confidential plan to address any unexpected short-term absence of the CEO and identifies candidates who could act as interim CEO in the event of any such unexpected absence; and
- Ideally three to five years before the retirement of the current CEO, manages the succession process and determines the current CEO's role in that process.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Any stockholder of the Company or other interested party who desires to contact the non-management directors either as a group or individually, or Mr. Ersek in his capacity as a director, may do so by writing to: The Western Union Company, Board of Directors, 7001 E. Belleview Avenue, Denver, Colorado 80237. Communications that are intended specifically for non-management directors should be addressed to the attention of the Chairperson of the Corporate Governance and Public Policy Committee. All communications will be forwarded to the Chairperson of the Corporate Governance and Public Policy Committee unless the communication is specifically addressed to another member of the Board, in which case, the communication will be forwarded to that director.

BOARD ATTENDANCE AT ANNUAL MEETING OF STOCKHOLDERS

Although the Company does not have a formal policy regarding attendance by members of the Board of Directors at the Company's Annual Meeting of Stockholders, it encourages directors to attend. All members of the Board of Directors serving at the time attended the Company's 2018 Annual Meeting of Stockholders.

PRESIDING DIRECTOR OF NON-MANAGEMENT DIRECTOR MEETINGS

The non-management directors meet in regularly scheduled executive sessions without management. The Chairman of the Board of Directors is the presiding director at these meetings.

NOMINATION OF DIRECTORS

The Company's Board of Directors is responsible for nominating directors for election by the stockholders and filling any vacancies on the Board that may occur. The Corporate Governance and Public Policy Committee is responsible for identifying, screening, and recommending candidates to the Board for Board membership. The Corporate Governance and Public Policy Committee does not have any single method for identifying director candidates but will consider candidates suggested by a wide range of sources, including by any stockholder, director, or officer of the Company. Ms. Sun, who was appointed as a member of the Board in July 2018, was recommended to the Corporate Governance and Public Policy Committee by a third-party executive search firm.

DIRECTOR QUALIFICATIONS

General criteria for the nomination of director candidates include experience, high ethical standards and integrity, skills, diversity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties—all in the context of an assessment of the perceived needs of the Board at that point in time. In exercising its director nomination responsibilities, the Corporate Governance and Public Policy Committee considers diversity in gender, ethnicity, geography, background, and cultural viewpoints when considering director nominees, given the global nature of the Company's business. However, the Board has not adopted a formal policy governing director diversity. The effectiveness of the nomination process is evaluated by the Board each year as part of its annual self-evaluation and by the Corporate Governance and Public Policy Committee as it evaluates and identifies director candidates.

Each director is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as a Board or Committee member. The Corporate Governance and Public Policy Committee will consider candidates for election to the Board suggested in writing by a stockholder and will make a recommendation to the Board using the same criteria as it does in evaluating candidates submitted by members of the Board of Directors. Any such suggestions should be submitted to the Corporate Secretary, The Western Union Company, 7001 E. Belleview Avenue, Denver, Colorado 80237. If the Company receives such a suggestion, the Company may request additional information from the candidate to assist in its evaluation.

STOCKHOLDER NOMINEES

Stockholders may submit nominations for director candidates by giving notice to the Corporate Secretary, The Western Union Company, 7001 E. Belleview Avenue, Denver, Colorado 80237. The requirements for the submission of such stockholder nominations are set forth in Article II of the Company's By-Laws, which are available on the "Investor Relations, Corporate Governance" section of the Company's website, *www.westernunion.com*.

SUBMISSION OF STOCKHOLDER PROPOSALS

Stockholder proposals, including stockholder director nominations, requested to be included in the Company's Proxy Statement for its 2020 Annual Meeting of Stockholders must be received by the Company not later than December 5, 2019 and comply with the requirements of Rule 14a-8, if applicable, and the Company's proxy access By-laws, as applicable. Even if a proposal or director nomination is not submitted in time to be considered for inclusion in the Company's Proxy Statement for its 2020 Annual Meeting of Stockholders, a proper stockholder proposal or director nomination may still be considered at the Company's 2020 Annual Meeting of Stockholders, but only if the proposal or nomination is received by the Company no sooner than January 18, 2020 and no later than February 17, 2020 and otherwise complies with the Company's By-Laws. All proposals or nominations a stockholder wishes to submit at the meeting should be directed to the Corporate Secretary, The Western Union Company, 7001 E. Belleview Avenue, Denver, Colorado 80237.

CODES OF ETHICS

The Company's Director's Code of Conduct, Code of Ethics for Senior Financial Officers, Reporting Procedure for Accounting and Auditing Concerns, Professional Conduct Policy for Attorneys, and the Code of Conduct are available without charge through the "Investor Relations, Corporate Governance" section of the Company's website, *www.westernunion.com*, or by writing to the attention of: Investor Relations, The Western Union Company, 7001 E. Belleview Avenue, WU-HQ-14, Denver, Colorado 80237. 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*.

COMPENSATION OF DIRECTORS

The following table provides information regarding the compensation of our outside directors for 2018. Mr. Ersek, our President and CEO, does not receive additional compensation for his service as a director, and has been excluded from the table.

2018 DIRECTOR COMPENSATION

NAME	FEES EARNED OR PAID IN CASH ($000)	STOCK AWARDS ($000)[2]	OPTION AWARDS ($000)[3]	ALL OTHER COMPENSATION ($000)[4]	TOTAL ($000)[5]
Martin I. Cole	105.0	140.0	—	25.0	270.0
Richard A. Goodman	120.0	140.0	—	18.8	278.8
Betsy D. Holden	120.0	140.0	—	25.0	285.0
Jeffrey A. Joerres	125.0[1]	360.0	—	—	485.0
Roberto G. Mendoza	105.0	140.0	—	—	245.0
Michael A. Miles, Jr.	105.0	140.0	—	—	245.0
Robert W. Selander	120.0[1]	140.0	—	25.0	285.0
Angela A. Sun[6]	43.2	63.7	—	—	106.9
Frances Fragos Townsend	195.0	140.0	—	—	335.0
Solomon D. Trujillo	105.0	70.0	70.0	—	245.0

Footnotes:

(1) Messrs. Joerres and Selander elected to receive their annual retainer fees for 2018 in the form of equity compensation as described below under "—Equity Compensation."

(2) The amounts in this column represent the value of stock units granted to each director as annual equity grants. Stock awards consist of fully vested stock units that are settled in shares of Common Stock and may be subject to a deferral election consistent with Section 409A of the Internal Revenue Code. The amounts shown in this column are valued based on the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation ("FASB ASC Topic 718"). See Note 17 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for a discussion of the relevant assumptions used in calculating these amounts.

(3) The amount in this column represents the value of stock options granted to Mr. Trujillo as an annual equity grant. The amount shown in this column is valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 17 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for a discussion of the relevant assumptions used in calculating this amount.

(4) All Other Compensation represents matches under the Company's gift matching program that the Company made in 2018. Outside directors are eligible to participate in the Company's gift matching program on the same terms as Western Union's executive officers and employees. As noted below, contributions made or directed to be made to an eligible organization, up to an aggregate amount of $25,000 per calendar year, will be matched by the Company. Matching contributions to various charities were made in 2018 on behalf of the following directors: Messrs. Cole, Goodman, and Selander and Ms. Holden. Contributions up to $100,000 per calendar year that a director makes to The Western Union Foundation without designating a recipient organization will be matched by the Company $2 for every $1 contributed.

(5) As of December 31, 2018, each outside director had outstanding the following number of stock units and options:

NAME	STOCK UNITS	OPTIONS
Martin I. Cole	8,686	9,208
Richard A. Goodman	44,869	36,814
Betsy D. Holden	81,518	15,474
Jeffrey A. Joerres	62,895	11,448
Roberto G. Mendoza	59,888	106,201
Michael A. Miles, Jr.	119,511	15,474
Robert W. Selander	43,587	77,439
Angela A. Sun	3,139	—
Frances Fragos Townsend	37,032	39,833
Solomon D. Trujillo	26,662	112,516

(6) Ms. Sun was appointed to the Board effective July 19, 2018.

CASH COMPENSATION

In 2018, each outside director (other than our Non-Executive Chairman) received the following cash compensation for service on our Board and committees of our Board (prorated for partial years of service):

- an annual Board retainer fee of $85,000; and
- an annual committee chair retainer fee of $25,000 for the chairperson of each committee of the Board (other than the Compliance Committee Chair), and a $10,000 committee member retainer fee for each other member of each committee of our Board.

In February 2017, the Board approved an increase in Ms. Fragos Townsend's Compliance Committee Chair retainer fee to $100,000 for each of 2017 and 2018 to reflect additional time and responsibilities in leading the Compliance Committee's oversight of the Company's compliance with the previously disclosed settlement agreements with the United States Department of Justice, certain United States Attorney's Offices, the United States Federal Trade Commission, the Financial Crimes Enforcement Network of the United States Department of Treasury, and various state attorneys general (the "Joint Settlement Agreements"). For 2019, Ms. Fragos Townsend's Compliance Committee Chair retainer fee and Mr. Goodman's Audit Committee retainer fee were each set at $30,000.

EQUITY COMPENSATION

The 2018 outside director equity awards were granted pursuant to our Long-Term Incentive Plan. All director equity awards will be settled in shares of Common Stock. The purpose of these awards is to advance the interests of the Company and its stockholders by encouraging stock ownership by our outside directors and by helping the Company attract, motivate, and retain highly qualified outside directors.

All of our outside directors (other than our Non-Executive Chairman) are eligible to receive an annual equity grant with a value of $140,000 for service on our Board and committees of our Board (prorated for incoming directors joining during the year).

Each outside director has the choice of electing to receive such director's annual retainer fees described above in the form of (a) all cash, (b) a combination of cash, fully vested stock options, and/or fully vested stock units, (c) all fully vested stock options, (d) all fully vested stock units, (e) a combination of 75% fully vested stock options and 25% fully vested stock units, (f) a combination of 50% fully vested stock options and 50% fully vested stock units, or (g) a combination of 75% fully vested stock units and 25% fully vested stock options. Each outside director may also elect to receive such director's annual equity grant in the form of any of the above alternatives, other than alternatives that include cash.

COMPENSATION OF OUR NON-EXECUTIVE CHAIRMAN

In 2018, our Non-Executive Chairman received the following compensation in lieu of the compensation described above for our other outside directors:

- an annual retainer fee of $125,000; and
- an annual equity grant with a value of $360,000.

Our Non-Executive Chairman has the choice to receive his annual retainer fee in the forms discussed above under "—Equity Compensation."

CHARITABLE CONTRIBUTIONS

Outside directors may participate in the Company's gift matching program on the same terms as the Company's executive officers and employees. Under this program, contributions up to $100,000 per calendar year that the director makes to the Western Union Foundation (the "Foundation") without designating a recipient organization will be matched by the Company $2 for every $1 contributed. Contributions made or directed to be made to an eligible organization, as defined in the program, up to an aggregate amount of $25,000 per calendar year will be equally matched by the Company through the Foundation.

REIMBURSEMENTS

Directors are reimbursed for their expenses incurred by attending Board, committee, and stockholder meetings, including those for travel, meals, and lodging. Occasionally, a spouse or other guest may accompany directors on corporate aircraft when the aircraft is already scheduled for business purposes and can accommodate additional passengers. In those cases, there is no aggregate incremental cost to the Company and, as a result, no amount is reflected in the 2018 Director Compensation table.

INDEMNIFICATION AGREEMENTS

Each outside director has entered into a Director Indemnification Agreement with the Company to clarify indemnification procedures. Consistent with the indemnification rights already provided to directors of the Company in the Company's Certificate of Incorporation, each agreement provides that the Company will indemnify and hold harmless each outside director to the fullest extent permitted or authorized by the General Corporation Law of the State of Delaware in effect on the date of the agreement or as such laws may be amended or replaced to increase the extent to which a corporation may indemnify its directors.

EQUITY OWNERSHIP GUIDELINES

Each outside director is expected to maintain an equity investment in Western Union equal to five times his or her annual cash retainer, which must be achieved within five years of the director's initial election to the Board. The holdings that generally may be counted toward achieving the equity investment guidelines include outstanding stock awards or units, shares obtained through stock option exercises, shares owned jointly with or separately by the director's spouse, shares purchased on the open market, and outstanding stock options received in lieu of cash retainer fees. As of March 19, 2019, all outside directors have met or, within the applicable period, are expected to meet, these equity ownership guidelines.

PROHIBITION AGAINST PLEDGING AND HEDGING OF THE COMPANY'S SECURITIES

The Company's Insider Trading Policy prohibits the Company's directors from pledging the Company's securities or engaging in hedging or short-term speculative trading of the Company's securities, including, without limitation, short sales or put or call options involving the Company's securities.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is currently comprised of five independent directors and operates under a written charter adopted by the Board. The Audit Committee reviews the charter at least annually, reviewing it last in December 2018. The charter is available through the "Investor Relations, Corporate Governance" portion of the Company's website, *www.westernunion.com*.

The Board has the ultimate authority for effective corporate governance, including the role of oversight of the management of the Company. The Audit Committee's purpose is to assist the Board in fulfilling its oversight responsibilities with respect to the Company's consolidated financial statements, independent registered public accounting firm qualifications and independence, performance of the Company's internal audit function and independent registered public accounting firm, and other matters identified in the Audit Committee Charter. The Audit Committee relies on the expertise and knowledge of management, the internal auditors and the independent registered public accounting firm in carrying out its responsibilities. Management is responsible for the preparation, presentation, and integrity of the Company's consolidated financial statements, accounting and financial reporting principles, internal control over financial reporting and disclosure controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. In addition, management is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of the Company's system of internal control. The Company's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of the consolidated financial statements and for expressing an opinion on the conformity of those financial statements with United States generally accepted accounting principles. The Company's independent registered public accounting firm is also responsible for expressing an opinion on the effectiveness of the Company's internal control over financial reporting.

The Audit Committee engages in an annual evaluation of the independent public accounting firm's qualifications, assessing the firm's quality of service, the firm's sufficiency of resources, the quality of the communication and interaction with the firm, and the firm's independence, objectivity, and professional skepticism. In evaluating and selecting the Company's independent registered public accounting firm, the Audit Committee considers, among other things, historical and recent performance of the firm, an analysis of known significant legal or regulatory proceedings related to the firm, recent Public Company Accounting Oversight Board (the "PCAOB") reports regarding the firm, industry experience, audit fee revenues, audit approach, and the independence of the firm. The Audit Committee also periodically considers the advisability and potential impact of selecting a different independent public accounting firm. In addition, the Audit Committee is involved in the lead audit partner selection process.

During fiscal year 2018, the Audit Committee fulfilled its duties and responsibilities as outlined in its charter. Specifically, the Audit Committee, among other actions:

- reviewed and discussed with management and the independent registered public accounting firm the Company's quarterly earnings press releases, consolidated financial statements, and related periodic reports filed with the SEC;
- reviewed with management, the independent registered public accounting firm and the internal auditor, management's assessment of the effectiveness of the Company's internal control over financial reporting, and the effectiveness of the Company's internal control over financial reporting;
- reviewed with the independent registered public accounting firm, management, and the internal auditor, as appropriate, the audit scope and plans of both the independent registered public accounting firm and internal auditor;
- met in periodic executive sessions with each of the independent registered public accounting firm, management, and the internal auditor;
- received the written disclosures and the annual letter from Ernst & Young LLP provided to us pursuant to PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, concerning their independence and discussed with Ernst & Young LLP their independence; and
- reviewed and pre-approved all fees paid to Ernst & Young LLP, as described in Proposal 3—Ratification of Selection of Auditors, and considered whether Ernst & Young LLP's provision of non-audit services to the Company was compatible with the independence of the independent registered public accounting firm.

The Audit Committee has reviewed and discussed with the Company's management and independent registered public accounting firm the Company's audited consolidated financial statements and related footnotes for the fiscal year ended December 31, 2018, and the independent registered public accounting firm's report on those financial statements. Management represented to the Audit Committee that the Company's financial statements were prepared in accordance with United States generally accepted accounting principles.

We have discussed with Ernst & Young LLP the matters required to be discussed with the Audit Committee by Auditing Standard No. 16, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board. The Auditing Standard No. 16 communications include, among other items, matters relating to the conduct of an audit of the Company's consolidated financial statements under the standards of the PCAOB. This review included a discussion with management and the independent registered public accounting firm about the quality (not merely the acceptability) of the Company's accounting principles, the reasonableness of significant estimates and judgments, and the disclosures in the Company's financial statements, including the disclosures relating to critical accounting policies.

In reliance on the review and discussions described above, we recommended to the Board of Directors, and the Board approved, that the audited consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the SEC.

Audit Committee

Richard A. Goodman (Chairperson)
Martin I. Cole
Betsy D. Holden
Angela A. Sun
Solomon D. Trujillo

COMPENSATION AND BENEFITS COMMITTEE REPORT

The Compensation and Benefits Committee has reviewed and discussed the Company's Compensation Discussion and Analysis with management and, based on such review and discussion, the Compensation and Benefits Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Proxy Statement and its Annual Report on Form 10-K.

Compensation and Benefits Committee

Betsy D. Holden (Chairperson)
Richard A. Goodman
Michael A. Miles, Jr.
Robert W. Selander

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

BUSINESS OVERVIEW

The Western Union Company provides people and businesses with fast, reliable, and convenient ways to send money and make payments around the world. Western Union offers its services in more than 200 countries and territories. Our business is complex: our regulatory environment is disparate and developing; our consumers are different from those addressed by traditional financial services firms; and our agent and client relationships are numerous and varied.

Managing these complexities is at the center of Western Union's success, and our leadership must be capable of supporting our Company's goals amid this complexity.

The Company's key strategic priorities for 2018 are set forth in the chart below. The performance goals and objectives under our annual incentive and long-term incentive programs were designed to support these strategic priorities.

Strategic Priorities

Strengthening our consumer money transfer and payments businesses

+

Continued emphasis on digital expansion

+

Creating operating efficiencies

+

Generating and deploying strong cash flow for our stockholders

Selected Results

GAAP revenue of $5.6 billion, up 1% from 2017; Constant currency revenue up 3% from 2017*

In 2018, the Company returned $741 million to stockholders consisting of $399 million of share repurchases and $342 million of dividends

WU.com C2C revenues increased 21% from 2017 on transaction growth of 25%

Operating income in 2018 of $1,122 million, or $1,140 million adjusted operating income, compared to $476 million or $1,008 million adjusted operating income in 2017*

Operating income margin and adjusted operating income margin in 2018 of 20.1%, compared to 8.6% or 18.2% adjusted operating income margin in 2017*

Please see our 2018 Annual Report on Form 10-K for more information regarding our performance.

* See Annex A for a reconciliation of measures that are not based on accounting principles generally accepted in the United States ("GAAP") to the comparable GAAP measure.

EXECUTIVE COMPENSATION FRAMEWORK

The Company's executive compensation framework includes the following, each of which the Compensation Committee believes reinforces our executive compensation philosophy and objectives:

WHAT WE DO

- **Pay-for-performance and at-risk compensation.**

  A significant portion of our targeted annual compensation is performance-based and/or subject to forfeiture ("at-risk"), with emphasis on variable pay to reward short- and long-term performance measured against pre-established objectives informed by our Company's strategy. For 2018, performance-based compensation comprised approximately 83% of the targeted annual compensation for our CEO and, on average, approximately 61% of the targeted annual compensation for the other NEOs. The remaining components of our NEOs' 2018 targeted annual compensation consisted of base salary and service-based RSUs, with the Compensation Committee viewing RSUs as at-risk as their value fluctuates based on our stock price performance.

- **Align compensation with stockholder interests.**

  Performance measures for incentive compensation are linked to the overall performance of the Company, and are designed to be aligned with the creation of long-term stockholder value.

- **Emphasis on future pay opportunity vs. current pay.**

  Our long-term incentive awards are equity-based and have multi-year vesting provisions to encourage retention. For 2018, long-term equity compensation comprised approximately 73% of the targeted annual compensation for our CEO and, on average, approximately 60% of the targeted annual compensation for the other NEOs.

- **Mix of performance metrics.**

  The Company utilizes a mix of performance metrics that emphasize both absolute performance goals, which provide the primary links between incentive compensation and the Company's strategic operating plan and financial results, and a relative performance goal, which measures Company performance in comparison to the S&P 500 Index.

- **Stockholder engagement.**

  The Compensation Committee chair and members of management seek to engage with stockholders regularly to discuss and understand their perceptions or concerns regarding our executive compensation program.

- **"Clawback" policies.**

  The Company may recover incentive compensation paid to an executive officer that was calculated based upon any financial result or performance metric impacted by fraud or misconduct of the executive officer. In addition, the Company's compliance clawback policy allows the Company to recover incentive compensation paid to an executive officer for conduct that is later determined to have contributed to future compliance failures, subject to applicable laws.

- **Robust stock ownership guidelines.**

  We require our executive officers to own a meaningful amount of Company stock to align them with long-term stockholder interests (six-times base salary in the case of our CEO and three-times base salary for our other NEOs).

- **Three-year performance period for PSUs.**
- **Outside compensation consultant retained by the Compensation Committee.**
- **"Double trigger" severance benefits in the event of a change-in-control.**
- **Maximum payout caps for annual cash incentive compensation and PSUs.**
- **Consider compliance in compensation program.**

WHAT WE DON'T DO

✘ **No repricing or buyout of underwater stock options.**

None of our equity plans permit the repricing or buyout of underwater stock options or stock appreciation rights without stockholder approval, except in connection with certain corporate transactions involving the Company.

✘ **No change-in-control tax gross ups for individuals promoted or hired after April 2009.**

Mr. Ersek is the only Company employee who remains eligible for excise tax gross-up payments based on Compensation Committee action in 2009.

✘ **No dividends or dividend equivalents are paid on unvested or unearned PSUs or RSUs.**

✘ **Prohibition against pledging and hedging of Company securities by senior executives and directors.**

CHIEF EXECUTIVE OFFICER COMPENSATION

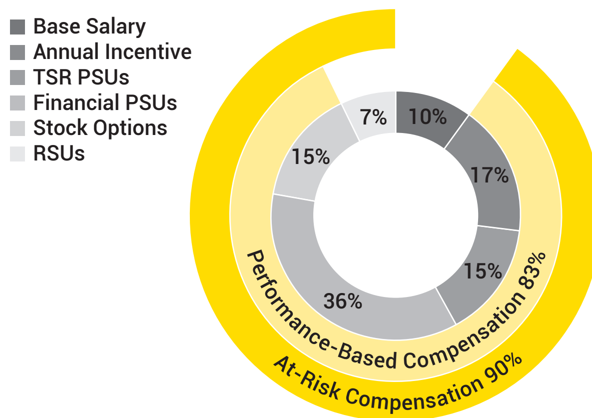
Mr. Ersek's 2018 base salary and long-term incentive award targets remained unchanged from the levels set in 2017, while Mr. Ersek's 2018 annual incentive award target increased from 150% in 2017 to 170% of his base salary. Following this adjustment, Mr. Ersek's 2018 compensation continued to be aligned with median compensation for chief executive officers in the 2018 peer group, based on the most recent publicly available information, as compiled by the Compensation Committee's compensation consultant. For 2018 performance, Mr. Ersek received an annual incentive payout of $1,390,600, reflecting achieved performance of 82% of target, as further described on page 42. In addition, 2018 was the final performance year of the 2016 PSU grants, with the Financial PSUs and TSR PSUs vesting at 78% and 0% of target, respectively.

In 2018, the Compensation Committee modified Mr. Ersek's long-term incentive allocation in order to further align his equity award mix with market data and the Company's other NEOs, resulting in a 2018 long-term incentive award mix of 50% Financial PSUs, 20% TSR PSUs, 20% stock options and 10% service-based RSUs (as compared to the 2017 allocation of 60% Financial PSUs, 20% TSR PSUs and 20% stock options). Further information with respect to the 2018 long-term incentive awards can be found on page 44.

Mr. Ersek's 2018 compensation was weighted significantly toward variable and performance-based incentive pay over fixed pay, and long-term, equity-based pay over annual cash compensation, because the Compensation Committee desired to tie a significant level of Mr. Ersek's compensation to the performance of the Company. The percentage of compensation delivered in the form of performance-based compensation is higher for Mr. Ersek than compared to the other NEOs because the Compensation Committee believes that the CEO's leadership is one of the key drivers of the Company's success, and that a greater percentage of the CEO's total compensation should be variable as a reflection of the Company's level of performance. Market data provided by the Compensation Consultant supported this practice as well.

The following chart illustrates this CEO pay philosophy of heavily weighting targeted CEO compensation toward variable, performance-based pay elements.

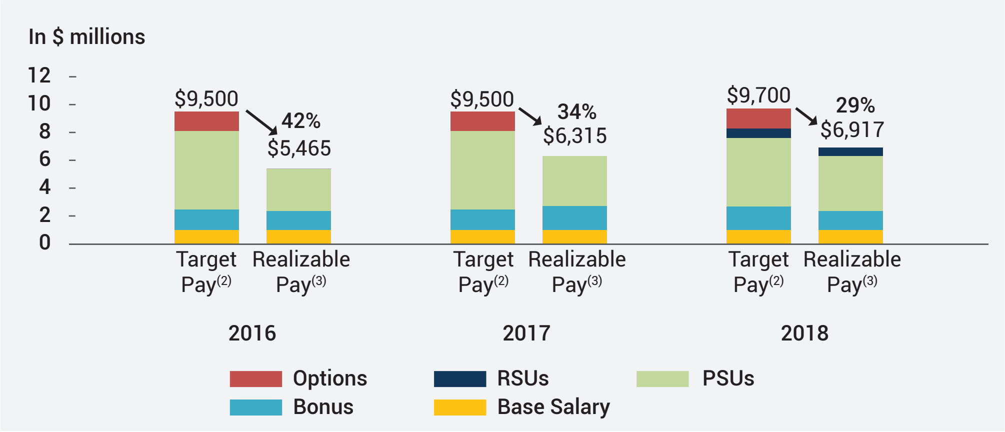
CEO 2018 TOTAL TARGET DIRECT COMPENSATION



Since a significant portion of Mr. Ersek's compensation is both performance-based and at-risk, we are providing the following supplemental graph to compare Mr. Ersek's total target direct compensation to the compensation "realizable" by him for each of 2016, 2017 and 2018. For the cumulative period of 2016 to 2018, realizable pay was approximately 35% lower than total target direct compensation for that period.

We believe the "realizable" compensation and its relationship to total target direct compensation in each of the years and over the three-year cumulative period are reflective of the Compensation Committee's emphasis on "pay-for-performance" in that differences between realizable pay and total target direct compensation, as well as fluctuations year-over-year, are primarily the result of our stock performance and our varying levels of achievement against pre-established performance goals under our Annual Incentive Plan and Long-Term Incentive Plan.

CEO TOTAL TARGET
DIRECT COMPENSATION
VERSUS TOTAL REALIZABLE COMPENSATION(1)



(1) This graph and the total target direct compensation and total realizable compensation reported in this graph provide supplemental information regarding the compensation paid to Mr. Ersek and should not be viewed as a substitute for the 2018 Summary Compensation Table.

(2) Amounts reported in the calculation of total target direct compensation consist of (a) annualized base salary, (b) target annual incentive opportunities for Mr. Ersek with respect to each of the years shown under the Annual Incentive Plan and (c) the target grant values of the long-term incentives granted to Mr. Ersek with respect to each of the years shown under the Long-Term Incentive Plan.

(3) Amounts reported in the calculation of total realizable compensation consist of (a) annualized base salary, (b) actual annual incentive payments received by Mr. Ersek with respect to each of the years shown under the Annual Incentive Plan, (c) the value realized from the exercise of stock options and for unexercised stock options, the difference between the exercise price and the closing stock price on the last trading day of 2018, reported in the year granted, (d) the value realized upon vesting of PSUs and the value of unvested PSUs based on the closing stock price on the last trading day of 2018 and estimated performance as of December 31, 2018, each reported in the year granted, and (e) the value of unvested RSUs based on the closing stock price on the last trading day of 2018, each reported in the year granted.

2018 SAY ON PAY VOTE

The Company received approximately 93% support for its "say on pay" vote at the Company's 2018 Annual Meeting of Stockholders. After considering these results, the committee determined that the Company's executive compensation philosophy, compensation objectives, and compensation elements continued to be appropriate and did not make any specific changes to the Company's executive compensation program in response to the 2018 "say on pay" vote.

STOCKHOLDER ENGAGEMENT

Management and the Compensation Committee Chair regularly reach out to stockholders to better understand their views on the Company's executive compensation program, the "say on pay" vote and our executive compensation disclosure. Over the past few years, the committee and management have found these discussions to be very helpful in their ongoing evaluation of the Company's executive compensation program, and intend to continue to obtain this feedback in the future. As described above, the Compensation Committee approved changes to the Company's 2018 executive compensation program based, in part, on feedback previously provided by stockholders.

ESTABLISHING AND EVALUATING EXECUTIVE COMPENSATION

INTRODUCTION

This Compensation Discussion and Analysis describes how the Compensation Committee determined 2018 executive compensation, the elements of our executive compensation program and the compensation of each of our NEOs. The information provided should be read together with the information presented in the "Executive Compensation" section of this Proxy Statement. For 2018, the NEOs were:

Hikmet Ersek
President and
Chief Executive Officer

Raj Agrawal
Executive
Vice President,
Chief Financial Officer
and Global Operations

Odilon Almeida
Executive
Vice President,
President – Global
Money Transfer

Jean Claude Farah
Executive
Vice President,
President – Global
Payments

Caroline Tsai
Executive
Vice President,
General Counsel and
Corporate Secretary

OUR EXECUTIVE COMPENSATION PHILOSOPHY AND OBJECTIVES

The Compensation Committee has adopted the following compensation objectives and guiding principles to align the Company's incentive compensation program with the Company's overall executive compensation philosophy:

Our Executive Compensation Philosophy

The Compensation Committee believes the Company's executive compensation program should reward actions and behaviors that build a foundation for the long-term strength and performance of the Company, while also rewarding the achievement of short-term performance goals informed by the Company's strategy.

Objectives

- Align executive goals and compensation with stockholder interests
- Attract, retain and motivate outstanding executive talent
- Pay-for-performance – Hold executives accountable and reward them for achieving financial, strategic and operating goals

Guiding Principles

- Pay-for-Performance: Pay is significantly performance-based and at-risk, with emphasis on variable pay to reward short- and long-term performance measured against pre-established objectives informed by the Company's strategy.
- Align Compensation with Stockholder Interests: Link incentive payouts with the overall performance of the Company, including achievement of financial and strategic objectives, as well as individual performance and contributions, to create long-term stockholder value.
- Stock Ownership Guidelines: Our program requires meaningful stock ownership by our executives to align them with long-term stockholder interests.
- Emphasis on Future Pay Opportunity vs. Current Pay: Our long-term incentive awards are delivered in the form of equity-based compensation with multi-year vesting provisions to encourage retention.
- Hire, Retain and Motivate Top Talent: Offer market-competitive compensation which clearly links payouts to actual performance, including rewarding appropriately for superior results, facilitating the hire and retention of high-caliber individuals with the skills, experience and demonstrated performance required for our Company.
- Principled Programs: Structure our compensation programs considering corporate governance best practices and in a manner that is understandable by our participants and stockholders.

THE BOARD OF DIRECTORS AND THE COMPENSATION COMMITTEE

The Board of Directors oversees the goals and objectives of the Company and of the CEO, evaluates succession planning with respect to the CEO and evaluates the CEO's performance. The Compensation Committee supports the Board by:

- Establishing the Company's compensation philosophy;
- Overseeing the development and implementation of the Company's compensation and benefits policies;
- Reviewing and approving corporate goals and objectives relevant to the compensation of the CEO and other executive officers;
- Approving the compensation levels of each of the Executive Vice Presidents; and
- Approving the compensation of the CEO, with ratification by the independent directors of the Board.

The Compensation Committee's responsibilities under its charter are further described in the "Corporate Governance—Committees of the Board of Directors" section of this Proxy Statement.

The CEO, while not a member of the Compensation Committee, attended all of the meetings of the Compensation Committee in 2018 to contribute to and understand the committee's oversight of, and decisions relating to, executive compensation. The CEO did not attend portions of the meetings relating to his compensation. The Compensation Committee regularly conducts executive sessions without management present.

The Compensation Committee also engages in an ongoing dialog with the CEO and the committee's compensation consultant in the evaluation and establishment of the elements of our executive compensation program. The committee also received input from the Chief Human Resources Officer in making executive compensation decisions.

COMPENSATION CONSULTANTS

During 2018, Meridian Compensation Partners, LLC ("Meridian") provided executive and director compensation consulting services to the Compensation Committee. Prior to the committee retaining Meridian in December 2017 to serve as its independent compensation consultant, Frederic W. Cook & Co., Inc. ("FW Cook") served as the committee's independent compensation consultant and provided recommendations regarding the composition of the 2018 peer group. For purposes of this CD&A, FW Cook and Meridian are collectively referred to as the Compensation Consultant.

The Compensation Consultant is retained by and reports directly to the Compensation Committee and participates in committee meetings. The Compensation Consultant informs the committee on market trends, as well as regulatory issues and developments and how they may impact the Company's executive compensation program. The Compensation Consultant also:

- Participates in the design of the executive compensation program to help the committee evaluate the linkage between pay and performance;
- Reviews market data and advises the committee regarding the compensation of the Company's executive officers;
- Reviews and advises the committee regarding director compensation; and
- Performs an annual risk assessment of the Company's compensation program, as described in the "Executive Compensation—Risk Management and Compensation" section of this Proxy Statement.

The Compensation Consultant does not provide any other services to the Company. The Compensation Committee has assessed the independence of the Compensation Consultant pursuant to the NYSE rules and the Company concluded that the work performed by the Compensation Consultant for the Compensation Committee did not raise any conflict of interest.

During 2018, management retained the services of Willis Towers Watson PLC ("WTW") to assist the Company in evaluating the Company's annual and long-term incentive programs. The Compensation Committee has assessed the independence of WTW pursuant to the NYSE rules and the Company concluded that WTW's work did not raise any conflict of interest.

SETTING 2018 COMPENSATION

In late 2017, the Compensation Committee, working with the Compensation Consultant and the CEO, engaged in a detailed review of the Company's executive compensation program to evaluate whether the design and levels of each compensation element were:

- Appropriate to support the Company's strategic performance objectives;
- Consistent with the philosophy and objectives described under "—*Our Executive Compensation Philosophy and Objectives*" above; and
- Reasonable when compared to market pay practices (see "—*Market Comparison*" below).

The Compensation Committee approved certain design changes to the Company's executive compensation program in 2018 based on its review of market data and feedback received during the Company's stockholder engagement efforts. Accordingly, for 2018, the Company's executive compensation program continued to be significantly weighted towards performance-based compensation and continued to include a diversified mix of long-term incentive awards, but with certain modifications to the structure of the program.

For 2018, Annual Incentive Plan awards to executives other than Mr. Ersek continued to be based on an assessment of individual performance relating to personalized objectives, and the committee could increase or decrease the award payout resulting from the achievement of the financial and strategic performance objectives by up to 25%, for a maximum 2018 annual incentive opportunity of 200% of target (an increase from 175% of target in 2017). Mr. Ersek's Annual Incentive Plan award continued to be based entirely on the achievement of corporate and strategic performance goals, with a maximum 2018 incentive opportunity equal to 175% of target (an increase from 150% of target in 2017). The committee approved the increase in maximum payout levels under the Annual Incentive Plan in order to further align with market data and provide greater payout leverage for over performance.

In order to further align the Company's long-term incentive program with market data and stockholder interests and to enhance the retentive aspect of the program, in 2018, the committee made several modifications to the 2018 long-term incentive program. First, the 2018 Financial PSUs are scheduled to vest based on the achievement of revenue and EBIT goals over a cumulative three-year performance period rather than the prior design of revenue and operating income goals measured on an annual basis over a three-year performance period. This change broadens the metrics used under the Annual Incentive Plan and long-term incentive program and requires sustained performance over a multi-year performance period to vest in the Financial PSUs. In addition, the committee increased the RSU component with respect to the NEOs other than Mr. Ersek from 20% to 30% and added an RSU component to Mr. Ersek's long-term incentive award mix, with a weighting of 10%. The committee approved this design in order to strengthen the Company's ability to retain executive talent, while still maintaining a variable compensation element as the value of the RSUs will fluctuate based on our stock price performance. Similar to the change in maximum payout levels with respect to the Annual Incentive Plan, the committee increased the maximum payout levels under the PSUs to 200% of target (as compared to 175% of target in 2017) in order to further align with market data and provide greater payout leverage for over performance.

With respect to setting 2018 compensation levels, Mr. Ersek presented to the Compensation Committee his evaluation and recommendation for each of the other NEOs and their respective salary, annual bonus targets, and long-term incentive award targets. Mr. Ersek based his assessments on a number of factors, including but not limited to: individual performance and relative contributions to the Company's success; the performance of the executive's respective business unit or functional area; retention considerations; market data; compensation history; and internal equity. After consideration and discussion, the Committee reviewed and approved Mr. Ersek's 2018 recommendations for the NEOs other than himself.

Also in early 2018, Mr. Ersek submitted a self-evaluation to the Compensation Committee. The committee shared Mr. Ersek's goals for the year and his self-evaluation with the independent members of the Board, who then evaluated Mr. Ersek's performance in 2017 based on his actual performance versus such goals. In setting Mr. Ersek's 2018 compensation, the committee considered this evaluation, market data regarding chief executive officer compensation levels provided by the Compensation Consultant, and a tally sheet of Mr. Ersek's historical and current compensation data. No member of management, including Mr. Ersek, made any recommendations regarding Mr. Ersek's compensation or participated in the portions of the Compensation Committee meeting or in the meeting of the independent directors of the Board during which Mr. Ersek's compensation was determined or ratified.

MARKET COMPARISON

For 2018, the Compensation Committee considered market pay practices when setting executive compensation, but did not target percentile ranks of specific compensation elements or total target direct compensation against the market data. Instead, the committee used market data to assess the overall competitiveness and reasonableness of the Company's executive compensation program.

While the Compensation Committee considers relevant market pay practices when setting executive compensation, it does not believe it appropriate to establish compensation levels based only on market practices. The Compensation Committee believes that compensation decisions are complex and require a deliberate review of Company performance and peer compensation levels. The factors that influence the amount of compensation awarded include, but are not limited to:

- Market competition for a particular position;
- Experience and past performance inside or outside the Company;
- Role and responsibilities within the Company;
- Tenure with the Company and associated institutional knowledge;
- Long-term potential with the Company;
- Innovative thinking and leadership;

- Money transfer or financial services industry expertise;
- Personal performance and contributions;
- Succession planning;
- Past and future performance objectives; and
- Value of the position within the Company.

As further discussed below, the committee considered market data from both an executive compensation peer group and a general industry compensation survey, but did not assign a specific weight to either data source.

The Compensation Committee believes that the Company's executive compensation peer group should reflect the markets in which the Company competes for business, executive talent and capital. Accordingly, the Company's peer group includes companies meeting either of the following criteria:

- Global brands providing virtual products or services; or
- Companies involved with payment and/or processing services.

The executive compensation peer group used for evaluating 2018 compensation decisions consisted of the companies below. The peer group for 2018 pay decisions was updated to remove Charles Schwab and ADP and add Broadridge Financial Solutions, Euronet Worldwide, FleetCor Technologies, and Navient in order to more closely align the peer group with the Company in terms of revenues, operating income, employees and market capitalization. These changes were first effective with respect to evaluating 2018 executive compensation decisions. The Compensation Consultant compiled compensation information from the peer group based on the publicly filed documents of each member of the peer group. Based on the information below, the Company estimates that it is between the 50th and 75th percentile of the peer group in terms of revenues and employees, between the 25th and 50th percentile of the peer group in terms of operating income, and below the 25th percentile of the peer group in terms of market capitalization.

PEER GROUP	2017 REVENUES* (IN MILLIONS)	2017 OP INCOME* (IN MILLIONS)	EMPLOYEES (AS OF 12/31/2017)	MARKET CAP (AS OF 12/31/2017) (IN MILLIONS)
Ameriprise Financial	$12,075	$3,125	13,000	$25,070
Broadridge Financial Solutions, Inc.	$4,292	$606	10,000	$10,557
CME Group Inc.	$3,645	$2,303	2,830	$49,700
Comerica Incorporated	$3,094	$1,343	7,834	$15,098
Discover Financial Services	$7,318	$3,626	16,500	$27,951
Euronet Worldwide, Inc.	$2,252	$300	6,600	$4,439
Fidelity National Information Services, Inc.	$9,123	$1,670	52,000	$31,414
Fiserv, Inc.	$5,696	$1,522	24,000	$27,327
FleetCor Technologies, Inc.	$2,250	$884	7,890	$17,234
Global Payments Inc.	$3,975	$653	10,000	$15,952
Intuit Inc.	$5,285	$1,399	8,900	$40,336
MoneyGram International, Inc.	$1,602	$95	2,936	$716
Nasdaq, Inc.	$3,965	$1,076	4,069	$12,771
Navient Corporation	$1,785	$796	6,700	$3,503
Northern Trust Corporation	$5,410	$1,711	18,600	$22,717
PayPal Holdings, Inc.	$13,094	$1,914	18,700	$88,485
State Street Corporation	$11,168	$3,364	39,000	$36,197
Total System Services, Inc.	$4,928	$734	11,000	$14,540
Worldpay, Inc.	$4,026	$570	3,661	$11,955
75th Percentile	**$6,507**	**$1,813**	**17,550**	**$29,682**
50th Percentile	**$4,292**	**$1,343**	**10,000**	**$17,234**
25th Percentile	**$3,369**	**$694**	**6,650**	**$12,363**

* All data was compiled by the Compensation Consultant who obtained peer company financial market intelligence from S&P CapitalIQ. The data generally represents revenue and operating income for the most recent four quarters available to the Compensation Consultant at the time the Compensation Consultant compiled the data in January 2018. Operating income may reflect measures not in conformity with GAAP.

The Compensation Committee also used a general industry compensation survey in evaluating executive pay. Survey data provides a broader perspective on market practices. For the 2018 compensation review, the Compensation Consultant compiled compensation data from a general industry compensation survey provided by Willis Towers Watson (which included data from companies with annual revenues between $3 billion and $6 billion).

Use of Tally Sheets

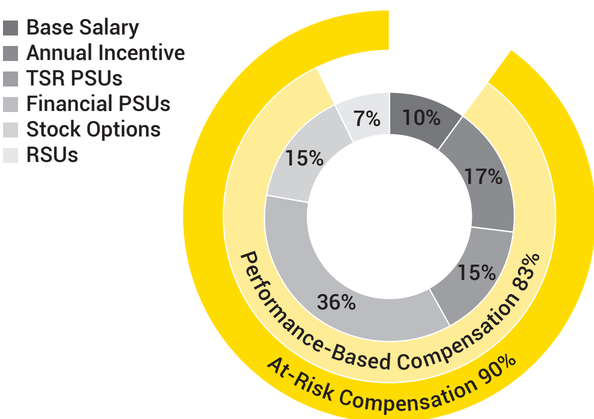
The Compensation Committee reviews tally sheets that present historical and current compensation data, valuations of future equity vesting, value of option exercises in the past five years, as well as analyses for hypothetical terminations and retirements to allow the Compensation Committee to consider the Company's obligations under such circumstances. The tally sheets provide additional context for the committee in determining and assessing NEO compensation.

THE WESTERN UNION 2018 EXECUTIVE COMPENSATION PROGRAM

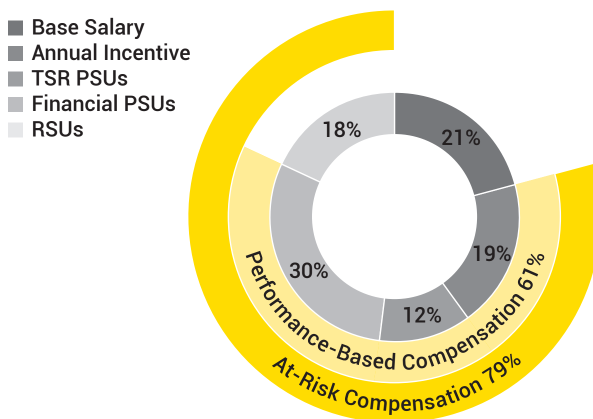
Pay-For-Performance and At-Risk Compensation

The principal components of the Company's 2018 annual executive compensation program were annual base salary, annual incentive awards, and long-term incentive awards in the form of PSUs, stock options (for the CEO) and RSUs. The Compensation Committee designed the 2018 executive compensation program so that performance-based pay elements (Annual Incentive Plan awards, PSUs and, if applicable, stock options) would constitute a significant portion of the executive compensation awarded, determined at target levels. The following charts illustrate the mix of the targeted annual compensation for the CEO and the average targeted annual compensation for the other NEOs, and the portion of that compensation that is performance-based and/or at-risk. For purposes of these charts, the percentage of targeted annual compensation was determined based on the annual base salary and target incentive opportunities applicable to the NEO as of December 31, 2018.

CEO 2018 TOTAL TARGET DIRECT COMPENSATION



NEO 2018 TOTAL TARGET DIRECT COMPENSATION

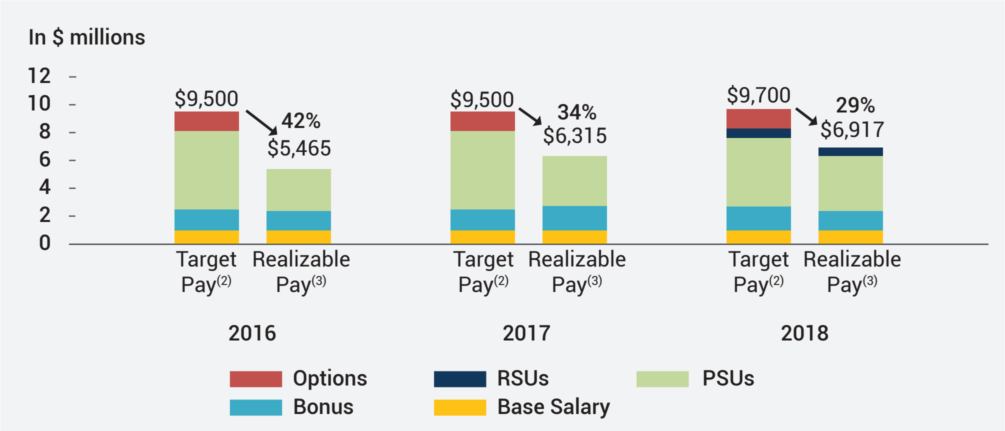


Total Target Direct Compensation Versus Total Realizable Pay

Since a significant portion of Mr. Ersek's compensation is both performance-based and at-risk, we are providing the following supplemental graph to compare Mr. Ersek's total target direct compensation to the compensation "realizable" by him for each of 2016, 2017 and 2018. For the cumulative period of 2016 to 2018, realizable pay was approximately 35% lower than target direct compensation for that period.

We believe the "realizable" compensation and its relationship to total target direct compensation in each of the years and over the three-year cumulative period are reflective of the Compensation Committee's emphasis on "pay-for-performance" in that differences between "realizable" pay and total target direct compensation, as well as fluctuations year-over-year are primarily the result of our stock performance and our varying levels of achievement against pre-established performance goals under our Annual Incentive Plan and Long-Term Incentive Plan.

CEO TOTAL TARGET
DIRECT COMPENSATION
VERSUS TOTAL REALIZABLE COMPENSATION[1]



(1) This graph and the total target direct compensation and total realizable compensation reported in this graph provide supplemental information regarding the compensation paid to Mr. Ersek and should not be viewed as a substitute for the 2018 Summary Compensation Table.

(2) Amounts reported in the calculation of total target direct compensation consist of (a) annualized base salary, (b) target annual incentive opportunities granted to Mr. Ersek with respect to each of the years shown under the Annual Incentive Plan and (c) the target grant values of the long-term incentives granted to Mr. Ersek with respect to each of the years shown under the Long-Term Incentive Plan.

(3) Amounts reported in the calculation of total realizable compensation consist of (a) annualized base salary, (b) actual annual incentive payments received by Mr. Ersek with respect to each of the years shown under the Annual Incentive Plan, (c) the value realized from the exercise of stock options and for unexercised stock options, the difference between the exercise price and the closing stock price on the last trading day of 2018, each reported in the year granted, (d) the value realized upon vesting of PSUs and the value of unvested PSUs based on the closing stock price on the last trading day of 2018 and estimated performance as of December 31, 2018, each reported in the year granted, and (e) the value of unvested RSUs based on the closing stock price on the last trading day of 2018, each reported in the year granted.

ELEMENTS OF 2018 EXECUTIVE COMPENSATION PROGRAM

The following table lists the material elements of the Company's 2018 executive compensation program for the Company's NEOs. The committee believes that the design of the Company's executive compensation program focuses on performance-based compensation elements, provides alignment with the Company's short and long-term financial and strategic priorities through the annual and long-term incentive programs, and provides alignment with stockholder interests.

	Fixed	At-Risk / Performance Based			
	Base Salary +	Annual Incentive Awards +	PSUs +	Stock Options +	RSUs
Key Characteristics	Fixed compensation component payable in cash. Reviewed annually and adjusted when appropriate.	Variable compensation component payable in cash based on performance against annually established performance objectives.	PSUs vest based on the Company's achievement of financial performance objectives and the Company's relative TSR performance. The value of PSUs is also dependent on our share price over the performance period. PSUs do not accrue or pay dividends.	Non-qualified stock options granted with an exercise price equal to fair market value on the date of grant that expire 10 years after grant and become exercisable in 25% annual increments over a four-year vesting period. The value of stock options is dependent on our share price over the option term.	RSUs generally cliff vest on the third anniversary of the date of grant based on continued service during vesting period. The value of RSUs is dependent on our share price over the vesting period. RSUs do not accrue or pay dividends.
Why We Pay This Element	Establish a pay foundation at competitive levels to attract and retain talented executives.	Motivate and reward executives for performance on key financial, strategic and/or individual performance goals over the year. Hold our executives accountable, with payouts based on actual performance against pre-established and communicated performance goals.	Align the interests of executives with those of our stockholders by focusing the executives on the Company's financial and TSR performance over a multi-year period. Hold our executives accountable, with payouts varying from target based on actual performance against pre-established and communicated performance goals.	Align interests of the CEO with those of our stockholders by focusing on long-term share price appreciation over the option term.	Competitive with market practices in order to attract and retain top executive talent. Align the interests of executives with those of our stockholders by focusing the executives on long-term objectives over a multi-year vesting period, with the value of the award fluctuating based on stock price performance.
How We Determine Amount*	Experience, job scope, responsibilities, market data, internal equity, and individual performance.	Internal pay equity, market practice, corporate and individual performance. Participants are eligible to receive a cash payout ranging from 0% to 175% of target based on the achievement of financial and strategic goals. Payouts for participants other than the CEO are subject to a +/- 25% modifier based on individual performance with respect to personalized objectives, including business unit goals.	Internal pay equity, market practice and individual performance. Financial PSUs: Payout based on revenue and EBIT growth over 2018-2020 performance period. TSR PSUs: Payout based on the Company's TSR performance relative to the S&P 500 Index over 2018-2020 performance period.	Internal pay equity, market practice and individual performance.	Internal pay equity, market practice and individual performance.

* See the "Setting 2018 Compensation" section for further information regarding the determination of 2018 compensation levels.

Each of Western Union's 2018 executive compensation program elements is described in further detail below.

Base Salary

Our philosophy is that base salaries should meet the objectives of attracting and retaining the executives needed to lead the business. Base salary is a fixed compensation component payable in cash. In February 2018, Mr. Agrawal and Ms. Tsai received base salary increases of 7% and 13%, respectively, in order to further align their total compensation levels with the market data and to reflect expanded roles within the Company. None of our other NEOs received a salary increase during 2018.

The following table sets forth each NEO's 2018 base salary level:

EXECUTIVE	2018 BASE SALARY ($000)
Hikmet Ersek	$1,000.0
Raj Agrawal	$630.0
Odilon Almeida	$650.0
Jean Claude Farah	$500.0
Caroline Tsai	$450.0

Annual Incentive Compensation

Our Annual Incentive Plan is designed to motivate and reward our NEOs for achieving short-term performance objectives. We believe the program supports our "pay-for-performance" culture.

Target payout opportunities under the Annual Incentive Plan are expressed as a percentage of a participant's annual base salary. For 2018, the Compensation Committee increased the target bonus opportunities for Mr. Ersek from 150% to 170% of base salary and for Mr. Almeida from 90% to 100% of base salary. None of our other NEOs received an Annual Incentive Plan target increase with respect to 2018.

Potential payouts range from 0% to 175% of target based on the achievement of pre-established financial and strategic goals. Because the committee believes that individual objectives are indicators of the executive's success in fulfilling the executive's responsibilities, the total payout under the Annual Incentive Plan for the NEOs other than the CEO is subject to a +/- 25% modifier based on the committee's assessment versus pre-established individual performance goals. Payouts for the NEOs (other than the CEO) are capped at 200% of each individual's target bonus opportunity, with the CEO's payout capped at 175% of his target bonus opportunity.

The Annual Incentive Plan is based on the achievement of financial and strategic goals weighted at 70% and 30%, respectively. The weighting of the performance measures reflects the desire of the Compensation Committee to tie a significant portion of annual incentive compensation to performance measures that the committee believes are meaningful to and readily accessible by our investors, while at the same time, emphasizing strategic performance objectives focused on the Company's growth imperatives.

Financial Performance and Goal Setting. In 2018, Company performance against total revenue and operating income was 75% and 80% of target, respectively. Importantly, the committee required a year-over-year growth rate of 3.5% for total revenue and 5.0% for operating income in order for the NEOs to earn a target payout. Due to the global nature of our business, our goals are set on a constant currency basis in order to focus our executives on the business operations, which we believe is consistent with market practices.

	2017 ACTUAL RESULTS*	TARGET GROWTH RATE FROM 2017 RESULTS	2018 TARGET*	2018 ACTUAL RESULTS*	ACHIEVEMENT**(%)
Total Revenue	$5,524M	3.5%	$5,718M	$5,676M	75%
Operating Income	$1,102M	5.0%	$1,157M	$1,146M	80%
Overall Achievement					77%

* 2018 target and actual results shown at constant currency - calculated assuming no changes in the currency exchange rates from 2017 currency exchange rates. In February 2019, the Compensation Committee exercised its discretion to reduce the 2018 total revenue and operating income actual results to account for the impact of certain inflation above budgeted inflation levels. Absent these adjustments, total revenue and operating income would have been $5,702 and $1,154, respectively. For comparative purposes, the 2017 Actual Results for Operating Income are calculated excluding charges incurred pursuant to the Company's WU Way Program, additional costs relating to the Joint Settlement Agreements, costs associated with a January 4, 2018 consent order, which resolved a matter with the New York Department of financial services (the "NYDFS Consent Order") relating to facts set forth in the Joint Settlement Agreements, and a 2017 goodwill impairment relating to our Business Solutions reporting unit (the "WUBS Impairment"). The performance grid provided payout opportunities for performance ranging from $5,635M to $5,856M for revenue and $1,130M to $1,185M for operating income.

** In February 2019, the Compensation Committee exercised its discretion to reduce the total revenue and operating income formulaic achievement levels to account for the impact of certain inflation above budgeted inflation levels. Absent these adjustments, total revenue, operating income and the overall attainment levels would have been 90%, 95%, and 92%, respectively. The achievement levels reported in this column reflect the adjusted achievement levels determined by the committee in February 2019

When the financial and strategic performance measures were established, and consistent with prior years, the committee determined that the effect of currency fluctuations, acquisitions and divestitures, including related costs, restructuring, and other significant charges not included in the Company's internal 2018 financial plan should be excluded from the payout calculations to more closely align payouts with the underlying operating performance of the business.

As it had in previous years, the Compensation Committee set the 2018 financial performance goals by establishing a grid based on the Company's revenue and operating income. These performance measures were used in order to tie annual incentive compensation to measures of the Company's financial performance that the committee deemed meaningful to and readily accessible by our investors.

The Compensation Committee established the performance goal grid and corresponding payout percentages based upon input from management regarding the Company's expected performance in the upcoming year. The committee designed the grid to encourage strong, focused performance by our executives. The 2018 performance goal grid provided a payout of 100% of target if the Company achieved its internal operating plan for operating income and revenue (revenue of approximately $5.7 billion and operating income of approximately $1.2 billion, each measured on a constant currency basis), with a maximum initial payout level of 175% of target if revenue and operating income grew by 6.0% and 7.5%, respectively, as compared to 2017 (with such payout further subject to the +/- 25% performance modifier for participants other than Mr. Ersek).

Strategic Performance and Goal Setting. Participants in the 2018 Annual Incentive Plan had 30% of their award opportunity tied to the achievement of performance objectives based upon the Company's strategic operating plan, with a focus on the Company's growth imperatives (as measured by digital money transfer revenue and cross border solutions initiatives, each weighted 10%) and compliance execution objectives (weighted 10%). Performance levels of the objectives were designed to be achievable, but required the coordinated, cross-functional focus and effort of the executives. Based on the achievement of the strategic performance objectives, the committee certified a payout equal to 93% of each NEO's target allocated to the strategic performance objectives.

Individual Performance Modifier and Goal Setting. Other than for Mr. Ersek, each NEO's payout under the 2018 Annual Incentive Plan was subject to a +/- 25% modifier based on the committee's assessment of individual and business unit performance. In making its assessment, the committee considered the recommendations of the CEO based on his review of the performance of each NEO against the individual objectives established by the committee at the beginning of the year.

The committee believes the performance objectives established for each NEO are indicators of the executive's success in fulfilling the executive's responsibilities to the Company and support the Company's strategic operating plan. The committee also believes that including an assessment of contributions towards the Company's compliance initiatives, the Company's WU Way program goals, employee engagement and leadership in each of the NEO's individual and business unit objectives reinforces these objectives as priorities throughout the organization. The performance levels of the individual and business unit objectives were designed to be achievable, but required strong and consistent performance by the executive.

The following table summarizes key performance indicators for each NEO under the 2018 Annual Incentive Plan, as approved by the Compensation Committee. In addition to the performance goals described below, each of these NEOs was also assessed based on contributions towards compliance initiatives, the Company's WU Way program goals, employee engagement, and leadership.

Executive	Individual Performance Objectives
Raj Agrawal	Earnings per share, operating cash flow and Global Operations customer satisfaction
Odilon Almeida	Revenue, controllable profit and repeat customer retention
Jean Claude Farah	Revenue, controllable profit and revenue customer retention
Caroline Tsai	Compliance priorities, litigation expenditures and priorities, customer service, and innovative thought leadership in support of strategic initiatives

Compliance Evaluation. The Company considers evaluation criteria related to compliance in its executive bonus system so that each Company executive is evaluated on what the executive has done to ensure that the executive's business or department is in compliance with applicable U.S. laws. A failing score in compliance, including anti-money laundering and anti-fraud programs, will make the executive ineligible for any bonus for that year. In addition, the 2018 award agreements under the Annual Incentive Plan included clawback provisions, specifically authorizing the clawback of annual incentive payments due to compliance failures. In early 2019, the Compensation Committee determined that each NEO met the compliance-related evaluation criteria established by the Company and therefore determined that each NEO remained eligible for a bonus with respect to 2018.

NEO Payouts Under the 2018 Annual Incentive Plan. The following table sets forth each NEO's 2018 target award opportunity expressed (i) as a percentage of 2018 base salary and (ii) in dollars and the annual incentive payouts received by each NEO.

EXECUTIVE	TARGET BONUS AS A % OF BASE SALARY	TARGET AWARD OPPORTUNITY ($000)	CORPORATE OBJECTIVES PAYOUT AT 77% OF TARGET ($000)	STRATEGIC OBJECTIVES PAYOUT AT 93% OF TARGET ($000)	+/- INDIVIDUAL PERFORMANCE MODIFIER	FINAL BONUS ($000)	FINAL BONUS AS A % OF TARGET
Hikmet Ersek	170%	$1,700.0	$916.3	$474.3	N/A	$1,390.6	82%
Raj Agrawal	100%	$630.0	$339.6	$175.8	3% modifier	$534.2	85%
Odilon Almeida	100%	$650.0	$350.4	$181.3	0% modifier	$531.7	82%
Jean Claude Farah	90%	$450.0	$242.6	$125.6	-3% modifier	$354.6	79%
Caroline Tsai	75%	$337.5	$181.9	$94.2	10% modifier	$309.8	92%

Long-Term Incentive Compensation

The objectives for the long-term incentive awards were to:

- Align the interests of our executives with the interests of our stockholders by focusing on objectives that result in stock price appreciation;
- Increase cross-functional executive focus in the coming years on key performance metrics through Financial PSUs;
- Amplify executive focus on stockholder returns through TSR PSUs; and
- Retain the services of executives through multi-year vesting provisions.

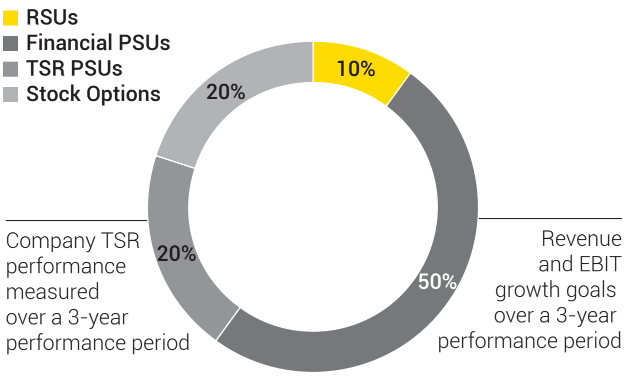
The Company's long-term incentive program allows the Compensation Committee to award various forms of long-term incentive grants, including stock options, RSUs, performance-based equity and performance-based cash awards. The Compensation Committee approves all equity grants made to our senior executives, with the equity grants made to the CEO ratified by the independent directors of the Board. When making regular annual equity grants, the Compensation Committee's practice is to approve them during the first quarter of each year as part of the annual compensation review. In addition to the factors listed in the table under "*Elements of 2018 Executive Compensation Program*," the Compensation Committee also considers dilution of the Company's outstanding shares when making equity grants.

2018 Annual Long-Term Incentive Awards. In early 2018, the Compensation Committee granted the NEOs long-term incentive awards under the Long-Term Incentive Plan. In approving the 2018 long-term incentive awards, the committee approved increases to the target award values for Messrs. Agrawal and Almeida and Ms. Tsai as compared to 2017, primarily to more closely align their total direct compensation with the median of the market data and, in the case of Ms. Tsai, to reflect her expanded role with respect to compliance within the Company. The following table sets forth the target award value, as of the date of grant, of the 2018 long-term incentive awards received by each NEO:

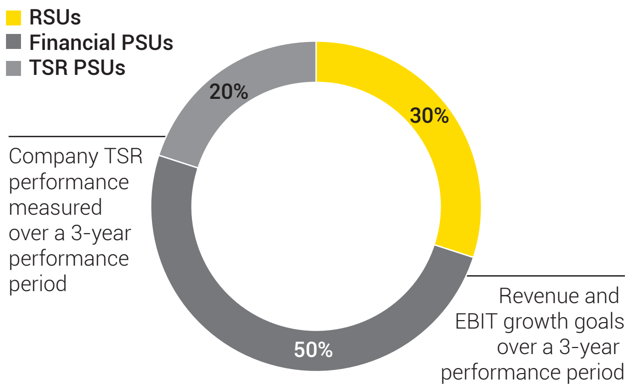
EXECUTIVE	TARGET GRANT VALUE ($000)
Hikmet Ersek	$7,000.0
Raj Agrawal	$2,400.0
Odilon Almeida	$2,000.0
Jean Claude Farah	$1,050.0
Caroline Tsai	$ 900.0

Once the target grant value is set for each NEO, the grant value is then allocated among PSUs, RSUs and stock options, as applicable. In 2018, the committee granted the long-term incentive allocation indicated below:

CEO 2018 LONG-TERM INCENTIVE AWARDS



OTHER NEO 2018 LONG-TERM INCENTIVE AWARDS



The committee believes that this mix is appropriate because it is designed to align the interests of our NEOs with the interests of our stockholders, drive long-term performance with respect to strategic measures, support retention of our NEOs and align with market practices as reported by the Compensation Consultant.

Financial PSUs. The 2018 Financial PSU awards will vest if and only to the extent that specific performance goals for revenue and EBIT are met during the three-year performance period. Prior to 2018, the Compensation Committee utilized revenue and operating income as elements in both the Company's Annual Incentive Plan and long-term incentive program. When designing the Company's 2018 executive compensation program, the Compensation Committee evaluated a range of performance metrics for purposes of the Company's incentive programs and considered input from management and the Compensation Consultant. Based on such review, the Compensation Committee determined that revenue and operating income continue to be viewed as core drivers of the Company's performance and stockholder value creation and should remain components of the Company's executive compensation program. However, based on stockholder feedback and a review of market data, the committee modified the 2018 long-term incentive design to replace the operating income performance goal that had been used in prior years with an EBIT performance goal in order to further broaden the performance metrics utilized in the Company's executive compensation program while continuing to use measures that the committee believes measure strategy execution and long-term value creation.

In addition, the Compensation Committee continued its historical practice of supplementing the primary performance measures under the Annual Incentive Plan and long-term incentive program with additional performance measures in order to strike an appropriate balance with respect to incentivizing top-line growth, profitability, non-financial business imperatives and stockholder returns over both the short-term and long-term horizons.

Finally, with respect to 2018, the Compensation Committee approved a design change, which measures performance over a three-year cumulative performance period rather than the previous program design of measuring performance with respect to one-third of the PSUs subject to the grant on an annual basis during each year of the three-year performance period. This change is intended to further align the Company's executive compensation program with the long-term interests of the Company's stockholders as payouts under the Financial PSUs require sustained performance over a three-year performance period.

Similar to the Annual Incentive Plan, when the financial performance objectives were established for the Financial PSUs, the committee determined that the effect of currency fluctuations, acquisitions and divestitures, including related costs, restructuring, and other significant charges not included in the Company's internal financial plans should be excluded from the payout calculations. Consistent with the Company's historical practices, under this plan design, the performance results for the Financial PSUs will be calculated using the prior year's currency exchange rates.

The performance objectives under the 2018 Financial PSUs are based on a targeted constant currency compound annual growth rate ("CAGR") for revenue and EBIT over the three-year performance period. At the beginning of the performance period, the committee established revenue and EBIT CAGR goals for the performance period, with revenue weighted 70% and EBIT weighted 30%. The committee approved this design in order to provide greater emphasis on revenue growth. Under the terms of the awards, as much as 200% of the targeted Financial PSUs may be earned based on the Company's performance with respect to the revenue and EBIT performance objectives over the three-year performance period. In addition, in order to vest in the award, the award recipient must remain employed through the third anniversary of the grant date (February 2021), except as otherwise provided under the Company's Executive Severance Policy or the Long-Term Incentive Plan. The PSU performance goals were designed to be challenging but achievable with the coordinated, cross-functional focus and effort of the executives.

The following table sets forth each NEO's threshold, target and maximum award opportunity with respect to the 2018 Financial PSUs:

	2018 FINANCIAL PSU AWARD OPPORTUNITY		
EXECUTIVE	**THRESHOLD**	**TARGET**	**MAXIMUM**
Hikmet Ersek	87,109	174,217	348,434
Raj Agrawal	29,866	59,732	119,464
Odilon Almeida	24,889	49,777	99,554
Jean Claude Farah	13,067	26,133	52,266
Caroline Tsai	11,200	22,400	44,800

TSR PSUs. In 2018, the Company continued to grant TSR PSUs to enhance focus on stockholder returns. These TSR PSUs require the Company to achieve 60th percentile relative TSR performance versus the S&P 500 Index over a three-year performance period in order to earn target payout, with 30th percentile relative TSR performance resulting in threshold payout and 90th percentile relative TSR performance resulting in maximum payout. This portion of the award is also subject to the participant's continued service through the third anniversary of the grant date (February 2021), except as otherwise provided under the Company's Executive Severance Policy or the Long-Term Incentive Plan.

The following table sets forth each NEO's threshold, target and maximum award opportunities with respect to the 2018 TSR PSUs:

	2018 TSR PSU AWARD OPPORTUNITY		
EXECUTIVE	**THRESHOLD**	**TARGET**	**MAXIMUM**
Hikmet Ersek	33,082	66,163	132,326
Raj Agrawal	11,332	22,663	45,326
Odilon Almeida	9,443	18,886	37,772
Jean Claude Farah	4,958	9,916	19,832
Caroline Tsai	4,250	8,499	16,998

Annual RSU Awards. Service-vesting RSUs are granted to our NEOs to support retention and alignment of our NEOs' interests with the interests of our stockholders. The annual RSU grants vest 100% on the third-anniversary of the grant date, subject to the NEO's continued service or as otherwise provided for under the Company's Executive Severance Policy or the Long-Term Incentive Plan.

The following table sets forth each NEO's 2018 annual RSU grant:

EXECUTIVE	**ANNUAL RSU GRANT**
Hikmet Ersek	34,844
Raj Agrawal	35,839
Odilon Almeida	29,866
Jean Claude Farah	15,680
Caroline Tsai	13,440

Stock Options Awards. With respect to Mr. Ersek, stock options are granted to further emphasize the achievement of long-term objectives and encourage long-term value creation as the stock options will have value to Mr. Ersek only if the Company's stock price appreciates from the date of grant. The stock options vest in 25% annual increments over four years, subject to Mr. Ersek's continued service or as otherwise provided for under the Company's Executive Severance Policy or the Long-Term Incentive Plan and have a 10-year term. The committee believes that the Company's 2018 long-term incentive design supports retention and represents a balanced reflection of stockholder returns and financial performance. For 2018, Mr. Ersek received options representing the right to purchase 383,562 shares of the Company's common stock, subject to the satisfaction of the underlying service-based vesting conditions.

Supplemental RSU Award. In December 2018, Ms. Tsai received a supplemental RSU grant with a target value of $250,000. The supplemental RSU grant vests 50% on each of the first and second anniversaries of the grant date, subject to Ms. Tsai's continued employment through the applicable vesting date or as otherwise provided for under the Company's Executive Severance Policy or the Long-Term Incentive Plan. The committee approved the supplemental RSU grant in recognition of Ms. Tsai's performance and increased responsibilities with respect to oversight of the Company's compliance programs. Additionally, the committee viewed the supplemental RSU grant as an important incentive to retain Ms. Tsai in light of Ms. Tsai's total target direct compensation as compared to the market median.

2016 PSU Award. Under the terms of the 2016 PSUs, 2018 represented the final year of the three-year performance period for the 2016 Financial PSUs and the 2016 TSR PSUs. The 2016 Financial PSUs vested based on the extent to which the Company's CAGR for revenue and operating income (each weighted 50%), met certain performance goals based on each performance year's actual performance as compared to the prior year, as well as a three-year positive CAGR in both revenue and operating income. The 2016 TSR PSUs vested based on the Company's achievement of relative TSR performance versus the S&P 500 Index over a three-year performance period. Based on performance over the three-year performance period, as described further below, the 2016 PSUs vested as follows for each of the participating NEOs:

EXECUTIVE*	2016 TARGET FINANCIAL PSUs (#)	2016 EARNED FINANCIAL PSUs (#)	2016 TARGET TSR PSUs (#)	2016 EARNED TSR PSUs (#)
Hikmet Ersek	230,897	180,100	84,593	0
Raj Agrawal	54,366	42,406	19,892	0
Odilon Almeida	44,482	34,696	16,275	0
Jean Claude Farah	27,183	21,203	9,946	0

* Ms. Tsai commenced employment with the Company in 2017 and, accordingly, did not receive 2016 PSUs.

The 2016 Financial PSU and 2016 TSR PSU performance objectives and the achievement levels are set forth in the tables below. While the performance periods for the 2016 PSUs concluded as of December 31, 2018, these awards remained subject to service-based vesting conditions until the third anniversary of the grant date (February 2019).Pursuant to the terms of the underlying award agreements and consistent with the adjustment methodology used in prior years, the Compensation Committee excluded from the 2016 Financial PSU payout calculations charges incurred pursuant to the Joint Settlement Agreements and the NYDFS Consent Order after considering (i) the Department of Justice's statement of facts which noted that, since at least September 2012, the Company took remedial measures and implemented compliance enhancements to improve its anti-fraud and anti-money laundering programs and that these remedial measures and compliance enhancements were taken at the direction of the CEO, among others, and reflect the executive team's ongoing commitment to enhancing compliance policies and procedures, (ii) over the past several years, the Company substantially increased overall compliance funding and personnel, and the dollar value of reported fraud in consumer-to-consumer transactions, compared with the total value of all transactions, dropped significantly, (iii) that the comprehensive improvements by the Company have added more employees with law enforcement and regulatory expertise, strengthened its consumer education and agent training, bolstered its technology-driven controls and changed its governance structure so that its CCO has a direct reporting line to the Compliance Committee of the Board, (iv) the incidence of consumer fraud reports associated with the Company's money transfers over the past several years has been historically low relative to the total number of consumer-to-consumer money transfer transactions during the same period, and (v) the conduct at issue mainly occurred from 2004 to 2012. In addition, the committee excluded from the payout calculations costs incurred in connection with (i) the 2015 Paymap Settlement Agreement, (ii) the Company's WU Way program in 2016 and 2017, and (iii) the WUBS Impairment. The committee viewed these costs as significant expenses not indicative of the Company's day-to-day performance. The WUBS Impairment, which was primarily caused by a decrease in projected future revenue growth rates and EBITDA margins for Business Solutions and the impact of United States tax reform legislation enacted in December 2017, was a non-cash item and the impact of the reporting unit's 2015-2017 performance was already reflected in the Company's overall results. Absent the exclusion of these items, the overall attainment level would have been slightly higher as a percentage of target than the overall attainment level set forth in the table below.

The committee also reviewed the Company's clawback policies and considered whether any reductions in the 2016 Financial PSU vesting levels were warranted under such clawback policies in light of the Joint Settlement Agreements or the NYDFS Consent Order or due to compliance concerns. The committee determined that the clawback policies did not require a clawback of the vesting levels of the 2016 PSUs.

2016 FINANCIAL PSUs
(PERFORMANCE PERIOD 2016-2018)

PERFORMANCE OBJECTIVES	2016 FINANCIAL PSU PERFORMANCE GOALS	ACTUAL PERFORMANCE*
Targeted annual constant currency growth rate for revenue and operating income, comparing 2016 actual performance against 2015 actual performance (weighting 33-1/3%)	Revenue growth rate: 3.6% Operating income growth rate: 4.6%	Revenue growth rate = 87% achievement Operating income growth rate = 96% achievement
Targeted annual constant currency growth rate for revenue and operating income, comparing 2017 actual performance against 2016 actual performance (weighting 33-1/3%)	Revenue growth rate: 4.8% Operating income growth rate: 5.7%	Revenue growth rate = 76% achievement Operating income growth rate = 70% achievement
Targeted annual constant currency growth rate for revenue and operating income, comparing 2018 actual performance against 2017 actual performance (weighting 33-1/3%)	Revenue growth rate: 5.6% Operating income growth rate: 6.0%	Revenue growth rate = 70% achievement Operating income growth rate = 67% achievement
		Overall Attainment Level 78%

* At constant currency - calculated assuming no changes in the currency exchange rates from the prior year's currency exchange rates.

2016 TSR PSUs
(PERFORMANCE PERIOD 2016-2018)

	PERFORMANCE GOALS			
PERFORMANCE OBJECTIVE	THRESHOLD	TARGET	MAXIMUM	ACTUAL PERFORMANCE
TSR relative to S&P 500 Index*	30th percentile	60th percentile	90th percentile	28th percentile
				Overall Attainment Level 0%

* Relative TSR performance for purposes of the 2016 TSR PSUs was calculated based on the terms of the 2016 PSU award agreement, which requires using a beginning stock price calculated as the average company closing stock price for all trading days during December 2015 and an ending stock price calculated as the average company closing stock price for all trading days during December 2018. In determining the TSR for the companies in the S&P 500 Index, the S&P companies comprising the S&P Index on December 31, 2018 were used.

Other Elements of Compensation

To remain competitive with other employers and to attract, retain, and motivate highly talented executives and other employees, we provide the benefits listed in the following table to our U.S.-based employees:

BENEFIT OR PERQUISITE	NAMED EXECUTIVE OFFICERS	OTHER OFFICERS AND KEY EMPLOYEES	ALL FULL-TIME AND REGULAR PART-TIME EMPLOYEES
401(k) Plan	✔	✔	✔
Supplemental Incentive Savings Plan (a nonqualified defined contribution plan)	✔	✔	
Severance and Change-in-Control Benefits (Double-Trigger)	✔	✔	✔
Health and Welfare Benefits	✔	✔	✔
Limited Perquisites	✔	✔	

Severance and Change-in-Control Benefits. The Company has an Executive Severance Policy for our executive officers. The policy helps accomplish the Company's compensation philosophy of attracting and retaining exemplary talent. The committee believes it appropriate to provide executives with the rewards and protections afforded by the Executive Severance Policy. The policy reduces the need to negotiate individual severance arrangements with departing executives and protects our executives from termination for circumstances not of their doing. The committee also believes the policy promotes management independence and helps retain, stabilize, and focus the executive officers in the event of a change-in-control. In the event of a change-in-control, the policy's severance benefits are payable only upon a "double trigger." This means that severance benefits are triggered only when an eligible executive is involuntarily terminated (other than for cause, death, or disability), or terminates his or her own employment voluntarily for "good reason" (including a material reduction in title or position, reduction in base salary or bonus opportunity or an increase in the executive's commute to his or her current principal working location of more than 50 miles without consent) within 24 months after the date of a change-in-control. Severance benefits under the policy are conditioned upon the executive executing an agreement and release which includes, among other things, non-competition and non-solicitation restrictive covenants and a release of claims against the Company.

In addition, the Executive Severance Policy prohibits excise tax gross-up payments on change-in-control benefits for those individuals who became executives of the Company after April 2009. Mr. Ersek is the only Company employee who remains eligible for these excise tax gross-up payments because he became an executive of the Company prior to 2009.

As noted below, Mr. Farah is subject to an employment agreement, which is a customary practice for executives located in Dubai. Under the terms of Mr. Farah's employment agreement, he is required to receive three months' notice of termination of employment or, in lieu of such notice, three months of pay. In addition, Mr. Farah is also eligible for statutory end of service gratuity/severance amounts in accordance with local law. Any amounts due to Mr. Farah under the Executive Severance Policy will be reduced by any end of service gratuity/severance paid under the terms of his employment agreement or as required by local law.

Please see the "Executive Compensation—Potential Payments Upon Termination or Change-in-Control" section of this Proxy Statement for further information regarding the Executive Severance Policy and the treatment of awards upon qualifying termination events or a change-in-control.

Retirement Savings Plans. The Company executives on U.S. payroll are eligible for retirement benefits through a qualified defined contribution 401(k) plan, the Incentive Savings Plan, and a nonqualified defined contribution plan, the Supplemental Incentive Savings Plan ("SISP"). The SISP provides a vehicle for additional deferred compensation with matching contributions from the Company. We maintain the Incentive Savings Plan and the SISP to encourage our employees to save some percentage of their cash compensation for their eventual retirement. Mr. Ersek participates in the qualified defined contribution retirement plan made available to eligible employees in Austria. The committee believes that these types of savings plans are consistent with competitive pay practices, and are an important element in attracting and retaining talent in a competitive market. Please see the 2018 Nonqualified Deferred Compensation Table in the "Executive Compensation" section of this Proxy Statement for further information regarding the Company's retirement savings plans.

Benefits and Perquisites. The Company's global benefit philosophy for employees, including executives, is to provide a package of benefits consistent with local practices and competitive within individual markets. While employed with the Company, each of our NEOs participates in the health and welfare benefit plans and fringe benefit programs generally available to all other Company employees in the individual market in which they are located. For example, Mr. Farah resides in Dubai where is it customary to provide certain fringe benefits, including annual housing, education, transportation, health and wellness and technology allowances.

The Company provided its NEOs with limited, yet competitive perquisites and other personal benefits that the Compensation Committee believes are consistent with the Company's philosophy of attracting and retaining exemplary executive talent and, in some cases, such as the annual physical examination, the Company provides such personal benefits because the committee believes they are in the interests of the Company and its stockholders. The committee periodically reviews the levels of perquisites and other personal benefits provided to NEOs.

During 2018, the Company hired an outside security provider to perform a comprehensive security assessment with respect to certain Company personnel, including Mr. Ersek. Based on its security assessment, the outside security provider recommended certain home security services continue to be provided to Mr. Ersek and that Mr. Ersek continue to use corporate aircraft for certain business and personal travel. Accordingly, the Company paid for certain security services for Mr. Ersek and corporate aircraft for certain personal travel. Because the Company believes it is in the best interests of the Company and its stockholders to protect Mr. Ersek against possible security threats to him and his family members, the Company requires that Mr. Ersek accept such personal security protection. The Company also believes that the costs of this security are appropriate and necessary. Although the Company does not consider Mr. Ersek's security services to be a perquisite or other personal benefit for the reasons described above, the Company has reported the costs related to security services for Mr. Ersek as well as the costs of corporate aircraft for personal travel in the "2018 All Other Compensation Table." Occasionally, Mr. Ersek's spouse or other guests may accompany him on corporate aircraft when the aircraft is already scheduled for business purposes and can accommodate additional passengers. In those cases, there is no additional aggregate incremental cost to the Company and, as a result, no amount is reflected in the "2018 All Other Compensation Table." Also, in connection with the Company's sponsorship of certain events and partnerships with various organizations and venues, certain perquisites, including tickets and parking access, are made available to officers and employees of the Company, including Mr. Ersek and the other NEOs. These perquisites have no additional aggregate incremental cost to the Company, and therefore, no amount is reflected in the "2018 All Other Compensation Table."

Please see the "2018 All Other Compensation Table" in the "Executive Compensation" section of this Proxy Statement for further information regarding benefits and perquisites received by our NEOs in 2018.

Employment Arrangements. The Company generally executes an offer of employment before an executive joins the Company. This offer describes the basic terms of the executive's employment, including his or her start date, starting salary, bonus target and long-term incentive award target. The terms of the executive's employment are based thereafter on sustained good performance rather than contractual terms, and the Company's policies, such as the Executive Severance Policy, will apply as warranted.

Under certain circumstances, the Compensation Committee recognizes that special arrangements with respect to an executive's employment may be necessary or desirable. For example, Mr. Ersek, the Company, and a subsidiary of the Company entered into agreements in November 2009 relating to his 2009 promotion to Chief Operating Officer, which were amended effective September 2010 to reflect his 2010 promotion to President and CEO. Employment contracts are a competitive market practice in Austria where Mr. Ersek resided at the time he assumed his position as Chief Operating Officer and the Compensation Committee believes the terms of his agreements are consistent with those for similarly situated executives in Austria. Additionally, Mr. Farah and a subsidiary of the Company entered into an employment contract in June 2008 with respect to Mr. Farah's employment with the Company. Employment contracts are a competitive market practice in Dubai where Mr. Farah resides, and the Compensation Committee believes the terms of his contract are consistent with those for similarly situated executives in Dubai. Please see the "Executive Compensation—Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Arrangements" section of this Proxy Statement for a description of the material terms of the employment agreements with Messrs. Ersek and Farah.

Stock Ownership Guidelines

To align our executives' interests with those of our stockholders and to assure that our executives own meaningful levels of Company stock throughout their tenures with the Company, the Compensation Committee established stock ownership guidelines that require each of the NEOs to own Company Common Stock worth a multiple of base salary. Under the stock ownership guidelines, the executives must retain, until the required ownership guideline levels have been achieved and thereafter if required to maintain the required ownership levels, at least 50% of after-tax shares resulting from the vesting of restricted stock and RSUs, including PSUs. The chart below shows the salary multiple guidelines and the equity holdings that count towards the requirement as of the Record Date. Each NEO has met, or is progressing towards meeting, his or her respective ownership guideline.

EXECUTIVE	GUIDELINE	STATUS
Hikmet Ersek	6x salary	Meets guideline
Raj Agrawal	3x salary	Meets guideline
Odilon Almeida	3x salary	Meets guideline
Jean Claude Farah	3x salary	Meets guideline
Caroline Tsai	3x salary	Must hold 50% of after-tax shares until guideline is met

WHAT COUNTS TOWARD THE GUIDELINE	WHAT DOES NOT COUNT TOWARD THE GUIDELINE
✔ Company securities owned personally	✘ Stock options
✔ Shares held in any Company benefit plan	✘ PSUs
✔ After-tax value of service-based restricted stock awards and RSUs	

Prohibition Against Pledging and Hedging of the Company's Securities

The Company's insider trading policies prohibit the Company's executive officers and directors from pledging the Company's securities, and prohibit all Company employees, including executive officers, and directors from engaging in hedging or short-term speculative trading of the Company's securities, including, without limitation, short sales or put or call options involving the Company's securities.

Clawback Policies

The Board adopted a clawback policy in 2009. Under the policy, the Company may, in the Board's discretion and subject to applicable law, recover incentive compensation paid to an executive officer of the Company (defined as an individual subject to Section 16 of the Exchange Act, at the time the incentive compensation was received by or paid to the officer) if the compensation resulted from any financial result or performance metric impacted by the executive officer's misconduct or fraud. The Board is monitoring this policy to ensure that it is consistent with applicable laws, including any requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

In 2017, the Board adopted a compliance clawback policy that allows the Company, in the Board's discretion and subject to applicable laws, to "claw back" incentive compensation to covered executives (defined as a person serving or who served as the Company's CCO at the time of the conduct and any other person serving or who served at the time of the conduct as an officer of the Company subject to the reporting requirements of Section 16 of the Exchange Act) for conduct occurring after January 19, 2017 that is later determined to have contributed to material compliance failures resulting in a failure to comply with applicable laws or regulations. Under this policy, if the Board determines that incentive compensation is subject to the compliance clawback policy, the Company, subject to the direction of the Board, has broad discretion to effect recovery of such amounts, including requiring a cash payment, canceling outstanding or deferred awards, reducing future compensation or other appropriate means.

EXECUTIVE COMPENSATION

The following table contains compensation information for our NEOs for the fiscal year ended December 31, 2018 and, to the extent required under the SEC executive compensation disclosure rules, the fiscal years ended December 31, 2017 and December 31, 2016.

2018 SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	SALARY ($000)(1)	BONUS ($000)	STOCK AWARDS ($000)(2)	OPTION AWARDS ($000)(2)	NON-EQUITY INCENTIVE PLAN COMPENSATION ($000)(3)	CHANGE IN PENSION VALUE AND NON-QUALIFIED DEFERRED COMPENSATION EARNINGS ($000)	ALL OTHER COMPENSATION ($000)(4)	TOTAL ($000)
Hikmet Ersek(5) President and Chief Executive Officer	2018	1,000.0	—	5,148.5	1,400.0	1,390.6	—	236.2	9,175.3
	2017	1,000.0	—	5,181.9	1,400.0	1,731.0	—	413.5	9,726.4
	2016	1,000.0	—	5,179.8	1,400.0	1,392.0	—	313.7	9,285.5
Raj Agrawal EVP, Chief Financial Officer and Global Operations	2018	630.0	—	2,193.6	—	534.2	—	73.7	3,431.5
	2017	590.0	—	1,839.3	—	769.4	—	53.8	3,252.5
	2016	566.5	—	1,518.1	—	554.0	—	524.7	3,163.3
Odilon Almeida EVP, President — Global Money Transfer	2018	650.0	—	1,828.0	—	531.7	—	57.3	3,067.0
	2017	650.0	—	1,655.3	—	704.3	—	51.9	3,061.5
	2016	612.0	—	1,242.1	—	566.2	—	53.8	2,474.1
Jean Claude Farah(6) EVP, President – Global Payments	2018	500.0	—	959.7	—	354.6	—	176.3	1,990.6
	2017	500.0	—	965.6	—	519.3	—	179.8	2,164.7
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Caroline Tsai EVP, General Counsel and Corporate Secretary	2018	450.0	—	1,057.6	—	309.8	—	129.3	1,946.7
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Footnotes:

(1) Except with respect to salary adjustments in connection with promotions, salary adjustments are effective as of March of each reporting year.

(2) The amounts reported in these columns for 2018 represent equity grants to the NEOs under the Long-Term Incentive Plan. The amounts reported in these columns are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The amounts included in the Stock Awards column for the PSUs granted during 2018 are calculated based on the probable satisfaction of the performance conditions for such awards as of the date of grant. Assuming the highest level of performance is achieved for the 2018 Financial PSUs, the maximum value of the 2018 Financial PSUs would be as follows: Mr. Ersek - $6,247.4; Mr. Agrawal - $2,142.0; Mr. Almeida - $1,785.0; Mr. Farah - $937.1; and Ms. Tsai - $803.3. Under FASB ASC Topic 718, the vesting condition related to the TSR PSUs is considered a market condition and not a performance condition. Accordingly, there is no grant date fair value below or in excess of the amount reflected in the table above for the NEOs that could be calculated and disclosed based on achievement of the underlying market condition. See Note 17 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018, and Note 16 to the Consolidated Financial Statements included in our Annual Reports on Form 10-K for the years ended December 31, 2017 and 2016, respectively, for a discussion on the relevant assumptions used in calculating the amounts reported for the applicable year.

(3) For 2018, the amounts reflect the actual cash bonus received under the Annual Incentive Plan.

(4) Amounts included in this column for 2018 are set forth by category in the 2018 All Other Compensation Table below.

(5) For 2018, Mr. Ersek's salary is denominated in U.S. dollars but is paid to or on behalf of Mr. Ersek in euros, based on a conversion rate determined prior to payment each quarter. Contributions made to the Austrian retirement plan on behalf of Mr. Ersek are denominated in euros and converted to U.S. dollars for disclosure in the proxy. The conversion rates of .851209, .811688, .862143 and .860585 were applied for quarters one, two, three and four, respectively.

(6) For 2018, Mr. Farah's salary is denominated in U.S. dollars but is paid to or on behalf of Mr. Farah in Emirati dirham, based on a conversion rate that was determined for 2018 and each calendar quarter. The conversion rates of .272258312, .272256192, .272249218, and .272253167 were applied for quarters one, two, three, and four, respectively. Contributions made to the CFE retirement fund on behalf of Mr. Farah are denominated in euros and converted to U.S. dollars for disclosure in the proxy. The conversion rates .851209, .811688, .862143 and .860585 were applied for quarters one, two, three and four, respectively.

2018 ALL OTHER COMPENSATION TABLE

NAME	PERQUISITES & OTHER PERSONAL BENEFITS ($000)(1)	TAX REIMBURSEMENTS ($000)	COMPANY CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS ($000)(2)	INSURANCE PREMIUMS ($000)	TOTAL ($000)
Hikmet Ersek	139.7	—	74.6	21.9	236.2
Raj Agrawal	15.4	1.0	55.8	1.5	73.7
Odilon Almeida	—	—	54.2	3.1	57.3
Jean Claude Farah	149.9	—	8.2	18.2	176.3
Caroline Tsai	80.7	30.3(3)	17.7	0.6	129.3

Footnotes:

(1) Amounts shown in this column for Mr. Ersek include the incremental cost or valuation of personal jet usage ($128,570), car service/allowances, and executive security costs. Following a comprehensive security assessment conducted by an independent security firm, the Board of Directors advised Mr. Ersek to utilize the Company's leased aircraft for personal travel at the Company's expense. Those personal travel expenses reported in this column were valued on the basis of the aggregate incremental cost to the Company and represent the amount accrued for payment or paid directly to the third-party vendor from which the Company leases corporate aircraft. For Mr. Agrawal, the amounts in this column include costs related to health and wellness. For Ms. Tsai, the amounts in this column include relocation expenses in the amount of $75,911 and sporting event tickets. These relocation expenses were valued based on the aggregate incremental cost to the Company and represents the amount accrued for payment or paid to the service provider or the NEO, as applicable. For Mr. Farah, the amounts in this column include housing ($108,902), education, health and wellness and transportation allowances, and annual plane tickets to Mr. Farah's home country for Mr. Farah and his dependents.

(2) Amounts shown in this column represent (i) contributions made by the Company on behalf of each of the NEOs, except for Messrs. Ersek and Farah, to the Company's Incentive Savings Plan and/or the Supplemental Incentive Savings Plan, (ii) contributions made by the Company on behalf of Mr. Ersek to the Company's defined contribution plan in Austria, the Victoria Volksbanken Pensionskassen AG, and (iii) contributions made by the Company on behalf of Mr. Farah to the Company's retirement plan for employees located in Dubai, the CFE retirement fund.

(3) This amount represents a tax gross-up for Ms. Tsai for relocation expenses. This benefit is generally available to employees if they relocate as part of the Company's relocation and immigration programs.

The following table summarizes awards made to our NEOs in 2018.

2018 GRANTS OF PLAN-BASED AWARDS TABLE

			ESTIMATED POSSIBLE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS[(1)]		ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS			ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS	ALL OTHER OPTION AWARDS: NUMBER OF SECURITIES UNDERLYING OPTIONS	EXERCISE OR BASE PRICE OF OPTION AWARDS	GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS
NAME	GRANT DATE	APPROVAL DATE	TARGET ($000)	MAXIMUM ($000)	THRESHOLD (#)	TARGET (#)	MAXIMUM (#)	(#)[(2)]	(#)[(3)]	($/Sh)	($000)[(4)]
Hikmet Ersek			1,700.0	2,975.0							
	2/22/18	2/22/18			87,109[(5)]	174,217[(5)]	348,434[(5)]				3,123.7
	2/22/18	2/22/18			33,082[(6)]	66,163[(6)]	132,326[(6)]				1,400.0
	2/22/18	2/22/18						34,844			624.8
	2/22/18	2/22/18							383,562	$20.09	1,400.0
Raj Agrawal			630.0	1,260.0							
	2/21/18	2/21/18			29,866[(5)]	59,732[(5)]	119,464[(5)]				1,071.0
	2/21/18	2/21/18			11,332[(6)]	22,663[(6)]	45,326[(6)]				480.0
	2/21/18	2/21/18						35,839			642.6
Odilon Almeida			650.0	1,300.0							
	2/21/18	2/21/18			24,889[(5)]	49,777[(5)]	99,554[(5)]				892.5
	2/21/18	2/21/18			9,443[(6)]	18,886[(6)]	37,772[(6)]				400.0
	2/21/18	2/21/18						29,866			535.5
Jean Claude Farah			450.0	900.0							
	2/21/18	2/21/18			13,067[(5)]	26,133[(5)]	52,266[(5)]				468.6
	2/21/18	2/21/18			4,958[(6)]	9,916[(6)]	19,832[(6)]				210.0
	2/21/18	2/21/18						15,680			281.1
Caroline Tsai			337.5	675.0							
	2/21/18	2/21/18			11,200[(5)]	22,400[(5)]	44,800[(5)]				401.6
	2/21/18	2/21/18			4,250[(6)]	8,499[(6)]	16,998[(6)]				180.0
	2/21/18	2/21/18						13,440			241.0
	12/5/18	12/5/18						13,617			235.0

Footnotes:

(1) These amounts consist of the target and maximum cash award levels set in 2018 under the Annual Incentive Plan. The amount actually paid to each NEO is included in the Non-Equity Incentive Plan Compensation column in the 2018 Summary Compensation Table. Please see "Compensation Discussion and Analysis" for further information regarding the Annual Incentive Plan.

(2) These amounts represent RSUs granted under the Long-Term Incentive Plan to the NEOs. The RSUs vest 100% on February 21, 2021 (or, in the case of Mr. Ersek, February 22, 2021), provided that the executive is still employed by the Company on the vesting date or as otherwise provided for pursuant to the Executive Severance Policy or award agreements under the Long-Term Incentive Plan. Please see "Compensation Discussion and Analysis" for further information regarding these RSU grants.

(3) This amount represents stock options granted under the Long-Term Incentive Plan to Mr. Ersek. These options vest in 25% increments on each of the first through fourth year anniversaries of the date of grant; provided that Mr. Ersek is still employed by the Company on the applicable vesting date or as otherwise provided for pursuant to the Executive Severance Policy or award agreements under the Long-Term Incentive Plan. Please see "Compensation Discussion and Analysis" for further information regarding this award.

(4) The amounts shown in this column are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 and, in the case of the PSUs, are based upon the probable outcome of the applicable performance conditions. See Note 17 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018 for a discussion of the relevant assumptions used in calculating the amounts.

(5) These amounts represent the threshold, target and maximum Financial PSUs granted under the Long-Term Incentive Plan. For actively employed executives, these Financial PSUs are scheduled to vest on February 21, 2021 (or, in the case of Mr. Ersek, February 22, 2021), subject to the achievement of threshold revenue and EBIT performance goals over a three-year performance period. Please see "Compensation Discussion and Analysis" for further information regarding this award.

(6) These amounts represent the threshold, target and maximum TSR PSUs granted under the Long-Term Incentive Plan. For actively employed executives, these TSR PSUs are scheduled to vest on February 21, 2021 (or, in the case of Mr. Ersek, February 22, 2021) based on the Company's relative TSR performance versus the S&P 500 Index over a three-year performance period. Please see "Compensation Discussion and Analysis" for further information regarding this award.

NARRATIVE TO SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS TABLE

EMPLOYMENT ARRANGEMENTS

As noted in the Compensation Discussion and Analysis, the Company generally executes an offer of employment prior to the time an executive joins the Company which describes the basic terms of the executive's employment, including his or her start date, starting salary, bonus target, and long-term incentive award target. The terms of the executive's employment are based thereafter on sustained good performance rather than contractual terms, and the Company's policies, such as the Executive Severance Policy, will determine the benefits to be received by senior executives, including our NEOs, upon termination of employment from the Company. Please see the "—Potential Payments Upon Termination or Change-in-Control" section for a description of the policy.

As noted in the Compensation Discussion and Analysis, under certain circumstances, the Compensation Committee recognizes that special arrangements with respect to an executive's employment may be necessary or desirable. Accordingly, during 2018, Messrs. Ersek and Farah were party to employment agreements, which reflects competitive practices in the employment locations of Messrs. Ersek and Farah at the time the agreements became effective. The terms of Messrs. Ersek and Farah's employment agreements provide for (i) eligibility to participate in an annual incentive program and Long-Term Incentive Plan and (ii) eligibility to participate in retirement, health, and welfare benefit programs on the same basis as similarly situated employees in Austria and Dubai, respectively. Messrs. Ersek and Farah's employment agreements also include non-competition, non-solicitation, and confidentiality provisions.

AWARDS

In 2018, the Compensation Committee granted long-term incentive awards under the Long-Term Incentive Plan consisting of (i) 50% Financial PSUs (vesting based on both revenue and EBIT growth goals), 20% TSR PSUs, 20% stock options, and 10% service-based RSUs for Mr. Ersek, and (ii) 50% Financial PSUs (vesting based on both revenue and EBIT growth goals), 20% TSR PSUs, and 30% service-based RSUs for the other NEOs. Please see the "Compensation Discussion and Analysis" section of this Proxy Statement for further information regarding the 2018 long-term incentive awards, including the performance metrics applicable to the 2018 PSUs.

At its February 2018 meeting, the Compensation Committee established performance objectives to be considered under the Annual Incentive Plan for the 2018 plan year. As discussed in the "Compensation Discussion and Analysis" section of this Proxy Statement, participants are eligible to receive a cash payout ranging from 0% to 175% of target based on the achievement of pre-established corporate financial and strategic goals. The total payout under the Annual Incentive Plan for the NEOs other than Mr. Ersek is subject to a +/- 25% modifier based on the committee's assessment of individual performance with respect to personalized objectives, including business unit goals. Please see the "Compensation Discussion and Analysis" section of this Proxy Statement for more information regarding the annual incentive awards, including the performance metrics applicable to such awards.

SALARY AND BONUS IN PROPORTION TO TOTAL COMPENSATION

As noted in the "Compensation Discussion and Analysis" section of this Proxy Statement, the Compensation Committee heavily weighted total direct compensation toward performance-based elements, which include annual incentive compensation and PSUs and stock options, in order to hold executives accountable and reward them for the results of the Company. Our Compensation Committee structured the compensation program to give our NEOs substantial alignment with stockholders, while also permitting the committee to incentivize the NEOs to pursue performance that it believes increases stockholder value. Please see the "Compensation Discussion and Analysis" section of this Proxy Statement for a description of the objectives of our compensation program and overall compensation philosophy.

The following table provides information regarding outstanding option awards and unvested stock awards held by each of the NEOs on December 31, 2018.

2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

	OPTION AWARDS				STOCK AWARDS			
NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE	OPTION EXERCISE PRICE ($)	OPTION EXPIRATION DATE	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#)	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($000)[1]	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED (#)	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED ($000)[1]
Hikmet Ersek	—	383,562[5]	20.09	2/22/2028	34,844[6]	594.4	210,106[11]	3,584.4
	103,550	310,652[4]	19.99	2/22/2027	180,100[13]	3,072.5	53,764[12]	917.2
	211,480	211,481[3]	18.19	2/19/2026			174,217[9]	2,972.1
	252,101	84,034[2]	19.27	2/19/2025			66,163[10]	1,128.7
	303,798		15.99	2/20/2024				
	625,000		14.00	2/20/2023				
	400,810		17.86	2/23/2022				
	233,859		21.00	2/24/2021				
	230,628		17.45	9/1/2020				
	212,508		16.00	2/24/2020				

	OPTION AWARDS				STOCK AWARDS			
NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE	OPTION EXERCISE PRICE ($)	OPTION EXPIRATION DATE	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#)	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($000)(1)	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED (#)	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS OR OTHER RIGHTS THAT HAVE NOT VESTED ($000)(1)
Raj Agrawal	63,025	21,009(2)	19.27	2/19/2025	18,122(8)	309.2	60,576(11)	1,033.4
	65,823		15.99	2/20/2024	20,192(7)	344.5	15,937(12)	271.9
	134,063		14.00	2/20/2023	35,839(6)	611.4	59,732(9)	1,019.0
	86,843		17.86	2/23/2022	42,406(13)	723.4	22,663(10)	386.6
	24,796		16.49	9/15/2021				
	16,895		21.00	2/24/2021				
	24,553		16.00	2/24/2020				
	21,950		11.86	2/17/2019				
Odilon Almeida	50,420	16,807(2)	19.27	2/19/2025	14,828(8)	253.0	54,518(11)	930.1
	60,760		15.99	2/20/2024	18,173(7)	310.0	14,343(12)	244.7
	16,701		17.86	2/23/2022	29,866(6)	509.5	49,777(9)	849.2
	10,560		21.00	2/24/2021	34,696(13)	591.9	18,886(10)	322.2
	15,000		16.00	2/24/2020				
Jean Claude Farah	33,613	11,205(2)	19.27	2/19/2025	9,061(8)	154.6	31,803(11)	542.6
	10,127		15.99	2/20/2024	10,601(7)	180.9	8,367(12)	142.7
	33,401		17.86	2/23/2022	15,680(6)	267.5	26,133(9)	445.8
	28,157		21.00	2/24/2021	21,203(13)	361.7	9,916(10)	169.2
Caroline Tsai					13,746(14)	234.5	22,400(9)	382.1
					13,440(6)	229.3	8,499(10)	145.0
					13,617(15)	232.3		

Footnotes:

(1) The market value of shares or units of stock that have not vested reflects the closing stock price of $17.06 per share on December 31, 2018.

(2) These options vested on February 19, 2019.

(3) These options were awarded on February 19, 2016, and vest in 25% increments on each of the first through fourth year anniversaries of the date of grant; provided that the executive is still employed by the Company on the applicable vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan.

(4) These options were awarded on February 22, 2017, and vest in 25% increments on each of the first through fourth year anniversaries of the date of grant; provided that the executive is still employed by the Company on the applicable vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan.

(5) These options were awarded on February 22, 2018, and vest in 25% increments on each of the first through fourth year anniversaries of the date of grant; provided that the executive is still employed by the Company on the applicable vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan.

(6) Represents RSUs that are scheduled to vest on February 21, 2021 (or, in the case of Mr. Ersek, February 22, 2021); provided that the executive is still employed by the Company on the vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan.

(7) Represents RSUs that are scheduled to vest on February 21, 2020; provided that the executive is still employed by the Company on the vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan.

(8) Represents RSUs that vested on February 28, 2019.

(9) Represents PSUs that are scheduled to vest on February 21, 2021 (or, in the case of Mr. Ersek, February 22, 2021) based on the Company's revenue and EBIT performance over the 2018–2020 performance period; provided that the executive is still employed by the Company on the vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan. In accordance with the SEC executive compensation disclosure rules, the amounts reported are based on achieving the target performance goals.

(10) Represents PSUs that are scheduled to vest on February 21, 2021 (or, in the case of Mr. Ersek, February 22, 2021) based on the Company's TSR performance relative to the S&P 500 Index over the 2018–2020 performance period; provided that the executive is still employed by the Company on the vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan. In accordance with the SEC executive compensation disclosure rules, the amounts reported are based on achieving the target performance goals.

(11) Represents PSUs that are scheduled to vest on February 21, 2020 (or, in the case of Mr. Ersek, February 22, 2020) based on the Company's revenue and operating income performance during 2017, 2018 and 2019; provided that the executive is still employed by the Company on the vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan. In accordance with the SEC executive compensation disclosure rules, the amounts reported are based on achieving the target performance goals.

(12) Represents PSUs that are scheduled to vest on February 21, 2020 (or, in the case of Mr. Ersek, February 22, 2020) based on the Company's TSR performance relative to the S&P 500 Index over the 2017–2019 performance period; provided that the executive is still employed by the Company on the vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan. In accordance with the SEC executive compensation disclosure rules, the amounts reported are based on achieving the threshold performance goals.

(13) Represents PSUs that vested on February 18, 2019 (or, in the case of Mr. Ersek, February 19, 2019) based on the Company's revenue and operating income performance during 2016, 2017 and 2018.

(14) Represents RSUs that were awarded on December 6, 2017, which vest in one-third increments on each of the first through third year anniversaries of the date of grant; provided that the executive is still employed by the Company on the applicable vesting date or as otherwise provided for pursuant to the Executive Severance Policy or Long-Term Incentive Plan.

(15) Represents RSUs that were awarded on December 5, 2018, which vest in 50% increments on each of the first and second year anniversaries of the date of grant; provided that the executive is still employed by the Company on the applicable vesting date or as otherwise provided pursuant to the Executive Severance Policy or Long-Term Incentive Plan.

The following table provides information concerning the exercise of stock options and vesting of stock awards during 2018 for each of the NEOs.

2018 OPTION EXERCISES AND STOCK VESTED TABLE

	OPTION AWARDS		STOCK AWARDS	
NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ON EXERCISE ($)	NUMBER OF SHARES ACQUIRED ON VESTING (#)	VALUE REALIZED ON VESTING ($)
Hikmet Ersek	—	—	212,543	4,306,121
Raj Agrawal	—	—	60,371	1,223,840
Odilon Almeida	58,008	406,056	49,451	994,659
Jean Claude Farah	43,271	264,076	32,968	663,120
Caroline Tsai	—	—	6,873	127,082

The following table provides information regarding compensation that has been deferred by our NEOs pursuant to the terms of our Supplemental Incentive Savings Plan.

2018 NONQUALIFIED DEFERRED COMPENSATION TABLE

NAME	EXECUTIVE CONTRIBUTIONS IN LAST FY ($000)(1)	REGISTRANT CONTRIBUTIONS IN LAST FY ($000)(2)	AGGREGATE EARNINGS IN LAST FY ($000)	AGGREGATE WITHDRAWALS/ DISTRIBUTIONS ($000)	AGGREGATE BALANCE AT LAST FYE ($000)(3)
Hikmet Ersek	—	—	—	—	—
Raj Agrawal	69.6	44.7	(49.0)	—	972.7
Odilon Almeida	67.7	43.2	(34.4)	—	629.8
Jean Claude Farah	—	—	—	—	—
Caroline Tsai	22.1	6.7	(3.7)	—	57.3

Footnotes:

(1) These amounts represent deferrals of the NEO's salary and compensation received under the Annual Incentive Plan and are included in the "Salary" and "Non-Equity Incentive Plan Compensation" columns in the 2018 Summary Compensation Table.

(2) These amounts are included in the "All Other Compensation" column in the 2018 Summary Compensation Table.

(3) Amounts in this column include the following amounts that were previously reported in the Summary Compensation Table as compensation for 2017 and 2016 (in $000s): Mr. Agrawal–$186.5 and Mr. Almeida–$201.3.

INCENTIVE SAVINGS PLAN

We maintain a defined contribution retirement plan (the "Incentive Savings Plan" or "ISP") for our employees on United States payroll, including each of our NEOs other than Messrs. Ersek and Farah. The ISP is structured with the intention of qualifying under Section 401(a) of the Internal Revenue Code. Under the ISP, participants are permitted to make contributions up to the maximum allowable amount under the Internal Revenue Code. In addition, we make matching contributions equal to 100% of the first 3% of eligible compensation contributed by participants and 50% of the next 2% of eligible compensation contributed by participants. For 2018, each participating NEO was eligible to receive a Company contribution equal to 4% of his or her eligible compensation. During 2018, Mr. Ersek participated in the qualified retirement savings plan made available to eligible employees in Austria. During 2018, Mr. Farah participated in the Caisse des Français de l'Etranger (the "CFE Retirement Fund"), which provides for continued coverage under the French State Social Security System for French citizens who work outside of France. On behalf of the employee, the CFE Retirement Fund contributes to the National Retirement Insurance Fund ("CNAV") allowing the employee to receive pension benefits from the CNAV upon retirement.

SUPPLEMENTAL INCENTIVE SAVINGS PLAN

We maintain a nonqualified supplemental incentive savings plan (the "SISP") for certain of our employees on U.S. payroll, including each of our NEOs other than Messrs. Ersek and Farah. Under the SISP, participants may defer up to 80% of their salaries, including commissions and incentive compensation (other than annual bonuses), and may make a separate election to defer up to 80% of any annual bonuses and up to 100% of any performance-based cash awards they may earn. The SISP also provides participants the opportunity to receive credits for matching contributions equal to the difference between the matching contributions that a participant could receive under the ISP but for the contribution and compensation limitations imposed by the Internal Revenue Code, and the matching contributions allowable to the participant under the ISP. Participants are generally permitted to choose from among the mutual funds available for investment under the ISP for purposes of determining the imputed earnings, gains, and losses applicable to their SISP accounts. The SISP is unfunded. Participants may specify the timing of the payment of their accounts by choosing either a specified payment date or electing payment upon separation from service (or a date up to five years following separation from service), and in either case may elect to receive their accounts in a lump sum or in annual or quarterly installments over a period of up to ten years. With respect to each year's contributions and imputed earnings, the participant may make a separate distribution election. Subject to the requirements of Section 409A of the Internal Revenue Code, applicable Internal Revenue Service guidance, and the terms of the SISP, participants may receive an early payment in the event of a severe financial hardship and may make an election to delay the timing of their scheduled payment by a minimum of five years.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

EXECUTIVE SEVERANCE POLICY

We maintain the Executive Severance Policy for the payment of certain benefits to senior executives, including our NEOs, upon termination of employment from the Company and upon a change-in-control of the Company. Under the Executive Severance Policy, an eligible executive will become eligible for benefits if (i) prior to a change-in-control, he or she is involuntarily terminated by the Company other than on account of death or disability or for cause, or (ii) after a change-in-control, he or she is involuntarily terminated by the Company other than on account of death or disability or for cause, or he or she terminates employment voluntarily for "good reason" (which may arise from a material reduction in title or position, reduction in base salary or bonus opportunity or an increase in the executive's commute to his or her current principal working location of more than 50 miles without consent) within 24 months after the date of the change-in-control. Under the Executive Severance Policy, a change-in-control is generally defined to include:

- The acquisition by a person or entity of 35% or more of either the outstanding shares of the Company or the combined voting power of such shares, with certain exceptions;
- An unapproved change in a majority of the Board members within a 24-month period; and
- Certain corporate restructurings, including certain mergers, dissolution and liquidation.

The Executive Severance Policy provided for the following severance and change-in-control benefits as of December 31, 2018:

- Effective for senior executives hired before February 24, 2011, a severance payment equal to the senior executive's base pay plus target bonus for the year in which the termination occurs (the "base severance pay"), multiplied by 1.5 (multiplied by two in the case of the CEO and in the case of all senior executives who terminate for an eligible reason within 24 months following a change-in-control). Effective for senior executives hired on and after February 24, 2011, a senior executive employed by the Company for 12 months or less would be entitled to receive a severance payment equal to the base severance pay and, for every month employed in excess of 12 months, an additional severance payment equal to a pro rata portion of the base severance pay, up to a maximum severance payment equal to the senior executive's base severance pay, multiplied by 1.5 (multiplied by two in the case of all senior executives who terminate for an eligible reason within 24 months following a change-in-control).
- A cash payment equal to the lesser of (i) the senior executive's prorated target bonus under the Annual Incentive Plan for the year in which the termination occurs and (ii) the maximum bonus which could have been paid to the senior executive under the Annual Incentive Plan for the year in which the termination occurs, based on actual Company performance during such year. No bonus will be payable unless the Compensation Committee certifies that the performance goals under the Annual Incentive Plan have been achieved for the year in which the termination occurs (except for eligible terminations following a change-in-control).
- A lump sum payment equal to the difference between active employee health care premiums and continuation coverage premiums for 18 months of coverage.
- At the discretion of the Compensation Committee, outplacement benefits may be provided to the executive.
- All awards made pursuant to our Long-Term Incentive Plan, including those that are performance-based, generally will become fully vested and exercisable if a senior executive is involuntarily terminated without cause or, within 24 months following a change-in-control, terminates employment for good reason. In such event, the right to exercise stock options will continue for 24 months (36 months in the case of the CEO) after the senior executive's termination (but not beyond the applicable expiration date for the stock options).
- If a senior executive is involuntarily terminated without cause and no change-in-control has occurred, awards granted pursuant to our Long-Term Incentive Plan generally will vest on a prorated basis based on the period served during the vesting period, and stock options will remain exercisable until the end of severance period under the Executive Severance Policy, but not beyond the applicable expiration date for the stock options.
- With respect to all executives other than the CEO, any benefits triggered by a change-in-control are subject to an automatic reduction to avoid the imposition of excise taxes under Section 4999 of the Internal Revenue Code in the event such reduction would result in a better after-tax result for the executive.
- For individuals who were senior executives on or before April 30, 2009 (only our CEO), if benefits payable after a change-in-control exceed 110% of the maximum amount of such benefits that would not be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, an additional cash payment in an amount that, after payment of all taxes on such benefits (and on such amount), provides the senior executive with the amount necessary to pay such tax. If the benefits so payable do not exceed such 110% threshold, the amount thereof will be reduced to the maximum amount not subject to such excise tax. Mr. Ersek is the only Company employee who remains eligible for excise tax gross-up payments.

The provision of severance benefits under the Executive Severance Policy is conditioned upon the executive executing an agreement and release which includes, among other things, non-competition and non-solicitation restrictive covenants, as well as a release of claims against the Company. These restrictive covenants vary in duration, but generally do not exceed two years.

As noted earlier, Mr. Farah is subject to an employment agreement, which is a customary practice for executives located in Dubai. Under the terms of Mr. Farah's employment agreement, he is required to receive three months' notice of termination of employment or, in lieu of such notice, three months of pay. In addition, Mr. Farah is also eligible for statutory end of service gratuity/severance amounts in accordance with local law. Any amounts due to Mr. Farah under the Executive Severance Policy will be reduced by any end of service gratuity/severance paid under the terms of his employment agreement or as required by local law.

We have quantified the potential payments to each NEO upon termination under various termination circumstances in the tables set forth below. These tables assume that the covered termination took place on December 31, 2018.

PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL TABLES

TERMINATION FOLLOWING A CHANGE-IN-CONTROL(1)

			LONG-TERM INCENTIVES(5)				
NAME	SEVERANCE ($000)(2)	WELFARE BENEFITS ($000)(3)	STOCK OPTIONS ($000)	PSUs ($000)	RSUs ($000)	GROSS-UP ($000)(4)	TOTAL ($000)
Hikmet Ersek	7,100.0	33.6	—	12,592.2	594.4	7,902.1	28,222.3
Raj Agrawal	3,150.0	23.4	—	3,706.3	1,265.0	—	8,144.7
Odilon Almeida	3,250.0	23.2	—	3,182.8	1,072.5	—	7,528.5
Jean Claude Farah	2,350.0	—	—	1,804.8	602.9	—	4,757.7
Caroline Tsai	1,440.0	23.4	—	527.1	696.1	—	2,686.6

INVOLUNTARY TERMINATION OTHER THAN FOR DEATH, DISABILITY, OR CAUSE

			LONG-TERM INCENTIVES(5)			
NAME	SEVERANCE ($000)(2)	WELFARE BENEFITS ($000)(3)	STOCK OPTIONS ($000)	PSUs ($000)	RSUs ($000)	TOTAL ($000)
Hikmet Ersek	7,100.0	33.6	—	6,282.6	—	13,416.2
Raj Agrawal	2,520.0	23.4	—	1,667.7	508.6	4,719.7
Odilon Almeida	2,600.0	23.2	—	1,444.4	433.6	4,501.2
Jean Claude Farah	1,875.0	—	—	858.3	259.6	2,992.9
Caroline Tsai	1,188.0	23.4	—	—	7.9	1,219.3

DEATH OR DISABILITY

			LONG-TERM INCENTIVES(5)			
NAME	SEVERANCE ($000)	WELFARE BENEFITS ($000)	STOCK OPTIONS ($000)	PSUs ($000)	RSUs ($000)	TOTAL ($000)
Hikmet Ersek	—	—	—	12,592.2	594.4	13,186.6
Raj Agrawal	—	—	—	3,706.3	1,265.0	4,971.3
Odilon Almeida	—	—	—	3,182.8	1,072.5	4,255.3
Jean Claude Farah	—	—	—	1,804.8	602.9	2,407.7
Caroline Tsai	—	—	—	527.1	696.1	1,223.2

RETIREMENT(6)

			LONG-TERM INCENTIVES(5)			
NAME	SEVERANCE ($000)	WELFARE BENEFITS ($000)	STOCK OPTIONS ($000)	PSUs ($000)	RSUs ($000)	TOTAL ($000)
Hikmet Ersek	—	—	—	7,450.1	169.2	7,619.3
Odilon Almeida	—	—	—	1,778.9	579.2	2,358.1

Footnotes:

(1) Under the Executive Severance Policy, following a change-in-control, an eligible executive will become entitled to severance benefits if he or she is involuntarily terminated by the Company other than on account of death or disability or for cause, or he or she terminates employment voluntarily for good reason within 24 months after the date of the change-in-control.

(2) In accordance with the Executive Severance Policy, amounts in this column represent severance payments equal to the NEO's target bonus for 2018 plus 1.5 times (two times in the case of the CEO and in the case of all senior executives who terminate for an eligible reason within 24 months following a change-in-control) the sum of the NEO's base salary and target bonus, with the exception of Ms. Tsai, who commenced employment after February 24, 2011 and has been with the Company for less than two years as of December 31, 2018. Due to this fact, in accordance with the Executive Severance Policy in effect on December 31, 2018, the amount for Ms. Tsai represents (i) payments equal to 1.4 times the sum of her base salary and target bonus for the current year in the case of a termination following a change in control, and (ii) 1.08 times the sum of her base salary and target bonus for the current year in the case of an involuntary termination not in connection with a change in control.

(3) Amounts in this column represent a lump sum cash payment equal to the product of (i) the difference in cost between the NEO's actual health premiums and COBRA health premiums (if applicable) as of December 31, 2018 and (ii) 18, the number of months of continuing COBRA coverage.

(4) Amounts in this column reflect tax gross-up calculations assuming a blended effective tax rate of approximately 44% and a 20% excise tax incurred on excess parachute payments, as calculated in accordance with Internal Revenue Code Sections 280G and 4999. The equity is valued using a closing stock price of $17.06 per share on December 31, 2018. As noted above, the Executive Severance Policy prohibits the Company from providing change-in-control tax gross-ups to individuals promoted or hired after April 2009. Accordingly, Mr. Ersek is the only Company employee who remains eligible for excise tax gross-up payments.

(5) Amounts in these columns reflect the long-term incentive awards to be received upon a termination or a change-in-control calculated in accordance with the Executive Severance Policy and the Long-Term Incentive Plan. In the case of stock grants, the equity value represents the value of the shares determined by multiplying the closing stock price of $17.06 per share on December 31, 2018 by the number of unvested RSUs or, in the case of PSUs, by the number of shares to be awarded based on target achievement. In the case of option awards, the equity value was determined by multiplying (i) the spread between the exercise price and the closing stock price of $17.06 per share on December 31, 2018 and (ii) the number of unvested option shares that would vest following a qualifying termination or termination due to death or disability. The calculation with respect to unvested long-term incentive awards reflects the following additional assumptions under the Executive Severance Policy and the Long-Term Incentive Plan:

EVENT	STOCK OPTIONS	RSUs	PSUs
Change-in-control and qualifying termination within subsequent 24-month period	Accelerate	Accelerate	Accelerated vesting and award is payable to the extent earned based on actual performance results
Change-in-control (without termination of employment)	Vesting continues under normal terms	Vesting continues under normal terms	Vesting continues under normal terms
Involuntary termination without cause (outside the 24-month period following a change-in-control)	Prorated vesting by grant based on period served during vesting period	Prorated vesting by grant based on period served during vesting period; if termination occurs prior to the one-year anniversary of the grant date, the awards are forfeited	Prorated vesting by grant based on actual performance results and period served during vesting period; if termination occurs prior to the one-year anniversary of the grant date, the awards are forfeited
Death or disability	Accelerate	Accelerate	Accelerated vesting and award is payable to the extent earned based on actual performance results
Retirement	Effective for grants on January 31, 2011 and later, prorated vesting by grant based on period served during vesting period, with an exercise period equal to the earlier of (i) two years post-termination (three years, in the case of the CEO if termination is a severance-eligible event) and (ii) the expiration date Grants made prior to January 31, 2011 may be exercised until four years after the termination date or, if earlier, until the expiration date.	Prorated vesting by grant based on period served during vesting period	Prorated vesting by grant based on actual performance results and period served during vesting period

(6) Messrs. Ersek and Almeida are the only NEOs eligible for retirement as of December 31, 2018, as defined under the Long-Term Incentive Plan.

RISK MANAGEMENT AND COMPENSATION

Appropriately incentivizing behaviors which foster the best interests of the Company and its stockholders is an essential part of the compensation-setting process. The Company believes that risk-taking is necessary for continued innovation and growth, but that risks should be encouraged within parameters that are appropriate for the long-term health and sustainability of the business. As part of its compensation setting process, the Company evaluates the merits of its compensation programs through a comprehensive review of its compensation policies and programs to determine whether they encourage unnecessary or inappropriate risk-taking by the Company's executives and employees below the executive level. Based on this review, the Company has concluded that the risks arising from its compensation programs are not reasonably likely to have a material adverse effect on the Company.

Management and the Compensation Consultant review the Company's compensation programs, including the broad-based employee programs and the programs tied to the performance of individual business units. The team maps the level of "enterprise" risk for each business area, as established through the Company's enterprise risk management oversight process, with the level of compensation risk for the associated incentive programs. In developing the risk assessment, the team reviews the compensation programs within each business area for:

- The mix of fixed versus variable pay;
- The performance metrics to which pay is tied;
- Whether the pay opportunity is capped;
- The timing of payout;
- Whether "clawback" adjustments are permitted;
- The use of equity awards; and
- Whether stock ownership guidelines apply.

Annual incentive awards and long-term incentive awards granted to executives are tied primarily to corporate performance goals, including revenue and operating income growth, and strategic performance objectives. The Compensation Committee believes that these metrics encourage performance that supports the business as a whole. The executive annual incentive awards include a maximum payout opportunity equal to 175% of target, subject to a +/-25% individual performance-based modifier for NEOs other than Mr. Ersek. Our executives are also expected to meet share ownership guidelines in order to align the executives' interests with those of our stockholders. Further, the Company's clawback policy permits the Company to recover incentive compensation paid to an executive officer if the compensation resulted from any financial result or metric impacted by the executive officer's misconduct or fraud. This policy helps to discourage inappropriate risks, as executives will be held accountable for misconduct which is harmful to the Company's financial and reputational health. In addition, the Company's compliance clawback policy and specific clawback provisions in its annual and long-term incentive award agreements allow the Company to "claw back" executive bonuses if the executive engages in conduct that is later determined to have contributed to future compliance failures, subject to applicable law.

CEO PAY RATIO

As required by Section 953(b) of the Dodd-Frank Act, we are providing the following disclosure about the relationship of the annual total compensation of our employees to the annual total compensation of Mr. Ersek, our CEO. To understand this disclosure, we think it is important to give context to our operations. As noted above, The Western Union Company provides people and businesses with fast, reliable, and convenient ways to send money and make payments around the world. As a global organization, approximately 80% of our employees are located outside of the United States, with our employees located in a total of 57 countries. We strive to create a competitive global compensation program in terms of both the position and the geographic location in which the employee is located. As a result, our compensation program varies amongst each local market, in order to allow us to provide a competitive total rewards package.

Ratio

For 2018,

- The median of the annual total compensation of all of our employees, other than Mr. Ersek, was $29,942.
- Mr. Ersek's annual total compensation, as reported in the Total column of the 2018 Summary Compensation Table, was $9,175.3 thousand.
- Based on this information, the ratio of the annual total compensation of Mr. Ersek to the median of the annual total compensation of all employees is estimated to be 306 to 1.

Identification of Median Employee

The median employee used for purposes of disclosing the Company's 2017 pay ratio experienced a change in employment circumstances during 2018. As a result of such change in employment circumstances, we have concluded that it is no longer appropriate to use the 2017 median employee, as we believe using such employee would result in a significant change to our pay ratio disclosure. As permitted under the SEC executive compensation disclosure rules, we elected to run a full analysis to reidentify a new median employee.

We selected November 1, 2018 as the date on which to determine our 2018 median employee. As of that date, we had approximately 12,000 employees. For purposes of identifying the median employee, we considered the aggregate of the following compensation elements for each of our employees, as compiled from the Company's payroll records:

- Base Salary
- Target Annual Bonus
- Actual Equity Awards
- Target Commissions

We selected the above compensation elements as they represent the Company's principal broad-based compensation elements. In addition, we measured compensation for purposes of determining the median employee using the 12-month period ending December 31, 2018.

Using this methodology, we determined that our median employee was a full-time, salaried employee working in Eastern Europe. For purposes of this disclosure, we converted such employee's compensation from the employee's local currency to U.S. dollars using an exchange rate as of December 31, 2018. In determining the annual total compensation of the 2018 median employee, we calculated such employee's 2018 compensation in accordance with Item 402(c)(2)(x) of Regulation S-K as required pursuant to SEC executive compensation disclosure rules. This calculation is the same calculation used to determine total compensation for purposes of the 2018 Summary Compensation Table with respect to each of the NEOs.

PROPOSAL 2
ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Company is providing stockholders an advisory vote to approve executive compensation as required by Section 14A of the Exchange Act. Section 14A was added to the Exchange Act by Section 951 of the Dodd-Frank Act. The advisory vote to approve executive compensation is a non-binding vote on the compensation of the Company's NEOs, as described in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure set forth in this Proxy Statement. The advisory vote to approve executive compensation is not a vote on the Company's general compensation policies or the compensation of the Company's Board of Directors. The Dodd-Frank Act requires the Company to hold the advisory vote to approve executive compensation at least once every three years. At the 2017 Annual Meeting of Stockholders, the Company asked stockholders to indicate if it should hold an advisory vote to approve the compensation of named executive officers every one, two or three years, with the Board recommending an annual advisory vote. Our stockholders approved this recommendation. Accordingly, the Company is again asking stockholders to approve the compensation of NEOs as disclosed in this Proxy Statement.

At the 2018 Annual Meeting of Stockholders, the Company provided stockholders with the opportunity to cast an advisory vote to approve the compensation of the Company's NEOs as disclosed in the Proxy Statement for the 2018 Annual Meeting of Stockholders, and the Company's stockholders overwhelmingly approved the proposal, with approval by approximately 93% of the votes cast for the proposal at the 2018 Annual Meeting of Stockholders.

The Company believes that its compensation policies and procedures, which are outlined in the Compensation Discussion and Analysis section of this Proxy Statement, support the goals of:

- Aligning our executives' goals with our stockholders' interests;
- Attracting, retaining, and motivating outstanding executive talent; and
- "Pay-for-performance" - Holding our executives accountable and rewarding their achievement of financial, strategic and operating goals.

The Compensation Committee of the Board continually reviews the Company's executive compensation and benefits program to evaluate whether it supports these goals and serves the interests of the Company's stockholders. The Company's executive compensation practices include the following, as discussed in more detail in the Compensation Discussion and Analysis section of this Proxy Statement:

WHAT WE DO	WHAT WE DON'T DO
✔ Pay-for-performance and at-risk compensation. ✔ Align compensation with stockholder interests. ✔ Emphasis on future pay opportunity vs. current pay. ✔ Mix of performance metrics. ✔ Stockholder engagement. ✔ "Clawback" policies. ✔ Robust stock ownership guidelines. ✔ Three-year performance period for PSUs. ✔ Outside compensation consultant retained by the Compensation Committee. ✔ "Double trigger" severance benefits in the event of a change-in-control. ✔ Maximum payout caps for annual cash incentive compensation and PSUs. ✔ Consider compliance in compensation program.	✖ No repricing or buyout of underwater stock options. ✖ No change-in-control tax gross ups for individuals promoted or hired after April 2009. ✖ No dividends or dividend equivalents paid on unvested or unearned PSUs or RSUs. ✖ Prohibition against pledging and hedging of Company securities by senior executives and directors.

We believe that our executive compensation practices, in combination with a competitive market review, limited executive perquisites, and reasonable severance pay multiples contribute to an executive compensation program that is competitive yet strongly aligned with stockholder interests.

The Board recommends that you vote in favor of the following "say-on-pay" resolution:

RESOLVED, that the stockholders of the Company approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure, each as set forth in the Company's Proxy Statement for its 2019 Annual Meeting of Stockholders.

REQUIRED VOTE

The affirmative vote of the holders of a majority of shares of the Company's Common Stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter is required to approve this Proposal 2.

Because your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee may take into account the outcome of the vote when considering future executive compensation arrangements.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PROPOSAL 2.

PROPOSAL 3
RATIFICATION OF SELECTION OF AUDITORS

The Board of Directors and the Audit Committee believe it is in the best interest of the Company and its stockholders to recommend to the stockholders the ratification of the selection of Ernst & Young LLP, independent registered public accounting firm, to audit the accounts of the Company and its subsidiaries for 2019. Ernst & Young LLP has served as the Company's independent registered public accounting firm since the Company became a public company in 2006.

Consistent with the regulations adopted pursuant to the Sarbanes-Oxley Act of 2002, the lead audit partner having primary responsibility for the audit and the concurring audit partner are rotated every five years.

A representative of Ernst & Young LLP will be present at the Annual Meeting, will have the opportunity to make a statement, and will be available to respond to appropriate questions.

SUMMARY OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S FEES FOR 2018 AND 2017

Fees for professional services provided by our independent auditors, Ernst & Young LLP, for fiscal years 2018 and 2017, respectively, included the following (in millions):

	2018	**2017**
Audit Fees(1)	$6.8	$5.9
Audit-Related Fees(2)	$0.9	$0.8
Tax Fees(3)	$0.7	$0.6
All Other Fees(4)	$0.2	$—

(1) "Audit Fees" primarily include fees related to (i) the integrated audit of the Company's annual consolidated financial statements and internal controls over financial reporting; (ii) the review of its quarterly consolidated financial statements; (iii) statutory audits required domestically and internationally; (iv) comfort letters, consents and assistance with and review of documents filed with the SEC; and (v) other accounting and financial reporting consultation and research work billed as audit fees or necessary to comply with the standards of the PCAOB (United States).

(2) "Audit-Related Fees" primarily include fees, not included in "Audit Fees" above, related to (i) service auditor examinations; (ii) due diligence related to mergers and acquisitions; (iii) attest services that are not required by statute or regulation; and (iv) consultation concerning financial accounting and reporting standards that are not classified as "Audit Fees."

(3) "Tax Fees," which incorporate both tax advice and tax planning services, primarily include fees related to (i) consultations, analysis and assistance with domestic and foreign tax matters, including value-added and goods and services taxes; (ii) local tax authority audits; and (iii) other miscellaneous tax consultations, including tax services requested as part of the Company's procedures for commercial agreements, the acquisition of new entities, and other potential business transactions.

(4) "All Other Fees" consist of fees for professional services other than the services reported above, including an assessment of the Company's environmental sustainability strategy in 2018.

During 2018 and 2017, all audit and non-audit services provided by the independent registered public accounting firm were pre-approved, consistent with the pre-approval policy of the Audit Committee. The pre-approval policy requires that all services provided by the independent registered public accounting firm be pre-approved by the Audit Committee or one or more members of the Audit Committee designated by the Audit Committee.

REQUIRED VOTE

The affirmative vote of the holders of a majority of shares of the Company's Common Stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter is required to approve this Proposal 3. In the event the stockholders fail to ratify the selection of Ernst & Young LLP, the Audit Committee of the Board of Directors will consider it a direction to select another independent registered public accounting firm for the subsequent year. Even if the selection is ratified, the Audit Committee, in its discretion, may select a new independent registered public accounting firm at any time during the year, if it feels that such a change would be in the best interest of the Company and its stockholders.

THE BOARD OF DIRECTORS AND THE AUDIT COMMITTEE RECOMMEND THAT YOU VOTE FOR PROPOSAL 3.

PROPOSAL 4
STOCKHOLDER PROPOSAL REGARDING POLITICAL CONTRIBUTIONS DISCLOSURE

John Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, owner of more than $2,000 worth of shares of the Company's Common Stock, has notified the Company that he intends to present a proposal for consideration at the Annual Meeting. As required by the Exchange Act, the text of the stockholder proposal and supporting statement appear as submitted to the Company by the proponent. The Board and the Company accept no responsibility for the contents of the proposal or the supporting statement.

WESTERN UNION POLITICAL DISCLOSURE SHAREHOLDER RESOLUTION

Resolved, that the shareholders of Western Union Company ("Western Union" or "Company") hereby request that the Company provide a report, updated semiannually, disclosing the Company's:

1. Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.

2. Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:

   a. The identity of the recipient as well as the amount paid to each; and

   b. The title(s) of the person(s) in the Company responsible for decision-making.

The report shall be presented to the board of directors or relevant board committee and posted on the Company's website within 12 months from the date of the annual meeting. This proposal does not encompass lobbying spending.

Supporting Statement

As long-term shareholders of Western Union, we support transparency and accountability in corporate electoral spending. This includes any activity considered intervention in a political campaign under the Internal Revenue Code, such as direct and indirect contributions to political candidates, parties, or organizations, and independent expenditures or electioneering communications on behalf of federal, state or local candidates.

Disclosure is in the best interest of the company and its shareholders. The Supreme Court recognized this in its 2010 *Citizens United* decision, which said, "[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."

Publicly available records show Western Union has contributed at least $426,000 in corporate funds since the 2010 election cycle (CQMoneyLine: http://moneyline.cq.com; National Institute on Money in State Politics: http://www.followthemoney.org).

However, relying on publicly available data does not provide a complete picture of the Company's electoral spending. For example, the Company's payments to trade associations that may be used for election-related activities are undisclosed and unknown. This proposal asks the Company to disclose all of its electoral spending, including payments to trade associations and other tax-exempt organizations, which may be used for electoral purposes. This would bring our Company in line with a growing number of leading companies, including State Street Corp., Capital One Financial Corp., and Fifth Third Bancorp, which present this information on their websites.

The Company's Board and shareholders need comprehensive disclosure to fully evaluate the use of corporate assets in elections. We urge your support for this critical governance reform.

BOARD'S STATEMENT OPPOSING THE PROPOSAL

After careful consideration, and for the following reasons, the Board believes that the proposal is not in the best interests of the Company or its stockholders, and the Board recommends voting "**AGAINST**" this proposal.

The Company has historically made an extremely limited number of political contributions, where such contributions are permitted by law. The Company's political contributions are not financially material to the Company. In 2018, the Company did not make any such contributions and for each of 2017 and 2016, these contributions totaled approximately $2,500. In 2018, the Company's total expenses relating to political contributions were *de minimis* when compared to the Company's total operating costs of approximately $4.5 billion.

The Company is both transparent and accountable regarding its political contributions. On a limited basis, we have pursued and will continue to pursue efforts to help inform public policy decisions that have the potential to affect our customers, employees, and the communities in which we operate. To the extent this is done through a small number of corporate political contributions, such contributions are already strictly controlled. Consider our current standards, policies and practices regarding corporate political contributions:

- The Company maintains a formal policy regarding political activities, political contributions, and lobbying activities, which is contained in the Company's Code of Conduct and which is publicly available in the "Corporate Governance" section of our Investor Relations website.
- Our policy contains standards for participating in the political process for both the Company and its employees.
- With respect to political contributions, the Company's Code of Conduct provides that the permission of the Company's General Counsel's office is needed before any political contributions are made on behalf of the Company.
- The Company's Code of Conduct also provides that a senior executive officer of the Company's Government Relations department and the General Counsel's office be consulted prior to contacting a government official or retaining a lobbyist.

The Company is also transparent and accountable regarding its membership in trade associations. The Company participates in various trade associations to keep abreast of business trends as well as emerging standards within our industry. We do not join trade associations to advance political purposes, and our participation as a trade association member comes with the understanding that we may not always agree with all of the positions of the organizations or other members; we believe that the associations we belong to take many positions and address many issues in a meaningful and influential manner and in a way that will be to the Company's benefit. Disclosure of the amounts we pay in the form of membership dues to trade associations would not provide our stockholders with a greater understanding of our business strategies, initiatives or values. Consider the following:

- Although we must pay regular membership dues, we do not normally make additional non-dues contributions to support a group's targeted political contributions.
- We closely monitor the appropriateness and effectiveness of the political activities undertaken by the most significant trade associations of which we are a member.
- Disclosure of political contributions made indirectly through trade associations could place the Company at a competitive disadvantage by revealing its strategies and priorities.
- Requiring such disclosure may risk misrepresenting our political activities, as trade associations operate on an independent basis, and we do not agree with all positions taken by trade associations on issues.

Significant disclosure regarding the Company's political activities and related policies is already publicly available. Consider the following:

- Under federal law, all contributions by the Western Union Political Action Committee, the sole political action committee affiliated with the Company, are required to be reported, and a list of such contributions is publicly available at the website of the United States Federal Election Commission.
- Contributions made directly by the Company are most frequently made to state-level candidates and representatives who are required by state law to disclose such contributions.
- Federal law prohibits corporations from contributing corporate treasury funds to federal candidates or federal campaign committees. Accordingly, we make none.

Given all of the above, we believe that this proposal is unnecessary, costly and largely duplicative of current reporting systems and accountability measures. We believe that participating in the political process in a transparent manner is key to good governance and an important way to enhance stockholder value and promote healthy corporate citizenship. We do not believe, however, that implementing a semiannual report on our political activity would increase stockholder value or provide stockholders with any more meaningful information than is already available. If adopted, the proposal would apply only to Western Union and to no other company and would cause Western Union to incur undue costs and administrative burdens without commensurate benefit to our stockholders.

Required Vote; Recommendation Only

The affirmative vote of the holders of a majority of shares of the Company's Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the subject matter is required to approve this Proposal 4. Stockholders should be aware that this stockholder proposal is simply a request that the Board take the action stated in the proposal. Approval of this proposal may not result in the requested action being taken by the Board, and therefore, its approval would not effectuate the actions requested by the proposal.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE AGAINST PROPOSAL 4.

EQUITY COMPENSATION PLAN INFORMATION

The following table gives information, as of December 31, 2018, about our Common Stock that may be issued upon the exercise of options and settlement of other equity awards under all compensation plans under which equity securities are reserved for issuance. The Company's 2015 Long-Term Incentive Plan, 2006 Long-Term Incentive Plan and 2006 Non-Employee Director Equity Compensation Plan are our only equity compensation plans pursuant to which our equity securities are authorized for issuance.

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	13,270,970(1)	$17.63(2)	26,489,000(3)
Equity compensation plans not approved by security holders	—	N/A	—
Total	13,270,970(1)	$17.63(2)	26,489,000(3)

Footnotes:

(1) Includes 7,070,286 restricted stock units, PSUs, deferred stock units, and bonus stock units that were outstanding on December 31, 2018 under the Company's 2015 Long-Term Incentive Plan, 2006 Long-Term Incentive Plan and 2006 Non-Employee Director Equity Compensation Plan. Restricted stock unit awards, deferred stock unit awards and bonus stock units may be settled only for shares of Common Stock on a one-for-one basis. The number included for PSUs reflects grant date units awarded. Assuming maximum payout for PSU grants that have not completed the required performance period, the number of securities to be issued would increase by 1,241,133. Please see the "Compensation Discussion and Analysis" section of this Proxy Statement for further information regarding the 2016 PSUs, including the performance metrics applicable to such awards.

(2) Only option awards were used in computing the weighted-average exercise price.

(3) This amount represents shares of Common Stock available for issuance under the Company's 2015 Long-Term Incentive Plan. Awards available for grant under the Company's 2015 Long-Term Incentive Plan include stock options, stock appreciation rights, restricted stock, restricted stock units, bonus stock, bonus stock units, deferred stock units, performance grants, and any combination of the foregoing awards.

STOCK BENEFICIALLY OWNED BY DIRECTORS, EXECUTIVE OFFICERS AND OUR LARGEST STOCKHOLDERS

The following table sets forth the beneficial ownership of Common Stock by each person or group that is known by us to be the beneficial owner of more than 5% of our Common Stock, all directors and nominees, each of the executive officers named in the 2018 Summary Compensation Table contained in this Proxy Statement, and all directors and executive officers as a group. Except as otherwise noted, (i) the information is as of March 19, 2019, (ii) each person has sole voting and investment power of the shares, and (iii) the business address of each person shown below is 7001 East Belleview Avenue, Denver, Colorado 80237.

NAME OF BENEFICIAL OWNER	ADDRESS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENTAGE OF OUTSTANDING SHARES
5% Owners			
The Vanguard Group	100 Vanguard Blvd., Malvern, PA 19355	52,769,261[(1)]	11.91%[(1)]
BlackRock, Inc.	55 East 52nd Street, New York, NY 10055	46,384,514[(2)]	10.5%[(2)]
FMR LLC	245 Summer Street, Boston, MA 02210	39,799,494[(3)]	8.987%[(3)]
Capital Research Global Investors, a division of Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071	34,428,162[(4)]	7.8%[(4)]
The Bank of New York Mellon Corporation	240 Greenwich Street New York, NY 10286	28,016,282[(5)]	6.33%[(5)]
DIRECTORS AND NAMED EXECUTIVE OFFICERS[(6)]			
Martin I. Cole		31,816	*
Hikmet Ersek		3,758,928	*
Richard A. Goodman		36,814	*
Betsy D. Holden		20,474	*
Jeffrey A. Joerres		15,998	*
Roberto G. Mendoza		106,201	*
Michael A. Miles, Jr.		15,474	*
Robert W. Selander		121,026	*
Angela A. Sun		13,208	*
Frances Fragos Townsend		39,833	*
Solomon D. Trujillo		150,732[(7)]	*
Raj Agrawal		648,037	*
Odilon Almeida		291,724	*
Jean Claude Farah		269,886	*
Caroline Tsai		2,441	*
All directors and executive officers as a group (18 persons)		5,795,434	1.33%

* Less than 1%

(1) The number of shares held and percentage of outstanding shares were obtained from the holder's Amendment No. 6 to Schedule 13G filing with the Securities and Exchange Commission filed February 11, 2019, which reports ownership as of December 31, 2018. The Schedule 13G filing indicates that the holder had sole voting power over 533,337 shares, sole dispositive power over 52,086,393 shares, shared voting power over 163,637 shares, and shared dispositive power over 682,868 shares.

(2) The number of shares held and percentage of outstanding shares were obtained from the holder's Amendment No. 8 to Schedule 13G filing with the Securities and Exchange Commission filed January 10, 2019, which reports ownership as of December 31, 2018. The Schedule 13G filing indicates that the holder had sole voting power over 40,806,933 shares, sole dispositive power over 46,384,514 shares, and shared voting power over, and shared dispositive power over, no shares.

(3) The number of shares held and percentage of outstanding shares were obtained from the holder's Amendment No. 5 to Schedule 13G filing with the Securities and Exchange Commission filed February 13, 2019, which reports ownership as of December 31, 2018. The Schedule 13G filing indicates that the holder had sole power to vote or direct the vote of 3,612,247 shares, sole power to dispose of or to direct the disposition of 39,799,494 shares, and shared power to vote or direct the vote, and shared power to dispose of or direct the disposition of, no shares.

(4) The number of shares held and percentage of outstanding shares were obtained from the holder's Amendment No. 6 to Schedule 13G filing with the Securities and Exchange Commission filed January 10, 2019, which reports ownership as of December 31, 2018. The Schedule 13G filing indicates that the holder had sole voting and sole dispositive power over 34,428,162 shares, and shared voting power over, and shared dispositive power over, no shares.

(5) The number of shares held and percentage of outstanding shares were obtained from Amendment No. 2 to Schedule 13G filed by The Bank of New York Mellon Corporation, a parent holding company, on behalf of the subsidiaries listed in Exhibit I therein (collectively, "BNYM") with the Securities and Exchange Commission on January 29, 2019, which reports ownership as of December 31, 2018. The Schedule 13G filing indicates that BNYM had sole voting power over 24,626,369 shares, sole dispositive power over 27,300,972 shares, shared voting power over 26,522 shares, and shared dispositive power over 715,310 shares.

(6) The number of shares reported includes shares covered by options that are exercisable within 60 days of March 19, 2019 as follows: Mr. Cole, 9,208; Mr. Ersek, 2,962,949; Mr. Goodman, 36,814; Ms. Holden, 15,474; Mr. Joerres, 11,448; Mr. Mendoza, 106,201; Mr. Miles, 15,474; Mr. Selander, 77,439; Ms. Sun 13,208; Ms. Fragos Townsend, 39,833; Mr. Trujillo, 138,932; Mr. Agrawal, 437,007; Mr. Almeida, 170,248; Mr. Farah, 116,503; Ms. Rhodes, 0; Mr. Schenkel, 24,911; Ms. Tsai, 0; Mr. Williams, 93,272; all directors and executive officers as a group, 4,268,921.

(7) Mr. Trujillo shares with his spouse through a family trust the power to vote or direct the vote of, and the power to dispose or direct the disposition of, 11,800 shares.

CERTAIN TRANSACTIONS AND OTHER MATTERS

We or one of our subsidiaries may occasionally enter into transactions with certain "related persons." Related persons include our executive officers, directors, nominees for directors, 5% or more beneficial owners of our Common Stock, and immediate family members of these persons. We refer to transactions involving amounts in excess of $120,000 and in which the related person has a direct or indirect material interest as "related person transactions." Each related person transaction must be approved or ratified in accordance with the Company's written Related Person Transactions Policy by the Corporate Governance and Public Policy Committee of the Board of Directors or, if the Corporate Governance and Public Policy Committee of the Board of Directors determines that the approval or ratification of such related person transaction should be considered by all disinterested members of the Board of Directors, by the vote of a majority of such disinterested members.

Since January 1, 2018, there have not been any such related person transactions involving the Company.

The Corporate Governance and Public Policy Committee considers all relevant factors when determining whether to approve or ratify a related person transaction, including, without limitation, the following:

- the size of the transaction and the amount payable to a related person;
- the nature of the interest of the related person in the transaction;
- whether the transaction may involve a conflict of interest; and
- whether the transaction involves the provision of goods or services to the Company that are available from unaffiliated third parties and, if so, whether the transaction is on terms and made under circumstances that are at least as favorable to the Company as would be available in comparable transactions with or involving unaffiliated third parties.

The Company's Related Person Transactions Policy is available through the "Investor Relations, Corporate Governance" portion of the Company's website, *www.westernunion.com*.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who own more than 10% of the Company's Common Stock, as well as certain affiliates of such persons, to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of the Company's Common Stock. Based solely on the Company's review of the reports that have been filed by or on behalf of such persons in this regard and written representations from our executive officers and directors that no other reports were required, during and for the fiscal year ended December 31, 2018, the Company believes that all Section 16(a) filing requirements applicable to the Company's directors, executive officers, and greater than 10% stockholders were met.

* * *

This Proxy Statement is provided to you at the direction of the Board of Directors.

Caroline Tsai
Executive Vice President,
General Counsel and Corporate
Secretary

ANNEX A

RECONCILIATION OF NON-GAAP MEASURES

Western Union's management believes the non-GAAP financial measures presented provide meaningful supplemental information regarding our operating results to assist management, investors, analysts, and others in understanding our financial results and to better analyze trends in our underlying business, because they provide consistency and comparability to prior periods.

A non-GAAP financial measure should not be considered in isolation or as a substitute for the most comparable GAAP financial measure. A non-GAAP financial measure reflects an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measure, provides a more complete understanding of our business. Users of the financial statements are encouraged to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is included below. All adjusted year-over-year changes were calculated using prior year reported amounts.

	FY2017	FY2018
Revenues, as reported (GAAP)		$5,589.9
Foreign currency translation impact[(a)]		$111.9
Revenues, constant currency adjusted		$5,701.8
Prior year revenues, as reported (GAAP)		$5,524.3
Revenue change, as reported (GAAP)		1%
Revenue change, constant currency adjusted		3%
Operating income, as reported (GAAP)		$1,122.1
Foreign currency translation impact[(a)]		$18.1
Operating income, constant currency adjusted		$1,140.2
Operating income as reported (GAAP)	$475.8	
Goodwill impairment[(b)]	$464.0	
NYDFS Consent Order[(c)]	$60.0	
Joint Settlement Agreements[(d)]	$8.0	
Operating income, excluding Goodwill impairment, NYDFS Consent Order, and Joint Settlement Agreements	$1,007.8	
Operating income margin, as reported	8.6%	20.1%
Operating margin, excluding Goodwill impairment, NYDFS Consent Order, and Joint Settlement Agreements	18.2%	

(a) Represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the United States dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the United States dollar, net of foreign currency hedges, which would not have occurred if there had been a constant exchange rate. We believe that this measure provides management and investors with information about operating results and trends that eliminates currency volatility and provides greater clarity regarding, and increases the comparability of, our underlying results and trends.

(b) Represents a non-cash goodwill impairment charge related to our Business Solutions reporting unit. We believe that, by excluding the effects of significant charges associated with non-cash impairment charges that can impact operating trends, management and investors are provided with a measure that increases the comparability of our underlying operating results.

(c) Represents the impact from the NYDFS Consent Order. We believe that, by excluding the effects of significant charges associated with the settlement of litigation that can impact operating trends, management and investors are provided with a measure that increases the comparability of our underlying operating results.

(d) Represents the impact from the Joint Settlement Agreements. We believe that, by excluding the effects of significant charges associated with the settlement of litigation that can impact operating trends, management and investors are provided with a measure that increases the comparability of our underlying operating results.

WesternUnion WU

Notice of 2019 Annual Meeting of Stockholders, Proxy Statement and 2018 Annual Report

2018

2018 FORM 10-K

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, 2018

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	20-4531180
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

THE WESTERN UNION COMPANY
7001 East Belleview Avenue
Denver, Colorado 80237
(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:

Title of each class	Name of each exchange on which registered
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 every Interactive Data File required to be submitted 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 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 29, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $9.0 billion based on the closing sale price of $20.33 of the common stock as reported on the New York Stock Exchange.

As of February 13, 2019, 435,890,819 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's proxy statement for the 2019 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 (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 "may," "will," "should," "would," "could," and "might" 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 discussed in the "Risk Factors" section and throughout the Annual Report on Form 10-K. 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:

Events Related to Our Business and Industry

- changes in general economic conditions and economic conditions in the regions and industries in which we operate, including global economic downturns and trade disruptions, or significantly slower growth or declines in the money transfer, payment service, and other markets in which we operate, including downturns or declines related to interruptions in migration patterns, or non-performance by our banks, lenders, insurers, or other financial services providers;

- failure to compete effectively in the money transfer and payment service industry, including among other things, with respect to price, with global and niche or corridor money transfer providers, banks and other money transfer and payment service providers, including electronic, mobile and Internet-based services, card associations, and card-based payment providers, and with digital currencies and related protocols, and other innovations in technology and business models;

- political conditions and related actions, including trade restrictions and government sanctions, in the United States and abroad which may adversely affect our business and economic conditions as a whole, including interruptions of United States or other government relations with countries in which we have or are implementing significant business relationships with agents or clients;

- deterioration in customer confidence in our business, or in money transfer and payment service providers generally;

- our ability to adopt new technology and develop and gain market acceptance of new and enhanced services in response to changing industry and consumer needs or trends;

- changes in, and failure to manage effectively, exposure to foreign exchange rates, including the impact of the regulation of foreign exchange spreads on money transfers and payment transactions;

- any material breach of security, including cybersecurity, or safeguards of or interruptions in any of our systems or those of our vendors or other third parties;

- cessation of or defects in various services provided to us by third-party vendors;

- mergers, acquisitions, and the integration of acquired businesses and technologies into our Company, divestitures, and the failure to realize anticipated financial benefits from these transactions, and events requiring us to write down our goodwill;

- decisions to change our business mix;

- failure to manage credit and fraud risks presented by our agents, clients and consumers;

- failure to maintain our agent network and business relationships under terms consistent with or more advantageous to us than those currently in place, including due to increased costs or loss of business as a result of increased compliance requirements or difficulty for us, our agents or their subagents in establishing or maintaining relationships with banks needed to conduct our services;

- changes in tax laws, or their interpretation, including with respect to United States tax reform legislation enacted in December 2017 (the "Tax Act"), any subsequent regulation, and potential related state income tax impacts, and unfavorable resolution of tax contingencies;

- adverse rating actions by credit rating agencies;

- our ability to realize the anticipated benefits from business transformation, productivity and cost-savings, and other related initiatives, which may include decisions to downsize or to transition operating activities from one location to another, and to minimize any disruptions in our workforce that may result from those initiatives;

- our ability to protect our brands and our other intellectual property rights and to defend ourselves against potential intellectual property infringement claims;

- our ability to attract and retain qualified key employees and to manage our workforce successfully;

- material changes in the market value or liquidity of securities that we hold;

- restrictions imposed by our debt obligations;

Events Related to Our Regulatory and Litigation Environment

- liabilities or loss of business resulting from a failure by us, our agents or their subagents to comply with laws and regulations and regulatory or judicial interpretations thereof, including laws and regulations designed to protect consumers, or detect and prevent money laundering, terrorist financing, fraud and other illicit activity;

- increased costs or loss of business due to regulatory initiatives and changes in laws, regulations and industry practices and standards, including changes in interpretations, in the United States and abroad, affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services, including related to anti-money laundering regulations, anti-fraud measures, our licensing arrangements, customer due diligence, agent and subagent due diligence, registration and monitoring requirements, consumer protection requirements, remittances, and immigration;

- liabilities, increased costs or loss of business and unanticipated developments resulting from governmental investigations and consent agreements with or enforcement actions by regulators, including those associated with the settlement agreements with the United States Department of Justice, certain United States Attorney's Offices, the United States Federal Trade Commission, the Financial Crimes Enforcement Network of the United States Department of Treasury, and various state attorneys general (the "Joint Settlement Agreements"), and those associated with the January 4, 2018 consent order which resolved a matter with the New York State Department of Financial Services (the "NYDFS Consent Order");

- liabilities resulting from litigation, including class-action lawsuits and similar matters, and regulatory enforcement actions, including costs, expenses, settlements and judgments;

- failure to comply with regulations and evolving industry standards regarding consumer privacy and data use and security, including with respect to the General Data Protection Regulation ("GDPR") approved by the European Union ("EU");

- failure to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), as well as regulations issued pursuant to it and the actions of the Consumer Financial Protection Bureau ("CFPB") and similar legislation and regulations enacted by other governmental authorities in the United States and abroad related to consumer protection and derivative transactions;

- effects of unclaimed property laws or their interpretation or the enforcement thereof;

- failure to maintain sufficient amounts or types of regulatory capital or other restrictions on the use of our working capital to meet the changing requirements of our regulators worldwide;

- changes in accounting standards, rules and interpretations or industry standards affecting our business;

Other Events

- catastrophic events; and

- management's ability to identify and manage these and other risks.

ITEM 1. BUSINESS

Overview

The Western Union Company (the "Company," "Western Union," "we," "our" or "us") is a leader in global money movement and payment services, providing people and businesses with fast, reliable and convenient ways to send money and make payments around the world.

The Western Union® brand is globally recognized 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, usually within minutes. As of December 31, 2018, our services were available through a global network of over 550,000 agent locations in more than 200 countries and territories, with more than 90% of those locations outside the United States, and through many Western Union branded websites in a growing number of countries and territories. Each location in our agent network is capable of facilitating a consumer's use of one or more of our services, with the majority offering a Western Union branded service. As of December 31, 2018, more than 70% of our locations had experienced money transfer activity in the previous 12 months.

Our Business Solutions services facilitate payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals. The majority of this business relates to exchanges of currency at spot rates, which enable customers to make cross-currency payments. In addition, in certain countries, we write foreign currency forward and option contracts for customers to facilitate future payments.

We believe that brand strength, size and reach of our global network, convenience, reliability and value for the price paid have been important to the growth of our business. As we continue to seek to meet the needs of our customers for fast, reliable and convenient global money movement and payment services, with a continued focus on regulatory compliance, we are also working to provide consumers and our business clients with access to an expanding portfolio of payment and other financial services and to expand the ways our services can be accessed.

Our Segments

We manage our business around the consumers and businesses we serve and the types of services we offer. Each of our segments addresses a different combination of customer groups, distribution networks, and services offered. Our segments are Consumer-to-Consumer and Business Solutions.

All businesses and other services that have not been classified in these segments are reported as "Other," which primarily include our electronic-based and cash-based bill payment services which facilitate payments from consumers to businesses and other organizations. The majority of our cash-based bill payments services are led by one executive, and the majority of our electronic-based bill payments services are led by another executive. The Chief Operating Decision Maker ("CODM") allocates resources and assesses performance using discrete information for these separate bill payments components, neither of which is material from either a quantitative or qualitative perspective. Our money order and other services, in addition to certain corporate costs such as costs related to strategic initiatives, including for the review and closing of mergers, acquisitions, and divestitures, are also included in "Other."

The table below presents the components of our consolidated revenue.

	Year Ended December 31,		
	2018	2017	2016
Consumer-to-Consumer	80 %	79 %	79 %
Business Solutions	7 %	7 %	7 %
Other	13 %	14 %	14 %
	100 %	100 %	100 %

No individual country outside the United States accounted for more than 7% of our consolidated revenue for each of the years ended December 31, 2018, 2017 and 2016.

See Part I, Item 1A, *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 80% of our total consolidated revenues for 2018. A substantial majority of these transfers were cross-border transactions. We view our money transfer service, including our online money transfer transactions conducted and funded through Western Union branded websites and mobile apps ("westernunion.com"), as one interconnected global network where a money transfer can be sent from one location to another, around the world. Although most remittances are sent from one of our agent locations worldwide, in some countries and territories we offer the ability to initiate transactions from a Western Union branded website. The segment includes five geographic regions whose functions are primarily related to generating, managing and maintaining agent relationships and localized marketing activities. We include westernunion.com in our regions. By means of common processes and systems, these regions, including westernunion.com, create an interconnected network for consumer transactions, thereby constituting one global Consumer-to-Consumer money transfer business and one operating segment.

Operations

Our revenues are primarily derived from consideration paid by consumers to transfer money. These revenues vary by transaction based upon channel, send and receive locations, the principal amount sent, whether the money transfer involves different send and receive currencies, the difference between the exchange rate set by us to the consumer and the rate available in the wholesale foreign exchange market, and speed of service, as applicable.

In a typical walk-in money transfer transaction, a consumer goes to one of our agent or subagent locations and provides information specifying, among other things, the name and other identifying information regarding the recipient, and delivers the principal amount of the money transfer and the fee, to the agent or sub-agent. Certain of these processes are streamlined for consumers who participate in our loyalty programs. The sending agent enters the transaction information into our money transfer system and the funds are made available for payment, usually within minutes, in the country specified by the consumer. In some jurisdictions, the agent collects the principal and fees after the presentation of our written disclosure that generally identifies the exchange rate and all fees and charges associated with the transaction and the consumer has agreed to the transaction, as described in the disclosure. The agent then provides the consumer with a unique identifying number assigned by our system, which the consumer must communicate in order for the recipient to obtain the principal. The recipient generally enters an agent location in the designated receiving country or territory, presents the unique identifying number and identification, where applicable, and is paid the transferred amount by our agent based on the information in our system. Recipients generally do not pay a fee. However, in limited circumstances, a tax may be imposed by the local government on the receipt of the money transfer, or a fee may be charged by the recipient's institution related to the use of an account. We determine the fee paid by the sender, which generally is based on the principal amount of the transaction, the send and receive country or territory, and speed of service.

We generally pay our agents a commission based on a percentage of revenue. A commission is usually paid to both 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. Western Union's global reach and large consumer base allow us to attract agents we believe to be well-positioned to deliver our services.

No individual country outside the United States accounted for greater than 8% of this segment's revenue during all periods presented.

Services

We offer money transfer services in more than 200 countries and territories, with a number of options for sending funds that provide consumers convenience and choice, through both our walk-in and online money transfer channels.

- *Walk-in money transfer.* The significant majority of our remittances constitute walk-in transactions in which payment is collected by one of our agents and is available for pick-up at another agent location, usually within minutes. We offer a variety of methods for consumers to initiate transactions. In select markets, consumers may stage a transaction either online or using a mobile device and subsequently pay for the transaction at one of our agent locations. Additionally, in certain agent locations, consumers can enter a transaction at a self-service kiosk and subsequently pay for the transaction at the counter of the location.

- *Online money transfer.* In many countries and territories, consumers can initiate a money transfer from a Western Union branded website. Additionally, in certain countries and territories, consumers can initiate a Western Union money transfer through their bank's online banking services.

Consumers can fund a transaction in a variety of ways, in addition to cash. For example, at certain of our agent locations, consumers can fund a transaction using a debit card, and, where available, consumers can fund a money transfer from an account and through an account using an automated teller machine ("ATM"). In our online money transfer channel, consumers can generally fund transactions using a credit card, debit card, electronic funds transfer processed through the automated clearing house ("ACH") payment system or similar system outside the United States, or other bank account-based payment.

We also provide several options for the receipt of funds. At our retail agent locations, consumers generally receive payments in cash. However, in certain countries, our retail agents may also issue a money order or check or provide payout through an ATM. Funds can also be directed to a bank account in many countries, by either the sender or receiver, and in more limited circumstances, can be directed to either a mobile wallet or a stored-value card.

Distribution and Marketing Channels

We offer our Consumer-to-Consumer service to consumers around the world primarily through our global network of third-party agents and sub-agents in most countries and territories, with approximately 90% of our agent locations being located outside the United States. Our agents facilitate the global distribution and convenience associated with our 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 as well as smaller independent retail locations which typically provide other consumer products and services. Many of our agents have multiple locations. Our agents know the markets that they serve and leverage this local knowledge to develop business plans for their markets. In some regions, our agents contribute financial resources to, or otherwise support, our efforts to market our services. Many agents operate in locations that are open outside of traditional banking hours, for example on nights and weekends. Our top 40 agents globally have been with us for more than 20 years, on average, and in 2018, these long-standing agents were involved in transactions that generated approximately 60% of our Consumer-to-Consumer revenue. No individual agent accounted for greater than 10% of the segment's revenue during all periods presented.

We provide our third-party agents with access to our multi-currency, real-time money transfer processing systems which are used to originate and pay money transfers. Our systems and processes enable our agents to pay money transfers in nearly 130 currencies worldwide. Certain of our agents can pay in multiple currencies at a single location. Our agents provide the point of sale presence and facilitate the interface with Western Union required to complete the transfers. Western Union provides central operating functions such as transaction processing, settlement, marketing support and consumer relationship management to our agents, as well as compliance training and related support. Some of our agents outside the United States manage subagents. We refer to these agents as superagents. Although the subagents are under contract with these superagents (and not with Western Union directly), the subagent locations typically have access to similar technology and services as our other agent locations. 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 or account payout options. While we typically perform services under the Western Union brand, in certain geographic regions, we operate under other brands targeted to the local market.

We market our services to consumers in a number of ways, directly and indirectly through our agents and their subagents, leveraging promotional activities, grassroots, direct-to-consumer communications and digital advertising. Our marketing strategy includes loyalty programs such as "My WU^{SM}" and "Gold Card" which are available in certain countries and territories. These programs offer consumers faster service at the point-of-sale and the opportunity to earn points on eligible products and channels (including westernunion.com and mobile apps) that can be redeemed for rewards, such as reduced transaction fees; however, such redemption activity has been insignificant to the results of our operations.

Industry Trends

Trends in the cross-border money transfer business tend to correlate to migration trends, global economic opportunity and related employment levels worldwide. Another significant trend impacting the money transfer industry is increasing regulation. Regulations in the United States and elsewhere focus, in part, on anti-money laundering, anti-terrorist financing and consumer protection. Regulations require money transfer providers, banks and other financial institutions to develop systems to prevent, detect, monitor and report certain transactions. Such regulations increase the costs to provide money transfer services and can make it more difficult or less desirable for consumers and businesses to use money transfer services, either of which could have an adverse effect on money transfer providers' revenues and operating income. For further discussion of the regulatory impact on our business, see the "Regulation" discussion in this section, Part I, Item 1A, *Risk Factors,* and the "Enhanced Regulatory Compliance" section in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*. Additionally, our ability to enter into or maintain exclusive arrangements with our agents has been and may continue to be challenged by both regulators and certain of our current and prospective agents. Further, we are seeing increased competition from, and increased market acceptance of, electronic, mobile, and Internet-based money transfer services as well as digital currencies.

Competition

We face robust competition in the highly-fragmented Consumer-to-Consumer money transfer industry. We compete with a variety of remittance 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" providers, provide the same services as global money transfer providers, but focus on a smaller group of geographic corridors or services within one region, such as North America to the Caribbean, Central or South America, or Western Europe to North Africa.

- *Electronic channels* - Online money transfer service providers, including certain electronic payment providers, allow consumers to send and receive money electronically using the Internet or through mobile devices. Electronic channels also include digital wallets, digital currencies, and social media and other predominantly communication or commerce-oriented platforms that offer money transfer services.

- *Banks, postbanks, and post offices* - Banks, postbanks, and post offices of all sizes compete with us in a number of ways, including money transfers, bank transfer and wire services, payment instrument issuances, and card-based services.

- *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.

- *Alternative channels* - Alternative channels for sending and receiving money include mail and commercial courier services, 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 the overall consumer value proposition, including brand recognition, trust, reliability, consumer experience, price, speed of delivery, distribution network, variety of send and receive payment methods, and channel options.

Business Solutions Segment

In our Business Solutions segment, which represented 7% of our total consolidated revenues for 2018, we facilitate payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals.

Operations

The significant majority of our revenue in this segment is derived from foreign exchange resulting from the difference between the exchange rate set by us to the customer and the rate available in the wholesale foreign exchange market. Customers may make an electronic or wire transfer or remit a check in order to initiate a transaction. Our Internet services are provided through our own websites and also, from time to time, in conjunction with others. The majority of the segment's revenue was generated outside the United States during all periods presented.

Services

Business Solutions payment transactions are conducted through various channels including the phone and via the Internet. Payments are made predominately through electronic transfers, but in some situations, checks are remitted. The majority of Business Solutions' business relates to exchanges of currency at spot rates, which enable customers to make cross-currency payments. For certain industries such as educational institutions, financial institutions, and law firms, we provide tailored payment solutions. In addition, in certain countries, we write foreign currency forward and option contracts for customers to facilitate future payments, which usually generate higher revenue per transaction than spot payments.

Distribution and Marketing Channels

Our Business Solutions services are offered primarily over the phone, through third-party channels, and via the Internet. Our Internet services are marketed through our own websites as well as, from time to time, co-branding arrangements with third-party websites.

Our customer relationships are a core component of our business payments services. No individual customer accounted for greater than 10% of this segment's revenue.

Industry Trends

The business-to-business payments industry has evolved rapidly with technological innovations that have created new competitors and methods of processing payments from businesses to other businesses. The various products and services within the business-to-business payments industry are in varying stages of development. Business-to-business payments, especially cross-border, cross-currency transactions, are also dependent on global trade trends and regulations. Increased anti-money laundering, anti-terrorist financing, consumer protection regulations and compliance requirements, and increased regulations and compliance requirements applicable to the offering of derivatives, are impacting the business-to-business payments industry. We believe these increases in competition and regulatory costs are likely to continue in this segment.

Competition

Our Business Solutions segment competes with a diverse set of service providers offering payment services and foreign exchange risk management solutions, including financial institutions, other non-bank competitors, and electronic payment providers. We believe the most significant competitive factors in this segment relate to recurring relationships founded on customer service and expertise in payments and foreign exchange, customized solutions for specific industries and clients, convenience and speed of payments network, availability of derivative products, variety of inbound and outbound payment methods, brand recognition and price.

Other

Our remaining businesses and services, which primarily include our electronic-based and cash-based bill payment services and money order services, are grouped in "Other," which also includes certain corporate costs such as costs related to strategic initiatives, including for the review and closing of mergers, acquisitions, and divestitures. Other represented 13% of our total consolidated revenues for 2018.

Our electronic-based and cash-based bill payment services provide fast and convenient options to make one-time or recurring payments from consumers to businesses and other organizations, including utilities, auto finance companies, mortgage servicers, financial service providers and government agencies. We believe our business customers who receive payments through our services benefit from their relationship with Western Union as it provides them with real-time or near real-time posting of their customers' payments. In many circumstances, our relationships with business customers also provide them with an additional source of income and reduce their expenses for handling of payments.

Consumers use our money orders for making purchases, paying bills, and as an alternative to checks. We derive investment income from interest generated on our money order settlement assets, which are primarily held in United States tax exempt state and municipal debt securities.

Other revenue is derived primarily from transaction fees paid by consumers and billers. In our electronic-based bill payments services, which primarily include our Speedpay® service, consumers may make an electronic payment on the Internet or over the phone using their credit or debit card, or through ACH. Our Internet services are provided through our own websites or through third-party websites for which we act as the service provider. In our cash-based bill payments services, consumers may make a cash payment at an agent or Company-owned location. The substantial majority of our electronic-based bill payments revenue was generated in the United States during all periods presented, and the majority of our cash-based bill payments revenue was generated in Argentina during all periods presented, with the remainder primarily generated in the United States.

Intellectual Property

The Western Union® logos, trademarks, service marks and trade dress are registered and/or used worldwide and are material to our Company. The WU® service mark and logos are also registered and used in many countries around the world. We offer money transfer services under the Western Union, Orlandi Valuta℠ and Vigo® brands. We also provide various payment and other services such as Western Union Business Solutions, Speedpay, Pago Fácil, Western Union Payments, Quick Collect, Quick Pay, Pay@WU, Quick Cash, and Convenience Pay. Our operating results have allowed us to invest significantly each year to support our brands, and in some regions, our agents have also contributed financial resources to assist with marketing our services.

Risk Management

Our Company has a credit risk management department that evaluates and monitors our 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 and business transactions, particularly where transactions are originated through means other than cash, such as those initiated through electronic channels, and therefore are subject to "chargebacks," insufficient funds, or other collection impediments, such as fraud, which are anticipated to increase as electronic channels become a greater proportion of our business. Our credit risk management team monitors fraud risks jointly with our information security and global compliance departments, performs credit reviews before agent signings, and conducts periodic analyses of agents and certain other parties that we transact with directly.

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

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

A key component of the Western Union business model is our ability to manage financial risk associated with conducting transactions worldwide. We currently settle with the majority of our agents in United States dollars, euros, or Mexican pesos, requiring those agents to obtain local currency to pay recipients, and we generally do not rely on international currency markets to obtain and pay illiquid currencies. However, in certain circumstances, we settle in other currencies. The foreign currency exposure that does exist is limited by the fact that the majority of money transfer transactions are paid by the next day after they are initiated, and agent settlements occur within a few days in most instances. We also utilize foreign currency forward contracts to mitigate the risks associated with currency fluctuations and to provide predictability of future cash flows. We have additional foreign exchange risk and associated foreign exchange risk management due to the nature of our Business Solutions business. The majority of this business' revenue is from exchanges of currency at spot rates, which enable customers to make cross-currency payments. Business Solutions aggregates its foreign exchange exposures arising from customer contracts, including the derivative contracts described above, and hedges the resulting net currency risks by entering into offsetting contracts with established financial institution counterparties.

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, also considering the duration of the individual positions. We manage this mix of fixed versus floating exposure in an attempt to minimize risk, reduce costs and improve returns. Our exposure to interest rates can be modified by changing the mix of our interest-bearing assets as well as adjusting the mix of fixed versus floating rate debt. The latter is accomplished primarily through the use of interest rate swaps and the decision regarding terms of any new debt issuances (i.e., fixed versus floating). We use interest rate swaps designated as hedges to vary the percentage of fixed to floating rate debt, subject to market conditions.

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 many other countries and jurisdictions, including the European Union. These include increasingly strict legal and regulatory requirements intended to help detect and prevent money laundering, terrorist financing, fraud, and other illicit activity. These also include laws and regulations regarding financial services, consumer disclosure and consumer protection, currency controls, money transfer and payment instrument licensing, payment services, credit and debit cards, electronic payments, foreign exchange hedging services and the sale of spot, forward and option currency contracts, unclaimed property, the regulation of competition, consumer privacy, data protection and information security. Failure by Western Union, our agents, or their subagents (agents and subagents are third parties, over whom Western Union has limited legal and practical control), and certain of our service providers to comply with any of these requirements or their interpretation could result in regulatory action, the imposition of civil and criminal penalties, including fines and restrictions on our ability to offer services, 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, changes to our business model, loss of consumer confidence, private class action litigation, and/or the seizure of our assets. For example, in early 2017, we entered into the Joint Settlement Agreements, and in early 2018, we agreed to the NYDFS Consent Order, as further discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies."

We have developed and continue to enhance our global compliance programs, including our 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, including heightened regulatory focus on compliance with anti-money laundering or fraud prevention requirements. As of December 31, 2018, these programs included 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 and payment service networks operate through third-party agents in most countries, and, therefore, there are limitations on our legal and practical ability to completely control those agents' compliance activities. In 2018, we spent approximately $200 million on our compliance and regulatory programs.

Money Transfer and Payment Instrument Licensing and Regulation

Most of our services are subject to anti-money laundering laws and regulations, including the Bank Secrecy Act in the United States, as amended (collectively, the "BSA"), and similar laws and regulations in the U.S. and abroad. 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, to 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. In addition to United States federal laws and regulations, many other countries and states impose similar and, in some cases, more stringent requirements. These requirements may also apply to our agents and their subagents. 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 and subagents inside and outside the United States, and certain states also require money transfer companies to conduct similar due diligence reviews. Compliance with anti-money laundering laws and regulations continues to be a focus of regulatory attention, with recent settlement agreements being reached with Western Union, other money transfer providers and several large financial institutions. For example, in early 2017, we entered into the Joint Settlement Agreements, and in early 2018, we agreed to the NYDFS Consent Order, as further discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies."

Economic and trade sanctions programs administered by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and by certain foreign jurisdictions prohibit or restrict transactions to or from (or dealings with or involving) certain countries, regions, governments, and in certain circumstances, specified foreign nationals, as well as with certain individuals and entities such as narcotics traffickers, terrorists and terrorist organizations. We provide limited money transfer and payments services to parties in Cuba, Syria, and the Crimea region of Ukraine in accordance with United States laws authorizing such services and pursuant to and as authorized by advisory opinions of, or specific or general licenses issued by, OFAC.

In the United States, almost all states license certain of our services and many exercise authority over the operations of certain aspects of our business and, as part of this authority, regularly examine us. Many states require us to invest the principal of outstanding money orders, money transfers, or payments in highly-rated, investment grade securities, and our use of such investments is restricted to satisfying outstanding settlement obligations. We regularly monitor credit risk and attempt to mitigate our exposure by investing in highly-rated securities in compliance with these regulations. The substantial majority of our investment securities, classified within "Settlement assets" in the Consolidated Balance Sheets, are held in order to comply with state licensing requirements in the United States and are required to have credit ratings of "A-" or better from a major credit rating agency.

These licensing laws also cover matters such as government approval of controlling shareholders and senior management of our licensed entities, regulatory approval of agents and in some instances their 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 transfer providers and their agents to comply with federal and/or state anti-money laundering laws and regulations.

Outside the United States, our money transfer business is subject to some form of regulation in almost 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, agent registration requirements, 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 controls on the rates of exchange between currencies. They also include laws and regulations intended to detect and prevent money laundering or terrorist financing, including obligations to collect and maintain information about consumers, recordkeeping, reporting and due diligence, and supervision of agents and subagents similar to and in some cases exceeding those required under the BSA. In most countries, either we or our agents are required to obtain licenses or to register with a government authority in order to offer money transfer services.

The Payment Services Directive ("PSD") in the EU and similar laws in other jurisdictions have imposed rules on payment service providers like Western Union. In particular, under the PSD, Western Union is responsible for the regulatory compliance of our agents and their subagents who are engaged by our payments institution subsidiary. Thus, the costs to monitor our agents and the risk of adverse regulatory action against us because of the actions of our agents in those areas have increased. The majority of our EU business is managed through our Irish payment institution subsidiary, which is regulated by the Central Bank of Ireland. Under the PSD and similar laws in certain other jurisdictions, we are subject to requirements such as investment safeguarding rules and periodic examinations similar to those we are subject to in the United States. These rules have resulted in increased compliance costs. Additional countries have adopted or may adopt legislation similar to these laws. The PSD, as well as legislation in other countries, has also allowed an increased number of non-bank entities to become money transfer agents, allowing Western Union and other money transfer providers to expand their agent networks in these countries but also resulting in increased competition.

The PSD, which has been in effect since 2009, was amended by a revised Payment Services Directive ("PSD2"). PSD2 became EU law in January 2016 and required EU member states to transpose it into their national laws by January 2018. Among other changes, PSD2 has increased the supervisory powers granted to member states with respect to activities performed by us and our agent network within their jurisdictions. PSD2 aims to drive increased competition, innovation and transparency across the European payments market, while enhancing consumer protection and the security of Internet payments and account access. At its core is a requirement for account service providers to grant third party providers access to a customer's online account and payment services in a regulated and secure way. PSD2 also introduces new customer identity verification and authentication measures, increases our agent monitoring responsibilities, may limit the types, nature and amount of charges we may assess, increases customer refund rights, and increases our information security and incident reporting responsibilities. The European Banking Authority has issued guidelines and regulatory technical standards that prescriptively set out these increased responsibilities. PSD2 brings third-party payment initiation and third-party account information access services within its scope for the first time. A payment initiation service is an online service which permits third-party providers to access users' payment accounts to initiate the transfer of funds on their behalf as an alternative to paying online using a credit card or debit card. An account information service is an online service which enables a third-party provider to provide consolidated information on payment accounts held by a payment service user with various payment service providers. PSD2 will facilitate each of these services while seeking to ensure security for users. In addition to increasing our compliance costs, PSD2 increases the regulatory supervision and enforcement associated with non-compliance with it and the associated European Banking Authority guidelines and regulatory technical standards. PSD2 may also result in increased competition arising from other service providers utilizing the enhanced payment initiation and account information access provisions or by our failure to utilize those provisions to innovate our own service offerings.

Regulators worldwide are exercising heightened supervision of money transfer providers and requiring increasing efforts to ensure compliance, including as a result of PSD2 and the 4th and 5th Anti-Money Laundering Directives in the EU. As a result, we continue to incur significant compliance costs related to customer, agent, and subagent due diligence, verification, transaction approval, disclosure, and reporting requirements, including requirements to report transaction data to a greater extent or frequency than previously required, along with other requirements that have had and will continue to have a negative impact on our financial condition and results of operations.

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

- prohibit, restrict, and/or impose taxes or fees on money transfer transactions in, to or from certain countries or with certain governments, individuals and entities;

- impose additional customer identification and customer, agent, and subagent due diligence requirements;
- impose additional reporting or recordkeeping requirements, or require enhanced transaction monitoring;
- limit the types of entities capable of providing money transfer services, impose additional licensing or registration requirements on us, our agents, or their subagents, or impose additional requirements on us with regard to selection or oversight of our agents or their subagents;
- impose minimum capital or other financial requirements on us or our agents and their subagents;
- limit or restrict the revenue which may be generated from money transfers, including transaction fees and revenue derived from foreign exchange;
- require enhanced disclosures to our money transfer customers;
- 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;
- limit the number or principal amount of money transfers which may be sent to or from a jurisdiction, whether by an individual, through one agent or in aggregate;
- restrict or limit our ability to process transactions using centralized databases, for example, by requiring that transactions be processed using a database maintained in a particular country or region; and
- prohibit or limit exclusive arrangements with our agents and subagents.

Consumer Protection Regulations

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") created the United States Consumer Financial Protection Bureau (the "CFPB") whose purpose is to implement, examine for compliance with and enforce federal consumer protection laws governing financial products and services, including money transfer services. The CFPB has created additional regulatory obligations for us and has the authority to examine and supervise us and our larger competitors, including for matters related to unfair, deceptive, or abusive acts and practices. The CFPB's regulations implementing the remittance provisions of the Dodd-Frank Act have affected our business in a variety of areas. These include: a requirement to provide almost all consumers sending funds internationally from the United States enhanced, written, pre-transaction disclosures, including the disclosure of fees, foreign exchange rates and taxes, an obligation to resolve various errors, including certain errors that may be outside our control, and an obligation at a consumer's request to cancel transactions that have not been completed. We have modified certain of our systems, business practices, service offerings or procedures to comply with these regulations. We also face liability for the failure of our money transfer agents to comply with the rules and have implemented and are continuing to implement additional policies, procedures, and oversight measures designed to foster compliance by our agents. The extent of our, and our agents' implementation of these policies, procedures, and measures may be considered by the CFPB in any action or proceeding against us for noncompliance with the rules by our agents. The CFPB has also implemented a direct portal for gathering information regarding consumer complaints in the money transfer area. The CFPB uses the information collected to help improve its supervision of companies, enforcement of federal consumer financial laws and writing of rules and regulations. This effort may lead to additional regulatory scrutiny of our business.

In addition, various jurisdictions in the United States and outside the United States have consumer protection laws and regulations, and numerous agencies are tasked with enforcing those laws and regulations. Consumer protection principles continue to evolve, and some countries may enact new consumer protection laws and regulations or enhance existing consumer protection laws or regulations. Increasingly, agencies tasked with enforcing consumer protection laws or regulations are communicating more frequently and coordinating efforts. For instance, the International Consumer Protection and Enforcement Network (ICPEN) is an organization composed of consumer protection authorities from over

60 countries that provides a forum for developing and maintaining regular contact between consumer protection agencies and focusing on consumer protection concerns. By encouraging cooperation between agencies, ICPEN aims to enable its members to have a greater impact with their consumer protection laws and regulations. As the scope of consumer protection laws and regulations change, we may experience increased costs to comply and other adverse effects to our business.

Derivatives Regulations

Rules adopted under the Dodd-Frank Act by the Commodity Futures Trading Commission (the "CFTC"), as well as the provisions of the European Market Infrastructure Regulation and its technical standards, which are directly applicable in the member states of the European Union, have subjected most of our foreign exchange hedging transactions, including certain intercompany hedging transactions, certain of the corporate interest rate hedging transactions we may enter into in the future, and certain of the foreign exchange derivative contracts we offer as part of our Business Solutions segment, to reporting, recordkeeping, and other requirements. Additionally, certain of the corporate interest rate hedging transactions and foreign exchange derivatives transactions we may enter into in the future may be subject to centralized clearing requirements or may be subject to margin requirements in the United States and European Union. Other jurisdictions outside of the United States and the European Union are considering, have implemented, or are implementing regulations similar to those described above. Derivatives regulations have added costs to our business and any additional requirements, such as future registration requirements and increased regulation of derivative contracts, will result in additional costs or impact the way we conduct our hedging activities as well as impact how we conduct our business within our Business Solutions segment. In particular, the CFTC has issued a proposed rule that, if adopted as proposed, would increase the likelihood that we will have to register one or more of our subsidiaries with the CFTC as a swap dealer. Swap dealers are subject to a comprehensive regulatory framework and compliance with this framework will lead to additional costs, including costs relating to regulatory capital and margin requirements, and may impact how we conduct our hedging activities and derivatives business with customers. We continue to consider the impact the proposed rule, if adopted, would have on our hedging activities and operations. For further discussion of these risks, see Part I, Item 1A, *Risk Factors - "The Dodd-Frank Act, as well as the regulations required by that Act and the actions of the Consumer Financial Protection Bureau and similar legislation and regulations enacted by other government authorities, could adversely affect us and the scope of our activities, and could adversely affect our financial condition, results of operations, and cash flows."* Our implementation of these requirements has resulted, and will continue to result, in additional costs to our business.

Additionally, the regulatory regimes for derivatives in the United States and European Union, such as under the Dodd-Frank Act and the European Markets in Financial Instruments Directive known as "MiFID II," are continuing to evolve and changes to such regimes, our designation under such regimes, or the implementation of new rules under such regimes, such as future registration requirements and increased regulation of derivative contracts, may result in additional costs to our business. Other jurisdictions outside the United States and the European Union are considering, have implemented, or are implementing regulations similar to those described above and these will result in greater costs to us as well. Furthermore, our failure to implement these requirements correctly could result in fines and other sanctions, as well as necessitate a temporary or permanent cessation to some or all of our derivative related activities. Any such fines, sanctions or limitations on our business could adversely affect our operations and financial results.

Unclaimed Property Regulations

Our Company is subject to unclaimed property laws in the United States and in certain other countries, and our agents are subject to unclaimed property laws in some jurisdictions. These laws require us or our agents, as applicable, 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 and money orders. We hold property subject to unclaimed property laws and we have an ongoing program designed to help us comply with these laws. We are subject to audits with regard to our escheatment practices. For further discussion of the risks associated with unclaimed property, see risk factor "*We are subject to unclaimed property laws, and differences 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*" in Part I, Item 1A, *Risk Factors.*

Privacy Regulations and Information Security Standards

We must collect, transfer, disclose, use and store personal information in order to provide our services. These activities are subject to information security, data privacy, data protection, data breach and related laws and regulations in the United States, the EU, and many other countries in which we provide services. These laws and requirements continue to evolve and may become increasingly difficult to comply with.

In the United States, federal data privacy laws such as the federal Gramm-Leach-Bliley Act and various state laws, such as data privacy and breach laws, apply to a broad range of financial institutions including money transfer providers like Western Union, and to companies that provide services to or on behalf of those institutions. The United States Federal Trade Commission ("FTC"), which has jurisdiction over companies such as Western Union, has brought numerous enforcement actions, resulting in multi-year settlements, against companies whose privacy or data security practices allegedly violated the law. The FTC, CFPB, and some states continue to actively investigate companies' privacy practices including those related to online and mobile applications. Most state laws require notification to be provided to affected individuals, state authorities and consumer reporting agencies, in the event of a breach of certain types of personal data contained in computer databases and in some cases physical documents. Such notification requirements may be subject to various factors, including the level of encryption, the data elements involved in the incident, and the potential harm to consumers. In addition, the Company is also subject to United States federal reporting requirements in connection with some such incidents.

Increasingly, data protection laws of countries outside of the United States are having a significant impact on our operations and the manner in which we provide our services. The EU has been particularly active in regulating the collection, transfer, disclosure, use, storage and other processing of personal information, and the EU's approach is frequently followed by other jurisdictions. The trend in this area is one of increasingly more stringent regulation, particularly with the EU's GDPR which took effect on May 25, 2018. The GDPR imposes additional obligations and risks upon our businesses, including the risk of substantially increased penalties for non-compliance. We have incurred and we expect to continue to incur expenses to meet the new obligations of the GDPR, which have required us to make changes to our business operations. The GDPR, and other national and provincial laws throughout the world are frequently not uniform, and cover one or more of the following objectives: regulating the collection, transfer (including in some cases, the transfer outside of the country or region of collection), processing, storage, use and disclosure of personal information; requiring notice to individuals of the processing of their personal information and our privacy practices; giving individuals certain access, correction and other rights with respect to their personal information; and restricting the use or disclosure of personal information for secondary purposes such as marketing. Under certain circumstances, some of these laws require us to provide notification to affected individuals, data protection authorities and/or other regulators in the event of a data breach.

The pending e-Privacy Regulation in the EU, which will replace the current e-Privacy Directive, will introduce a new privacy legal framework for electronic communications including direct marketing communications and the use of cookies and tracking technologies. The new regulation likely will contain penalty provisions that could result in significant costs for non-compliance.

An emerging trend is the increase in data localization laws which either require that personal information be hosted on local servers or restrict the transfer of personal information outside national borders. These laws present operational and technology challenges that can require companies to make significant changes to the management of personal information, and can potentially increase our costs and impact our ability to process personal information.

Data privacy regulations, laws and industry standards also impose requirements for safeguarding personal information. Western Union seeks to maintain and upgrade its systems and processes to protect the security of our computer systems, software, networks and other technology assets to help protect against the risks presented by hackers, nation-states and other threat actors. For further discussion of these risks, see Part I, Item 1A, *Risk Factors* - *"Breaches of our information security safeguards could adversely affect our ability to operate and could damage our reputation and adversely affect our business, financial condition, results of operations, and cash flows."*

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, state, and foreign government agencies when required by law. In recent years, Western Union has experienced an increasing number of data sharing requests by these agencies, particularly in connection with efforts to prevent terrorist financing or reduce the risk of identity theft. During the same period, there has also been increased public attention to 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. 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.

For further discussion of risks related to current and proposed data privacy and security laws and regulations, see Part I, Item 1A, *Risk Factors – "Current and proposed regulation addressing consumer privacy and data use and security could increase our costs of operations, which could adversely affect our operations, results of operations and financial condition."*

Banking Regulations

We have subsidiaries that operate under banking licenses granted by the Austrian Financial Market Authority and the Brazilian Central Bank. We are also subject to regulation, examination and supervision by the New York State Department of Financial Services ("NYDFS"), which has regulatory authority over our subsidiary that holds our Austrian banking license. Further, an Agreement of Supervision with the NYDFS imposes various regulatory requirements including operational limitations, capital requirements, affiliate transaction limitations, and notice and reporting requirements on this entity and its Austrian subsidiary. However, because this entity and its Austrian subsidiary do not exercise banking powers in the United States, we are not subject to the Bank Holding Company Act in the United States.

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.

Employees and Labor

As of December 31, 2018, our businesses employed approximately 12,000 employees, of which approximately 2,400 employees are located inside the United States.

Available Information

The Western Union Company is a Delaware corporation and its principal executive offices are located at 7001 East Belleview Avenue, Denver, CO, 80237, 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 "Investor Relations" portion of the Company's website, www.westernunion.com, as soon as reasonably practical after they are filed with the Securities and Exchange Commission ("SEC"). The SEC maintains a website, 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 21, 2019, our executive officers consist of the individuals listed below:

Name	Age	Position
Hikmet Ersek	58	President, Chief Executive Officer and Director
Raj Agrawal	53	Executive Vice President, Chief Financial Officer and Global Operations
Odilon Almeida	57	Executive Vice President, President - Global Money Transfer
Jean Claude Farah	48	Executive Vice President, President - Global Payments
Sheri Rhodes	50	Executive Vice President, Chief Technology Officer
Caroline Tsai	49	Executive Vice President, General Counsel and Secretary
Richard Williams	53	Executive Vice President, Chief Human Resources Officer

Hikmet Ersek is our President and Chief Executive Officer (from September 2010) and a member of the Company's Board of Directors (from April 2010). From January 2010 to August 2010, Mr. Ersek served as the Company's Chief Operating Officer. Prior to 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.

Raj Agrawal is our Executive Vice President (from November 2011), Chief Financial Officer (from July 2014), and Global Operations (from December 2017) and previously served as Executive Vice President and Interim Chief Financial Officer from January 2014 to July 2014. Prior to January 2014, Mr. Agrawal served as President, Western Union Business Solutions from August 2011. Prior to August 2011, Mr. Agrawal served as General Manager, Business Solutions from November 2010, and as Senior Vice President of Finance for Business Units from August 2010 to November 2010. Previously, Mr. Agrawal served as Senior Vice President of Finance of the Company's Europe, Middle East, and Africa and Asia Pacific regions from July 2008 to August 2010, and as Senior Vice President and Treasurer of Western Union from June 2006 to May 2008. Mr. Agrawal joined Western Union in 2006. Prior to that time, Mr. Agrawal served as Treasurer and Vice President of Investor Relations at Deluxe Corporation, and worked at General Mills, Inc., Chrysler Corporation, and General Motors Corporation.

Odilon Almeida is our Executive Vice President and President, Global Money Transfer. Prior to taking this position in February 2017, Mr. Almeida served as Executive Vice President and President, Americas and European Union from January 2014. From January 2013 through December 2013, Mr. Almeida was Senior Vice President and President for the Americas region for Western Union. Mr. Almeida joined Western Union in 2002 and has held roles of increasing responsibility, including Regional Vice President, Southern Cone, Americas from December 2002 to December 2005; Regional Vice President and Managing Director, South America region from January 2006 to November 2007; Senior Vice President and Managing Director, South America region from December 2007 to November 2010; and Senior Vice President and Managing Director for the Latin America and Caribbean region from December 2010 to December 2012. Prior to joining Western Union, Mr. Almeida worked at FleetBoston Financial, The Coca-Cola Company and Colgate-Palmolive in Brazil, Canada, Mexico and the United States. Mr. Almeida has served as a non-executive director of Millicom International Cellular S.A since May 2015.

Jean Claude Farah is our Executive Vice President and President, Global Payments (from February 2017). From December 2013 to February 2017, Mr. Farah served as Executive Vice President and President, Middle East, Africa, APAC, Eastern Europe and CIS, and from March 2009 to December 2013, Mr. Farah served as Senior Vice President for the Middle East and Africa region at Western Union. Mr. Farah joined Western Union in 1999 as Marketing Manager, Middle East & North Africa. He has held a variety of progressively responsible positions with the company, including Regional Director from March 2003 to June 2005, Regional Vice President from June 2005 to March 2009 and Senior Vice President for the Middle East, Pakistan and Afghanistan region. Mr. Farah started his career in 1995 with Renault SA. Prior to joining Western Union, he was Area Manager for Orangina Pernod Ricard.

Sheri Rhodes is our Executive Vice President, Chief Technology Officer (from February 2018). Prior to that, Ms. Rhodes served as Senior Vice President and Acting Chief Technology Officer (from September 2017). From May 2017 to September 2017, Ms. Rhodes served as the Senior Vice President and Chief Technology Officer, Digital and Global Payments. Prior to taking this position in May 2017, Ms. Rhodes served as the Chief Information Officer for Electronics for Imaging, a digital printing technology company, from December 2015. From December 2009 to December 2015, Ms. Rhodes served as the Vice President of Global Applications for Symantec Corporation, a software company.

Caroline Tsai is our Executive Vice President, General Counsel and Secretary (from December 2017). Prior to joining Western Union in December 2017, Ms. Tsai served as Deputy General Counsel and Chief Regulatory Officer of BMO Financial Group, a banking and financial services provider, from December 2015 to November 2017 and from January 2014 to December 2015, Ms. Tsai served as Chief Legal Officer, U.S. Personal and Commercial Banking at BMO Harris Bank. Prior to joining BMO Financial Group, Ms. Tsai was Senior Vice President and Associate General Counsel of Bank of America Corporation, a banking and financial services provider, from January 2012 to December 2013, and from July 2005 to December 2011, Ms. Tsai served as Senior Vice President and Assistant General Counsel. Ms. Tsai began her legal career as an Associate with the law firm Jones Day, based in Washington, D.C.

Richard Williams is our Executive Vice President, Chief Human Resources Officer (from October 2013). Mr. Williams previously served as Interim Chief Human Resources Officer from March 2013 to October 2013 and as Senior Vice President, Human Resources - Global Consumer Financial Services from June 2011 to October 2013. Mr. Williams joined Western Union in November 2009 as the Vice President of Human Resources for the Americas and Global Cards. Before joining Western Union, Mr. Williams worked for Fullerton Financial Holdings (a wholly-owned subsidiary of Temasek Holdings) as its Senior Vice President of Human Resources for Central and Eastern Europe, Middle East and Africa, based in Dubai, United Arab Emirates from September 2007 to October 2009. Previously, Mr. Williams spent 17 years (May 1998 to August 2007 and August 1989 to February 1997) with American Express Company.

ITEM 1A. RISK FACTORS

There are many factors that affect our business, financial condition, results of operations, and cash flows, some of which are beyond our control. These risks include, but are not limited to, the risks described below. Such risks are grouped according to:

- Risks Relating to Our Business and Industry; and
- Risks Related to Our Regulatory and Litigation Environment

You should carefully consider all of these risks.

Risks Relating to Our Business and Industry

Global economic downturns or slower growth or declines in the money transfer, payment service, and other markets in which we operate, including downturns or declines related to interruptions in migration patterns, and difficult conditions in global financial markets and financial market disruptions could adversely affect our business, financial condition, results of operations, and cash flows.

The global economy has experienced in recent years, and may experience, downturns, volatility and disruption, and we face certain risks relating to such events, including:

- Demand for our services could soften, including due to low consumer confidence, high unemployment, changes in foreign exchange rates, or reduced global trade, including from trade disruptions or trade restrictions.

- Our Consumer-to-Consumer 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, restrictions on immigration, 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 condition, results of operations, and cash flows.

- Many of our consumers work in industries that may be impacted by deteriorating economic conditions more quickly or significantly than other industries. The prospect of reduced job opportunities, especially in retail, healthcare, construction, hospitality, and technology industries, or weakness in the regional economies 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 occurs, 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 or immigration laws, our financial condition, results of operations, and cash flows may be adversely affected.

- Our agents or clients could experience 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.

- Our Business Solutions business is heavily dependent on global trade. A downturn in global trade, including as a result of increased tensions regarding trade relationships between the United States and other countries, or the failure of long-term import growth rates to return to historic levels could have an adverse effect on our business, financial condition, results of operations, and cash flows. Additionally, as customer hedging activity in our Business Solutions business generally varies with currency volatility, we have experienced and may experience in the future lower foreign exchange revenues in periods of lower currency volatility.

- 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, businesses, and third-party processors that could adversely affect our business, financial condition, results of operations, and cash flows."*

- The market value of the securities in our investment portfolio may substantially decline. The impact of that decline in value may adversely affect our liquidity, financial condition, and results of operations.

- The counterparties to the derivative financial instruments that we use to reduce our exposure to various market risks, including changes in interest rates and foreign exchange rates, may fail to honor their obligations, which could expose us to risks we had sought to mitigate. This includes the exposure generated by the Business Solutions business, where we write derivative contracts to our customers as part of our cross-currency payments business, and we typically hedge the net exposure through offsetting contracts with established financial institution counterparties. That failure could have an adverse effect on our financial condition, results of operations, and cash flows.

- We may be unable to refinance our existing indebtedness, or finance our obligations to pay tax on certain of our previously undistributed earnings pursuant to the Tax Act on favorable terms, as such amounts become due or we may have to refinance or obtain new financing on unfavorable terms, which could require us to dedicate a substantial portion of our cash flow from operations to payments on our debt or tax obligations, thereby reducing funds available for working capital, capital expenditures, acquisitions, share repurchases, dividends, and other purposes.

- 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.

- 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, financial condition, results of operations, and cash flows.

- Banks upon which we rely to conduct our business could fail or be unable to satisfy their obligations to us. 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.

- Insurers we utilize to mitigate our exposures to litigation and other risks may be unable to or refuse to satisfy their obligations to us, which could have an adverse effect on our liquidity, financial condition, results of operations, and cash flows.

- If market disruption or volatility occurs, we could experience difficulty in accessing capital on favorable terms and our business, financial condition, results of operations, and cash flows could be adversely impacted.

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, mobile and Internet-based services, and from digital currencies and related protocols, and other innovations in technology and business models. Our future growth depends on our ability to compete effectively in the industry.

Money transfer and business payments are highly competitive industries which include service providers from a variety of financial and non-financial business groups. Our competitors include consumer money transfer companies, banks and credit unions (including interbank partnerships), card associations, web-based services, mobile money transfer services, payment processors, card-based payments providers such as issuers of e-money, travel cards or stored-value cards, informal remittance systems, automated teller machine providers and operators, phone payment systems (including mobile phone networks), postal organizations, retailers, check cashers, mail and courier services, currency exchanges, and digital currencies. These services are differentiated by features and functionalities such as brand recognition, customer service, trust and reliability, distribution network and channel options, convenience, price, speed, variety of payment methods, service offerings and innovation. Our business, distribution network and channel options, such as our electronic channels, have been and may continue to be impacted by increased competition, including from new competitors and the consolidation of competitors and the expansion of their services, which could adversely affect our financial condition, results of operations, and cash flows. For example, we have experienced increased competition in money transfers sent and received within the United States from competitors that do not charge a fee to send or receive money through bank accounts. The potential international expansion of these competitors could represent significant competition to us.

Our future growth depends on our ability to compete effectively in money transfer and business payments. For example, if we fail to price our services appropriately, consumers may not use our services, which could adversely affect our business and financial results. In addition, we have historically implemented and will likely continue to implement price reductions from time to time in response to competition and other factors. Price reductions generally reduce margins and adversely affect financial results in the short term and may also adversely affect financial results in the long term if transaction volumes do not increase sufficiently. Further, failure to compete on service differentiation and service quality could significantly affect our future growth potential and results of operations.

As noted below under risk factor *"Risks associated with operations outside the United States and foreign currencies could adversely affect our business, financial condition, results of operations, and cash flows*,*"* 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.

If customer confidence in our business or in consumer money transfer and payment service providers generally deteriorates, our business, financial condition, results of operations, and cash flows could be adversely affected.

Our business is built on customer confidence in our brands and our ability to provide fast, reliable money transfer and payment services. Erosion in customer confidence in our business, or in consumer money transfer and payment service providers as a means to transfer money, could adversely impact transaction volumes which would in turn adversely impact our business, financial condition, results of operations, and cash flows.

A number of factors could adversely affect customer confidence in our business, or in consumer money transfer and payment service 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 or regulator or judicial interpretation thereof that have the effect of making it more difficult or less desirable to transfer money using consumer money transfer and payment service providers, including additional consumer due diligence, identification, reporting, and recordkeeping requirements;
- the quality of our services and our customer experience, and our ability to meet evolving customer needs and preferences, including consumer preferences related to our westernunion.com and mobile money transfer services;
- failure of our agents or their subagents to deliver services in accordance with our requirements;
- reputational concerns resulting from actual or perceived events, including those related to fraud or consumer protection in connection with the Joint Settlement Agreements, the NYDFS Consent Order, or other matters;

- 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, or limit our ability to or prohibit us from transferring money in certain corridors;

- federal, state or foreign legal requirements, including those that require us to provide consumer or transaction data either pursuant to our agreement signed on February 11, 2010 with the State of Arizona regarding our anti-money laundering ("AML") compliance programs along the United States and Mexico border ("Southwest Border Agreement") and requirements under the Joint Settlement Agreements or other requirements or to a greater extent than is currently required;

- any significant interruption in our systems, including by unauthorized entry and computer viruses, fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, or disruptions in our workforce; and

- any breach of our computer systems or other data storage facilities, or of certain of our third-party providers, resulting in a compromise of personal or other data.

Many of our money transfer consumers are migrants. Consumer advocacy groups or governmental agencies could consider migrants to be disadvantaged and entitled to protection, enhanced consumer disclosure, or other different treatment. If consumer advocacy groups are able to generate widespread support for actions that are detrimental to our business, then our business, financial condition, results of operations, and cash flows could be adversely affected.

Our ability to adopt new technology and develop and gain market acceptance of new and enhanced products and services in response to changing industry and regulatory standards and evolving customer needs poses a challenge to our business.

Our industry is subject to rapid and significant technological changes, with the constant introduction of new and enhanced products and services and evolving industry and regulatory standards and consumer needs and preferences. Our ability to enhance our current products and services and introduce new products and services that address these changes has a significant impact on our ability to be successful. We actively seek to respond in a timely manner to changes in customer (both consumer and business) needs and preferences, technology advances and new and enhanced products and services such as technology-based money transfer and Business Solutions payments services, including Internet, phone-based and other mobile money transfer services. Failure to respond timely and well to these challenges could adversely impact our business, financial condition, results of operations, and cash flows. Further, even if we respond well to these challenges, the business and financial models offered by many of these alternative, more technology-reliant means of money transfer and electronic payment solutions may be less advantageous to us than our traditional cash/agent model or our current electronic money transfer model.

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

A substantial 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 and net monetary assets denominated in foreign currencies. For example, a considerable portion of our revenue is generated in the euro. In an environment of a rising United States dollar relative to the euro, the value of our euro-denominated revenue, operating income and net monetary assets would be reduced when translated into United States dollars for inclusion in our financial statements. Some of these adverse financial effects may be partially mitigated by foreign currency hedging activities. In an environment of a declining United States dollar relative to the euro, some of the translation benefits on our reported financial results could be limited by the impact of foreign currency hedging activities. We are also subject to changes in the value of other foreign currencies, including the British pound, which may experience volatility due to the United Kingdom's anticipated exit from the European Union.

We operate in almost all developing markets throughout the world. In many of these markets, our foreign currency exposure is limited because most transactions are receive transactions and we currently reimburse most of our agents in either United States dollars or euros for the payment of these transactions. However, in certain of these developing markets we settle transactions in local currencies and generate revenue from send transactions. Our exposure to foreign currency fluctuations in those markets is increased as these fluctuations impact our revenues and operating income.

We have additional foreign exchange risk and associated foreign exchange risk management requirements due to the nature of our Business Solutions business. The majority of this business' revenue is from exchanges of currency at spot rates, which enable customers to make cross-currency payments. In certain countries, this business also writes foreign currency forward and option contracts for our customers. The duration of these derivative contracts at inception is generally less than one year. The credit risk associated with our derivative contracts increases when foreign currency exchange rates move against our customers, possibly impacting their ability to honor their obligations to deliver currency to us or to maintain appropriate collateral with us. Business Solutions aggregates its foreign exchange exposures arising from customer contracts, including the derivative contracts described above, and hedges the resulting net currency risks by entering into offsetting contracts with established financial institution counterparties. However, these contracts do not eliminate all of the risks related to fluctuating foreign currency rates. If we are unable to obtain offsetting positions, our business, financial condition, results of operations, and cash flows could be adversely affected.

A substantial portion of our revenue is generated outside the United States. We utilize a variety of planning and financial strategies to help ensure that our worldwide cash is available where needed, including decisions related to the amounts, timing, and manner by which cash is repatriated or otherwise made available from our international subsidiaries. Changes in the amounts, timing, and manner by which cash is repatriated (or deemed repatriated) or otherwise made available from our international subsidiaries, including changes arising from new legal or tax rules, disagreements with legal or tax authorities concerning existing rules that are ultimately resolved in their favor, or changes in our operations or business, could result in material adverse effects on our financial condition, results of operations, and cash flows including our ability to pay future dividends or make share repurchases. For further discussion regarding the risk that our future effective tax rates could be adversely impacted by changes in tax laws, both domestically and internationally, see risk factor "*Changes in tax laws, or their interpretation, and unfavorable resolution of tax contingencies could adversely affect our tax expense*" below.

Money transfers and payments to, from, 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 or their subagents have been required by their regulators to cease offering our services; see risk factor *"Regulatory initiatives and changes in laws, regulations and industry practices and standards affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services could require changes in our business model and increase our costs of operations, which could adversely affect our financial condition, results of operations, and liquidity"* below. Additionally, economic or political instability or natural disasters may make money transfers to, from, within, or between particular countries difficult or impossible, 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 offer our services, to make payments to or receive payments from international agents or our subsidiaries or to recoup funds that have been advanced to international agents or are held by our subsidiaries, and as a result could adversely affect our business, financial condition, results of operations, and cash flows. 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," which could result in the loss of agent locations, or they may require multiple service providers in their network. These changes could have an adverse effect on our ability to distribute or offer our services in countries that are material to our business.

Breaches of our information security safeguards could adversely affect our ability to operate and could damage our reputation and adversely affect our business, financial condition, results of operations, and cash flows.

We collect, transfer and retain confidential and personal information about consumers, business customer representatives, employees, applicants, agents and other individuals as part of our business. With our services being offered in more than 200 countries and territories, these activities are subject to laws and regulations in the United States and many other jurisdictions; see risk factor *"Current and proposed regulation addressing consumer privacy and data use and security could increase our costs of operations, which could adversely affect our operations, results of operations and financial condition"* below. The requirements imposed by these laws and regulations, which often differ materially among the many jurisdictions in which we operate and can have impacts on our business operations, are designed to protect the privacy of personal information and prevent that information from being inappropriately accessed, used or disclosed and protect financial services providers and other regulated entities and their customers, as well as information technology systems, from cyber attacks. We believe we have developed and maintain administrative, technical and physical safeguards designed to comply with applicable legal requirements. It is possible that hackers, employees acting contrary to our policies or others could circumvent these safeguards to improperly access our systems or documents, or the systems or documents of our business partners or service providers and improperly access, obtain, misuse or disclose sensitive business information or personal information about our consumers, business customer representatives, employees, applicants, agents or others, or that a third-party service provider could experience a cybersecurity incident or intentionally or inadvertently use, disclose or make available sensitive business information or personal information to unauthorized parties or in violation of law. For example, a significant and increasing amount of our data is collected and stored by third parties, including providers of cloud-based software services. In 2016, we determined hackers had accessed the system of one of our third-party providers and improperly obtained copies of confidential data hosted on the system of one of our third-party providers. Western Union systems and money transfer operations were not impacted. Security incidents such as these have the potential to impose material costs on the Company and there can be no assurance that additional security incidents will not occur in the future. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are also constantly changing and evolving and may be difficult to anticipate or detect for long periods of time. Additionally, transactions undertaken through our websites or other electronic channels may create risks of fraud, hacking, unauthorized access or acquisition, and other deceptive practices. Any security incident resulting in a compromise of sensitive business information or the personal information of consumers, business customer representatives, employees, applicants, agents or other individuals, could result in material costs to us and require us to notify impacted individuals, and in some cases regulators, of a possible or actual incident, expose us to regulatory enforcement actions, including substantial fines, limit our ability to provide services, subject us to litigation, damage our reputation, and adversely affect our business, financial condition, results of operations, and cash flows.

Interruptions in our systems, including as a result of cyber attacks, or disruptions in our workforce may have a significant adverse 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 business. These systems and operations could be exposed to damage or interruption from unauthorized entry and computer viruses, fire, natural disaster, power loss, telecommunications failure, terrorism, vendor failure, or other causes, many of which may be beyond our control or that of our service providers. Further, we have been and continue to be the subject of cyber attacks, including distributed denial of service attacks. These attacks are primarily aimed at interrupting our business, exposing us to financial losses, or exploiting information security vulnerabilities. Historically, none of these attacks or breaches has individually or in the aggregate resulted in any material liability to us or any material damage to our reputation, and disruptions related to cybersecurity have not caused any material disruption to the Company's business. The safeguards we have designed to help prevent future security incidents and systems disruptions, and comply with applicable legal requirements may not be successful and we may experience material security incidents, disruptions or other problems in the future. We also may experience software defects, development delays, installation difficulties and other systems problems, which could harm our business and reputation and expose us to potential liability which may not be fully covered by our business interruption insurance. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. These applications may not be sufficient to address technological advances, regulatory requirements, changing market conditions or other developments. In addition, any work stoppages or other labor actions by employees, the significant majority of whom are located outside the United States, could adversely affect our business.

We receive services from third-party vendors that would be difficult to replace if those vendors ceased providing such services adequately or at all. Cessation of or defects in various services provided to us by third-party vendors could cause temporary disruption to our business.

Some services relating to our business, such as cloud-based software service providers, software application support, the development, hosting and maintenance of our operating systems, merchant acquiring services, 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.

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

We have acquired and may acquire businesses both inside and outside the United States. As of December 31, 2018, we had $2,725.0 million of goodwill comprising approximately 30% of our total assets, including $1,980.7 million of goodwill in our Consumer-to-Consumer reporting unit and $532.0 million of goodwill in our Business Solutions reporting unit. If we or our reporting units do not generate operating cash flows at levels consistent with our expectations, we may be required to write down the goodwill on our balance sheet, which could have a significant adverse impact on our financial condition and results of operations in future periods.

For example, for the year ended December 31, 2017, we recognized a non-cash goodwill impairment charge of $464.0 million related to our Business Solutions reporting unit, as further described in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*. The fair value of the Business Solutions reporting unit continues to be sensitive to changes in projections for revenue growth rates and EBITDA margins. Any reduction in anticipated future operating cash flows or the occurrence of further negative factors impacting the fair value of the Business Solutions reporting unit could result in another write down of goodwill, which could have a significant adverse impact on our financial condition and results of operations. See the "Critical Accounting Policies and Estimates" discussion in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, for more detail.

In addition to the risk of goodwill impairment, the acquisition and integration of businesses involve a number of other 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). Another risk is the need in some cases to improve regulatory compliance, see "Risks Related to Our Regulatory and Litigation Environment" below. Acquisitions often involve additional or increased risks including, for example:

- realizing the anticipated financial benefits from these acquisitions and where necessary, improving internal controls of these acquired businesses;
- managing geographically separated organizations, systems and facilities;
- managing multi-jurisdictional operating, tax and financing structures;
- integrating personnel with diverse business backgrounds and organizational cultures;
- integrating the acquired technologies into our Company;
- complying with regulatory requirements, including those particular to the industry and jurisdiction of the acquired business;

- enforcing intellectual property rights in some foreign countries;
- entering new markets with the services of the acquired businesses; 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 condition, results of operations, and cash flows.

Divestitures and contingent liabilities from divested businesses could adversely affect our business and financial results.

We continually evaluate the performance and strategic fit of all of our businesses and may sell businesses or product lines. Divestitures involve risks, including difficulties in the separation of operations, services, products and personnel, the diversion of management's attention from other business concerns, the disruption of our business, the potential loss of key employees and the retention of uncertain contingent liabilities related to the divested business. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated, which could result in significant asset impairment charges, including those related to goodwill and other intangible assets, that could have a material adverse effect on our financial condition and results of operations. In addition, we may experience greater dis-synergies than expected, the impact of the divestiture on our revenue growth may be larger than projected, and some divestitures may be dilutive to earnings. There can be no assurance whether the strategic benefits and expected financial impact of the divestiture will be achieved. We cannot assure you that we will be successful in managing these or any other significant risks that we encounter in divesting a business or product line, and any divestiture we undertake could materially and adversely affect our business, financial condition, results of operations and cash flows.

We face credit, liquidity and fraud risks from our agents, consumers, businesses, and third-party processors that could adversely affect our business, financial condition, results of operations, and cash flows.

The vast majority of our Consumer-to-Consumer money transfer activity and our walk-in bill payment and money order activity 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 or complete the money transfer or payment services on behalf of the consumer.

The liquidity of our agents and other parties we transact with directly, including merchant acquirers, is necessary for our business to remain strong and to continue to provide our services. If our agents or other partners fail 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.

We are exposed to credit risk in our Business Solutions business relating to: (a) derivatives written by us to our customers and (b) the extension of trade credit when transactions are paid to recipients prior to our receiving cleared funds from the sending customers. The credit risk associated with our derivative contracts increases when foreign currency exchange rates move against our customers, possibly impacting their ability to honor their obligations to deliver currency to us or to maintain appropriate collateral with us. If a customer becomes insolvent, files for bankruptcy, commits fraud or otherwise fails to pay us, we may be exposed to the value of an offsetting position with a financial institution counterparty for the derivatives or may bear financial risk for those receivables where we have offered trade credit.

We offer consumers in select countries the ability to transfer money utilizing their bank account or credit or debit card via websites and mobile devices. These transactions have experienced and continue to experience a greater risk of fraud and higher fraud losses. Additionally, money transfers funded by ACH, or similar methods, are not preauthorized by the sender's bank and carry the risk that the account may not exist or have sufficient funds to cover the transaction. 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. 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 increase 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, our merchant accounts could be suspended or revoked, which would adversely affect our results of operations.

To help ensure availability of our worldwide cash where needed, we utilize a variety of planning and financial strategies, including decisions related to the amounts, timing and manner by which cash is repatriated or otherwise made available from our international subsidiaries. These decisions can influence our overall tax rate and impact our total liquidity. Our overall liquidity may also be impacted by regulations or their interpretations that, if fully enacted or implemented, could require us to register as a swap dealer and post collateral in connection with our derivative financial instruments used to hedge our exposures arising in connection with changes to foreign currency exchange rates.

If we are unable to maintain our agent, subagent or global business relationships under terms consistent with those currently in place, including due to increased costs or loss of business as a result of increased compliance requirements or difficulty for us, our agents or their subagents in establishing or maintaining relationships with banks needed to conduct our services, or if our agents or their subagents fail to comply with Western Union business and technology standards and contract requirements, our business, financial condition, results of operations, and cash flows would be adversely affected.

Most of our Consumer-to-Consumer revenue is derived through our agent network. Some of our international agents have subagent relationships in which we are not directly involved. If, due to competition or other reasons, agents or their subagents decide to leave our network, or 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 profits may be adversely affected. Agent attrition might occur for a number of reasons, including a competitor engaging an agent, an agent's dissatisfaction with its relationship with us or the revenue derived from that relationship, an agent's or its subagents' unwillingness or inability to comply with our standards or legal requirements, including those related to compliance with anti-money laundering regulations, anti-fraud measures, or agent registration and monitoring requirements or increased costs or loss of business as a result of difficulty for us, our agents or their subagents in establishing or maintaining relationships with banks needed to conduct our services. Under the Joint Settlement Agreements and the NYDFS Consent Order, we are subject to heightened requirements relating to agent oversight, which may result in agent attrition, and agents may decide to leave our network due to reputational concerns related to the Joint Settlement Agreements and the NYDFS Consent Order. In addition, agents may generate fewer transactions or less revenue for various reasons, including increased competition, political unrest, changes in the economy, or factors impacting our agents' ability to settle with us, and the cost of maintaining agent or subagent locations has increased and may continue to increase because of enhanced compliance efforts. 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.

Changes in laws regulating competition or in the interpretation of those laws could undermine our ability to enter into or maintain our exclusive arrangements with our current and prospective agents. See risk factor *"Regulatory initiatives and changes in laws, regulations and industry practices and standards affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services could require changes in our* *business model and increase our costs of operations, which could adversely affect our financial condition, results of operations, and liquidity"* below. In addition, certain of our agents and subagents have refused to enter into exclusive arrangements. The inability to enter into exclusive arrangements or to maintain our exclusive rights in agent contracts in certain situations could adversely affect our business, financial condition, results of operations, and cash flows by, for example, allowing competitors to benefit from the goodwill associated with the Western Union brand at our agent locations.

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

In Business Solutions, we facilitate payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals. In our various bill payments services, we provide services for making one-time or recurring payments from consumers to businesses and other organizations, including utilities, auto finance companies, mortgage servicers, financial service providers and government agencies. Our relationships with these businesses and other organizations are a core component of our payments services, and we derive a substantial portion of our revenue through these relationships. Increased regulation and compliance requirements are impacting these businesses by making it more costly for us to provide our services or by making it more cumbersome for businesses or consumers to do business with us. We have also had difficulty establishing or maintaining banking relationships needed to conduct our services due to banks' policies. If we are unable to maintain our current business or banking relationships or establish new relationships under terms consistent with those currently in place, our ability to continue to offer our services may be adversely impacted, which could have an adverse effect on our business, financial condition, results of operations, and cash flows.

As a result of offering our services, our agents may be subject to various taxes, as governments outside the United States have viewed and may continue to view our agents' services as subject to income, withholding, and other taxes. Any such taxes that are levied on our agents could make it less desirable for agents to offer our services, which could result in increased agent attrition, agents ceasing to offer some of our services, or increased costs to maintain our agent network, either of which could have an adverse effect on our business, results of operations, and cash flows.

Changes in tax laws, or their interpretation, 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 or their interpretation, both domestically and internationally. For example, in December 2017, the Tax Act was enacted into United States law. Among other things, the Tax Act imposes a tax on certain previously undistributed foreign earnings, establishes minimum taxes related to certain payments deemed to erode the United States tax base, and retains and expands United States taxation on a broad range of foreign earnings (whether or not the earnings have been repatriated) while effectively exempting certain types of foreign earnings from United States tax. We may be subject to additional tax on certain payments to our foreign affiliates in 2019 and thereafter under the Base Erosion Anti-Abuse Tax ("BEAT") provisions of the Tax Act, as the minimum BEAT rate increases from 5% in 2018 to 10% in 2019 through 2025. We have identified and are in the process of implementing structural actions which we believe will help mitigate the impact of the BEAT. However, if we are not successful at mitigating this impact, the BEAT could have a material adverse effect on our financial condition, results of operations, and cash flows. In addition, the Tax Act is broad and complex, and any changes or clarifications in the interpretation of the Tax Act or other legislative proposals or amendments could have an adverse effect on our financial condition, results of operations, and cash flows. Furthermore, the effect of certain aspects of the Tax Act on state income tax frameworks could change as states update their laws for these aspects, and potential changes to state income tax laws or their interpretation could further increase our income tax expense.

Additionally, the Organization for Economic Co-Operation and Development ("OECD") has asked countries around the globe to act to prevent what it refers to as base erosion and profit shifting ("BEPS"). The OECD considers BEPS to refer to tax planning strategies that shift, perhaps artificially, profits across borders to take advantage of differing tax laws and rates among countries. Tax reforms recommended in the BEPS action plan include changes that would impact, among other things, global tax reporting, intercompany transfer pricing arrangements, the definition of taxable permanent establishments, and other legal or financial arrangements that are viewed as causing BEPS. Significant components of the BEPS action plan were published by the OECD in October 2015 and a number of governments, including the European Commission, have already enacted or proposed rules to implement, at least to some degree, changes suggested in the recommendations, while other countries are preparing to do so. Any material change in tax laws or policies, or their interpretation, resulting from BEPS or other legislative proposals or inquiries could result in a higher effective tax rate on our earnings and have an adverse effect on our financial condition, results of operations, and cash flows.

Our tax returns and positions (including positions regarding jurisdictional authority of foreign governments to impose tax) 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 a variety of material, known tax exposures. As of December 31, 2018, the total amount of unrecognized tax benefits was a liability of $306.8 million, including accrued interest and penalties, net of related items. 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 effect on our effective tax rate, financial condition, 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 increase or decrease income tax expense in our consolidated financial statements in future periods and could impact our operating cash flows. For example, in 2011, we reached an agreement with the United States Internal Revenue Service ("IRS") resolving substantially all of the issues related to the restructuring of our international operations in 2003 ("IRS Agreement"), which resulted in a tax benefit of $204.7 million related to the adjustment of reserves associated with this matter. During the year ended December 31, 2018, we made cash payments under the IRS Agreement of approximately $120 million, including accrued interest and net of related tax benefits.

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

Downgrades in our credit ratings, or their review or revision to a negative outlook, could adversely affect our business, financial condition, results of operations, and cash flows, and could damage perceptions of our financial strength, which could adversely affect our relationships with our agents, particularly those agents that are financial institutions or post offices, and our banking and other business relationships. In addition, adverse ratings actions 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 downgrade below investment grade will increase our interest expense under certain of our notes, our revolving credit facility, and our term loan facility, and any significant downgrade could increase our costs of borrowing money more generally or adversely impact or eliminate our access to the commercial paper market, each of which could adversely affect our business, financial condition, results of operations, and cash flows.

We may not realize all of the anticipated benefits from business transformation, productivity and cost-savings, and other related initiatives, which may include decisions to downsize or to transition operating activities from one location to another, and we may experience disruptions in our workforce as a result of those initiatives.

We have engaged in actions and activities, such as the WU Way initiative, associated with business transformation, productivity improvement initiatives, and expense reduction measures. See Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* for further discussion regarding the WU Way initiative. We may implement additional initiatives in future periods. While these initiatives are designed to increase operational effectiveness and productivity and result in cost savings, there can be no assurance that the anticipated benefits will be realized, and the costs to implement such initiatives may be greater than expected. In addition, these initiatives have resulted and will likely result in the loss of personnel, some of whom may support significant systems or operations. Consequently, these initiatives could result in a disruption to our workforce. If we do not realize the anticipated benefits from the WU Way or similar initiatives, or the costs to implement future initiatives are greater than expected, or if the actions result in a disruption to our workforce greater than anticipated, our business, financial condition, results of operations, and cash flows could be adversely affected.

There can be no guarantee that we will continue to make dividend payments or repurchase stock.

For risks associated with our ability to continue to make dividend payments or repurchase shares, please see Part II, Item 5, *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

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 intellectual property infringement claims.

The Western Union and WU brands, which are protected by trademark registrations in many countries, are material to our Company. The loss of the Western Union or WU trademarks or a diminution in the perceived quality of products or services associated with the names would harm our business. Similar to the Western Union and WU trademarks, the Orlandi Valuta, Vigo, Western Union Business Solutions, Speedpay, Pago Fácil, Western Union Payments, Quick Collect, Quick Pay, Pay@WU, Quick Cash, Convenience Pay, 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 condition, results of operations, and cash flows.

The laws of certain foreign countries in which we do business do not always protect intellectual property rights 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 products or services or license or protect our intellectual property, which could adversely affect our business, financial condition, results of operations, and cash flows.

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 alleging that our technology, business methods, or marketing or other materials (including elements thereof) infringe intellectual property or other third-party rights, both inside and outside the United States. Unfavorable resolution of these claims could require us to change how we deliver or promote a service, result in significant financial consequences, or both, which could adversely affect our business, financial condition, results of operations, and cash flows.

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, 2018, we held $1.3 billion in investment securities, the significant majority of which are state and municipal debt securities. The majority of this money represents the principal of money orders issued by us to consumers primarily in the United States and money transfers sent by consumers. We regularly monitor our credit risk and attempt to mitigate our exposure by investing in highly-rated securities and by diversifying our investments. Despite those 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, 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 plan has assets totaling approximately $234.8 million as of December 31, 2018. The fair value of these assets held in the trust are compared to the plan's projected benefit obligation of $250.8 million to determine the pension liability of $16.0 million recorded within "Other liabilities" in our Consolidated Balance Sheet as of December 31, 2018. 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 plan and future funding requirements.

We have substantial debt and other obligations that could restrict our operations.

As of December 31, 2018, we had approximately $3.4 billion in consolidated indebtedness, and we may also incur additional indebtedness in the future. Furthermore, the Tax Act imposes a tax on certain of our previously undistributed foreign earnings, which we have elected to pay in periodic installments through 2025.

Our indebtedness and tax obligations could have adverse consequences, including:

- limiting our ability to pay dividends to our stockholders or to repurchase stock consistent with our historical practices;
- 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 or tax obligations, thereby reducing funds available for working capital, capital expenditures, acquisitions and other purposes.

In July 2017, the Financial Conduct Authority in the United Kingdom ("UK"), which regulates LIBOR, publicly announced that it will no longer compel or persuade banks to make LIBOR submissions after 2021. This announcement is expected to effectively end LIBOR rates beginning in 2022, and while other alternatives, such as the Secured Overnight Financing Rate, have been proposed, it is unclear which, if any, alternative to LIBOR will be available and widely accepted in major financial markets. We currently have borrowings that are subject to LIBOR-based interest rates, including floating rate notes and borrowings under our term loan facility. We also utilize interest rate swaps to vary the percentage of fixed to floating rate debt, subject to market conditions, and may continue to do so in the future. If an alternative to LIBOR is not available and widely accepted after 2021, our ability to borrow at variable interest rates may be adversely impacted, as the costs associated with any potential future borrowings or interest rate swaps requiring us to pay floating interest rates may increase.

Risks Related to Our Regulatory and Litigation Environment

As described under Part I, Item 1, *Business*, our business is subject to a wide range of laws and regulations enacted by the United States federal government, each of the states (including licensing requirements), many localities and many other countries and jurisdictions. Laws and regulations to which we are subject include those related to: financial services, anti-money laundering, countering the financing of terrorism, sanctions and anti-fraud, consumer disclosure and consumer protection, currency controls, money transfer and payment instrument licensing, payment services, credit and debit cards, electronic payments, foreign exchange hedging services and the sale of spot, forward and option currency contracts, unclaimed property, the regulation of competition, consumer privacy, data protection and information security. The failure by us, our agents or their subagents to comply with any such laws or regulations could have an adverse effect on our business, financial condition, results of operations, and cash flows and could seriously damage our reputation and brands, and result in diminished revenue and profit and increased operating costs.

Our business is subject to a wide range and increasing number of laws and regulations. Liabilities or loss of business resulting from a failure by us, our agents or their subagents to comply with laws and regulations and regulatory or judicial interpretations thereof, including laws and regulations designed to protect consumers, or detect and prevent money laundering, terrorist financing, fraud and other illicit activity, and increased costs or loss of business associated with compliance with those laws and regulations has had and we expect will continue to have an adverse effect on our business, financial condition, results of operations, and cash flows.

Our services are subject to increasingly strict legal and regulatory requirements, including those intended to help detect and prevent money laundering, terrorist financing, fraud, and other illicit activity. The interpretation of those requirements by judges, regulatory bodies and enforcement agencies is changing, often quickly and with little notice, and these requirements or their interpretation in one jurisdiction may conflict with those of another jurisdiction. As United States 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 could continue to increase, perhaps substantially, or our compliance will make it more difficult or less desirable for consumers and others to use our services or for us to contract with certain intermediaries, either of which would have an adverse effect on our revenue and operating income. For example, we have made significant additional investments in recent years in our compliance programs based on the rapidly evolving environment and our internal reviews of the increasingly complex and demanding global regulatory requirements. These additional investments relate to enhancing our compliance capabilities, including our consumer protection efforts. Further, failure by Western Union, our agents, or their subagents (agents and subagents are third parties, over whom Western Union has limited legal and practical control), and certain service providers to comply with any of these requirements or their interpretation could result in the suspension or revocation of a license or registration required to provide money transfer, payment or foreign exchange services, the limitation, suspension or termination of services, changes to our business model, loss of consumer confidence, 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 are subject to regulations imposed by the Foreign Corrupt Practices Act (the "FCPA") in the United States and similar laws in other countries, such as the Bribery Act in the United Kingdom, which generally prohibit companies and those acting on their behalf from making improper payments to foreign government officials for the purpose of obtaining or retaining business. Some of these laws, such as the Bribery Act, also prohibit improper payments between commercial enterprises. Because our services are offered in virtually every country of the world, we face significant risks associated with our obligations under the FCPA, the Bribery Act, and other national anti-corruption laws. Any determination that we have violated these laws could have an adverse effect on our business, financial condition, results of operations, and cash flows.

In addition, our United States business is subject to reporting, recordkeeping and anti-money laundering provisions of the Bank Secrecy Act, as amended (collectively, the "BSA"), and to regulatory oversight and enforcement by the United States Department of the Treasury Financial Crimes Enforcement Network ("FinCEN"). We have subsidiaries in Brazil and Austria that are subject to banking regulations. Our Austrian banking subsidiary is also subject to regulation, examination and supervision by the NYDFS. We also operate through a small number of licensed payment institutions in the EU. Under the Payment Services Directive ("PSD"), as amended by a revised Payment Services Directive known as PSD2, and the 4th and 5th Anti-Money Laundering Directive in the EU, our operating companies that are licensed in the EU have increasingly become directly subject to reporting, recordkeeping, and anti-money laundering regulations, agent oversight and monitoring requirements, as well as broader supervision by EU member states. Additionally, the financial penalties associated with the failure to comply with anti-money laundering laws have increased in recent regulation, including the 4th Anti-Money Laundering Directive in the EU. These laws have increased and will continue to increase our costs and could also increase competition in some or all of our areas of service, and legislation that has been enacted or proposed in other jurisdictions could have similar effects.

The remittance industry, including Western Union, 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. For example, as further discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies," in early 2017, we entered into the Joint Settlement Agreements with the United States Department of Justice ("DOJ"), certain United States Attorney's Offices, the FTC, the Financial Crimes Enforcement Network ("FinCEN") of the United States Department of Treasury and various state attorneys general to resolve the respective investigations of those agencies, and in early 2018, we agreed to the NYDFS Consent Order. The ingenuity of criminal fraudsters, combined with the potential susceptibility to fraud by consumers, make the prevention of consumer fraud a significant and challenging problem. Our failure to continue to help prevent such frauds and increased costs related to the implementation of enhanced anti-fraud measures, or a change in fraud prevention laws or their interpretation or the manner in which they are enforced has had, and could in the future have an adverse effect on our business, financial condition, results of operations, and cash flows.

Further, any determination that our agents or their subagents have violated laws and regulations could seriously damage our reputation and brands, resulting in diminished revenue and profit and increased operating costs. In some cases, we could be liable for the failure of our agents or their subagents to comply with laws which also could have an adverse effect on our business, financial condition, results of operations, and cash flows. In many jurisdictions where Western Union is licensed to offer money transfer services, the license holder is responsible for ensuring the agent's compliance with the rules that govern the money transfer service. For example, in the EU, Western Union is responsible for the compliance of our agents and their subagents when they are acting on behalf of our Irish payment institution subsidiary, which is regulated by the Central Bank of Ireland. The majority of our EU consumer money transfer activity is managed through our Irish payment institution. Thus, the risk of adverse regulatory action against Western Union because of actions by our agents or their subagents and the costs to monitor our agents or their subagents in those areas has increased. The regulations implementing the remittance provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") may also impose responsibility on us for any related compliance failures of our agents and their subagents.

The requirements under the PSD, the Dodd-Frank Act and similar legislation enacted or proposed in other countries have resulted and will likely continue to result in increased compliance costs, and in the event we or our agents are unable to comply, could have an adverse impact on our business, financial condition, results of operations, and cash flows. Additional countries may adopt similar legislation.

On March 29, 2017 the UK issued a formal notification of its intention to leave the EU following the result of a referendum held in the UK on June 23, 2016. The UK is expected to exit from the EU ("Brexit") on March 29, 2019. The parties continue to negotiate the terms of their future relationship. While the negotiations are ongoing and the outcomes uncertain, we have applied for certain additional regulatory authorizations to ensure that our operations continue in the UK, including ensuring that our UK operations will benefit from any temporary transitional arrangements agreed between the EU and UK or put in place by the UK government. While this should mitigate any material adverse impacts on our UK business operations, we expect additional administrative burden related to the transition that could adversely affect our results of operations. Further, as a result of Brexit, including under the terms of any new regulatory authorizations we may obtain, we could be required to comply with additional regulatory requirements in the UK as a result of divergence from established EU regulation. This could make it more costly for us to provide our services.

Western Union is the subject of consent agreements with or enforcement actions by regulators.

As further described under in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies" of this Form 10-K, in early 2017, the Company entered into Joint Settlement Agreements with the DOJ, certain United States Attorney's Offices, the FTC, FinCEN, and various state attorneys general to resolve the respective investigations of those agencies. Under the Joint Settlement Agreements, the Company was required, among other things, to pay an aggregate amount of $586 million to the DOJ to be used to reimburse consumers who were the victims of third-party fraud conducted through the Company's money transfer services, and retain an independent compliance auditor for three years to review and assess actions taken by the Company to further enhance its oversight of agents and protection of consumers, both of which were performed by the Company during 2017. The Joint Settlement Agreements also require the Company to adopt certain new or enhanced practices with respect to its compliance program, relating to, among other things, consumer reimbursement, agent due diligence, agent training, monitoring, reporting, and record-keeping by the Company and its agents, consumer fraud disclosures, and agent suspensions and terminations. The changes in the Company's compliance program required by these agreements will have adverse effects on the Company's business, including additional costs and potential loss of business. The Company could also face actions from other regulators as a result of the Joint Settlement Agreements. For example, as further described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies" of this Form 10-K, on July 28, 2017, the

NYDFS informed the Company that the facts set forth in the Deferred Prosecution Agreement (the "DPA") with the DOJ and with certain other United States Attorney's Offices regarding the Company's anti-money laundering programs over the 2004 through 2012 period gave the NYDFS a basis to take additional enforcement action. In January 2018, the Company agreed to the NYDFS Consent Order with the NYDFS which required the Company to pay a civil monetary penalty of $60 million to the NYDFS and resolved its investigation into these matters. Among other items, the NYDFS Consent Order imposes certain non-monetary obligations, including a requirement to provide to the NYDFS a remediation plan within 90 days after the date of the NYDFS Consent Order, which the Company provided on April 4, 2018. In addition, if the Company fails to comply with the Joint Settlement Agreements or the NYDFS Consent Order, it could face criminal prosecution, civil litigation, significant fines, damage awards or other regulatory consequences. Any or all of these outcomes could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

Our fees, profit margins and/or foreign exchange spreads may be reduced or limited because of regulatory initiatives and changes in laws and regulations or their interpretation and industry practices and standards that are either industry wide or specifically targeted at our Company.

The evolving regulatory environment, including increased fees or taxes, regulatory initiatives, and changes in laws and regulations or their interpretation, industry practices and standards imposed by state, federal or foreign governments and expectations regarding our compliance efforts, is impacting the manner in which we operate our business, may change the competitive landscape and is expected to continue to adversely affect our financial results. New and proposed legislation relating to financial services providers and consumer protection in various jurisdictions around the world has and may continue to affect the manner in which we provide our services; see risk factor *"The Dodd-Frank Act, as well as the regulations required by that Act and the actions of the Consumer Financial Protection Bureau and similar legislation and regulations enacted by other government authorities, could adversely affect us and the scope of our activities, and could adversely affect our financial condition, results of operations, and cash flows."* Recently proposed and enacted 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 has subjected and may continue to subject us to additional regulatory oversight, mandate additional consumer disclosures and remedies, including refunds to consumers, or otherwise impact the manner in which we provide our services. If governments implement new laws or regulations that limit our right to set fees and/or foreign exchange spreads, then our business, financial condition, results of operations, and cash flows could be adversely affected. In addition, changes in regulatory expectations, interpretations or practices could increase the risk of regulatory enforcement actions, fines and penalties. For example, in early 2017, we entered into the Joint Settlement Agreements, and in early 2018, we agreed to the NYDFS Consent Order, as further discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies."

In addition, U.S. policy makers may seek heightened customer due diligence requirements on, or restrict, remittances from the United States to Mexico or other jurisdictions. Policy makers have also discussed potential legislation to add taxes to remittances from the United States to Mexico and/or other countries. Further, one state has passed a law imposing a fee on certain money transfer transactions, and certain other states have proposed similar legislation. Several foreign countries have enacted or proposed rules imposing taxes or fees on certain money transfer transactions, as well. The approach of policy makers, the ongoing budget shortfalls in many jurisdictions, combined with future federal action or inaction on immigration reform, may lead other states or localities to impose similar taxes or fees, or other requirements or restrictions. Foreign countries in similar circumstances have invoked and could continue to invoke the imposition of sales, service or similar taxes, or other requirements or restrictions, on money transfer services. A tax, fee, or other requirement or restriction exclusively 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, fees, requirements or restrictions. Other examples of changes to our financial environment include the possibility of regulatory initiatives that focus on lowering international remittance costs. Such initiatives may have a material adverse impact on our business, financial condition, results of operations, and cash flows.

Regulators around the world look at each other's approaches to the regulation of the payments and other industries. Consequently, a development in any one country, state or region may influence regulatory approaches in other countries, states or regions. Similarly, new laws and regulations in a country, state or region involving one service may cause lawmakers there to extend the regulations to another service. As a result, the risks created by any one new law or regulation are magnified by the potential they may be replicated, affecting our business in another place or involving another service. Conversely, if widely varying regulations come into existence worldwide, we may have difficulty adjusting our services, fees, foreign exchange spreads and other important aspects of our business, with the same effect. Either of these eventualities could materially and adversely affect our business, financial condition, results of operations, and cash flows.

Regulatory initiatives and changes in laws, regulations and industry practices and standards affecting us, our agents or their subagents, or the banks with which we or our agents maintain bank accounts needed to provide our services could require changes in our business model and increase our costs of operations, which could adversely affect our financial condition, results of operations, and liquidity.

Our agents and their subagents are subject to a variety of regulatory requirements, which differ from jurisdiction to jurisdiction and are subject to change. Material changes in the regulatory requirements for offering money transfer services, including with respect to anti-money laundering requirements, fraud prevention, licensing requirements, consumer protection, customer due diligence, agent registration, or increased requirements to monitor our agents or their subagents in a jurisdiction important to our business have meant and could continue to mean increased costs and/or operational demands on our agents and their subagents, which have resulted and could continue to result in their attrition, a decrease in the number of locations at which money transfer services are offered, an increase in the commissions paid to agents and their subagents to compensate for their increased costs, and other negative consequences.

Our regulatory status and the regulatory status of our agents and their subagents could affect our and their ability to offer our services. For example, we and our agents and their subagents rely on bank accounts to provide our Consumer-to-Consumer money transfer services. We also rely on bank accounts to provide our payment services. We and our agents and their subagents are considered Money Service Businesses, or "MSBs," under the BSA, including our Business Solutions operations. Many banks view MSBs, as a class, as higher risk customers for purposes of their anti-money laundering programs. The Joint Settlement Agreements may prompt some banks to take this view regarding Western Union. We and some of our agents and their subagents have had, and in the future may have, difficulty establishing or maintaining banking relationships due to the banks' policies. If we or a significant number of our agents or their subagents are unable to maintain existing or establish new banking relationships, or if we or these agents face higher fees to maintain or establish new bank accounts, our ability and the ability of our agents and their subagents to continue to offer our services may be adversely impacted, which would have an adverse effect on our business, financial condition, results of operations, and cash flows.

The types of enterprises that are legally authorized to act as our agents and their subagents 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 or their subagents (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 and their subagents. 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 money transfer services directly to consumers as opposed to through an agent network (which would effectively change our business model) or that would prohibit or impede the use of subagents 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 which make Western Union responsible for acts of its agents and their subagents while they are providing the Western Union money transfer service increase our risk of regulatory liability and our costs to monitor our agents' or their subagents' performance.

Although most of our Orlandi Valuta and Vigo branded agents also offer money transfer services of our competitors, many of our Western Union branded agents have agreed to offer only our money transfer services. While we expect to continue signing certain agents under exclusive arrangements and believe that these agreements 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. Various jurisdictions continue to increase their focus on the potential impact of agent agreements on competition. In addition, over the past several years, several countries in Eastern Europe, the Commonwealth of Independent States, Africa, and Asia have promulgated laws or regulations, or authorities in these countries have issued orders, which 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 and others are actively advocating against exclusive arrangements in money transfer agent agreements. Advocates for laws prohibiting or limiting exclusive agreements continue to push for enactment of similar laws in other jurisdictions. In addition to legal challenges, certain of our agents and their subagents have refused to enter into exclusive arrangements. See risk factor *"If we are unable to maintain our agent, subagent or global business relationships under terms consistent with those currently in place, including due to increased costs or loss of business as a result of increased compliance requirements or difficulty for us, our agents or their subagents in establishing or maintaining relationships with banks needed to conduct our services, or if our agents or their subagents fail to comply with Western Union business and technology standards and contract requirements, our business, financial condition, results of operations, and cash flows would be adversely affected"* above. The inability to enter into exclusive arrangements or to maintain our exclusive rights in agent contracts in certain situations could adversely affect our business, financial condition, results of operations, and cash flows by, for example, allowing competitors to benefit from the goodwill associated with the Western Union brand at our agent locations.

In addition to legal or regulatory restrictions discussed in the "Capital Resources and Liquidity" section in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, some jurisdictions use tangible net worth and other financial strength guidelines to evaluate financial position. If our regulated subsidiaries do not abide by these guidelines, they may be subject to heightened review by these jurisdictions, and the jurisdictions may be more likely to impose new formal financial strength requirements. Additional financial strength requirements imposed on our regulated subsidiaries or significant changes in the regulatory environment for money transfer providers could impact our primary source of liquidity.

The Dodd-Frank Act, as well as the regulations required by that Act and the actions of the Consumer Financial Protection Bureau and similar legislation and regulations enacted by other government authorities, could adversely affect us and the scope of our activities, and could adversely affect our financial condition, results of operations, and cash flows.

Rules and regulations implemented under the Dodd-Frank Act have made and continue to make significant structural reforms and new substantive regulation across the financial services industry. In addition, the Dodd-Frank Act created the CFPB, whose purpose is to implement, examine for compliance with and enforce federal consumer protection laws governing financial products and services, including money transfer services. The CFPB has created additional regulatory obligations for us and has the authority to examine and supervise us and our larger competitors, including for matters related to unfair, deceptive, or abusive acts and practices ("UDAAP"). The CFPB's regulations implementing the remittance provisions of the Dodd-Frank Act have affected our business in a variety of areas. These include: a requirement to provide almost all consumers sending funds internationally from the United States enhanced, written, pre-transaction disclosures, including the disclosure of fees, foreign exchange rates and taxes, an obligation to resolve various errors, including certain errors that may be outside our control, and an obligation at a consumer's request to cancel transactions that have not been completed. In addition, these regulations impose responsibility on us for any related compliance failures of our agents. These requirements have changed the way we operate our business and along with other potential changes under CFPB regulations could adversely affect our operations and financial results and change the way we operate our business. The Dodd-Frank Act and interpretations and actions by the CFPB could also have a significant impact on us by, for example, requiring us to limit or change our business practices, limiting our ability to pursue business opportunities, requiring us to invest valuable management time and resources in compliance efforts, imposing additional costs on us, delaying our ability to respond to marketplace changes, requiring us to alter our products and services in a manner that would make them less attractive to consumers and impair our ability to offer them profitably, or requiring us to make other changes that could adversely affect our business.

The CFPB has broad authority to enforce consumer protection laws. The CFPB has a large staff and budget, which is not subject to Congressional appropriation, and has broad authority with respect to our money transfer service and related business. It is authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track and solicit consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. For example, in July 2015, Paymap, Inc. ("Paymap"), one of our subsidiaries, and the CFPB reached a settlement agreement regarding Paymap's marketing of its Equity Accelerator service (the "Paymap Settlement Agreement"). Under the terms of the agreement, Paymap agreed to pay approximately $33.4 million in restitution and a $5.0 million civil monetary penalty and agreed to ensure that its marketing practices and materials for the Equity Accelerator Program comply with the Consumer Financial Protection Act's prohibition against UDAAP. In addition, the CFPB may adopt other regulations governing consumer financial services, including regulations defining UDAAP, and new model disclosures. The CFPB's authority to change regulations adopted in the past by other regulators, or to rescind or ignore past regulatory guidance, could increase our compliance costs and litigation exposure.

We have been and will continue to be subject to examination by the CFPB, which defines "larger participants of a market for other consumer financial products or services" as including companies, such as Western Union, that make at least one million aggregate annual international money transfers. The CFPB has the authority to examine and supervise us and our larger competitors, which will involve providing reports to the CFPB. The CFPB has used information gained in examinations as the basis for enforcement actions resulting in settlements involving monetary penalties and other remedies.

The effect of the Dodd-Frank Act and the CFPB on our business and operations has been and will continue to be significant and the application of the Dodd-Frank Act's implementing regulations to our business may differ from the application to certain of our competitors, including banks. Further, and in addition to our own compliance costs, implementation of requirements under Dodd-Frank could impact our business relationships with financial institution customers who outsource processing of consumer transactions to our Business Solutions segment. These financial institutions may determine that the compliance costs associated with providing consumer services are too burdensome and consequently may limit or discontinue offering such services.

Various jurisdictions in the United States and outside the United States have consumer protection laws and regulations, and numerous agencies are tasked with enforcing those laws and regulations. Consumer protection principles continue to evolve, and some countries may enact new consumer protection laws and regulations or enhance existing consumer protection laws or regulations. Increasingly, agencies tasked with enforcing consumer protection laws or regulations are communicating more frequently and coordinating efforts. For instance, ICPEN is an organization composed of consumer protection authorities from over 60 countries that provides a forum for developing and maintaining regular contact between consumer protection agencies and focusing on consumer protection concerns. By encouraging cooperation between agencies, ICPEN aims to enable its members to have a greater impact with their consumer protection laws and regulations. As the scope of consumer protection laws and regulations change, we may experience increased costs to comply and other adverse effects to our business.

Rules adopted under the Dodd-Frank Act by the CFTC, as well as the provisions of the European Market Infrastructure Regulation and its technical standards, which are directly applicable in the member states of the European Union, have subjected most of our foreign exchange hedging transactions, including certain intercompany hedging transactions, certain of the corporate interest rate hedging transactions we may enter into in the future, and certain of the foreign exchange derivative contracts we offer as part of our Business Solutions segment, to reporting, recordkeeping, and other requirements. Additionally, certain of the corporate interest rate hedging transactions and foreign exchange derivatives transactions we may enter into in the future may be subject to centralized clearing requirements or may be subject to margin requirements in the United States and European Union. Other jurisdictions outside of the United States and the European Union are considering, have implemented, or are implementing regulations similar to those described above. Derivatives regulations have added costs to our business and any additional requirements, such as future registration requirements and increased regulation of derivative contracts, will result in additional costs or impact the way we conduct our hedging activities as well as impact how we conduct our business within our Business Solutions segment. In particular, the CFTC has issued a proposed rule that, if adopted as proposed, would increase the likelihood that we will have to register one or more of our subsidiaries with the CFTC as a swap dealer. Swap dealers are subject to a comprehensive regulatory framework and compliance with this framework will lead to additional costs, including costs relating to regulatory capital and margin requirements, and may impact how we conduct our hedging activities and derivatives business with customers. We continue to consider the impact the proposed rule, if adopted, would have on our hedging activities and operations. Additionally, the regulatory regimes for derivatives in the United States and European Union, such as under the Dodd-Frank Act and MiFID II, are continuing to evolve and changes to such regimes, our designation under such regimes, or the implementation of new rules under such regimes, such as future registration requirements and increased regulation of derivative contracts, may result in additional costs to our business. Other jurisdictions outside the United States and the European Union are considering, have implemented, or are implementing regulations similar to those described above and these will result in greater costs to us as well. Our implementation of these requirements has resulted, and will continue to result, in additional costs to our business. Furthermore, our failure to implement these requirements correctly could result in fines and other sanctions, as well as necessitate a temporary or permanent cessation to some or all of our derivative related activities. Any such fines, sanctions or limitations on our business could adversely affect our operations and financial results.

Western Union is the subject of litigation, including purported class action litigation, and regulatory actions, which could result in material settlements, judgments, fines or penalties.

As a company that provides global financial services primarily to consumers, we are subject to litigation, including purported class action litigation, and regulatory actions alleging violations of consumer protection, anti-money laundering, sanctions, securities laws and other laws, both foreign and domestic. We also are subject to claims asserted by consumers based on individual transactions. There can be no guarantee that we will be successful in defending ourselves in these matters, and such failure may result in substantial fines, damages and expenses, revocation of required licenses or other limitations on our ability to conduct business. Any of these outcomes could adversely affect our business, financial condition, results of operations, and cash flows. Further, we believe increasingly strict legal and regulatory requirements and increased regulatory investigations and enforcement, any of which could occur or intensify as a result of the Joint Settlement Agreements or the NYDFS Consent Order, are likely to continue to result in changes to our business, as well as increased costs, supervision and examination for both ourselves and our agents and subagents. These developments have had, and we believe will continue to have, an adverse effect on our business, financial condition and results of operations, and in turn may result in additional litigation, or other actions. For more information, please see Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies."

Current and proposed regulation addressing consumer privacy and data use and security could increase our costs of operations, which could adversely affect our operations, results of operations and financial condition.

We are subject to extensive requirements relating to data privacy and security under federal, state and foreign laws. These laws and requirements continue to evolve and may become increasingly difficult to comply with. For example, the FTC continues to investigate the privacy practices of many companies and has brought numerous enforcement actions, resulting in multi-year agreements governing the settling companies' privacy practices. Furthermore, certain industry groups require us to adhere to privacy requirements in addition to federal, state and foreign laws, and certain of our business relationships depend upon our compliance with these requirements. As the number of countries enacting privacy and related laws increases and the scope of these laws and enforcement efforts expand, we will increasingly become subject to new and varying requirements. For example, on May 25, 2018, the EU implemented the GDPR, which replaced the EU's Data Protection Directive 95/46. The GDPR imposes additional obligations and risks upon our businesses, including the risk of substantially increased penalties for non-compliance. Such penalties could have a material adverse effect on our financial condition, results of operations, and cash flows. We have incurred and we expect to continue to incur significant expenses to meet the new obligations of the GDPR, which have required us to make significant changes to our business operations. Failure to comply with existing or future data privacy and security laws, regulations, and requirements to which we are subject or could become subject, including by reason of inadvertent disclosure of confidential information, could result in fines, sanctions, penalties or other adverse consequences and loss of consumer confidence, which could materially adversely affect our results of operations, overall business, and reputation.

In addition, 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, state, and foreign government agencies when required by law. In recent years, Western Union has experienced an increasing number of data sharing requests by these agencies, particularly in connection with efforts to prevent terrorist financing or reduce the risk of identity theft. During the same period, there has also been increased public attention to 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. 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.

We are subject to unclaimed property laws, and differences 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.

We are subject to unclaimed property laws in the United States and abroad and some of our agents are subject to unclaimed property laws in their respective jurisdictions which require us, or our agents, 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 and money orders. We have an ongoing program to help us comply with those laws. These laws are evolving and are frequently unclear and inconsistent among various jurisdictions, making compliance challenging. In addition, we are subject to audits with regard to our escheatment practices. Currently in the United States, approximately 30 states are conducting a multi-year audit of our escheatment practices through a contracted third-party auditor. We have also commenced a contemporaneous internal review as part of our participation in Delaware's voluntary disclosure program. Any difference between the amounts we have accrued for unclaimed property and amounts that are claimed by a state, foreign jurisdiction, or representative thereof could have a significant impact on our results of operations and cash flows.

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 condition, results of operations, and cash flows.

Our regulators expect us to possess sufficient financial soundness and strength to adequately support our regulated subsidiaries. We had substantial indebtedness and other obligations, including those related to the tax imposed on certain of our previously undistributed foreign earnings pursuant to the Tax Act, as of December 31, 2018 and expect to incur additional indebtedness in 2019, which could make it more difficult to meet these requirements or any additional requirements. 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. Also, our regulators specify the amount and composition of settlement assets that certain of our subsidiaries must hold in order to satisfy our outstanding settlement obligations. These regulators could further restrict the type of instruments that qualify as settlement assets or these regulators could require our regulated subsidiaries to maintain higher levels of settlement assets. Any change or increase in these regulatory requirements could have a material adverse effect on our business, financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Properties and Facilities

As of December 31, 2018, we had offices in approximately 50 countries, which included four owned facilities and approximately 20 United States and over 400 international leased properties. Our owned facilities include our former corporate headquarters located in Englewood, Colorado. During the year ended December 31, 2017, we entered into lease agreements to move employees in our previous corporate headquarters to other locations in the Denver, Colorado area, and we relocated to these locations in 2018.

Our owned and leased facilities are used for operational, sales and administrative purposes in support of our Consumer-to-Consumer and Business Solutions segments, and other services, and are predominantly being utilized as intended. 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 and update existing facilities to meet the needs of our business or consolidate and dispose of or sublet facilities which are no longer required.

ITEM 3. LEGAL PROCEEDINGS

Shareholder Derivative Actions

On January 13, 2014, Natalie Gordon served the Company with a Verified Shareholder Derivative Complaint and Jury Demand that was filed in District Court, Douglas County, Colorado naming the Company's President and Chief Executive Officer, one of its former executive officers, one of its former directors, and all but one of its current directors as individual defendants, and the Company as a nominal defendant. The complaint asserts claims for breach of fiduciary duty and gross mismanagement against all of the individual defendants and unjust enrichment against the President and Chief Executive Officer and the former executive officer based on allegations that between February 12, 2012 to October 30, 2012, the individual defendants made or caused the Company to issue false and misleading statements or failed to make adequate disclosures regarding the effects of the Southwest Border Agreement, including regarding the anticipated costs of compliance with the Southwest Border Agreement, potential effects on business operations, and Company projections. Plaintiff also alleges that the individual defendants caused or allowed the Company to lack requisite internal controls, caused or allowed financial statements to be misstated, and caused the Company to be subject to the costs, expenses and liabilities associated with City of Taylor Police and Fire Retirement System v. The Western Union Company, et al., a lawsuit that was subsequently renamed and dismissed. Plaintiff further alleges that the Company's President and Chief Executive Officer and the former executive officer received excessive compensation based on the allegedly inaccurate financial statements. On March 12, 2014, the Court entered an order granting the parties' joint motion to stay proceedings in the case during the pendency of certain of the shareholder derivative actions described below. On February 13, 2019, the case was administratively closed, although the Court indicated that a motion could be filed to re-open the matter.

In 2014, Stanley Lieblein, R. Andre Klein, City of Cambridge Retirement System, Mayar Fund Ltd, Louisiana Municipal Police Employees' Retirement System, MARTA/ATU Local 732 Employees Retirement Plan, and The Police Retirement System of St. Louis filed shareholder derivative complaints in the United States District Court for the District of Colorado (or were removed to the United States District Court for the District of Colorado) naming the Company's President and Chief Executive Officer and certain current and former directors and a former executive officer as individual defendants, and the Company as a nominal defendant. On January 5, 2015, the court entered an order consolidating the actions and appointing City of Cambridge Retirement System and MARTA/ATU Local 732 Employees Retirement Plan as co-lead plaintiffs. On February 4, 2015, co-lead plaintiffs filed a verified consolidated shareholder derivative complaint naming the Company's President and Chief Executive Officer and nine current or former executive officers and directors as individual defendants, and the Company as a nominal defendant. The consolidated complaint asserts separate claims for breach of fiduciary duty against the director defendants and the officer defendants, claims against all of the individual defendants for violations of section 14(a) of the Securities Exchange Act of 1934 ("Exchange Act"), corporate waste and unjust enrichment, and a claim against the former executive officer for breach of fiduciary duties for insider selling and misappropriation of information. The breach of fiduciary duty claim against the director defendants includes allegations that they declined to implement an effective AML compliance system after receiving numerous red flags indicating prolonged willful illegality, obstructed the efforts of the monitor assigned to the Company pursuant to the Southwest Border Agreement to impose effective compliance systems on the Company, failed to take action in response to alleged Western Union management efforts to undermine the monitor, reappointed the same directors to the Audit Committee and Corporate Governance and Public Policy Committees constituting a majority of those committees between 2006 and 2014, appointed a majority of directors to the Compliance Committee who were directly involved in overseeing the alleged misconduct as members of the Audit Committee and the Corporate Governance and Public Policy Committee, caused the Company to materially breach the Southwest Border Agreement, caused the Company to repurchase its stock at artificially inflated prices, awarded the Company's senior executives excessive compensation despite their responsibility for the Company's alleged willful non-compliance with state and federal AML laws, and failed to prevent the former executive officer from misappropriating and profiting from nonpublic information when making allegedly unlawful stock sales. The breach of fiduciary duty claim against the officer defendants includes allegations that they caused the Company and allowed its agents to ignore the recording and reporting requirements of the BSA and parallel AML laws and regulations for a prolonged period of time, authorized and implemented AML policies and practices that they knew or should have known to be inadequate, caused the Company to fail to comply with the Southwest Border Agreement and refused to implement and maintain adequate internal controls.

The claim for violations of section 14(a) of the Exchange Act includes allegations that the individual defendants caused the Company to issue proxy statements in 2012, 2013 and 2014 containing materially incomplete and inaccurate disclosures - in particular, by failing to disclose the extent to which the Company's financial results depended on the non-compliance with AML requirements, the Board's awareness of the regulatory and criminal enforcement actions in real time pursuant to the 2003 Consent Agreement with the California Department of Financial Institutions and that the directors were not curing violations and preventing misconduct, the extent to which the Board considered the flood of increasingly severe red flags in their determination to re-nominate certain directors to the Audit Committee between 2006 and 2010, and the extent to which the Board considered ongoing regulatory and criminal investigations in awarding multi-million dollar compensation packages to senior executives. The corporate waste claim includes allegations that the individual defendants paid or approved the payment of undeserved executive and director compensation based on the illegal conduct alleged in the consolidated complaint, which exposed the Company to civil liabilities and fines. The corporate waste claim also includes allegations that the individual defendants made improper statements and omissions, which forced the Company to expend resources in defending itself in City of Taylor Police and Fire Retirement System v. The Western Union Company, et al., a lawsuit that was subsequently renamed and dismissed, authorized the repurchase of over $1.565 billion of the Company's stock at prices they knew or recklessly were aware, were artificially inflated, failed to maintain sufficient internal controls over the Company's marketing and sales process, failed to consider the interests of the Company and its shareholders, and failed to conduct the proper supervision. The claim for unjust enrichment includes allegations that the individual defendants derived compensation, fees and other benefits from the Company and were otherwise unjustly enriched by their wrongful acts and omissions in managing the Company. The claim for breach of fiduciary duties for insider selling and misappropriation of information includes allegations that the former executive sold Company stock while knowing material, nonpublic information that would have significantly reduced the market price of the stock. On March 16, 2015, the defendants filed a motion to dismiss the consolidated complaint. On March 31, 2016, the Court entered an order granting the defendants' collective motion to dismiss without prejudice, denying as moot a separate motion to dismiss that was filed by the former executive officer, and staying the order for 30 days, within which plaintiffs could file an amended complaint that cured the defects noted in the order. On May 2, 2016, co-lead plaintiffs filed a verified amended consolidated shareholder derivative complaint naming the Company's President and Chief Executive Officer, six of its current directors (including the Company's President and Chief Executive Officer, who also serves as a director) and three of its former directors as individual defendants, and the Company as a nominal defendant. The amended complaint, among other things, drops the claims against the former executive officer named in the prior complaint, realleges and narrows the breach of fiduciary duty claims, and drops the remaining claims. On June 15, 2016, defendants filed a motion to dismiss the amended consolidated shareholder derivative complaint. On August 1, 2016, plaintiffs filed an opposition to the motion to dismiss. On September 1, 2016, defendants filed a reply brief in support of the motion to dismiss. On February 24, 2017, plaintiffs filed a motion to supplement the amended complaint with allegations relating to the DPA, the criminal information filed in the United States District Court for the Middle District of Pennsylvania, and the FTC's January 19, 2017 Complaint for Permanent Injunctive and Other Equitable Relief and the Consent Order referenced in the *United States Department of Justice, Federal Trade Commission, Financial Crimes Enforcement Network, and State Attorneys General Settlements* section in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies." The same day, the Court granted plaintiffs' request to supplement the complaint, ordered them to file a second amended complaint, denied without prejudice defendants' motion to dismiss and granted defendants leave to renew the motion to dismiss. On March 17, 2017, plaintiffs filed a second amended derivative complaint. On September 29, 2017, the Court granted defendants' motion to dismiss the second amended derivative complaint. On December 19, 2017, plaintiffs filed an appeal brief in the United States Court of Appeals for the Tenth Circuit, seeking reversal of the dismissal, to which the Company filed an opposition on February 20, 2018. Plaintiffs filed a reply brief on March 30, 2018.

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

Other Matters

On March 12, 2014, Jason Douglas filed a purported class action complaint in the United States District Court for the Northern District of Illinois asserting a claim under the Telephone Consumer Protection Act, 47 U.S.C. § 227, et seq., based on allegations that since 2009, the Company has sent text messages to class members' wireless telephones without their consent. During the first quarter of 2015, the Company's insurance carrier and the plaintiff reached an agreement to create an $8.5 million settlement fund that will be used to pay all class member claims, class counsel's fees and the costs of administering the settlement. The agreement has been signed by the parties and, on November 10, 2015, the Court granted preliminary approval to the settlement. On January 9, 2018, plaintiff filed a motion requesting decisions on its pending motion to approve the settlement and motion for attorneys' fees, costs, and incentive award. On August 31, 2018, the Court issued an order approving the settlement, in which the Court modified the class definition slightly and ordered the parties to provide additional notice to the class. The Company accrued an amount equal to the retention under its insurance policy in previous quarters and believes that any amounts in excess of this accrual will be covered by the insurer. However, if the Company's insurer is unable to or refuses to satisfy its obligations under the policy or the parties are unable to reach a definitive agreement or otherwise agree on a resolution, the Company's financial condition, results of operations, and cash flows could be adversely impacted. As the parties have reached an agreement in this matter, the Company believes that the potential for additional loss in excess of amounts already accrued is remote.

In October 2015, Consumidores Financieros Asociación Civil para su Defensa, an Argentinian consumer association, filed a purported class action lawsuit in Argentina's National Commercial Court No. 19 against the Company's subsidiary Western Union Financial Services Argentina S.R.L. ("WUFSA"). The lawsuit alleges, among other things, that WUFSA's fees for money transfers sent from Argentina are excessive and that WUFSA does not provide consumers with adequate information about foreign exchange rates. The plaintiff is seeking, among other things, an order requiring WUFSA to reimburse consumers for the fees they paid and the foreign exchange revenue associated with money transfers sent from Argentina, plus punitive damages. The complaint does not specify a monetary value of the claim or a time period. In November 2015, the Court declared the complaint formally admissible as a class action. The notice of claim was served on WUFSA in May 2016, and in June 2016 WUFSA filed a response to the claim and moved to dismiss it on statute of limitations and standing grounds. In April 2017, the Court deferred ruling on the motion until later in the proceedings. The process for notifying potential class members has been completed and the case is currently in the evidentiary stage. Due to the stage of this matter, the Company is unable to predict the outcome or the possible loss or range of loss, if any, associated with this matter. WUFSA intends to defend itself vigorously.

On February 22, 2017, the Company, its President and Chief Executive Officer, its Chief Financial Officer, and a former executive officer of the Company were named as defendants in two purported class action lawsuits, both of which asserted claims under section 10(b) of the Exchange Act and Securities and Exchange Commission rule 10b-5 and section 20(a) of the Exchange Act. On May 3, 2017, the two cases were consolidated by the United States District Court for the District of Colorado under the caption Lawrence Henry Smallen and Laura Anne Smallen Revocable Living Trust et al. v. The Western Union Company et al., Civil Action No. 1:17-cv-00474-KLM (D. Colo.). On September 6, 2017, the Court appointed Lawrence Henry Smallen and Laura Anne Smallen Revocable Living Trust as the lead plaintiff. On November 6, 2017, the plaintiffs filed a consolidated amended complaint ("Amended Complaint") that, among other things, added two other former executive officers as defendants, one of whom subsequently was voluntarily dismissed by the plaintiffs. The Amended Complaint asserts claims under section 10(b) of the Exchange Act and Securities and Exchange Commission rule 10b-5 and section 20(a) of the Exchange Act, and alleges that, during the purported class period of February 24, 2012, through May 2, 2017, the defendants made false or misleading statements or failed to disclose purported adverse material facts regarding, among other things, the Company's compliance with AML and anti-fraud regulations, the status and likely outcome of certain governmental investigations targeting the Company, the reasons behind the Company's decisions to make certain regulatory enhancements, and the Company's premium pricing. The defendants filed a motion to dismiss the complaint on January 16, 2018. The consolidated action is in a preliminary stage and the Company is unable to predict the outcome, or the possible loss or range of loss, if any, which could be associated with it. The Company and the individual defendants intend to vigorously defend themselves in this matter.

On February 13, 2017, the Company's subsidiary, Western Union Payment Services Ireland Limited ("WUPSIL"), was served with a writ of accusation from the National Court of Spain. The writ charges 98 former Western Union money transfer agents or agent representatives with fraud and money laundering in connection with consumer fraud scams they allegedly perpetrated using Western Union money transfer transactions. The writ also names WUPSIL as a civil defendant, allegedly responsible under Spanish law to pay any portion of the alleged amount in victim losses that cannot be repaid by any of the criminal defendants who are convicted. In accordance with Spanish law, on January 4, 2018, the Company, through its subsidiary Western Union International Limited, provided a corporate guaranty in an amount of approximately €23 million to cover any liability that could theoretically attach to WUPSIL. Due to the preliminary stage of this matter, the Company is unable to predict the outcome, or the amount of loss, if any, associated with this matter.

On April 26, 2018, the Company, its Western Union Financial Services, Inc. ("WUFSI") subsidiary, its President and Chief Executive Officer, and various "Doe Defendants" (purportedly including Western Union officers, directors, and agents) were named as defendants in a purported class action lawsuit asserting claims for alleged violations of civil Racketeer Influenced and Corrupt Organizations Act ("RICO") and the Colorado Organized Crime Act, civil theft, negligence, unjust enrichment, and conversion under the caption Frazier et al. v. The Western Union Company et al., Civil Action No. 1:18-cv-00998-KLM (D. Colo.). The complaint alleges that, during the purported class period of January 1, 2004 to the present, and based largely on the admissions and allegations relating to the DPA, the FTC Consent Order, and the NYDFS Consent Order, the defendants engaged in a scheme to defraud customers through Western Union's money transfer system. The plaintiffs filed an amended complaint on July 17, 2018. The amended complaint is similar to the original complaint, although it adds additional named plaintiffs and additional counts, including claims on behalf of putative California, Florida, Georgia, Illinois, and New Jersey subclasses for alleged violations of the California Unfair Competition Law, the Florida Deceptive and Unfair Trade Practices Act, the Georgia Fair Business Practices Act, the Illinois Consumer Fraud and Deceptive Business Practices Act, and the New Jersey Consumer Fraud Act. On August 28, 2018, the Company and the other defendants moved to stay the action in favor of individual arbitrations with the named plaintiffs, which defendants contend are contractually required. That motion has been fully briefed and remains pending, and the case is otherwise stayed pending a determination of that issue. The action is in a preliminary stage and the Company is unable to predict the outcome, or the possible loss or range of loss, if any, which could be associated with it. The Company and the other defendants intend to vigorously defend themselves in this matter.

In addition to the principal matters described above and the matters described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies," the Company is a party to a variety of other legal matters that arise in the normal course of the Company's business. While the results of these other legal matters cannot be predicted with certainty, management believes that the final outcome of these matters will not have a material adverse effect either individually or in the aggregate on the Company's financial condition, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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 3,348 stockholders of record as of February 13, 2019. 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 sets forth stock repurchases for each of the three months of the quarter ended December 31, 2018:

Period	Total Number of Shares Purchased*	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	Remaining Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (In millions)
October 1 - 31	993,617	$ 18.19	988,987	$ 575.5
November 1 - 30	921,372	$ 18.60	882,518	$ 559.1
December 1 - 31	843,160	$ 17.73	838,135	$ 544.2
Total	2,758,149	$ 18.19	2,709,640	

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

** On February 9, 2017, the Board of Directors authorized $1.2 billion of common stock repurchases through December 31, 2019, of which $544.2 million remained available as of December 31, 2018. In certain instances, management has historically and may continue to establish prearranged written plans pursuant to Rule 10b5-1. A Rule 10b5-1 plan permits us to repurchase shares at times when we may otherwise be unable to do so, provided the plan is adopted when we are not aware of material non-public information.

Refer to Part II, Item 8, *Financial Statements and Supplementary Data*, Note 17, "Stock Compensation Plans" and Part III, Item 12, *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* for information related to our equity compensation plans.

Dividend Policy and Share Repurchases

During 2018, the Board of Directors declared quarterly cash dividends of $0.19 per common share payable on December 31, 2018, September 28, 2018, June 29, 2018 and March 30, 2018. During 2017, the Board of Directors declared quarterly cash dividends of $0.175 per common share payable on December 29, 2017, September 29, 2017, June 30, 2017 and March 31, 2017. The declaration or authorization and amount of future dividends or share repurchases will be determined by the Board of Directors and will depend on our financial condition, earnings, liquidity, the amount and timing of payments under our debt and other obligations, capital requirements, regulatory constraints, cash generated or made available in the United States, industry practice and any other factors that the 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 or repurchase shares in future periods will be dependent primarily on our ability to use cash generated by our operating subsidiaries. Several of our operating subsidiaries are subject to financial services regulations and their ability to pay dividends and distribute cash may be restricted. In addition, the Tax Act imposes a tax on certain of our previously undistributed foreign earnings, which we have elected to pay in periodic installments through 2025, as discussed in the "Capital Resources and Liquidity" section in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*. These payments will adversely affect our cash flow and liquidity and may adversely affect future share repurchases.

On February 7, 2019, the Board of Directors declared a quarterly cash dividend of $0.20 per common share payable on March 29, 2019.

ITEM 6. SELECTED FINANCIAL DATA

The financial information in this Annual Report on Form 10-K is presented on a consolidated basis and includes the accounts of the Company and our majority-owned subsidiaries. Our selected historical financial data are not necessarily indicative of our future financial condition, 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.

	Year Ended December 31,				
(in millions, except per share data)	**2018**	**2017**	**2016**	**2015**	**2014**
Statements of Income/(Loss) Data:					
Revenues	$ 5,589.9	$ 5,524.3	$ 5,422.9	$ 5,483.7	$ 5,607.2
Operating expenses (a) (b)	4,467.8	5,048.5	4,935.9	4,371.5	4,462.9
Operating income (a) (b)	1,122.1	475.8	487.0	1,112.2	1,144.3
Interest income (c)	4.8	4.9	3.5	10.9	11.5
Interest expense (d)	(149.6)	(142.1)	(152.5)	(167.9)	(176.6)
Other income/(expense), net (b)	14.1	8.9	3.7	(13.4)	(11.0)
Income before income taxes (a) (c) (d)	991.4	347.5	341.7	941.8	968.2
Net income/(loss) (a) (c) (d) (e)	851.9	(557.1)	253.2	837.8	852.4
Depreciation and amortization	264.7	262.9	263.2	270.2	271.9
Cash Flow Data:					
Net cash provided by operating activities (f)	$ 821.3	$ 742.0	$ 1,041.9	$ 1,071.1	$ 1,045.9
Capital expenditures (g)	(339.0)	(177.1)	(229.8)	(266.5)	(179.0)
Common stock repurchased (h)	(412.4)	(502.8)	(501.6)	(511.3)	(495.4)
Earnings/(Loss) Per Share Data:					
Basic (a) (c) (d) (e) (h)	$ 1.89	$ (1.19)	$ 0.52	$ 1.63	$ 1.60
Diluted (a) (c) (d) (e) (h)	$ 1.87	$ (1.19)	$ 0.51	$ 1.62	$ 1.59
Cash dividends declared per common share (i)	$ 0.76	$ 0.70	$ 0.64	$ 0.62	$ 0.50
Key Indicators (unaudited):					
Consumer-to-Consumer transactions	287.0	275.8	268.3	261.5	254.9

	As of December 31,				
(in millions)	**2018**	**2017**	**2016**	**2015**	**2014**
Balance Sheet Data:					
Settlement assets	$ 3,813.8	$ 4,188.9	$ 3,749.1	$ 3,308.7	$ 3,313.7
Total assets	8,996.8	9,231.4	9,419.6	9,449.2	9,877.5
Settlement obligations	3,813.8	4,188.9	3,749.1	3,308.7	3,313.7
Total borrowings	3,433.7	3,033.6	2,786.1	3,215.9	3,707.5
Total liabilities	9,306.6	9,722.8	8,517.4	8,044.3	8,577.1
Total stockholders' equity/(deficit)	(309.8)	(491.4)	902.2	1,404.9	1,300.4

(a) For the year ended December 31, 2017, operating expenses included a non-cash goodwill impairment charge of $464.0 million related to our Business Solutions reporting unit, as described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 5, "Goodwill," and $60.0 million of expenses related to the NYDFS Consent Order. For the year ended December 31, 2016, operating expenses included $601.0 million of expenses as a result of the Joint Settlement Agreements, as described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 6, "Commitments and Contingencies." For the year ended December 31, 2015, operating expenses included $35.3 million of expenses as a result of the Paymap Settlement Agreement.

(b) On January 1, 2018, we adopted an accounting pronouncement that requires the non-service costs of a defined benefit pension plan to be presented outside a subtotal of income from operations, with adoption retrospective for periods previously presented. The adoption of this standard resulted in increases to operating income and decreases to operating expenses and other income/(expense), net of $2.4 million, $3.3 million, $2.8 million and $3.8 million for the years ended December 31, 2017, 2016, 2015 and 2014, respectively, from the amounts previously reported. Refer to Part II, Item 8, *Financial Statements and Supplementary Data*, Note 2, "Summary of Significant Accounting Policies" for further information.

(c) Interest income consists of interest earned on cash and other investments not required to satisfy settlement obligations.

(d) Interest expense primarily relates to our outstanding borrowings.

(e) For the year ended December 31, 2017, our provision for income taxes included an estimated $828 million related to the enactment of the Tax Act into United States law, primarily due to a tax on certain previously undistributed earnings of foreign subsidiaries, partially offset by the remeasurement of deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects. During the year ended December 31, 2018, we completed our accounting for the Tax Act's impacts that were provisionally estimated as of December 31, 2017 and recorded an additional $22.5 million of income tax expense, as discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 11, "Income Taxes."

(f) Net cash provided by operating activities during the year ended December 31, 2018 was negatively impacted by approximately $120 million of payments related to an agreement with the IRS resolving substantially all of the issues related to our restructuring of our international operations in 2003, as further described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 11, "Income Taxes," $64 million of payments related to tax on certain of our previously undistributed foreign earnings associated with the Tax Act, a $60 million payment related to the NYDFS Consent Order and payments related to our business transformation initiative as discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 4, "Business Transformation Expenses." Net cash provided by operating activities during the year ended December 31, 2017 was impacted by cash payments of $591 million pursuant to the Joint Settlement Agreements and payments related to our business transformation initiative.

(g) Capital expenditures include capitalization of contract costs, capitalization of purchased and developed software and purchases of property and equipment.

(h) On February 9, 2017, the Board of Directors authorized $1.2 billion of common stock repurchases through December 31, 2019, of which $544.2 million remained available as of December 31, 2018. During the years ended December 31, 2018, 2017, 2016, 2015, and 2014, we repurchased 20.2 million, 24.9 million, 24.8 million, 25.1 million, and 29.3 million shares, respectively, under authorizations from our Board of Directors.

(i) Cash dividends per share declared quarterly by our Board of Directors were as follows:

Year	Q1	Q2	Q3	Q4
2018	$ 0.19	$ 0.19	$ 0.19	$ 0.19
2017	$ 0.175	$ 0.175	$ 0.175	$ 0.175
2016	$ 0.16	$ 0.16	$ 0.16	$ 0.16
2015	$ 0.155	$ 0.155	$ 0.155	$ 0.155
2014	$ 0.125	$ 0.125	$ 0.125	$ 0.125

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 movement and payment services, operating in two business segments:

- *Consumer-to-Consumer* - The Consumer-to-Consumer operating segment facilitates money transfers between two consumers, primarily through a network of third-party agents. We view our multi-currency money transfer service as one interconnected global network where a money transfer can be sent from one location to another, around the world. This service is available for international cross-border transfers and, in certain countries, intra-country transfers. This segment also includes money transfer transactions that can be initiated through websites and mobile devices.

- *Business Solutions* - The Business Solutions operating segment facilitates payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals. The majority of the segment's business relates to exchanges of currency at spot rates, which enable customers to make cross-currency payments. In addition, in certain countries, we write foreign currency forward and option contracts for customers to facilitate future payments.

All businesses and other services that have not been classified in the above segments are reported as "Other," which primarily include our electronic-based and cash-based bill payment services which facilitate payments from consumers to businesses and other organizations. The majority of our cash-based bill payments services are led by one executive, and the majority of our electronic-based bill payments services are led by another executive. The Chief Operating Decision Maker ("CODM") allocates resources and assesses performance using discrete information for these separate bill payments components, neither of which is material from either a quantitative or qualitative perspective. Our money order and other services, in addition to certain corporate costs such as costs related to strategic initiatives, including for the review and closing of mergers, acquisitions, and divestitures, are also included in "Other." Additional information on our reportable segments is further described in the Segment Discussion below.

Results of Operations

The following discussion of our consolidated results of operations and segment results refers to the year ended December 31, 2018 compared to the same period in 2017 and the year ended December 31, 2017 compared to the same period in 2016. 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/(Loss). All significant intercompany accounts and transactions between our segments have been eliminated. The below information has been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP") unless otherwise noted. All amounts provided in this section are rounded to the nearest tenth of a million, except as otherwise noted. As a result, the percentage changes and margins disclosed herein may not recalculate precisely using the rounded amounts provided. Beginning in the first quarter of 2018, we no longer present the "Derivative gains, net" line item in our Consolidated Statements of Income/(Loss) for all periods presented due to the early adoption of a new accounting pronouncement to improve the financial reporting of hedging relationships, as further described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 2, "Summary of Significant Accounting Policies."

Amounts previously reported in prior periods in "Derivative gains, net" are now reported in "Other income, net" in the Consolidated Statements of Income/(Loss). Additionally, certain historical amounts reported in the Consolidated Statements of Income/(Loss) for the years ended December 31, 2017 and 2016 have been adjusted due to the adoption of an accounting standard related to pension costs, as further described in the Segment Discussion below.

During the year ended December 31, 2017, our provision for income taxes included $828 million related to the enactment of the Tax Act into United States law, primarily due to a tax on certain previously undistributed earnings of foreign subsidiaries, partially offset by the remeasurement of deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects. During the year ended December 31, 2018, we completed our accounting for the Tax Act's impacts that were provisionally estimated as of December 31, 2017 and recorded an additional $22.5 million of income tax expense, as discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 11, "Income Taxes."

During the year ended December 31, 2017, we recognized a non-cash goodwill impairment charge related to our Business Solutions reporting unit, which reduced our operating income by $464 million as the estimated fair value of the reporting unit declined below its carrying value. For further detail, see the "Critical Accounting Policies and Estimates" discussion below.

Additionally, our operating income for the year ended December 31, 2017 was negatively impacted by a $60 million accrual related to the NYDFS Consent Order, described further in Part II, Item 8, *Financial Statements and Supplementary Data,* Note 6, "Commitments and Contingencies." Our operating income for the year ended December 31, 2016 was negatively impacted by $601 million of expenses related to compensation payments and other costs as a result of the Joint Settlement Agreements described further in Part II, Item 8, *Financial Statements and Supplementary Data,* Note 6, "Commitments and Contingencies." The NYDFS Consent Order and the Joint Settlement Agreements have been reflected within "Selling, general and administrative" expenses in our Consolidated Statements of Income/(Loss).

Our revenues and operating income for the years ended December 31, 2018 and 2017 were negatively impacted by fluctuations in the United States dollar compared to foreign currencies. Fluctuations in the United States dollar compared to foreign currencies, net of the impact of foreign currency hedges, resulted in a reduction to revenues of $111.9 million and $61.3 million for the years ended December 31, 2018 and 2017, respectively, relative to the respective prior year. Included within these amounts are impacts related to the strengthening of the dollar against the Argentine peso, which resulted in a reduction to revenues of $142.7 million and $30.3 million for the years ended December 31, 2018 and 2017, respectively, relative to the respective prior year. The reduction in revenues during the year ended December 31, 2018, primarily from the Argentine peso, was partially offset by the weakening of the United States dollar against various European currencies, primarily the euro and the British pound. Fluctuations in the United States dollar compared to foreign currencies negatively impacted operating income by $18.1 million and $44.0 million during the years ended December 31, 2018 and 2017, respectively, relative to the respective prior year. Included within these amounts are impacts related to the strengthening of the dollar against the Argentine peso, which resulted in a reduction to operating income of $34.7 million and $7.7 million for the years ended December 31, 2018 and 2017, respectively, relative to the respective prior year.

The following table sets forth our consolidated results of operations for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,			% Change	
(in millions, except per share amounts)	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Revenues	$ 5,589.9	$ 5,524.3	$ 5,422.9	1 %	2 %
Expenses:					
Cost of services (a)	3,300.8	3,353.0	3,266.7	(2)%	3 %
Selling, general and administrative	1,167.0	1,231.5	1,669.2	(5)%	(26)%
Goodwill impairment charge	—	464.0	—	(b)	(b)
Total expenses	4,467.8	5,048.5	4,935.9	(12)%	2 %
Operating income	1,122.1	475.8	487.0	(b)	(2)%
Other income/(expense):					
Interest income	4.8	4.9	3.5	(3)%	41 %
Interest expense	(149.6)	(142.1)	(152.5)	5 %	(7)%
Other income, net (a)	14.1	8.9	3.7	57 %	(b)
Total other expense, net	(130.7)	(128.3)	(145.3)	2 %	(12)%
Income before income taxes	991.4	347.5	341.7	(b)	2 %
Provision for income taxes	139.5	904.6	88.5	(85)%	(b)
Net income/(loss)	$ 851.9	$ (557.1)	$ 253.2	(b)	(b)
Earnings/(loss) per share:					
Basic	$ 1.89	$ (1.19)	$ 0.52	(b)	(b)
Diluted	$ 1.87	$ (1.19)	$ 0.51	(b)	(b)
Weighted-average shares outstanding:					
Basic	451.8	467.9	490.2		
Diluted	454.4	467.9	493.5		

(a) On January 1, 2018, we adopted an accounting pronouncement that requires the non-service costs of a defined benefit pension plan to be presented outside a subtotal of income from operations, with adoption retrospective for periods previously presented. The adoption of this standard resulted in reductions to "Cost of services" and "Other income, net" of $2.4 million and $3.3 million for the years ended December 31, 2017 and 2016, respectively, from the amounts previously reported. Refer to Part II, Item 8, *Financial Statements and Supplementary Data*, Note 2, "Summary of Significant Accounting Policies," for further information.

(b) Calculation not meaningful.

Revenues overview

Transaction volume is the primary generator of revenue in our businesses. Revenues are primarily derived from consideration paid by customers to transfer money. These revenues vary by transaction based upon channel, send and receive locations, the principal amount sent, whether the money transfer involves different send and receive currencies, the difference between the exchange rate we set to the customer and the rate available in the wholesale foreign exchange market, and speed of service, as applicable. We also offer several other services, including foreign exchange and payment services and other bill payment services, for which revenue is impacted by similar factors.

Due to the significance of the effect that foreign exchange fluctuations against the United States dollar can have on our reported revenues, constant currency results have been provided in the table below for consolidated revenues. Additionally, due to the significance of our Consumer-to-Consumer segment to our overall results, we have also provided constant currency results for our Consumer-to-Consumer segment revenues. Constant currency results assume foreign revenues are translated from foreign currencies to the United States dollar, net of the effect of foreign currency hedges, at rates consistent with those in the prior year. Constant currency measures are non-GAAP financial measures and are provided so that revenue can be viewed without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our revenue results and trends. We believe that these measures provide management and investors with information about revenue results and trends that eliminates currency volatility and provides greater clarity regarding, and increases the comparability of, our underlying results and trends. This constant currency disclosure is provided in addition to, and not as a substitute for, the percentage change in revenue on a GAAP basis for the years ended December 31, 2018 and 2017 compared to the prior year. Other companies may calculate and define similarly labeled items differently, which may limit the usefulness of this measure for comparative purposes.

The following table sets forth our consolidated revenue results for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,			% Change	
(dollars in millions)	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
Revenues, as reported - (GAAP)	$ 5,589.9	$ 5,524.3	$ 5,422.9	1 %	2 %
Foreign currency impact (a)				2 %	1 %
Revenue change, constant currency adjusted - (Non-GAAP)				3 %	3 %

(a) Fluctuations in the United States dollar compared to foreign currencies, net of the impact of foreign currency hedges, resulted in a reduction to revenues of $111.9 million and $61.3 million for the years ended December 31, 2018 and 2017, respectively, when compared to foreign currency rates in the prior year. Included within these amounts are impacts related to the strengthening of the dollar against the Argentine peso, which resulted in a reduction to revenues of $142.7 million and $30.3 million for the years ended December 31, 2018 and 2017, respectively, when compared to foreign currency rates in the prior year. The reduction in revenues during the year ended December 31, 2018, primarily from the Argentine peso, was partially offset by the weakening of the United States dollar against various European currencies, primarily the euro and the British pound.

2018 compared to 2017

During the year ended December 31, 2018 compared to 2017, GAAP revenues increased 1%. The increase in revenue was the result of transaction growth in our Consumer-to-Consumer segment of 4% for the year ended December 31, 2018. The increase in revenues constant currency adjusted (Non-GAAP) of 3% was the result of an increase in local currency revenue per transaction in our Argentine operations, including our cash-based bill payment business, primarily due to inflation, and transaction growth in our Consumer-to-Consumer segment.

2017 compared to 2016

During the year ended December 31, 2017 compared to 2016, GAAP revenues increased 2%. The increase in revenue was the result of transaction growth in our Consumer-to-Consumer segment of 3% for the year ended December 31, 2017 and growth in our United States electronic-based and Argentina cash-based bill payments services. This growth was partially offset by the fluctuations in the United States dollar compared to foreign currencies, net of the impact of foreign currency hedges, which negatively impacted revenue by 1% for the year ended December 31, 2017. The increase in revenues constant currency adjusted (Non-GAAP) of 3% was also due to transaction growth in our Consumer-to-Consumer segment and an increase in local currency revenue per transaction in our Argentine operations, including our cash-based bill payment business, primarily due to inflation, and growth in our United States electronic-based bill payments services.

Operating expenses overview

Enhanced regulatory compliance

The financial services industry, including money services businesses, continues to be subject to increasingly strict legal and regulatory requirements, and we continue to focus on and regularly review our compliance programs. In connection with these reviews, and in light of growing and rapidly evolving regulatory complexity and heightened attention of, and increased dialogue with, governmental and regulatory authorities related to our compliance activities, we have made, and continue to make enhancements to our processes and systems designed to detect and prevent money laundering, terrorist financing, and fraud and other illicit activity, along with enhancements to improve consumer protection, including related to the Joint Settlement Agreements and the NYDFS Consent Order described further in Part II, Item 8, *Financial*

Statements and Supplementary Data, Note 6, "Commitments and Contingencies," and similar regulations outside the United States, and other matters. In coming periods, we expect these enhancements will continue to result in changes to certain of our business practices and increased costs. Some of these changes have had, and we believe will continue to have, an adverse effect on our business, financial condition and results of operations.

Cost of services

Cost of services primarily consists of agent commissions, which represented approximately 60% of total cost of services for the year ended December 31, 2018. Cost of services decreased for the year ended December 31, 2018 compared to the prior year due to decreased severance and related employee benefits, and other expenses related to a business transformation initiative referred to as the WU Way, as further discussed below, and decreased bad debt expenses, partially offset by increased bank fees, including in our United States electronic bill payments services.

Cost of services increased for the year ended December 31, 2017, compared to the prior year, due to increased bank fees, primarily in our United States electronic bill payments services, and increased expenses related to the WU Way.

Selling, general and administrative

Selling, general and administrative expenses decreased for the year ended December 31, 2018 compared to the prior year due to decreased consulting service fees, severance and related employee benefits, and other expenses related to the WU Way, and decreased employee incentive compensation expenses, partially offset by increases in other corporate costs, including costs related to strategic initiatives, other employee-related costs, and marketing expenses. Additionally, selling, general and administrative expenses for the year ended December 31, 2017 were impacted by a $60 million accrual related to the NYDFS Consent Order and $8 million of expenses related to the independent compliance auditor required by the Joint Settlement Agreements.

Selling, general and administrative expenses decreased for the year ended December 31, 2017 compared to the prior year due to expenses related to the Joint Settlement Agreements in the amount of $601 million recorded during 2016, as described earlier, partially offset by the NYDFS Consent Order accrual of $60 million discussed above, WU Way-related severance and related employee benefits, consulting service fees, and other expenses, increased employee incentive compensation expenses, and increased marketing expenses. Additionally, fluctuations in the United States dollar compared to foreign currencies resulted in a positive impact on the translation of our expenses.

Goodwill Impairment

For the year ended December 31, 2017, we recognized a non-cash goodwill impairment charge of $464.0 million related to our Business Solutions reporting unit, as described earlier. We did not record any goodwill impairments during the years ended December 31, 2018 and 2016.

Total other expense, net

Total other expense, net increased for the year ended December 31, 2018 compared to the prior year due to lower derivatives gains primarily due to the adoption of an accounting standard as described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 15, "Derivatives," and higher interest expense related to an increase in the weighted-average effective interest rate on our debt, partially offset by foreign exchange gains realized during the first half of 2018 on certain U.S. dollar-denominated assets in our Argentina cash-based bill payments business. Total other expense, net decreased for the year ended December 31, 2017, compared to the prior year, due to lower interest expense related to a decrease in the weighted-average effective interest rate on our debt.

Income taxes

Our effective tax rates on pre-tax income were 14.1%, 260.3% and 25.9% for the years ended December 31, 2018, 2017 and 2016, respectively. The decrease in our effective tax rate for the year ended December 31, 2018 is due to the enactment of the Tax Act into United States law in December 2017 which significantly impacted our effective tax rate for the year ended December 31, 2017, primarily due to a tax on certain previously undistributed earnings of foreign subsidiaries, partially offset by the remeasurement of our deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects, as discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 11, "Income Taxes." Our effective tax rate for the year ended December 31, 2018 compared to 2017 was also impacted by the goodwill impairment in our Business Solutions reporting unit and the NYDFS Consent Order accrual, both recorded during 2017. The increase in our effective tax rate for the year ended December 31, 2017 compared to 2016 was primarily due to the enactment of the Tax Act into United States law in December 2017, as described above. Our effective tax rate for the year ended December 31, 2017 compared to 2016 was also impacted by the goodwill impairment in our Business Solutions reporting unit and the NYDFS Consent Order accrual, both recorded in 2017, and the Joint Settlement Agreements recorded during 2016.

In December 2017, the Tax Act was enacted into United States law, and certain of the Tax Act's impacts had been provisionally estimated as of December 31, 2017. During the year ended December 31, 2018, we completed our accounting for the Tax Act's impacts that were provisionally estimated as of December 31, 2017 and recorded an additional $22.5 million of income tax expense, as discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 11, "Income Taxes." Our effective tax rate for the year ended December 31, 2018 increased by 2.3% due to these adjustments, as further described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 11, "Income Taxes."

The Tax Act is broad and complex, and our income tax expense could increase or decrease in future periods as the effects of the Tax Act are clarified through federal or state regulations, interpretations, or law changes. Changes or clarifications in the interpretation of the Tax Act or other legislative proposals or amendments could have a significant effect on our income tax expense in future periods. Furthermore, the effect of the Tax Act on state income taxes, including how the tax on certain previously undistributed earnings of foreign subsidiaries will be interpreted by the states and how states will apply forward-looking provisions of the Tax Act, are currently unclear and subject to potential changes affecting both the amount of state taxes and the remeasurement of our deferred tax assets and liabilities and other tax balances.

Moreover, we may be subject to additional tax on certain payments to our foreign affiliates in 2019 and thereafter under the Base Erosion Anti-Abuse Tax ("BEAT") provisions of the Tax Act, as the minimum BEAT rate increases from 5% in 2018 to 10% in 2019 through 2025. We have identified and are in the process of implementing structural actions which we believe will help mitigate the impact of the BEAT. However, if we are not successful at mitigating this impact, the BEAT could have a material adverse effect on our financial condition, results of operations, and cash flows.

We have established contingency reserves for a variety of material, known tax exposures. As of December 31, 2018, the total amount of tax contingency reserves was $306.8 million, including accrued interest and penalties, net of related items. Our tax reserves reflect our judgment as to the resolution of the issues involved if subject to judicial review or other settlement. While we believe that our reserves are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be resolved at a financial cost that does not exceed our related reserve. With respect to these reserves, our income tax expense would include (i) any changes in tax reserves arising from material changes in facts and circumstances (i.e. new information) surrounding a tax issue during the period and (ii) any difference from our tax position as recorded in the financial statements and the final resolution of a tax issue during the period. Such resolution could materially increase or decrease income tax expense in our consolidated financial statements in future periods and could impact our operating cash flows.

A significant proportion of our profits are foreign-derived. For the years ended December 31, 2018, 2017 and 2016, 101%, 169% and 260%, respectively, of our pre-tax income was derived from foreign sources. While the income tax imposed by any one foreign country is not material to us, our overall effective tax rate could be adversely affected by changes in foreign tax laws.

Earnings/(loss) per share

During the years ended December 31, 2018, 2017 and 2016, basic earnings/(loss) per share were $1.89, $(1.19) and $0.52, respectively, and diluted earnings/(loss) per share were $1.87, $(1.19) and $0.51, respectively. Outstanding options to purchase Western Union stock and unvested shares of restricted stock are excluded from basic shares outstanding.

Diluted earnings/(loss) 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, 2018, 2017 and 2016, there were 2.6 million, 2.8 million, and 3.4 million, respectively, of shares excluded from the diluted earnings/(loss) per share calculation under the treasury stock method, primarily due to outstanding options to purchase shares of Western Union stock, as their exercise prices were above our weighted-average share price during the periods and their effect was anti-dilutive. Due to the net loss for the year ended December 31, 2017, an additional 3.0 million shares were excluded from diluted weighted-average shares outstanding, because the effect of including such shares would have been anti-dilutive in the calculation of diluted loss per share.

Earnings/(loss) per share for the years ended December 31, 2018 and 2017 compared to the prior year were impacted by the previously described factors impacting net income/(loss). Adjustments to our accounting for the Tax Act's impacts that were previously provisionally estimated negatively impacted earnings per share for the year ended December 31, 2018 by $0.05. For the year ended December 31, 2017, the Tax Act negatively impacted loss per share by $1.76, and the goodwill impairment charge related to our Business Solutions reporting unit and the NYDFS Consent Order negatively impacted loss per share by $0.96, net of income tax effects, and $0.13, respectively. The Joint Settlement Agreements decreased earnings per share for the year ended December 31, 2016 by $1.21. Earnings/(loss) per share for the years ended December 31, 2018 and 2017 were also impacted by lower weighted-average shares outstanding due to stock repurchases exceeding stock issuances related to our stock compensation programs.

Segment Discussion

We manage our business around the consumers and businesses we serve and the types of services we offer. Each of our segments addresses a different combination of consumer groups, distribution networks and services offered. Our reportable segments are Consumer-to-Consumer and Business Solutions.

The business segment measurements provided to, and evaluated by, our 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 costs, including stock-based compensation and other overhead, are allocated to the segments primarily based on a percentage of the segments' revenue compared to total revenue.

- On January 1, 2018, we adopted an accounting pronouncement that requires the non-service costs of the defined benefit pension plan to be presented outside a subtotal of income from operations, with adoption retrospective for periods previously presented. The adoption of this standard resulted in an increase of $2.4 million and $3.3 million to operating income, respectively, for the years ended December 31, 2017 and 2016, from the amounts previously reported, and this increase was allocated among the segments in a method consistent with the original allocation of this expense. Segment results for the years ended December 31, 2017 and 2016 in the discussion and tables below have been adjusted to conform with the new presentation.

- As described above, during the year ended December 31, 2017, we recognized a non-cash goodwill impairment charge of $464.0 million related to our Business Solutions reporting unit. While the impairment was identifiable to our Business Solutions segment, it was not allocated to the segment, as it was not included in the measurement of segment operating income provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation.

- As described above, we incurred $60.0 million of expenses related to the NYDFS Consent Order during the year ended December 31, 2017, and expenses of $8.0 million and $601.0 million related to the Joint Settlement Agreements during the years ended December 31, 2017 and 2016, respectively. While these expenses were identifiable to our Consumer-to-Consumer segment, they were not allocated to the segment, as they were not included in the measurement of segment operating income provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation.

- As of December 31, 2017, expenses associated with the WU Way initiative were effectively complete. We incurred expenses related to the WU Way of $94.4 million and $20.3 million during the years ended December 31, 2017 and 2016, respectively. While certain items related to the initiative were identifiable to our segments, they were not included in the measurement of segment operating income provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on this business transformation initiative, see Part II, Item 8, *Financial Statements and Supplementary Data,* Note 4, "Business Transformation Expenses."

- All items not included in operating income are excluded from the segments.

The following table sets forth the components of segment revenues as a percentage of the consolidated totals for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,		
	2018	**2017**	**2016**
Consumer-to-Consumer	80 %	79 %	79 %
Business Solutions	7 %	7 %	7 %
Other	13 %	14 %	14 %
	100 %	100 %	100 %

Consumer-to-Consumer Segment

The following table sets forth our Consumer-to-Consumer segment results of operations for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,			% Change	
(dollars and transactions in millions)	**2018**	**2017**	**2016**	**2018 vs. 2017**	**2017 vs. 2016**
Revenues	$ 4,453.6	$ 4,354.5	$ 4,304.6	2 %	1 %
Operating income	$ 1,048.2	$ 1,004.2	$ 1,011.3	4 %	(1)%
Operating income margin	24 %	23 %	23 %		
Key indicator:					
Consumer-to-Consumer transactions	287.0	275.8	268.3	4 %	3 %

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

The geographic split for transactions and revenue in the table that follows, including transactions conducted through westernunion.com, is determined entirely based upon the region where the money transfer is initiated. Included in each region's transaction and revenue percentages in the tables below are transactions conducted through westernunion.com for the years ended December 31, 2018, 2017 and 2016, respectively. Where reported separately in the discussion below, westernunion.com consists of 100% of the transactions and revenue that are conducted through westernunion.com.

The table below sets forth revenue and transaction changes by geographic region compared to the prior year. Consumer-to-Consumer segment constant currency revenue growth/(decline) is a non-GAAP financial measure, as further discussed in "Revenues overview" above.

	Year Ended December 31, 2018				Year Ended December 31, 2017			
	Revenue Growth/ (Decline), as Reported - (GAAP)	Foreign Exchange Translation Impact	Constant Currency Revenue Growth/ (Decline) (a) - (Non-GAAP)	Transaction Growth/ (Decline)	Revenue Growth/ (Decline), as Reported - (GAAP)	Foreign Exchange Translation Impact	Constant Currency Revenue Growth/ (Decline) (a) - (Non-GAAP)	Transaction Growth/ (Decline)
Consumer-to-Consumer regional growth/(decline):								
North America (United States & Canada) ("NA")	2 %	0 %	2 %	2 %	2 %	(1)%	3 %	3 %
Europe and Russia/CIS ("EU & CIS")	7 %	3 %	4 %	8 %	1 %	(1)%	2 %	7 %
Middle East, Africa, and South Asia ("MEASA")	(5)%	(1)%	(4)%	1 %	(8)%	(1)%	(7)%	(10)%
Latin America and the Caribbean ("LACA") (b)	8 %	(11)%	19 %	14 %	22 %	(1)%	23 %	17 %
East Asia and Oceania ("APAC")	(6)%	0 %	(6)%	(1)%	(2)%	(2)%	0 %	0 %
Total Consumer-to-Consumer growth/(decline):	2 %	0 %	2 %	4 %	1 %	(1)%	2 %	3 %
westernunion.com (c)	21 %	0 %	21 %	25 %	23 %	(1)%	24 %	24 %

(a) Constant currency revenue growth assumes that revenues denominated in foreign currencies are translated to the United States dollar, net of the effect of foreign currency hedges, at rates consistent with those in the prior year.

(b) Our LACA region results were impacted by the strengthening of the United States dollar against the Argentine peso, in addition to an increase in local currency revenue per transaction, primarily due to inflation, and transaction growth in our Argentine operations for the year ended December 31, 2018.

(c) Westernunion.com revenues have also been included in each region, as described earlier.

The table below sets forth regional revenues as a percentage of our Consumer-to-Consumer revenue for the years ended December 31, 2018, 2017 and 2016.

	Year Ended December 31,		
	2018	2017	2016
Consumer-to-Consumer revenue as a percentage of segment revenue:			
NA	37 %	37 %	36 %
EU & CIS	32 %	31 %	31 %
MEASA	15 %	16 %	18 %
LACA	9 %	8 %	7 %
APAC	7 %	8 %	8 %

Westernunion.com, which is included in the regional percentages above, represented approximately 12%, 10%, and 8% of our Consumer-to-Consumer revenue for the years ended December 31, 2018, 2017 and 2016, respectively.

Our consumers transferred \$87.7 billion, \$81.8 billion, and \$80.0 billion in Consumer-to-Consumer principal for the years ended December 31, 2018, 2017 and 2016 respectively, of which \$79.9 billion, \$74.5 billion, and \$72.5 billion, respectively, related to cross-border principal, for the same corresponding periods described above.

Revenues

2018 compared to 2017

Consumer-to-Consumer money transfer revenue increased 2% on transaction growth of 4% for the year ended December 31, 2018 compared to the prior year. Constant currency revenue growth and transaction growth was driven primarily by continued growth in westernunion.com. Consumer-to-Consumer money transfer revenue was negatively impacted by net price decreases of 1% for the year ended December 31, 2018.

Our NA region experienced increased revenue of 2% for the year ended December 31, 2018 compared to the prior year and transaction growth of 2%. The increase in revenue was primarily due to transaction growth in our United States outbound services, partially offset by lower revenue generated from money transfers sent and received within the United States.

Our EU & CIS region experienced increased revenue of 7% for the year ended December 31, 2018 compared to the prior year and transaction growth of 8%. Fluctuations in the exchange rate between the United States dollar, the euro, the British pound, and other currencies, net of the impact of foreign currency hedges, positively impacted revenue by 3% for the year ended December 31, 2018. Revenue was positively impacted by transaction growth in France and Spain for the year ended December 31, 2018.

Our MEASA region experienced decreased revenue of 5% for the year ended December 31, 2018 compared to the prior year and transaction growth of 1%. Revenue for the year ended December 31, 2018 was negatively impacted by net price decreases. Additionally, fluctuations in the exchange rate between the United States dollar and other currencies negatively impacted revenue by 1% for the year ended December 31, 2018.

Our LACA region experienced increased revenue of 8% for the year ended December 31, 2018 compared to the prior year and transaction growth of 14%. Fluctuations in the exchange rate between the United States dollar and other currencies negatively impacted revenue by 11% for the year ended December 31, 2018. Revenues were negatively impacted by the strengthening of the United States dollar against the Argentine peso, partially offset by an increase in local currency revenue per transaction, primarily due to inflation, and transaction growth in certain Latin American countries, including Argentina.

Our APAC region experienced decreased revenue of 6% for the year ended December 31, 2018 compared to the prior year and a transaction decline of 1%. Revenue for the year ended December 31, 2018 was negatively impacted by mix.

We have historically implemented price reductions or price increases throughout many of our global corridors. We will likely continue to implement price reductions from time to time in response to competition and other factors. Price reductions generally reduce margins and adversely affect financial results in the short term and may also adversely affect financial results in the long term if transaction volumes do not increase sufficiently.

2017 compared to 2016

Consumer-to-Consumer money transfer revenue increased 1% on transaction growth of 3% for the year ended December 31, 2017 compared to the prior year. Fluctuations in the United States dollar compared to foreign currencies, net of the impact of foreign currency hedges, negatively impacted revenue by 1% for the year ended December 31, 2017. Fluctuations in the exchange rate between the United States dollar and other currencies, net of the impact of foreign currency hedges, resulted in a reduction to revenues for the year ended December 31, 2017 of $37.7 million compared to the previous year. Foreign currency hedges benefited revenues by $4.8 million for the year ended December 31, 2017. Constant currency revenue growth of 2% and transaction growth was driven primarily by continued growth in westernunion.com. Consumer-to-Consumer money transfer revenue was positively impacted by net price increases of 1% for the year ended December 31, 2017.

Our NA region experienced increased revenue of 2% for the year ended December 31, 2017 compared to the prior year and transaction growth of 3%. The increase in revenue was primarily due to transaction growth in our United States outbound services, including to certain LACA and MEASA countries. Revenue for the year ended December 31, 2017 was negatively impacted by transaction declines for money transfers sent and received within the United States and lower revenue generated from money transfers sent to Mexico from the United States.

Our EU & CIS region experienced increased revenue of 1% for the year ended December 31, 2017 compared to the prior year and transaction growth of 7%. Fluctuations in the exchange rate between the United States dollar, the euro, the British pound, and other currencies, net of the impact of foreign currency hedges, negatively impacted revenue by 1% for the year ended December 31, 2017. Revenue growth in the region was positively impacted by transaction growth in France but negatively impacted by geographic mix for the year ended December 31, 2017.

Our MEASA region experienced decreased revenue of 8% for the year ended December 31, 2017 compared to the prior year and a transaction decline of 10%. Fluctuations in the exchange rate between the United States dollar and other currencies negatively impacted revenue by 1% for the year ended December 31, 2017. Revenue was negatively impacted by declines in transactions from oil-producing countries, partially offset by price increases in the region for the year ended December 31, 2017.

Our LACA region experienced increased revenue of 22% for the year ended December 31, 2017 compared to the prior year and transaction growth of 17%. The increase in revenue was primarily due to growth in Argentina and other South American countries.

Our APAC region experienced decreased revenue of 2% for the year ended December 31, 2017 compared to the prior year and flat transaction growth. Fluctuations in the exchange rate between the United States dollar and other currencies, net of the impact of foreign currency hedges, negatively impacted revenue by 2% for the year ended December 31, 2017.

Operating income

2018 compared to 2017

Consumer-to-Consumer operating income increased 4% during the year ended December 31, 2018 compared to the prior year. Results for the year ended December 31, 2018 were positively impacted by the revenue increases described above, decreased bad debt expenses, and decreased employee incentive compensation expenses, partially offset by increases in other employee-related costs, marketing expenses, and other corporate costs. The change in operating margin for the year ended December 31, 2018 is due to the factors described above in addition to fluctuations between the United States dollar and other currencies, net of the impact of foreign currency hedges.

2017 compared to 2016

Consumer-to-Consumer operating income decreased 1% during the year ended December 31, 2017 compared to the prior year. Results for the year ended December 31, 2017 were impacted by increased employee incentive compensation expenses and increased marketing expenses, partially offset by the revenue increase described above. Additionally, operating income for the year ended December 31, 2017 was negatively impacted by fluctuations in the United States dollar compared to foreign currencies.

Business Solutions

The following table sets forth our Business Solutions segment results of operations for the years ended December 31, 2018, 2017 and 2016.

(dollars in millions)	Year Ended December 31, 2018	2017	2016	% Change 2018 vs. 2017	2017 vs. 2016
Revenues	$ 386.8	$ 383.9	$ 396.0	1 %	(3)%
Operating income	$ 23.4	$ 13.8	$ 21.3	70 %	(35)%
Operating income margin	6 %	4 %	5 %		

Revenues

2018 compared to 2017

For the year ended December 31, 2018 compared to the prior year, Business Solutions revenue increased 1%. Fluctuations in the exchange rate between the United States dollar and other currencies positively impacted revenue by 1% for the year ended December 31, 2018.

2017 compared to 2016

For the year ended December 31, 2017 compared to the prior year, Business Solutions revenue decreased 3%. The termination of a partner contract effective during the fourth quarter of 2016 negatively impacted revenue as compared to the prior period. During the fourth quarter of 2017, our revenue was negatively impacted by declines in Europe, particularly in the United Kingdom.

Operating income

2018 compared to 2017

For the year ended December 31, 2018, operating income and operating margin increased when compared to the prior year as a result of reductions in certain expenses, including information technology expenses and bank fees.

2017 compared to 2016

For the year ended December 31, 2017, operating income decreased when compared to the prior year as a result of increased information technology expenses and the decrease in revenues described above, partially offset by a reduction in amortization expense. The change in operating margins in the segment was due to these same factors.

Other

The following table sets forth Other results for the years ended December 31, 2018, 2017 and 2016. Other primarily includes our electronic-based and cash-based bill payment services which facilitate bill payments from consumers to businesses and other organizations.

(dollars in millions)	Year Ended December 31, 2018	2017	2016	% Change 2018 vs. 2017	2017 vs. 2016
Revenues	$ 749.5	$ 785.9	$ 722.3	(5)%	9 %
Operating income	$ 50.5	$ 84.2	$ 75.7	(40)%	11 %
Operating income margin	7 %	11 %	10 %		

Revenues

2018 compared to 2017

For the year ended December 31, 2018 compared to the prior year, Other revenue decreased 5% primarily due to the strengthening of the United States dollar against foreign currencies, including the Argentine peso, which negatively impacted revenue growth by 14% for the year ended December 31, 2018. The decrease for the year ended December 31, 2018 was partially offset by an increase in local currency revenue per transaction, primarily due to inflation, and transaction growth in our Argentina cash-based bill payment services. Additionally, revenue decreased for the year ended December 31, 2018 due to a decrease in our United States electronic bill payments services.

2017 compared to 2016

For the year ended December 31, 2017 compared to the prior year, Other revenue increased 9% primarily due to growth in our United States electronic bill payments and Argentina cash-based bill payments. The strengthening of the United States dollar against foreign currencies, primarily the Argentine peso, negatively impacted revenue growth by 3% for the year ended December 31, 2017.

Operating income

2018 compared to 2017

For the year ended December 31, 2018, the decrease in Other operating income is primarily due to the revenue decreases described above, increased other corporate costs related to strategic initiatives, and increased bank fees in our United States electronic bill payment services. The changes in operating margins were also due to these factors.

2017 compared to 2016

For the year ended December 31, 2017, Other operating income increased due to the revenue increase described above and information technology efficiencies, partially offset by increased bank fees in our United States electronic bill payments and increased employee incentive compensation expenses. The bank fees were impacted by increased credit card usage from our customers. The changes in operating margins were also due to these factors.

Capital Resources and Liquidity

Our primary source of liquidity has been cash generated from our operating activities, primarily from net income and fluctuations in working capital. Our working capital is affected by the timing of interest payments on our outstanding borrowings and timing of income tax payments, among other items. The 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. The annual payments of our 2017 United States federal tax liability, as further described below, are due in the second quarter of each year through 2025.

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

Substantially all of our cash flows from operating activities have been generated from subsidiaries. Most of these cash flows are generated from our regulated subsidiaries. Our regulated subsidiaries may transfer all excess cash to the parent company for general corporate use, except for assets subject to legal or regulatory restrictions, including: (1) requirements to maintain cash and other qualifying investment balances, free of any liens or other encumbrances, related to the payment of certain of our money transfer and other payment obligations, (2) other legal or regulatory restrictions, including statutory or formalized minimum net worth requirements, and (3) restrictions on transferring assets outside of the countries where these assets are located. See also Part II, Item 8, *Financial Statements and Supplementary Data*, Note 1, "Business and Basis of Presentation," in this Annual Report on Form 10-K.

We currently believe we have adequate liquidity to meet our business needs, including payments under our debt and other obligations, through our existing cash balances, our ability to generate cash flows through operations, and our $1.5 billion revolving credit facility ("Revolving Credit Facility"), which expires in January 2024 and supports our commercial paper program. Our commercial paper program enables us to issue unsecured commercial paper notes in an amount not to exceed $1.5 billion outstanding at any time, reduced to the extent of any borrowings outstanding on our Revolving Credit Facility. As of December 31, 2018, we had no outstanding borrowings on our Revolving Credit Facility and $125.0 million of outstanding borrowings on the commercial paper program.

To help ensure availability of our worldwide cash where needed, we utilize a variety of planning and financial strategies, including decisions related to the amounts, timing and manner by which cash is made available from our international subsidiaries. While we no longer incur material additional United States taxes as a result of repatriations of foreign profits under the Tax Act, we are also subject to foreign tax laws, and as a result, these decisions can influence our overall tax rate and impact our total liquidity. We regularly evaluate, taking tax consequences and other factors into consideration, our United States cash requirements and also the potential uses of cash internationally to determine the appropriate level of dividend repatriations of our foreign source income.

Cash and Investment Securities

As of December 31, 2018 and 2017, we had cash and cash equivalents of $973 million and $838 million, respectively. In many cases, we receive funds from money transfers and certain other payment services before we settle the payment of those transactions. These funds, referred to as "Settlement assets" on our Consolidated Balance Sheets, are not used to support our operations. However, we earn income from investing these funds. We maintain a portion of these settlement assets in highly liquid investments, classified as "Cash and cash equivalents" within "Settlement assets," to fund settlement obligations.

Investment securities, classified within "Settlement assets," were $1.2 billion and $1.4 billion as of December 31, 2018 and 2017, respectively, and consist primarily of highly-rated state and municipal debt securities, including fixed rate term notes and variable rate demand notes. The substantial majority of our investment securities are held in order to comply with state licensing requirements in the United States and are required to have credit ratings of "A-" or better from a major credit rating agency.

Investment securities are exposed to market risk due to changes in interest rates and credit risk. We regularly monitor credit risk and attempt to mitigate our exposure by investing in highly-rated securities and diversifying our investment portfolio. Our investment securities are also actively managed with respect to concentration. As of December 31, 2018, all investments with a single issuer and each individual security were less than 10% of our investment securities portfolio.

Cash Flows from Operating Activities

During the years ended December 31, 2018, 2017 and 2016, cash provided by operating activities was $821.3 million, $742.0 million and $1,041.9 million, respectively. Cash provided by operating activities during the year ended December 31, 2018 was negatively impacted by approximately $120 million of payments related to an agreement with the IRS resolving substantially all of the issues related to our restructuring of our international operations in 2003, as further described in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 11, "Income Taxes," $64 million of payments related to tax on certain of our previously undistributed foreign earnings associated with the Tax Act, a $60 million payment related to the NYDFS Consent Order and payments related to our business transformation initiative as discussed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 4, "Business Transformation Expenses." Cash provided by operating activities during the year ended December 31, 2017 was impacted by cash payments of $591 million pursuant to the Joint Settlement Agreements and payments related to our business transformation initiative.

Financing Resources

As of December 31, 2018, we had the following outstanding borrowings (in millions):

Commercial paper	$ 125.0
Notes:	
3.350% notes due 2019 (a)	250.0
Floating rate notes (effective rate of 3.7%) due 2019	250.0
5.253% notes (effective rate of 5.9%) due 2020	324.9
3.600% notes due 2022 (a)	500.0
4.250% notes (effective rate of 4.5%) due 2023 (b)	300.0
6.200% notes due 2036 (a)	500.0
6.200% notes due 2040 (a)	250.0
Term loan facility borrowing (effective rate of 3.8%) (c)	950.0
Total borrowings at par value	3,449.9
Fair value hedge accounting adjustments, net (d)	(0.1)
Debt issuance costs and unamortized discount, net	(16.1)
Total borrowings at carrying value (e)	$ 3,433.7

(a) The difference between the stated interest rate and the effective interest rate is not significant.

(b) On June 11, 2018, we issued $300.0 million of aggregate principal amount of 4.250% unsecured notes due in 2023 ("2023 Notes").

(c) On December 18, 2018, we entered into an amended and restated term loan facility providing for up to $950 million in borrowings and extending the final maturity of the facility to January 2024 (the "Term Loan Facility"). As of December 31, 2018, we have borrowed the remaining amounts available under the facility.

(d) We utilize interest rate swaps designated as fair value hedges to effectively change the interest rate payments on a portion of our notes from fixed-rate payments to short-term LIBOR-based variable rate payments in order to manage our overall exposure to interest rates. The changes in fair value of these interest rate swaps result in an offsetting hedge accounting adjustment recorded to the carrying value of the related note. These hedge accounting adjustments will be reclassified as reductions to or increases in "Interest expense" in the Consolidated Statements of Income/(Loss) over the life of the related notes and cause the effective rate of interest to differ from the notes' stated rate.

(e) As of December 31, 2018, our weighted-average effective rate on total borrowings was approximately 4.5%.

Commercial Paper Program

Pursuant to our commercial paper program, we may issue unsecured commercial paper notes in an amount not to exceed $1.5 billion outstanding at any time, reduced to the extent of borrowings outstanding on our Revolving Credit Facility. 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. As of December 31, 2018 and 2017, we had $125.0 million and no commercial paper borrowings outstanding, respectively. Our commercial paper borrowings as of December 31, 2018 had a weighted-average annual interest rate of approximately 2.9% and a weighted-average term of approximately 3 days. During the years ended December 31, 2018, 2017 and 2016, the average commercial paper balance outstanding was $115.1 million, $69.6 million, and $14.6 million, respectively, and the maximum balance outstanding was $570.0 million, $610.0 million, and $440.0 million, respectively. Proceeds from our commercial paper borrowings were used for general corporate purposes and working capital needs.

Revolving Credit Facility

On December 18, 2018, we entered into a credit agreement which expires in January 2024 providing for unsecured financing facilities in an aggregate amount of $1.5 billion, including a $250.0 million letter of credit sub-facility.

Interest due under the Revolving Credit Facility is fixed for the term of each borrowing and is payable according to the terms of that borrowing. Generally, interest is calculated using a selected LIBOR rate plus an interest rate margin of 110 basis points. A facility fee of 15 basis points is also payable quarterly on the total facility, regardless of usage. Both the interest rate margin and facility fee percentage are based on certain of our credit ratings.

The purpose of our Revolving Credit Facility, which is diversified through a group of 19 participating institutions, is to provide general liquidity and to support our commercial paper program, which we believe enhances our short-term credit rating. The largest commitment from any single financial institution within the total committed balance of $1.5 billion is approximately 11%. As of December 31, 2018 and 2017, we had no outstanding borrowings under our current or prior revolving credit facilities. 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 Facility

On December 18, 2018, we extended the Term Loan Facility providing for an unsecured delayed draw term loan facility in an aggregate amount of $950 million. In October 2016, we borrowed $575 million under our prior term loan facility and used the proceeds, in addition to cash, including cash generated from operations, and proceeds from commercial paper borrowings in October 2016 to repay our notes due in October 2016. In December 2018, we borrowed the remaining amount available under the facility, with proceeds from the borrowings expected to be used for general corporate purposes.

Generally, interest under the Term Loan Facility is calculated using a selected LIBOR rate plus an interest rate margin of 125 basis points. The interest rate margin percentage is based on certain of our credit ratings and will increase or decrease in the event of certain upgrades or downgrades in our credit ratings.

In addition to the payment of interest, we are required to make certain periodic amortization payments with respect to the outstanding principal of the term loan, beginning in 2021. The final maturity date of the Term Loan Facility is January 8, 2024.

Under the terms of the prior term loan facility, we were required to make certain amortization payments with respect to the outstanding principal of the prior term loan. For the year ended December 31, 2018, we made amortization payments of $14.4 million prior to the extension of the term loan agreement.

Notes

On June 11, 2018, we issued $300.0 million of aggregate principal amount of unsecured notes due June 9, 2023. Interest with respect to the 2023 Notes is payable semi-annually in arrears on June 9 and December 9 of each year, beginning on December 9, 2018, based on the per annum rate of 4.250%. The interest rate payable on the 2023 Notes will be increased if the debt rating assigned to the note is downgraded by an applicable credit rating agency, beginning at a downgrade below investment grade. However, in no event will the interest rate on the 2023 Notes exceed 6.250% per annum. The interest rate payable on the 2023 Notes may also be adjusted downward for debt rating upgrades subsequent to any debt rating downgrades but may not be adjusted below 4.250% per annum. We may redeem the 2023 Notes, in whole or in part, at any time prior to May 9, 2023 at the greater of par or a price based on the applicable treasury rate plus 25 basis points. We may redeem the 2023 Notes at any time after May 9, 2023 at a price equal to par, plus accrued interest.

On August 22, 2017, we issued $250.0 million of aggregate principal amount of unsecured floating rate notes due May 22, 2019 (“Floating Rate Notes”). We used the net proceeds from the sale of the Floating Rate Notes for general corporate purposes, including to fund a portion of the 2017 notes that matured in December 2017. Interest with respect to the Floating Rate Notes is payable quarterly on each February 22, May 22, August 22 and November 22, beginning November 22, 2017, at a per annum interest rate equal to the three-month LIBOR plus 80 basis points (reset quarterly). We may not redeem the Floating Rate Notes prior to maturity.

On March 15, 2017, we issued $400.0 million of aggregate principal amount of unsecured notes due March 15, 2022. On August 22, 2017, we issued an additional $100.0 million of aggregate principal amount of unsecured notes due March 15, 2022, for an aggregate principal total of $500.0 million of 3.600% unsecured notes ("2022 Notes"). The notes issued on August 22, 2017 are part of the same series and, accordingly, have the same terms and conditions as the notes issued on March 15, 2017; however, the notes issued on August 22, 2017 were issued at a premium of 101.783% and we received $1.57 million of accrued interest upon issuance. We used the net proceeds from the August 22, 2017 sale of the notes, excluding the accrued interest received, for general corporate purposes, including to fund a portion of the notes that matured in December 2017. Interest with respect to the 2022 Notes is payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2017, based on the per annum rate of 3.600%. The interest rate payable on the 2022 Notes will be increased if the debt rating assigned to the note is downgraded by an applicable credit rating agency, beginning at a downgrade below investment grade. However, in no event will the interest rate on the 2022 Notes exceed 5.600% per annum. The interest rate payable on the 2022 Notes may also be adjusted downward for debt rating upgrades subsequent to any debt rating downgrades but may not be adjusted below 3.600% per annum. We may redeem the 2022 Notes at any time prior to February 15, 2022 at the greater of par or a price based on the applicable treasury rate plus 25 basis points. We may redeem the 2022 Notes at any time after February 15, 2022 at a price equal to par, plus accrued interest.

On November 22, 2013, we issued $250.0 million of aggregate principal amount of unsecured notes due May 22, 2019 ("2019 Notes"). Interest with respect to the 2019 Notes is payable semi-annually in arrears on May 22 and November 22 of each year, beginning on May 22, 2014, based on the fixed per annum rate of 3.350%. The interest rate payable on the 2019 Notes will be increased if the debt rating assigned to the note is downgraded by an applicable credit rating agency, beginning at a downgrade below investment grade. However, in no event will the interest rate on the 2019 Notes be increased by more than 2.00% above 3.350% per annum. The interest rate payable on the 2019 Notes may also be adjusted downward for debt rating upgrades subsequent to any debt rating downgrades but may not be adjusted below 3.350% per annum. We may redeem the 2019 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 30 basis points.

On December 10, 2012, we issued $500.0 million of aggregate principal amounts of unsecured notes due December 10, 2017 ("2017 Notes"). In December 2017, the 2017 Notes matured and were repaid.

On August 22, 2011, we issued $400.0 million of aggregate principal amount of unsecured notes due August 22, 2018 ("2018 Notes"). In August 2018, the 2018 Notes matured and were repaid.

On June 21, 2010, we issued $250.0 million of aggregate principal amount of unsecured notes due June 21, 2040 ("2040 Notes"). Interest with respect to the 2040 Notes is payable semi-annually on June 21 and December 21 each year based on the fixed per annum rate of 6.200%. We may redeem the 2040 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 30 basis points.

On March 30, 2010, we exchanged $303.7 million of aggregate principal amount of unsecured notes due November 17, 2011 for unsecured notes due April 1, 2020 ("2020 Notes"). Interest with respect to the 2020 Notes is payable semi-annually on April 1 and October 1 each year based on the fixed per annum rate of 5.253%. In connection with the exchange, note holders were given a 7% premium ($21.2 million), which approximated market value at the exchange date, as additional principal. As this transaction was accounted for as a debt modification, this premium was not charged to expense. Rather, the premium, along with the offsetting hedge accounting adjustments, will be accreted into "Interest expense" over the life of the notes. We may redeem the 2020 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.

On November 17, 2006, we issued $500.0 million of aggregate principal amount of unsecured notes due November 17, 2036 ("2036 Notes"). Interest with respect to the 2036 Notes is payable semi-annually on May 17 and

November 17 each year based on the fixed per annum rate of 6.200%. We may redeem the 2036 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 25 basis points.

On September 29, 2006, we issued $1.0 billion of aggregate principal amount of unsecured notes maturing on October 1, 2016 (“2016 Notes”). In October 2016, the 2016 Notes matured and were repaid.

Credit Ratings and Debt Covenants

The credit ratings on our debt are an important consideration in our overall business, 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 the overall business.

Our Revolving Credit Facility and our Term Loan Facility contain interest rate margins which are determined based on certain of our credit ratings, and our Revolving Credit Facility also contains a facility fee that is based on our credit ratings. In addition, the interest rates payable on our 2019 Notes, 2022 Notes and 2023 Notes can be impacted by our credit ratings. We are also subject to certain provisions in many of our notes and certain of our derivative contracts, which could require settlement or collateral posting in the event of a change in control combined with a downgrade below investment grade, as further described below. We do not have any other terms within our debt agreements that are tied to changes in our credit ratings.

The Revolving Credit Facility and Term Loan Facility contain covenants, subject to certain exceptions, that, among other things, limit or restrict our ability to sell or transfer assets or merge or consolidate with another company, grant certain types of security interests, incur certain types of liens, impose restrictions on subsidiary dividends, enter into sale and leaseback transactions, incur certain subsidiary level indebtedness, or use proceeds in violation of anti-corruption or anti-money laundering laws. Our notes are subject to similar covenants except that only the 2020 Notes and the 2036 Notes contain covenants limiting or restricting subsidiary indebtedness and none of our notes are subject to a covenant that limits our ability to impose restrictions on subsidiary dividends. Our Revolving Credit Facility and Term Loan Facility require us to maintain a consolidated adjusted EBITDA interest coverage ratio of greater than 3:1 (ratio of consolidated adjusted EBITDA, defined as net income/(loss) 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 charges made in determining net income/(loss) for such period; and (f) extraordinary, non-recurring, or unusual losses or charges (including costs and expenses of litigation included in operating income), minus extraordinary, non-recurring or unusual gains provided that the amount added back to net income (or net loss) for such extraordinary, non-recurring or unusual losses, expenses or charges may not exceed 10% of adjusted EBITDA, in each case determined in accordance with United States generally accepted accounting principles 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, 2018.

For the year ended December 31, 2018, 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.

Certain of our notes (including the Floating Rate Notes, 2019 Notes, 2022 Notes, 2023 Notes and 2040 Notes) include a change of control triggering event provision, as defined in the terms of the notes. If a change of control triggering event occurs, holders of the notes may require us to repurchase some or all of their notes at a price equal to 101% of the principal amount of their notes, plus any accrued and unpaid interest. A change of control triggering event will occur when there is a change of control involving us and among other things, within a specified period in relation to the change of control, the notes are downgraded from an investment grade rating to below an investment grade rating by all three major credit rating agencies.

Cash Priorities

Liquidity

Our objective is to maintain strong liquidity and a capital structure consistent with investment-grade credit ratings. We have existing cash balances, cash flows from operating activities, access to the commercial paper markets and our 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 $339.0 million, $177.1 million and $229.8 million in 2018, 2017 and 2016, respectively. Amounts paid for new and renewed agent contracts vary depending on the terms of existing contracts as well as the timing of new and renewed contract signings. Other capital expenditures during these periods included investments in our information technology infrastructure, purchased and developed software, and, primarily in 2018, leasehold improvements related to our corporate headquarters.

Share Repurchases and Dividends

During the years ended December 31, 2018, 2017 and 2016, 20.2 million, 24.9 million and 24.8 million shares, respectively, were repurchased for $399.2 million, $487.0 million and $481.3 million, respectively, excluding commissions, at an average cost of $19.81, $19.55 and $19.41 per share, respectively. As of December 31, 2018, $544.2 million remained available under a share repurchase authorization approved by our Board of Directors through December 31, 2019.

Our Board of Directors declared quarterly cash dividends of $0.19 per common share in all four quarters of 2018, representing $341.7 million in total dividends. Our Board of Directors declared quarterly cash dividends of $0.175 per common share in all four quarters of 2017 and $0.16 per common share in all four quarters of 2016, representing $325.6 million and $312.2 million, respectively, in total dividends. These amounts were paid to shareholders of record in the respective quarter the dividend was declared.

On February 7, 2019, the Board of Directors declared a quarterly cash dividend of $0.20 per common share payable on March 29, 2019.

Debt Service Requirements

Our 2019 and future debt service requirements will include payments on all outstanding indebtedness. In May 2019, our 2019 Notes of $250.0 million and Floating Rate Notes of $250.0 million will mature. We plan to fund these maturities from the proceeds from the Term Loan, commercial paper and cash, including cash generated from operations.

2017 United States Federal Tax Liability

As previously discussed, the Tax Act imposed a tax on certain of our previously undistributed foreign earnings. This tax charge, combined with our other 2017 United States taxable income and tax attributes, resulted in a 2017 United States federal tax liability of approximately $800 million, which we have elected to pay in periodic installments through 2025. During the year ended December 31, 2018, we made installment payments of $64 million. Under the terms of the law, we are required to pay the remaining installment payments as summarized in “Contractual Obligations” below. These payments have affected and will continue to adversely affect our cash flows and liquidity and may adversely affect future share repurchases.

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

Off-Balance Sheet Arrangements

Other than facility and equipment leasing arrangements disclosed in Part II, Item 8, *Financial Statements and Supplementary Data*, Note 13, “Operating Lease Commitments,” 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 Plan

We have a frozen defined benefit pension plan (“Plan”), for which we had a recorded unfunded pension obligation of $16.0 million and $15.0 million as of December 31, 2018 and 2017, respectively. We were not required to and did not make a contribution to the Plan during the years ended December 31, 2018 and 2017, and we are not required to make any contributions to the Plan in 2019.

Our most recent measurement date for our pension plan was December 31, 2018. The calculation of the funded status and net periodic benefit cost is dependent upon three primary assumptions: 1) expected long-term return on plan assets; 2) discount rate; and 3) life expectancy trends.

The expected long-term return on plan assets is 6.50% for 2019. As of our December 31, 2018 measurement date, pension plan target allocations were approximately 60% in fixed income, 20% in equity investments, and 20% in alternative investment strategies (e.g. hedge funds, royalty rights, and private equity funds). Hedge fund strategy types include, but are not limited to: equity long/short, commodities/currencies, event driven, relative value, and multi-strategy. 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 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 Plan 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 3.79% and 3.11% as of December 31, 2018 and 2017, respectively. A 100 basis point change to both the discount rate and long-term rate of return on plan assets would not have a material impact to our annual pension expense.

The assumptions related to life expectancy are used to estimate the expected period over which pension benefits will be required to be paid. Projections used for life expectancy are based on mortality tables and mortality improvement tables, which are statistical tables of expected annual mortality rates and expected future mortality improvements, respectively. We utilize a mortality table that we believe best aligns with the underlying demographics and census data of the Plan participants.

Contractual Obligations

The following table summarizes our contractual obligations to third parties as of December 31, 2018 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
Items related to amounts included on our balance sheet:					
Borrowings, including interest (a)	$ 4,665.6	$ 765.2	$ 603.1	$ 1,126.8	$ 2,170.5
2017 United States federal income taxes (including Tax Act taxes on certain previously undistributed foreign earnings) (b)	732.0	64.0	128.0	183.0	357.0
Unrecognized tax benefits (c)	316.0	—	—	—	—
Foreign currency and interest rate derivative contracts (d)	176.2	159.4	16.6	0.2	—
Other	22.5	15.2	6.3	1.0	—
Other Contractual Obligations:					
Purchase obligations (e)	164.6	84.7	75.6	3.6	0.7
Operating leases	300.3	51.6	79.5	56.6	112.6
Total	$ 6,377.2	$ 1,140.1	$ 909.1	$ 1,371.2	$ 2,640.8

(a) We have estimated our interest payments based on (i) the assumption that no debt issuances or renewals will occur upon the maturity dates of our notes and (ii) an estimate of future interest rates on our interest rate swap agreements based on projected LIBOR rates. However, we may refinance all or a portion of our notes maturing in 2019.

(b) Represents the remaining 2017 United States federal tax liability resulting from the Tax Act, which imposed United States tax on certain of our previously undistributed foreign earnings. Under the terms of the law, we have elected to pay this liability in periodic installments through 2025.

(c) Unrecognized tax benefits include associated interest and penalties. The timing of related cash payments for substantially all of these liabilities is inherently uncertain because the ultimate amount and timing of such liabilities is affected by factors which are variable and outside our control.

(d) Represents the liability position of our foreign currency and interest rate derivative contracts as of December 31, 2018, which will fluctuate based on market conditions.

(e) 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.

Other Commercial Commitments

We had approximately $265 million in outstanding letters of credit and bank guarantees as of December 31, 2018 that are primarily held in connection with safeguarding consumer funds, lease arrangements, and certain agent agreements. The letters of credit and bank guarantees have expiration dates through 2024, with many having a one-year renewal option. We expect to renew the letters of credit and bank guarantees prior to expiration in most circumstances.

Critical Accounting Policies and Estimates

Management's discussion and analysis of results of operations and financial condition is based on our consolidated financial statements that have been prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of these consolidated 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 Part II, Item 8, *Financial Statements and Supplementary Data,* Note 2, "Summary of Significant Accounting Policies."

Our critical accounting policies and estimates, described below, are very important to the portrayal of our financial condition 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.

Income Taxes

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.

The determination of our worldwide provision for income taxes requires significant judgment. We routinely receive, and may in the future receive, questions from taxing authorities on various tax-related assertions. In many of these instances, the ultimate tax determination is uncertain, given the complexities in interpreting tax laws and applying our facts and circumstances to these laws in many jurisdictions throughout the world.

Income tax contingencies

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.

We have established contingency reserves for a variety of material, known tax exposures. Our tax reserves reflect our judgment as to the resolution of the issues involved if subject to judicial review or other settlement. While we believe 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 the facts and circumstances (i.e., new information) surrounding a tax issue and (ii) any difference from our tax position as recorded in the consolidated financial statements and the final resolution of a tax issue during the period.

Our tax contingency reserves for our uncertain tax positions as of December 31, 2018 were $306.8 million, including accrued interest and penalties, net of related items. 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 differs from our estimates, we may be exposed to material increases in income tax expense, which could materially impact our financial condition, results of operations and cash flows.

Derivative Financial Instruments

We use derivatives to (a) minimize our exposures related to changes in foreign currency exchange rates and interest rates and (b) facilitate cross-currency Business Solutions payments by writing derivatives to customers. 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.

- Cash flow hedges - Cash flow hedges consist of foreign currency hedging of forecasted revenues, as well as hedges of the forecasted issuance of fixed rate debt. Derivative fair value changes that are captured in "Accumulated other comprehensive loss" are reclassified to earnings in the same period the hedged item affects earnings when the instrument is effective in offsetting the change in cash flows attributable to the risk being hedged. As discussed in Part II, Item 8, *Financial Statements and Supplementary Data,* Note 2, "Summary of

Significant Accounting Policies," we early adopted an accounting pronouncement related to hedging activities as of January 1, 2018. As a result of the new accounting pronouncement, for foreign currency cash flow hedges entered into on or after January 1, 2018, we exclude time value from the assessment of effectiveness, and the initial value of the excluded components is amortized into "Revenues" within our Consolidated Statements of Income/(Loss). For foreign currency cash flow hedges entered into before January 1, 2018, all changes in the fair value of the excluded components are recognized immediately in "Revenues" for the year ended December 31, 2018. For the years ended December 31, 2017 and 2016, the changes in fair value of the excluded components were recognized immediately within our Consolidated Statements of Income/(Loss) and are included in "Other income, net."

- 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 attributable to changes in the benchmark interest rate, are recorded in "Interest expense."

The accounting guidance related to derivative accounting is complex and contains strict documentation requirements. 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 and how effectiveness is being assessed. 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. If the hedge is no longer deemed effective, we discontinue applying hedge accounting to that relationship prospectively.

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. As of December 31, 2018, the cumulative pre-tax unrealized gains classified within accumulated other comprehensive income from such cash flow hedges that would be reflected in earnings if our hedges were disqualified from hedge accounting was $6.1 million. As of December 31, 2018, 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 $0.1 million loss.

Other Intangible Assets

We capitalize acquired intangible assets as well as certain initial payments for new and renewed agent contracts and software. We evaluate such intangible assets for impairment on an annual basis or whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. In such reviews, estimated undiscounted cash flows associated with these assets or operations are compared with their carrying amounts to determine if a write-down to fair value (normally measured by the present value technique) is required.

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 amount to capitalize and the related period of benefit. 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. Additionally, 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.

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. If an event described above occurs and causes us to determine that an asset has been impaired, that could result in an impairment charge. The net carrying value of our other intangible assets as of December 31, 2018 was $598.2 million. During the years ended December 31, 2018, 2017 and 2016 we recorded immaterial impairments related to other intangible assets.

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. An impairment assessment of goodwill is conducted annually during the Company's fourth quarter at the reporting unit level. This assessment of goodwill is performed more frequently if events or changes in circumstances indicate that the carrying value of the goodwill may not be recoverable. Reporting units are determined by the level at which management reviews segment operating results. In some cases, that level is the operating segment and in others it is one level below the operating segment.

Our impairment assessment typically begins with a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. The initial qualitative assessment includes comparing the overall financial performance of the reporting units against the planned results. Additionally, each reporting unit's fair value is assessed under certain events and circumstances, including macroeconomic conditions, industry and market considerations, cost factors, and other relevant entity-specific events. Periodically, we perform a quantitative assessment, as described below, for each of our reporting units, regardless of the results of prior qualitative assessments.

If we determine in the qualitative assessment that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then we estimate the fair value of the reporting unit using discounted cash flows and compare the estimated fair value to its carrying value. If the carrying value exceeds the fair value of the reporting unit, then an impairment is recognized for the difference. Refer to Part II, Item 8, *Financial Statements and Supplementary Data*, Note 2, "Summary of Significant Accounting Policies," for further discussion regarding our accounting policies for goodwill and any related impairments.

The determination of the reporting units and which reporting units to include in the qualitative assessment requires significant judgment. Also, all of the assumptions used in the qualitative assessment require judgment. Additionally, for the quantitative goodwill impairment test, we calculate the fair value of reporting units 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. Development of such estimates and assumptions and the resultant fair value takes into consideration expected regulatory, marketplace, and other economic factors as well as relevant discount rates and terminal values.

We could be required to evaluate the recoverability of goodwill if we experience disruptions to the business, unexpected significant declines in operating results, a divestiture of a significant component of our business, or other triggering events. In addition, as our business or the way we manage our business changes, our reporting units may also change. If an event described above occurs and causes us to recognize a goodwill impairment charge, it would impact our reported earnings in the period such charge occurs.

The carrying value of goodwill as of December 31, 2018 was $2,725.0 million which represented approximately 30% of our consolidated assets. As of December 31, 2018, goodwill of $1,980.7 million and $532.0 million resides in our Consumer-to-Consumer and Business Solutions reporting units, respectively, while the remaining $212.3 million resides in Other. For the year ended December 31, 2018, we did not record any goodwill impairments. For the reporting units that comprise Consumer-to-Consumer and Other, the fair value of the businesses significantly exceed their carrying amounts.

The fair value of the Business Solutions reporting unit continues to be sensitive to changes in projections for revenue growth rates and EBITDA margins. Our current expectation is for Business Solutions to average low to mid-single digit annual revenue growth over the 10-year forecast period, with EBITDA margins dependent on revenue growth. Our ability to achieve the projected revenue growth and EBITDA margins may be affected by, amongst other factors, (a) pricing and product competition from direct competitors, banks and new market entrants; (b) our success and speed to market in developing new products; (c) the foreign exchange impact from revenues generated in currencies other than the United States dollar; (d) increased regulatory compliance requirements; (e) our ability to enter relationships with partners that can accelerate our time to market; (f) failure of long-term import growth rates returning to historic levels; (g) our ability to continue to maintain our payment network and bank account infrastructure; (h) foreign currency volatility impacts on customer activity; and (i) continued opportunities for cost reduction. Based on assumptions used within the Business Solutions reporting unit valuation, we believe a decrease of 50 basis points in the ten-year compound annual growth rate of revenue (also reflecting the assumed impact such a reduction would have on EBITDA margins) would result in a reduction in the fair value of the Business Solutions reporting unit of approximately $130 million. Such a reduction would result in the fair value approximating the carrying value of the reporting unit.

During the year ended December 31, 2017, we recorded a non-cash goodwill impairment charge of $464.0 million related to our Business Solutions reporting unit, as the estimated fair value of the reporting unit declined below its carrying value. The reduction in estimated fair value primarily resulted from a decrease in projected revenue growth rates and EBITDA margins and the impact of the Tax Act. Revenue and EBITDA projections were reevaluated during the year ended December 31, 2017 due to the declines in revenues and operating results recognized in the fourth quarter of 2017, which were significantly below management's expectations. Additionally, as disclosed in prior Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, the total estimated fair value of the Business Solutions reporting unit previously included value derived from strategies to optimize United States cash flow management and global liquidity by utilizing international cash balances (including balances generated by other operating segments) to initially fund global principal payouts for Business Solutions transactions initiated in the United States ("Cash Management Strategies") that would have been available to certain market participants. However, the December 2017 enactment of the Tax Act, which imposed a tax on certain previously undistributed foreign earnings and established minimum taxes on certain future payments and foreign earnings, eliminated any fair value associated with the Cash Management Strategies.

We did not record any goodwill impairments during the year ended December 31, 2016.

Legal Contingencies

We are subject to certain claims and litigation that could result in losses, including damages, fines and/or civil penalties, which could be significant, and in some cases, criminal charges. We regularly evaluate the status of legal matters to assess whether a loss is probable and reasonably estimable in determining whether an accrual is appropriate. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. When a potential loss is considered probable and the reasonable estimate is a range, we accrue on the low end of the range when no amount is a better estimate than any other amount.

Significant judgment is required in determining whether a loss is probable and whether the loss can be reasonably estimated, including determining a loss value within a range. Our judgments are subjective and are based on considerations such as the status of the legal or regulatory proceedings, the merits of our defenses and consultations with in-house and outside legal counsel. As the outcome of claims and litigation is uncertain, accruals are based on the best information available at the time the judgment is made. As additional information becomes available, which may include information we learn through the discovery process, settlement discussions, or rulings by courts, arbitrators or others, we reassess the potential liability related to pending claims and litigation and may revise our estimates.

In determining whether disclosure is appropriate, we evaluate each legal matter to assess if there is at least a reasonable possibility that a material loss or additional material loss may have been incurred beyond those amounts which we have already accrued. If such a reasonable possibility exists, we include an estimate of possible loss or range of loss in our disclosure of reasonably possible potential litigation losses or we state if such an estimate of possible loss or range of loss cannot be made.

Due to the inherent uncertainties of the legal and regulatory process in the multiple jurisdictions in which we operate and to the varied range of potential outcomes, the actual outcomes may differ materially from our judgments.

Recent Accounting Pronouncements

Refer to Part II, Item 8, *Financial Statements and Supplementary Data*, Note 2, "Summary of Significant Accounting Policies" for further discussion.

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

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

We have bill payment, money transfer, and other operations in Argentina, which together represented less than 5% of our total consolidated revenues for the years ended December 31, 2018, 2017 and 2016. The strengthening of the United States dollar against the Argentine peso has had adverse impacts on our historical results of operations and cash flows, as our Argentine peso-denominated revenue and operating income have been reduced when translated into United States dollars for inclusion in our financial statements. Additionally, beginning in the third quarter of 2018, we reflected the impact of all changes in the value of the Argentine peso on our monetary assets and liabilities in net income, given Argentina’s status as a highly inflationary economy. Prior to the third quarter of 2018, changes in the Argentine peso exchange rate were reflected in net income for our money transfer operations, whereas these effects were reflected in other comprehensive income for our bill payment operations. This designation did not have a material impact on our financial position and results of operations during the year ended December 31, 2018. To mitigate the risks associated with fluctuations in the value of the Argentine peso, we manage our working capital balances to have minimal net monetary assets denominated in the Argentine peso. Furthermore, the impact on our results of operations from potential declines in the value of Argentine peso may be limited because of fee increases we implement that correspond to inflation in Argentina.

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

As of December 31, 2018 and 2017, a hypothetical uniform 10% strengthening or weakening in the value of the United States dollar relative to all other currencies in which our net income/(loss) is generated would have resulted in a decrease/increase to pre-tax annual income of approximately $30 million and $35 million, respectively, based on our forecast of unhedged exposure to foreign currency at those dates. There are inherent limitations in this sensitivity analysis, primarily due to the following assumptions: (a) that foreign exchange rate movements are linear and instantaneous, (b) that fixed exchange rates between certain currency pairs are retained, (c) that the unhedged exposure is static, and (d) that we would not hedge any additional exposure. As a result, the analysis is unable to reflect the potential effects of more complex market changes that could arise, which may positively or negatively affect income/(loss).

Interest Rates

We invest in several types of interest-bearing assets, with a total value as of December 31, 2018 of approximately $2.3 billion. Approximately $1.3 billion of these assets bear interest at floating rates and are therefore sensitive to changes in interest rates. These assets primarily include cash in banks, money market instruments, and state and municipal variable rate securities and are included in our Consolidated Balance Sheets within "Cash and cash equivalents" and "Settlement assets." To the extent these assets are held in connection with money transfers and other related payment services awaiting redemption, they are classified as "Settlement assets." Earnings on these investments will increase and decrease with changes in the underlying short-term interest rates.

The remainder of our interest-bearing assets primarily consists of highly-rated state and municipal debt securities which are fixed rate term notes. These investments may include investments made from cash received from our money order services, money transfer business, and other related payment services awaiting redemption classified within "Settlement assets" in the 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' deficit" on our Consolidated Balance Sheets.

As of December 31, 2018, we had a total of approximately $1.4 billion of borrowings, not including commercial paper, that are subject to floating interest rates. Our Floating Rate Notes had an outstanding balance of $250.0 million as of December 31, 2018 and had an effective interest rate of 3.7% or 80 basis points above three-month LIBOR. In addition, as of December 31, 2018, a total of $175.0 million of our fixed-rate borrowings at par value are effectively floating rate debt through interest rate swap agreements, changing this fixed-rate debt to LIBOR-based floating rate debt, with weighted-average spreads of approximately 325 basis points above LIBOR. Finally, interest on $950 million borrowed under our Term Loan Facility is calculated using a selected LIBOR rate plus an interest rate margin of 125 basis points. Borrowings of $125.0 million under our commercial paper program mature in such a short period that the financing is also effectively floating rate.

We review our overall exposure to floating and fixed rates by evaluating our net asset or liability position in each, also considering the duration of the individual positions. We manage this mix of fixed versus floating exposure in an attempt to minimize risk, reduce costs and improve returns. Our exposure to interest rates can be modified by changing the mix of our interest-bearing assets as well as adjusting the mix of fixed versus floating rate debt. The latter is accomplished primarily through the use of interest rate swaps and the decision regarding terms of any new debt issuances (i.e., fixed versus floating). We use interest rate swaps designated as hedges to vary the percentage of fixed to floating rate debt, subject to market conditions. As of December 31, 2018, our weighted-average effective rate on total borrowings was approximately 4.5%. For further detail on our variable rate borrowings, see risk factor "*We have substantial debt and other obligations that could restrict our operations*" in Part I, Item 1A, *Risk Factors*.

A hypothetical 100 basis point increase/decrease in interest rates would result in a decrease/increase to pre-tax income of approximately $15 million and $13 million annually based on borrowings, net of the impact of hedges, on December 31, 2018 and 2017, 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, 2018 and 2017 that are sensitive to interest rate fluctuations, would result in an offsetting increase/decrease to annual pre-tax income of approximately $13 million and $15 million, respectively. There are inherent limitations in the sensitivity analysis presented, primarily due to the assumptions that interest rate changes would be instantaneous and consistent across all geographies in which our interest-bearing assets are held and our liabilities are payable. As a result, the analysis is unable to reflect the potential effects of more complex market changes, including changes in credit risk regarding our investments, which may positively or negatively affect income. In addition, the mix of fixed versus floating rate debt and investments and the level of assets and liabilities will change over time, including the impact from commercial paper borrowings that may be outstanding in future periods.

Credit Risk

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

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

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

THE WESTERN UNION COMPANY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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 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, 2018, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 framework). Based on the results of its evaluation, the Company’s management concluded that as of December 31, 2018, the Company’s internal control over financial reporting is effective. Western Union’s internal control over financial reporting as of December 31, 2018 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

To the Shareholders and the Board of Directors of The Western Union Company

Opinion on Internal Control over Financial Reporting

We have audited The Western Union Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Western Union Company (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, and the related consolidated statements of income/(loss), comprehensive income/(loss), cash flows and stockholders' equity/(deficit) for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

Denver, Colorado
February 21, 2019

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of The Western Union Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Western Union Company (the Company) as of December 31, 2018 and 2017, and the related consolidated statements of income/(loss), comprehensive income/(loss), cash flows and stockholders' equity/(deficit) for each of the three years in the period ended December 31, 2018 and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2006.

Denver, Colorado
February 21, 2019

THE WESTERN UNION COMPANY

CONSOLIDATED STATEMENTS OF INCOME/(LOSS)
(in millions, except per share amounts)

	Year Ended December 31,		
	2018	**2017**	**2016**
Revenues	$ 5,589.9	$ 5,524.3	$ 5,422.9
Expenses:			
Cost of services (Note 2)	3,300.8	3,353.0	3,266.7
Selling, general and administrative	1,167.0	1,231.5	1,669.2
Goodwill impairment charge	—	464.0	—
Total expenses*	4,467.8	5,048.5	4,935.9
Operating income	1,122.1	475.8	487.0
Other income/(expense):			
Interest income	4.8	4.9	3.5
Interest expense	(149.6)	(142.1)	(152.5)
Other income, net (Note 2)	14.1	8.9	3.7
Total other expense, net	(130.7)	(128.3)	(145.3)
Income before income taxes	991.4	347.5	341.7
Provision for income taxes (Note 11)	139.5	904.6	88.5
Net income/(loss)	$ 851.9	$ (557.1)	$ 253.2
Earnings/(loss) per share:			
Basic	$ 1.89	$ (1.19)	$ 0.52
Diluted	$ 1.87	$ (1.19)	$ 0.51
Weighted-average shares outstanding:			
Basic	451.8	467.9	490.2
Diluted	454.4	467.9	493.5
Cash dividends declared per common share	$ 0.76	$ 0.70	$ 0.64

* As further described in Note 7, total expenses include amounts incurred with related parties of $57.6 million, $65.9 million, and $68.0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(in millions)

	Year Ended December 31,		
	2018	2017	2016
Net income/(loss)	$ 851.9	$ (557.1)	$ 253.2
Other comprehensive income/(loss), net of tax (Note 14):			
Unrealized gains/(losses) on investment securities	(4.3)	6.5	(11.6)
Unrealized gains/(losses) on hedging activities	50.3	(74.4)	(7.6)
Foreign currency translation adjustments	(19.5)	(6.2)	(4.7)
Defined benefit pension plan adjustments	1.8	9.0	5.0
Total other comprehensive income/(loss)	28.3	(65.1)	(18.9)
Comprehensive income/(loss)	$ 880.2	$ (622.2)	$ 234.3

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY

CONSOLIDATED BALANCE SHEETS
(in millions, except per share amounts)

	December 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 973.4	$ 838.2
Settlement assets	3,813.8	4,188.9
Property and equipment, net of accumulated depreciation of $702.4 and $635.7, respectively	270.4	214.2
Goodwill	2,725.0	2,727.9
Other intangible assets, net of accumulated amortization of $1,047.6 and $1,042.7, respectively	598.2	586.3
Other assets	616.0	675.9
Total assets	$ 8,996.8	$ 9,231.4
Liabilities and Stockholders' Deficit		
Liabilities:		
Accounts payable and accrued liabilities	$ 564.9	$ 718.5
Settlement obligations	3,813.8	4,188.9
Income taxes payable (Note 11)	1,054.0	1,252.0
Deferred tax liability, net	161.1	173.0
Borrowings	3,433.7	3,033.6
Other liabilities	279.1	356.8
Total liabilities	9,306.6	9,722.8
Commitments and contingencies (Note 6)		
Stockholders' deficit:		
Preferred stock, $1.00 par value; 10 shares authorized; no shares issued	—	—
Common stock, $0.01 par value; 2,000 shares authorized; 441.2 shares and 459.0 shares issued and outstanding as of December 31, 2018 and 2017, respectively	4.4	4.6
Capital surplus	755.6	697.8
Accumulated deficit	(838.8)	(965.9)
Accumulated other comprehensive loss	(231.0)	(227.9)
Total stockholders' deficit	(309.8)	(491.4)
Total liabilities and stockholders' deficit	$ 8,996.8	$ 9,231.4

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities			
Net income/(loss)	$ 851.9	$ (557.1)	$ 253.2
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation	76.9	77.1	74.2
Amortization	187.8	185.8	189.0
Goodwill impairment charge (Note 5)	—	464.0	—
Deferred income tax provision/(benefit) (Note 11)	(15.1)	69.5	(174.2)
Other non-cash items, net	66.2	124.2	98.3
Increase/(decrease) in cash, excluding the effects of acquisitions, resulting from changes in:			
Other assets	(31.0)	(62.5)	(71.4)
Accounts payable and accrued liabilities (Note 6)	(126.5)	(417.6)	522.8
Income taxes payable (Note 11)	(193.1)	850.4	190.9
Other liabilities	4.2	8.2	(40.9)
Net cash provided by operating activities	821.3	742.0	1,041.9
Cash flows from investing activities			
Capitalization of contract costs	(150.3)	(74.8)	(107.3)
Capitalization of purchased and developed software	(52.0)	(33.2)	(53.7)
Purchases of property and equipment	(136.7)	(69.1)	(68.8)
Purchases of non-settlement related investments and other	(24.2)	(192.1)	(64.7)
Proceeds from maturity of non-settlement related investments and other	13.7	203.8	53.2
Purchases of held-to-maturity non-settlement related investments	(2.8)	(42.7)	(39.7)
Proceeds from held-to-maturity non-settlement related investments	23.5	28.4	9.9
Acquisition of businesses, net (Note 5)	—	(24.9)	—
Net cash used in investing activities	(328.8)	(204.6)	(271.1)
Cash flows from financing activities			
Cash dividends paid	(341.7)	(325.6)	(312.2)
Common stock repurchased (Note 14)	(412.4)	(502.8)	(501.6)
Net proceeds from commercial paper	125.0	—	—
Net proceeds from issuance of borrowings	685.4	746.2	575.0
Principal payments on borrowings	(414.4)	(500.0)	(1,005.4)
Proceeds from exercise of options	10.1	13.0	36.4
Other financing activities	(9.2)	(1.3)	(1.4)
Net cash used in financing activities	(357.2)	(570.5)	(1,209.2)
Net change in cash, cash equivalents and restricted cash	135.3	(33.1)	(438.4)
Cash, cash equivalents and restricted cash at beginning of year	844.4	877.5	1,315.9
Cash, cash equivalents and restricted cash at end of year	$ 979.7	$ 844.4	$ 877.5
Supplemental cash flow information:			
Interest paid	$ 142.5	$ 128.0	$ 159.0
Income taxes paid/(refunded)	$ 339.4	$ (11.6)	$ 68.4
Restricted cash at end of year	$ 6.3	$ 6.2	$ —

See Notes to Consolidated Financial Statements.

THE WESTERN UNION COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)
(in millions)

	Common Stock		Capital	Retained Earnings/ (Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Surplus	Deficit)	Loss	Equity/(Deficit)
Balance, December 31, 2015	502.4	$ 5.0	$ 566.5	$ 977.3	$ (143.9)	$ 1,404.9
Net income	—	—	—	253.2	—	253.2
Stock-based compensation	—	—	41.8	—	—	41.8
Common stock dividends	—	—	—	(312.2)	—	(312.2)
Repurchase and retirement of common shares	(25.8)	(0.2)	—	(499.0)	—	(499.2)
Shares issued under stock-based compensation plans	4.9	—	32.6	—	—	32.6
Unrealized losses on investment securities, net of tax	—	—	—	—	(11.6)	(11.6)
Unrealized losses on hedging activities, net of tax	—	—	—	—	(7.6)	(7.6)
Foreign currency translation adjustments, net of tax	—	—	—	—	(4.7)	(4.7)
Defined benefit pension plan adjustments, net of tax	—	—	—	—	5.0	5.0
Balance, December 31, 2016	481.5	4.8	640.9	419.3	(162.8)	902.2
Net loss	—	—	—	(557.1)	—	(557.1)
Stock-based compensation	—	—	43.9	—	—	43.9
Common stock dividends	—	—	—	(325.6)	—	(325.6)
Repurchase and retirement of common shares	(25.7)	(0.2)	—	(502.5)	—	(502.7)
Shares issued under stock-based compensation plans	3.2	—	13.0	—	—	13.0
Unrealized gains on investment securities, net of tax	—	—	—	—	6.5	6.5
Unrealized losses on hedging activities, net of tax	—	—	—	—	(74.4)	(74.4)
Foreign currency translation adjustments, net of tax	—	—	—	—	(6.2)	(6.2)
Defined benefit pension plan adjustments, net of tax	—	—	—	—	9.0	9.0
Balance, December 31, 2017	459.0	4.6	697.8	(965.9)	(227.9)	(491.4)
Adoption of new accounting pronouncements (Note 2)	—	—	—	30.7	(31.4)	(0.7)
Net income	—	—	—	851.9	—	851.9
Stock-based compensation	—	—	47.7	—	—	47.7
Common stock dividends	—	—	—	(341.7)	—	(341.7)
Repurchase and retirement of common shares	(20.9)	(0.2)	—	(413.8)	—	(414.0)
Shares issued under stock-based compensation plans	3.1	—	10.1	—	—	10.1
Unrealized losses on investment securities, net of tax	—	—	—	—	(4.3)	(4.3)
Unrealized gains on hedging activities, net of tax	—	—	—	—	50.3	50.3
Foreign currency translation adjustments, net of tax	—	—	—	—	(19.5)	(19.5)
Defined benefit pension plan adjustments, net of tax	—	—	—	—	1.8	1.8
Balance, December 31, 2018	441.2	$ 4.4	$ 755.6	$ (838.8)	$ (231.0)	$ (309.8)

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business and Basis of Presentation

Business

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

The Western Union business consists of the following segments:

- *Consumer-to-Consumer* - The Consumer-to-Consumer operating segment facilitates money transfers between two consumers, primarily through a network of third-party agents. The Company views its multi-currency money transfer service as one interconnected global network where a money transfer can be sent from one location to another, around the world. This service is available for international cross-border transfers and, in certain countries, intra- country transfers. This segment also includes money transfer transactions that can be initiated through websites and mobile devices.

- *Business Solutions* - The Business Solutions operating segment facilitates payment and foreign exchange solutions, primarily cross-border, cross-currency transactions, for small and medium size enterprises and other organizations and individuals. The majority of the segment's business relates to exchanges of currency at spot rates, which enable customers to make cross-currency payments. In addition, in certain countries, the Company writes foreign currency forward and option contracts for customers to facilitate future payments.

All businesses and other services that have not been classified in the above segments are reported as "Other," which primarily includes the Company's electronic-based and cash-based bill payment services which facilitate payments from consumers to businesses and other organizations. The Company's money order and other services, in addition to certain corporate costs such as costs related to strategic initiatives, including for the review and closing of mergers, acquisitions, and divestitures, are also included in "Other." See Note 18 for further information regarding the Company's segments.

There are legal or regulatory limitations on transferring certain assets of the Company outside of the countries where these assets are located. However, there are generally no limitations on the use of these assets within those countries. Additionally, the Company must meet minimum capital requirements in some countries in order to maintain operating licenses. As of December 31, 2018, the amount of these net asset limitations totaled approximately $365 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.

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. Beginning in the first quarter of 2018, the Company no longer presents the "Derivative gains, net" line item in its Consolidated Statements of Income/(Loss) for all periods presented due to the early adoption of a new accounting pronouncement to improve the financial reporting of hedging relationships, as further described in Note 2. Amounts previously reported in prior periods in "Derivative gains, net" are now reported in "Other income, net" in the Consolidated Statements of Income/(Loss). Additionally, certain historical amounts reported in the Consolidated

Statements of Income/(Loss) for the years ended December 31, 2017 and 2016 have been adjusted due to the adoption of an accounting standard related to pension costs, as further described in Note 2.

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

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

The Company consolidates financial results when it has a controlling financial interest in a subsidiary via voting rights or when it has both the power to direct the activities of an entity that most significantly impact the entity's economic performance and the ability to absorb losses or the right to receive benefits of the entity that could potentially be significant to the entity. The Company utilizes the equity method of accounting when it is able to exercise significant influence over the entity's operations, which generally occurs when the Company has an ownership interest of between 20% and 50% in an entity.

Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share is computed by dividing net income/(loss) available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Outstanding options to purchase Western Union stock and unvested shares of restricted stock are excluded from basic shares outstanding. Diluted earnings/(loss) 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 and the unamortized compensation expense of options and restricted stock are available to acquire shares at an average market price throughout the period, and therefore, reduce the dilutive effect.

For the years ended December 31, 2018, 2017 and 2016, there were 2.6 million, 2.8 million and 3.4 million, respectively, of shares excluded from the diluted earnings/(loss) per share calculation under the treasury stock method, primarily due to outstanding options to purchase shares of Western Union stock, as their exercise prices were above the Company's weighted-average share price during the periods and their effect was anti-dilutive. Due to the net loss for the year ended December 31, 2017, an additional 3.0 million shares have been excluded from diluted weighted-average shares outstanding, because the effect of including such shares would be anti-dilutive in the calculation of diluted loss per share.

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

	For the Year Ended December 31,		
	2018	2017	2016
Basic weighted-average shares outstanding	451.8	467.9	490.2
Common stock equivalents	2.6	—	3.3
Diluted weighted-average shares outstanding	454.4	467.9	493.5

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. For most of these assets, the Company utilizes pricing services that use multiple prices as inputs to determine daily market values.
- **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.

In addition, the Trust has other investments 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.

Carrying amounts for many of the Company's financial instruments, including cash and cash equivalents, settlement cash and cash equivalents, and settlement receivables and settlement obligations approximate fair value due to their short maturities. Available-for-sale investment securities and derivative financial instruments are carried at fair value and included in Note 9. 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 15. The fair values of fixed rate notes are disclosed in Note 9 and are based on market quotations. The Company's investments in foreign corporate debt securities are classified as held-to-maturity securities. The fair values of the foreign corporate debt securities are disclosed in Note 9 and are based on market quotations.

The fair values of non-financial assets and liabilities related to the Company's business combinations are disclosed in Note 5. The fair value of the assets in the Trust, which holds the assets for the Company's defined benefit plan, is disclosed in Note 12.

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 of the acquired company are included in the Company's results from the date of the acquisition forward and include amortization expense arising from acquired intangible assets. The Company expenses all costs as incurred related to or involved with an acquisition in "Selling, general and administrative" expenses.

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 fair value.

The Company maintains cash and cash equivalent balances, including a portion in money market funds, with a group of globally diversified banks and financial institutions. The Company limits the concentration of its cash and cash equivalents with any one institution and regularly reviews investment concentrations and credit worthiness of these institutions.

Allowance for Doubtful Accounts

The Company 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, consumer chargebacks and insufficient funds, and other matters the Company identifies in its routine collection monitoring. The allowance for doubtful accounts was $47.7 million and $64.5 million as of December 31, 2018 and 2017, respectively, and is recorded in the same Consolidated Balance Sheet caption as the related receivable. During the years ended December 31, 2018, 2017 and 2016, the provision for doubtful accounts (bad debt expense) reflected in the Consolidated Statements of Income/(Loss) was $43.9 million, $60.6 million and $63.9 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. The Company records corresponding settlement obligations relating to amounts payable under money transfers, money orders and consumer payment service arrangements. Settlement assets and obligations also include amounts receivable from, and payable to, customers for the value of their cross-currency payment transactions related to the Business Solutions segment.

Settlement assets consist of cash and cash equivalents, receivables from selling agents and Business Solutions customers, and investment securities. Cash received by Western Union agents generally becomes available to the Company 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 the Company. Western Union has a large and diverse agent base, thereby reducing the credit risk of the Company from any one agent. In addition, the Company performs ongoing credit evaluations of its agents' financial condition and credit worthiness. See Note 8 for information concerning the Company's investment securities.

Receivables from Business Solutions customers arise from cross-currency payment transactions in the Business Solutions segment. Receivables occur when funds have been paid out to a beneficiary but not yet received from the customer. Aside from these receivables, the credit risk associated with spot foreign currency exchange contracts is largely mitigated, as in most cases the Company 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. Most agents typically settle with transferees first and then obtain reimbursement from the Company. Money order payables represent amounts not yet presented for payment. 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.

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

	December 31, 2018	December 31, 2017
Settlement assets:		
Cash and cash equivalents	$ 1,247.8	$ 1,264.8
Receivables from selling agents and Business Solutions customers	1,355.4	1,573.9
Investment securities	1,210.6	1,350.2
	$ 3,813.8	$ 4,188.9
Settlement obligations:		
Money transfer, money order and payment service payables	$ 2,793.6	$ 2,789.2
Payables to agents	1,020.2	1,399.7
	$ 3,813.8	$ 4,188.9

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 ten years for equipment and 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, 2018	December 31, 2017
Equipment	$ 656.8	$ 604.7
Leasehold improvements	158.6	87.4
Buildings	88.6	88.6
Furniture and fixtures	51.6	42.0
Land and improvements	17.0	17.0
Projects in process	0.2	10.2
Total property and equipment, gross	972.8	849.9
Less accumulated depreciation	(702.4)	(635.7)
Property and equipment, net	$ 270.4	$ 214.2

Amounts charged to expense for depreciation of property and equipment were $76.9 million, $77.1 million and $74.2 million during the years ended December 31, 2018, 2017 and 2016 respectively.

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. In the event a reporting unit's carrying amount exceeds its fair value, the Company recognizes an impairment charge for the amount by which the carrying amount of the reporting unit exceeds its fair value. The Company's annual impairment assessment did not identify any goodwill impairment during the years ended December 31, 2018 and 2016. For the year ended December 31, 2017, the Company recognized a goodwill impairment charge of $464.0 million related to its Business Solutions reporting unit, as disclosed in Note 5.

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 the Consolidated Statements of Income/(Loss) is amortization expense of $187.8 million, $185.8 million and $189.0 million for the years ended December 31, 2018, 2017 and 2016, 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 the Company's acquisitions.

The Company purchases and develops software that is used in providing services and in performing administrative functions. Internal and external software development costs incurred that are directly related to the chosen design, development and testing phases of the software are capitalized once the Company has completed all planning and analysis activities. Any other software development related costs are expensed as incurred. 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 seven years.

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

	December 31, 2018			December 31, 2017	
	Weighted-Average Amortization Period (in years)	Initial Cost	Net of Accumulated Amortization	Initial Cost	Net of Accumulated Amortization
Acquired contracts	11.5	$ 598.1	$ 171.2	$ 600.4	$ 220.0
Capitalized contract costs	6.2	536.5	318.9	559.5	268.2
Internal use software	3.5	447.3	80.6	387.8	53.1
Acquired trademarks	24.8	32.5	15.5	33.2	16.9
Other intangibles	4.7	19.4	—	20.0	—
Projects in process	(a)	12.0	12.0	28.1	28.1
Total other intangible assets	7.7	$ 1,645.8	$ 598.2	$ 1,629.0	$ 586.3

(a) Not applicable as the assets have not been placed in service.

The estimated future aggregate amortization expense for existing other intangible assets as of December 31, 2018 is expected to be $169.5 million in 2019, $119.5 million in 2020, $103.0 million in 2021, $70.6 million in 2022, $49.5 million in 2023 and $74.1 million thereafter.

Other intangible assets are reviewed for impairment on an annual basis or whenever events or changes in circumstances 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. The Company recorded immaterial impairments related to other intangible assets during the years ended December 31, 2018, 2017 and 2016.

Revenue Recognition

For the Company's accounting policies with respect to revenue recognition, refer to Note 3.

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, software, equipment, telecommunications, bank fees, depreciation, 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. Advertising costs for the years ended December 31, 2018, 2017 and 2016 were $180.9 million, $168.3 million, and $151.1 million, respectively.

Income Taxes

The Company 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 assesses the realizability of its deferred tax assets. A valuation allowance must be established when, based upon available evidence, it is more likely than not that all or a portion of the deferred tax assets will not be realized.

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.

During the year ended December 31, 2018, the Company finalized an accounting policy election to account for the tax effects of global intangible low-taxed income as a component of income tax expense in the period the tax arises.

Foreign Currency Translation

The United States dollar is the functional currency for substantially all of the Company's businesses. Revenues and expenses are translated at average exchange rates prevailing during the period. Foreign currency denominated assets and liabilities for those businesses for which the local currency is the functional currency are translated into United States dollars based on exchange rates at the end of the year. The effects of foreign exchange gains and losses arising from the translation of assets and liabilities of these businesses are included as a component of "Accumulated other comprehensive loss" in the accompanying Consolidated Balance Sheets. Foreign currency denominated monetary assets and liabilities of businesses for which the United States dollar is the functional currency are remeasured based on exchange rates at the end of the period, and the resulting remeasurement gains and losses are recognized in net income/(loss). 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

The Company uses derivatives to (a) minimize its exposures related to changes in foreign currency exchange rates and interest rates and (b) facilitate cross-currency Business Solutions payments by writing derivatives to customers. The Company 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 hedges of the forecasted issuance of fixed rate debt. Derivative fair value changes that are captured in "Accumulated other comprehensive loss" are reclassified to earnings in the same period the hedged item affects earnings when the instrument is effective in offsetting the change in cash flows attributable to the risk being hedged. On January 1, 2018, the Company early adopted an accounting pronouncement related to hedging activities. As a result of the new accounting pronouncement, for foreign currency cash flow hedges entered into on or after January 1, 2018, the Company excludes time value from the assessment of effectiveness, and the initial value of the excluded components is amortized into "Revenues" within the Consolidated Statements of Income/(Loss). For foreign currency cash flow hedges entered into before January 1, 2018, all changes in the fair value of the excluded components are recognized immediately in "Revenues" for the year ended December 31, 2018. For the years ended December 31, 2017 and 2016, the changes in fair value of the excluded components were recognized immediately within the Consolidated Statements of Income/(Loss) and are included in "Other income, 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 from a few days up to one month, and (b) certain foreign currency denominated cash and other asset and liability positions, typically with maturities of less than one year at inception, are not designated as hedges for accounting purposes and changes in their fair value are included in "Selling, general and administrative." The Company is also exposed to risk from derivative contracts written to its customers arising from its cross-currency Business Solutions payments operations. The duration of these derivative contracts at inception is generally less than one year. The Company aggregates its Business Solutions payments foreign currency exposures arising from customer contracts, including the derivative contracts described above, and hedges the resulting net currency risks by entering into offsetting contracts with established financial institution counterparties (economic hedge contracts) as part of a broader foreign currency portfolio, including significant spot exchanges of currency in addition to forwards and options. The changes in fair value related to these contracts are recorded in "Revenues."

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, and how effectiveness is being assessed. 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.

Legal Contingencies

The Company is a party to certain legal and regulatory proceedings with respect to a variety of matters. The Company records an accrual for these contingencies to the extent that a loss is both probable and reasonably estimable. If some amount within a range of loss appears to be a better estimate than any other amount within the range, that amount is accrued. When no amount within a range of loss appears to be a better estimate than any other amount, the lowest amount in the range is accrued.

Stock-Based Compensation

The Company currently has a stock-based compensation plan that provides for grants of Western Union stock options, restricted stock awards and restricted and unrestricted stock units to employees and non-employee directors of the Company.

All stock-based compensation to employees is required to be measured at fair value and expensed over the requisite service period. The Company recognizes compensation expense on awards on a straight-line basis over the requisite service period for the entire award, with an estimate of forfeitures. Refer to Note 17 for additional discussion regarding details of the Company's stock-based compensation plans.

Severance and Other Related Expenses

The Company records severance-related expenses once they are both probable and estimable in accordance with the provisions of the applicable accounting guidance for severance provided under an ongoing benefit arrangement. One-time, involuntary benefit arrangements and other costs are generally recognized when the liability is incurred. The Company also evaluates impairment issues associated with restructuring and other activities when the carrying amount of the related assets may not be fully recoverable, in accordance with the appropriate accounting guidance.

Recently Adopted Accounting Pronouncements

On January 1, 2018, the Company adopted a new accounting standard, as amended, regarding revenue from contracts with customers using the modified retrospective approach. This standard provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate. The adoption of this standard did not have a material impact on the Company's financial position and results of operations. Refer to Note 3 for the related additional disclosures.

On January 1, 2018, the Company adopted an accounting pronouncement regarding classification and measurement of financial instruments. This standard provides guidance on how entities measure certain equity investments and present changes in fair value. This standard requires that entities measure certain equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. The Company's money market funds have readily determinable fair values, as disclosed in Note 9, and for those equity investments that are not accounted for under the equity method and that do not have readily determinable fair values, the Company has elected to measure these securities at cost less impairment, adjusted for observable price changes for identical or similar investments of the same issuer. The adoption of this standard did not have a material impact on the Company's financial position, results of operations, or related disclosures.

On January 1, 2018, the Company adopted an accounting pronouncement regarding certain intra-entity asset transfers that requires that an entity recognize any income tax consequences when the transfer occurs. The adoption of this standard did not have a material impact on the Company's financial position.

On January 1, 2018, the Company retrospectively adopted an accounting pronouncement that requires restricted cash, which is recorded in "Other assets" in the Company's Consolidated Balance Sheets, to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statements of cash flows. The adoption of this standard had an immaterial impact on the Company's historical operating cash flows within the Consolidated Statements of Cash Flows.

On January 1, 2018, the Company retrospectively adopted an accounting pronouncement that requires the non-service cost components of defined benefit plan pension costs to be presented in the income statement separately from the service cost component, outside a subtotal of income from operations. The Company has no service costs, as the Company's defined benefit pension plan is frozen. Prior to the adoption of this standard, the Company recorded the non-service costs of the defined benefit pension plan in the "Cost of services" line item of the Consolidated Statements of Income/(Loss). After the adoption of this standard, the Company records these costs in the "Other income, net" line item, including for the years ended December 31, 2018, 2017 and 2016. The adoption of this standard resulted in reductions to "Cost of services" and "Other income, net" of $2.4 million and $3.3 million for the years ended December 31, 2017 and 2016, respectively, from the amounts previously reported.

On January 1, 2018, the Company elected to adopt an accounting pronouncement to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. The effects of the standard are recognized prospectively in the Company's financial statements. The adoption of this standard did not have a material impact on the Company's financial position or results of operations, but does require the addition of certain disclosures. Refer to Note 15 for additional information and the related disclosures.

In the first quarter of 2018, the Company adopted a new accounting pronouncement that provides entities the option to reclassify tax effects included within accumulated other comprehensive income/(loss) as a result of the United States tax reform legislation enacted in December 2017 (the "Tax Act") to retained earnings. The adoption of this standard resulted in an increase to "Accumulated other comprehensive loss" and a decrease to "Accumulated deficit" in the Consolidated Balance Sheet of $31.4 million, which represents the tax effects of the lower federal tax rate on unrealized gains/(losses) on investment securities, hedging activities, and adjustments related to the Company's defined benefit pension plan, in addition to the release of deferred taxes accrued on undistributed earnings of one of the Company's subsidiaries that are no longer owed under the Tax Act. The Company will continue to release tax effects remaining in "Accumulated other comprehensive loss" into income as the individual units of account are sold or otherwise extinguished. Refer to Note 14 for additional information.

Accounting Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board issued a new accounting pronouncement that requires lessees to record assets and liabilities on the balance sheet for lease-related rights and obligations and disclose key information about certain leasing arrangements. This new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. The Company will adopt the new standard, including the related amendments, effective January 1, 2019 using the modified retrospective approach, applying the provisions of the new standard on its effective date. Management has completed its analysis and determined that substantially all of its leasing arrangements will be classified as operating. Additionally, management has implemented new systems to facilitate the requirements of the new standard and estimates the ROU asset and lease liability to each be less than 5% of total assets on January 1, 2019.

In June 2016, the Financial Accounting Standards Board issued a new accounting pronouncement regarding credit losses for financial instruments. The new standard requires entities to measure expected credit losses for certain financial assets held at the reporting date using a current expected credit loss model, which is based on historical experience, adjusted for current conditions and reasonable and supportable forecasts. Additionally, the standard requires certain credit losses relating to investment securities classified as available-for-sale to be recorded through an allowance for credit losses. The Company is required to adopt the new standard on January 1, 2020. Management is currently evaluating the potential impact that the adoption of this standard will have on the Company's financial position, results of operations, and related disclosures.

3. Revenue

On January 1, 2018, the Company adopted a new accounting standard, as amended, regarding revenue from contracts with customers using the modified retrospective approach, which was applied to all contracts with customers. The standard requires that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of "Accumulated deficit" in the Consolidated Balance Sheet, and the adoption of the new accounting standard did not have a material impact on the Company's January 1, 2018 accumulated deficit. In accordance with the modified retrospective approach, the comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of the new revenue standard did not have a material impact to the Company's revenues or net income on an ongoing basis.

The Company's revenues are primarily derived from consideration paid by customers to transfer money. These revenues vary by transaction based upon channel, send and receive locations, the principal amount sent, whether the money transfer involves different send and receive currencies, the difference between the exchange rate set by the Company to the customer and the rate available in the wholesale foreign exchange market, and speed of service, as applicable. The Company also offers several other services, including foreign exchange and payment services and other bill payment services, for which revenue is impacted by similar factors. For the substantial majority of the Company's revenues, the Company acts as the principal in transactions and reports revenue on a gross basis, as the Company controls the service at all times prior to transfer to the customer, is primarily responsible for fulfilling the customer contracts, has the risk of loss, and has the ability to establish transaction prices. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

For the year ended December 31, 2018, the Company recognized $5,382.6 million in revenues from contracts with customers. There are no material upfront costs incurred to obtain contracts with customers. Under the Company's loyalty programs, which are primarily offered in its money transfer services, the Company must fulfill loyalty program rewards earned by customers. The loyalty program redemption activity has been and continues to be insignificant to the Company's results of operations, and the Company has immaterial contract liability balances, which primarily relate to its customer loyalty programs and other services. Contract asset balances related to customers were also immaterial as of December 31, 2018, as the Company typically receives payment of consideration from its customers prior to satisfying performance obligations under the customer contracts. In addition to revenue generated from contracts with customers, the Company recognizes revenue from other sources which are not in the scope of the new accounting standard, including the sale of derivative financial instruments and investment income generated on settlement assets primarily related to money transfer and money order services.

The Company analyzes its different services individually to determine the appropriate basis for revenue recognition, as further described below. Revenues from consumer money transfers are included in the Company's Consumer-to-Consumer segment, revenues from foreign exchange and payment services are included in the Company's Business Solutions segment, and revenues from consumer bill payments and other services are not included in the Company's segments and are reported as "Other." See Note 18 for further information on the Company's segments.

Consumer Money Transfers

For the Company's money transfer services, customers agree to the Company's terms and conditions at the time of initiating a transaction. In a money transfer, the Company has one performance obligation as the customer engages the Company to perform one integrated service which typically occurs within minutes — collect the customer's money and make funds available for payment to a designated person in the currency requested. Therefore, the Company recognizes revenue upon completion of the following: 1) the customer's acknowledgment of the Company's terms and conditions and payment information has been received by the Company, 2) the Company has agreed to process the money transfer, 3) the Company has provided the customer a unique transaction identification number, and 4) funds are available to be picked up by the customer designated receiving party. The transaction price is comprised of a transaction fee and the difference between the exchange rate set by the Company to the customer and the rate available in the wholesale foreign exchange market, as applicable, both of which are readily determinable at the time the transaction is initiated.

Foreign Exchange and Payment Services

For the Company's foreign exchange and payment services, customers agree to terms and conditions for all transactions, either at the time of initiating a transaction or signing a contract with the Company to provide payment services on the customer's behalf. In the majority of the Company's foreign exchange and payment services, the Company makes payments to the recipient to satisfy its performance obligation to the customer, and therefore, the Company recognizes revenue on foreign exchange and payment services when this performance obligation has been fulfilled. Revenues from foreign exchange and payment services are primarily comprised of the difference between the exchange rate set by the Company to the customer and the rate available in the wholesale foreign exchange market.

Consumer Bill Payments

The Company offers several different bill payment services that vary by considerations such as: 1) who pays the fee to the Company (consumer or biller), 2) whether the service is offered to all potential consumers, or only to those for which the Company has a relationship with the biller, and 3) whether the service utilizes a physical agent network offered for consumers' convenience, among other factors. The determination of which party is the Company's customer for revenue recognition purposes is based on these considerations for each of the Company's bill payment services. For all transactions, the Company's customers agree to the Company's terms and conditions, either at the time of initiating a transaction (where the consumer is determined to be the customer for revenue recognition purposes) or upon signing a contract with the Company to provide services on the biller's behalf (where the biller is determined to be the customer for revenue recognition purposes). As with consumer money transfers, customers engage the Company to perform one integrated service — collect money from the consumer and process the bill payment transaction, thereby providing the billers real-time or near real-time information regarding their customers' payments and simplifying the billers' collection efforts. The significant majority of the Company's revenues from bill payment services are generated from contracts to process transactions at any time during the duration of the contract. The transaction price on bill payment services is contractual and determinable. Certain biller agreements may include per-transaction or fixed periodic rebates, which the Company records as a reduction to revenue.

Management has determined that the significant majority of the Company's revenue is recognized at a point in time. The following table represents the disaggregation of revenue earned from contracts with customers which are in the scope of the new accounting standard, by product type and region for the year ended December 31, 2018 (in millions). The regional split of revenue shown in the table below is based upon where transactions are initiated. Revenues that would have been reported under previous accounting guidance would not have been materially different from the amounts shown below:

	Year Ended December 31, 2018				
	Consumer Money Transfers	Foreign Exchange and Payment Services	Consumer Bill Payments	Other Services	Total
Regions:					
North America	$ 1,632.3	$ 97.6	$ 463.9	$ 57.4	$ 2,251.2
Europe and Russia/CIS	1,399.5	130.0	3.1	3.9	1,536.5
Middle East, Africa, and South Asia	654.4	1.5	0.3	—	656.2
Latin America and the Caribbean	393.2	3.1	152.7	13.7	562.7
East Asia and Oceania	304.6	69.9	1.5	—	376.0
Revenues from contracts with customers	$ 4,384.0	$ 302.1	$ 621.5	$ 75.0	$ 5,382.6
Other revenues (a)	69.6	84.7	30.8	22.2	207.3
Total revenues (b)	$ 4,453.6	$ 386.8	$ 652.3	$ 97.2	$ 5,589.9

(a) Includes revenue from the sale of derivative financial instruments, investment income generated on settlement assets primarily related to money transfer and money order services, and other sources, which are not subject to the new accounting standard.

(b) Revenues from "Consumer money transfers" are included in the Company's Consumer-to-Consumer segment, revenues from "Foreign exchange and payment services" are included in the Company's Business Solutions segment, and revenues from "Consumer bill payments" and "Other services" are not included in the Company's segments and are reported as "Other." See Note 18 for further information on the Company's segments.

4. Business Transformation Expenses

In the second quarter of 2016, the Company began incurring expenses related to a business transformation initiative, referred to as the WU Way. As of December 31, 2017, expenses associated with the WU Way initiative were effectively complete. Although the expenses related to the WU Way are specific to that initiative, the types of expenses related to the WU Way initiative are similar to expenses that the Company has previously incurred and can reasonably be expected to incur in the future. The following table summarizes the activity for the years ended December 31, 2018 and December 31, 2017 for the consulting service fees, severance, and other costs related to the business transformation accruals, which are included in "Accounts payable and accrued liabilities" in the Company's Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017 (in millions):

	Consulting Service Fees	Severance and Related Employee Benefits	Other	Total
Balance, December 31, 2016	$ 9.0	$ 3.9	$ —	$ 12.9
Expenses (a)	36.1	44.2	14.1	94.4
Cash payments	(36.9)	(28.2)	(12.2)	(77.3)
Non-cash benefits/charges (a)	—	3.3	(0.3)	3.0
Balance, December 31, 2017	$ 8.2	$ 23.2	$ 1.6	$ 33.0
Cash payments and other	(8.2)	(22.5)	(1.6)	(32.3)
Balance, December 31, 2018	$ —	$ 0.7	$ —	$ 0.7

(a) Expenses incurred during 2017 include a non-cash benefit for adjustments to stock compensation for awards forfeited by employees and other immaterial items. These benefits and charges have been removed from the liability balance in the table above as they do not impact the business transformation accruals.

The following table presents expenses related to business transformation initiatives as reflected in the Consolidated Statements of Income/(Loss) (in millions):

	Year Ended December 31, 2017	2016
Cost of services	$ 35.7	$ 2.5
Selling, general and administrative	58.7	17.8
Total expenses, pre-tax	$ 94.4	$ 20.3
Total expenses, net of tax	$ 63.3	$ 12.9

The following table summarizes the business transformation expenses incurred by reportable segment (in millions). Certain business transformation expenses, primarily consulting expenses, are not identifiable to a specific segment, and have therefore been excluded from the table below. These expenses were not allocated to the Company's segments disclosed in Note 18. While certain of these items are identifiable to the Company's segments, these expenses were excluded from the measurement of segment operating income provided to the Chief Operating Decision Maker ("CODM") for purposes of assessing segment performance and decision making with respect to resource allocation:

	Consumer-to-Consumer	Business Solutions	Other	Total
2017 expenses	$ 30.8	$ 16.1	$ 13.6	$ 60.5
2016 expenses	2.7	0.6	0.5	3.8

5. Goodwill

Business Solutions Goodwill Impairment Charge

During the year ended December 31, 2017, the Company recognized a goodwill impairment charge of $464.0 million related to its Business Solutions reporting unit, as the estimated fair value of the reporting unit declined below its carrying value. The reduction in estimated fair value primarily resulted from a decrease in projected revenue growth rates and EBITDA margins and the impact of the Tax Act. Revenue and EBITDA projections were reevaluated during the year ended December 31, 2017 due to the declines in revenues and operating results recognized in the fourth quarter of 2017, which were significantly below management's expectations. Additionally, as disclosed in prior Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, the total estimated fair value of the Business Solutions reporting unit previously included value derived from strategies to optimize United States cash flow management and global liquidity by utilizing international cash balances (including balances generated by other operating segments) to initially fund global principal payouts for Business Solutions transactions initiated in the United States ("Cash Management Strategies") that would have been available to certain market participants. However, the Tax Act, which imposed a tax on certain previously undistributed foreign earnings and established minimum taxes on certain future payments and foreign earnings, eliminated any fair value associated with the Cash Management Strategies.

The Company did not record any goodwill impairments during the years ended December 31, 2018 and December 31, 2016.

The Company estimated the fair value of its Business Solutions reporting unit using the income approach. The estimated fair value was derived primarily using unobservable Level 3 inputs, which require significant management judgment and estimation.

Business Combinations

On November 6, 2017, the Company completed the purchase of Opus Software Technologies Private Limited and the assets of its affiliate for total consideration of approximately $25.3 million. The Company believes that the acquisition has assisted and will continue to assist in enhancing and centralizing the Company's information technology expertise through a newly established information technology development and maintenance center located in India, which was an integral part of the Company's WU Way transformation efforts. The acquisition does not and will not impact the Company's revenues.

During the first quarter of 2018, the Company finalized the valuation of the acquisition, for which it has recognized approximately $22.0 million of goodwill. The valuation of the acquisition was derived primarily using unobservable Level 3 inputs, which require significant management judgment and estimation.

The Company completed one other immaterial acquisition during the fourth quarter of 2017.

The following table presents changes to goodwill for the years ended December 31, 2018 and 2017 (in millions):

	Consumer-to-Consumer	Business Solutions	Other	Total
January 1, 2017 goodwill, net	$ 1,950.1	$ 996.0	$ 215.9	$ 3,162.0
Goodwill impairment charge	—	(464.0)	—	(464.0)
Acquisitions	30.9	—	—	30.9
Currency translation	—	—	(1.0)	(1.0)
December 31, 2017 goodwill, net	$ 1,981.0	$ 532.0	$ 214.9	$ 2,727.9
Purchase accounting adjustments	(0.3)	—	—	(0.3)
Currency translation	—	—	(2.6)	(2.6)
December 31, 2018 goodwill, net	$ 1,980.7	$ 532.0	$ 212.3	$ 2,725.0

The following table presents accumulated impairment losses as of December 31, 2018, 2017 and 2016 (in millions):

	As of December 31,		
	2018	2017	2016
Goodwill, gross	$ 3,189.0	$ 3,191.9	$ 3,162.0
Accumulated impairment losses	(464.0)	(464.0)	—
Goodwill, net	$ 2,725.0	$ 2,727.9	$ 3,162.0

6. Commitments and Contingencies

Letters of Credit and Bank Guarantees

The Company had approximately $265 million in outstanding letters of credit and bank guarantees as of December 31, 2018 that are primarily held in connection with safeguarding consumer funds, lease arrangements, and certain agent agreements. The letters of credit and bank guarantees have expiration dates through 2024 with many having a one-year renewal option. The Company expects to renew the letters of credit and bank guarantees prior to expiration in most circumstances. These letters of credit and bank guarantees exclude guarantees that the Company may provide as part of its legal matters, as described below.

Litigation and Related Contingencies

The Company is subject to certain claims and litigation that could result in losses, including damages, fines and/or civil penalties, which could be significant, and in some cases, criminal charges. The Company regularly evaluates the status of legal matters to assess whether a loss is probable and reasonably estimable in determining whether an accrual is appropriate. Furthermore, in determining whether disclosure is appropriate, the Company evaluates each legal matter to assess if there is at least a reasonable possibility that a loss or additional loss may have been incurred and whether an estimate of possible loss or range of loss can be made. Unless otherwise specified below, the Company believes that there is at least a reasonable possibility that a loss or additional loss may have been incurred for each of the matters described below.

For those matters that the Company believes there is at least a reasonable possibility that a loss or additional loss may have been incurred and can reasonably estimate the loss or potential loss, the reasonably possible potential litigation losses in excess of the Company's recorded liability for probable and estimable losses was approximately $80 million as of December 31, 2018. For the remaining matters, management is unable to provide a meaningful estimate of the possible loss or range of loss because, among other reasons: (a) the proceedings are in preliminary stages; (b) specific damages have not been sought; (c) damage claims are unsupported and/or unreasonable; (d) there is uncertainty as to the outcome of pending appeals or motions; (e) there are significant factual issues to be resolved; or (f) novel legal issues or unsettled legal theories are being asserted.

The outcomes of legal actions are unpredictable and subject to significant uncertainties, and it is inherently difficult to determine whether any loss is probable or even possible. It is also inherently difficult to estimate the amount of any loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Accordingly, actual losses may be in excess of the established liability or the range of reasonably possible loss.

United States Department of Justice, Federal Trade Commission, Financial Crimes Enforcement Network, and State Attorneys General Settlements

In late November 2016, the Company entered into discussions with the United States Department of Justice (the "DOJ"), the United States Attorney's Office for the Central District of California ("USAO-CDCA"), the United States Attorney's Office for the Eastern District of Pennsylvania ("USAO-EDPA"), the United States Attorney's Office for the

Middle District of Pennsylvania ("USAO-MDPA"), and the United States Attorney's Office for the Southern District of Florida ("USAO-SDFL") to resolve the investigations by the USAO-CDCA, USAO-EDPA, USAO-MDPA, and USAO-SDFL (collectively, the "USAOs") (collectively, the "USAO Investigations"). On January 19, 2017, the Company announced that it, or its subsidiary Western Union Financial Services, Inc. ("WUFSI"), had entered into (1) a Deferred Prosecution Agreement (the "DPA") with the DOJ and the USAOs; (2) a Stipulated Order for Permanent Injunction and Final Judgment (the "Consent Order") with the United States Federal Trade Commission ("FTC") resolving claims by the FTC alleging unfair acts and practices under the Federal Trade Commission Act and for violations of the FTC Telemarketing Sales Rule; and (3) a Consent to the Assessment of Civil Money Penalty with the Financial Crimes Enforcement Network ("FinCEN") of the United States Department of Treasury (the "FinCEN Agreement"), to resolve the respective investigations of those agencies. FinCEN provided notice to the Company dated December 16, 2016 of its investigation regarding possible violations of the United States Bank Secrecy Act ("BSA"). On January 31, 2017, the Company entered into assurances of discontinuance/assurances of voluntary compliance with the attorneys general of 49 U.S. states and the District of Columbia named therein to resolve investigations by the state attorneys general, which sought information and documents relating to money transfers sent from the United States to certain countries, consumer fraud complaints that the Company had received and the Company's procedures to help identify and prevent fraudulent transfers. On April 12, 2017, the Company settled with the one remaining state attorney general under effectively the same terms as the January 31, 2017 agreement with no additional monetary payment required. The agreements with the state attorneys general are collectively referred to herein as the "State AG Agreement." The DPA, Consent Order, FinCEN Agreement, and State AG Agreement are collectively referred to herein as the "Joint Settlement Agreements."

Pursuant to the DPA, the USAOs filed a two-count criminal information in the United States District Court for the Middle District of Pennsylvania, charging the Company with aiding and abetting wire fraud and willfully failing to implement an effective anti-money laundering ("AML") program. The USAOs agreed that if the Company fully complies with all of its obligations under the DPA, the USAOs will, at the conclusion of the DPA's term, seek dismissal with prejudice of the criminal information filed against the Company.

Under the Joint Settlement Agreements, the Company was required to (1) pay an aggregate amount of $586 million to the DOJ to be used to reimburse consumers who were the victims of third-party fraud conducted through the Company's money transfer services (the "Compensation Payment"), (2) pay an aggregate amount of $5 million to the State Attorneys General to reimburse investigative, enforcement, and other costs, and (3) retain an independent compliance auditor for three years to review and assess actions taken by the Company under the Consent Order to further enhance its oversight of agents and protection of consumers. The FinCEN Agreement also set forth a civil penalty of $184 million, the full amount of which was deemed satisfied by the Compensation Payment, without any additional payment or non-monetary obligations. No separate payment to the FTC was required under the Joint Settlement Agreements. The Company paid the Compensation Payment and the aggregate amount due to the State Attorneys General during the first and second quarters of 2017. The Company had accrued the Compensation Payment and the aggregate amount due to the State Attorneys General in "Accounts payable and accrued liabilities" in the Company's Consolidated Balance Sheets as of December 31, 2016. In the second quarter of 2017, pursuant to the terms of the Joint Settlement Agreements, the Company engaged an independent compliance auditor, and during the third quarter of 2017, the Company accrued an additional $8 million of expenses related to the independent compliance auditor.

The Joint Settlement Agreements also require, among other things, the Company to adopt certain new or enhanced practices with respect to its compliance program relating to consumer reimbursement, agent due diligence, agent training, monitoring, reporting, and record-keeping by the Company and its agents, consumer fraud disclosures, agent suspensions and terminations, and other items. The changes in the Company's compliance program required by the Joint Settlement Agreements will have adverse effects on the Company's business, including additional costs and potential loss of business. The Company has faced (as described below) and could also face additional actions from other regulators as a result of the Joint Settlement Agreements. Further, if the Company fails to comply with the Joint Settlement Agreements, it could face criminal prosecution, civil litigation, significant fines, damage awards or other regulatory consequences. Any or all of these outcomes could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.

Shareholder Derivative Actions

On January 13, 2014, Natalie Gordon served the Company with a Verified Shareholder Derivative Complaint and Jury Demand that was filed in District Court, Douglas County, Colorado naming the Company's President and Chief Executive Officer, one of its former executive officers, one of its former directors, and all but one of its current directors as individual defendants, and the Company as a nominal defendant. The complaint asserts claims for breach of fiduciary duty and gross mismanagement against all of the individual defendants and unjust enrichment against the President and Chief Executive Officer and the former executive officer based on allegations that between February 12, 2012 to October 30, 2012, the individual defendants made or caused the Company to issue false and misleading statements or failed to make adequate disclosures regarding the effects of a settlement agreement signed on February 11, 2010 between WUFSI and the State of Arizona regarding WUFSI's AML compliance programs along the United States and Mexico border ("Southwest Border Agreement"), including regarding the anticipated costs of compliance with the Southwest Border Agreement, potential effects on business operations, and Company projections. Plaintiff also alleges that the individual defendants caused or allowed the Company to lack requisite internal controls, caused or allowed financial statements to be misstated, and caused the Company to be subject to the costs, expenses and liabilities associated with City of Taylor Police and Fire Retirement System v. The Western Union Company, et al., a lawsuit that was subsequently renamed and dismissed. Plaintiff further alleges that the Company's President and Chief Executive Officer and the former executive officer received excessive compensation based on the allegedly inaccurate financial statements. On March 12, 2014, the Court entered an order granting the parties' joint motion to stay proceedings in the case during the pendency of certain of the shareholder derivative actions described below. On February 13, 2019, the case was administratively closed, although the Court indicated that a motion could be filed to re-open the matter.

In 2014, Stanley Lieblein, R. Andre Klein, City of Cambridge Retirement System, Mayar Fund Ltd, Louisiana Municipal Police Employees' Retirement System, MARTA/ATU Local 732 Employees Retirement Plan, and The Police Retirement System of St. Louis filed shareholder derivative complaints in the United States District Court for the District of Colorado (or were removed to the United States District Court for the District of Colorado) naming the Company's President and Chief Executive Officer and certain current and former directors and a former executive officer as individual defendants, and the Company as a nominal defendant. On January 5, 2015, the court entered an order consolidating the actions and appointing City of Cambridge Retirement System and MARTA/ATU Local 732 Employees Retirement Plan as co-lead plaintiffs. On February 4, 2015, co-lead plaintiffs filed a verified consolidated shareholder derivative complaint naming the Company's President and Chief Executive Officer and nine current or former executive officers and directors as individual defendants, and the Company as a nominal defendant. The consolidated complaint asserts separate claims for breach of fiduciary duty against the director defendants and the officer defendants, claims against all of the individual defendants for violations of section 14(a) of the Securities Exchange Act of 1934 ("Exchange Act"), corporate waste and unjust enrichment, and a claim against the former executive officer for breach of fiduciary duties for insider selling and misappropriation of information. The breach of fiduciary duty claim against the director defendants includes allegations that they declined to implement an effective AML compliance system after receiving numerous red flags indicating prolonged willful illegality, obstructed the efforts of the monitor assigned to the Company pursuant to the Southwest Border Agreement to impose effective compliance systems on the Company, failed to take action in response to alleged Western Union management efforts to undermine the monitor, reappointed the same directors to the Audit Committee and Corporate Governance and Public Policy Committees constituting a majority of those committees between 2006 and 2014, appointed a majority of directors to the Compliance Committee who were directly involved in overseeing the alleged misconduct as members of the Audit Committee and the Corporate Governance and Public Policy Committee, caused the Company to materially breach the Southwest Border Agreement, caused the Company to repurchase its stock at artificially inflated prices, awarded the Company's senior executives excessive compensation despite their responsibility for the Company's alleged willful non-compliance with state and federal AML laws, and failed to prevent the former executive officer from misappropriating and profiting from nonpublic information when making allegedly unlawful stock sales. The breach of fiduciary duty claim against the officer defendants includes allegations that they caused the Company and allowed its agents to ignore the recording and reporting requirements of the BSA and parallel AML laws and regulations for a prolonged period of time, authorized and implemented AML policies and practices that they knew or should have known to be inadequate, caused the Company to fail to comply with the Southwest Border Agreement and refused to implement and maintain adequate internal controls.

The claim for violations of section 14(a) of the Exchange Act includes allegations that the individual defendants caused the Company to issue proxy statements in 2012, 2013 and 2014 containing materially incomplete and inaccurate disclosures - in particular, by failing to disclose the extent to which the Company's financial results depended on the non-compliance with AML requirements, the Board's awareness of the regulatory and criminal enforcement actions in real time pursuant to the 2003 Consent Agreement with the California Department of Financial Institutions and that the directors were not curing violations and preventing misconduct, the extent to which the Board considered the flood of increasingly severe red flags in their determination to re-nominate certain directors to the Audit Committee between 2006 and 2010, and the extent to which the Board considered ongoing regulatory and criminal investigations in awarding multi-million dollar compensation packages to senior executives. The corporate waste claim includes allegations that the individual defendants paid or approved the payment of undeserved executive and director compensation based on the illegal conduct alleged in the consolidated complaint, which exposed the Company to civil liabilities and fines. The corporate waste claim also includes allegations that the individual defendants made improper statements and omissions, which forced the Company to expend resources in defending itself in City of Taylor Police and Fire Retirement System v. The Western Union Company, et al., a lawsuit that was subsequently renamed and dismissed, authorized the repurchase of over \$1.565 billion of the Company's stock at prices they knew or recklessly were aware, were artificially inflated, failed to maintain sufficient internal controls over the Company's marketing and sales process, failed to consider the interests of the Company and its shareholders, and failed to conduct the proper supervision. The claim for unjust enrichment includes allegations that the individual defendants derived compensation, fees and other benefits from the Company and were otherwise unjustly enriched by their wrongful acts and omissions in managing the Company. The claim for breach of fiduciary duties for insider selling and misappropriation of information includes allegations that the former executive sold Company stock while knowing material, nonpublic information that would have significantly reduced the market price of the stock. On March 16, 2015, the defendants filed a motion to dismiss the consolidated complaint. On March 31, 2016, the Court entered an order granting the defendants' collective motion to dismiss without prejudice, denying as moot a separate motion to dismiss that was filed by the former executive officer, and staying the order for 30 days, within which plaintiffs could file an amended complaint that cured the defects noted in the order. On May 2, 2016, co-lead plaintiffs filed a verified amended consolidated shareholder derivative complaint naming the Company's President and Chief Executive Officer, six of its current directors (including the Company's President and Chief Executive Officer, who also serves as a director) and three of its former directors as individual defendants, and the Company as a nominal defendant. The amended complaint, among other things, drops the claims against the former executive officer named in the prior complaint, realleges and narrows the breach of fiduciary duty claims, and drops the remaining claims. On June 15, 2016, defendants filed a motion to dismiss the amended consolidated shareholder derivative complaint. On August 1, 2016, plaintiffs filed an opposition to the motion to dismiss. On September 1, 2016, defendants filed a reply brief in support of the motion to dismiss. On February 24, 2017, plaintiffs filed a motion to supplement the amended complaint with allegations relating to the DPA, the criminal information filed in the United States District Court for the Middle District of Pennsylvania, and the FTC's January 19, 2017 Complaint for Permanent Injunctive and Other Equitable Relief and the Consent Order referenced in the *United States Department of Justice, Federal Trade Commission, Financial Crimes Enforcement Network, and State Attorneys General Settlements* section above. The same day, the Court granted plaintiffs' request to supplement the complaint, ordered them to file a second amended complaint, denied without prejudice defendants' motion to dismiss and granted defendants leave to renew the motion to dismiss. On March 17, 2017, plaintiffs filed a second amended derivative complaint. On September 29, 2017, the Court granted defendants' motion to dismiss the second amended derivative complaint. On December 19, 2017, plaintiffs filed an appeal brief in the United States Court of Appeals for the Tenth Circuit, seeking reversal of the dismissal, to which the Company filed an opposition on February 20, 2018. Plaintiffs filed a reply brief on March 30, 2018.

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

Other Matters

The Company and one of its subsidiaries are defendants in two purported class action lawsuits: James P. Tennille v. The Western Union Company and Robert P. Smet v. The Western Union Company, both of which are pending in the United States District Court for the District of Colorado. The original complaints asserted claims for violation of various consumer protection laws, unjust enrichment, conversion and declaratory relief, based on allegations that the Company waits too long to inform consumers if their money transfers are not redeemed by the recipients and that the Company uses the unredeemed funds to generate income until the funds are escheated to state governments. During the fourth quarter of 2012, the parties executed a settlement agreement, which the Court preliminarily approved on January 3, 2013. On June 25, 2013, the Court entered an order certifying the class and granting final approval to the settlement. Under the approved settlement, a substantial amount of the settlement proceeds, as well as all of the class counsel's fees, administrative fees and other expenses, would be paid from the class members' unclaimed money transfer funds. During the final approval hearing, the Court overruled objections to the settlement that had been filed by several class members. In July 2013, two of those class members filed notices of appeal. On May 1, 2015, the United States Court of Appeals for the Tenth Circuit affirmed the District Court's decision to overrule the objections filed by the two class members who appealed. On January 11, 2016, the United States Supreme Court denied petitions for certiorari that were filed by the two class members who appealed. On February 1, 2016, pursuant to the settlement agreement and the Court's June 25, 2013 final approval order, Western Union deposited the class members' unclaimed money transfer funds into a class settlement fund, from which class member claims, administrative fees and class counsel's fees, as well as other expenses have been paid, with the remainder to go to eligible jurisdictions to which the unclaimed funds would have escheated in the absence of a settlement. On April 3, 2018, the Court entered an order creating a fund for the remainder of the unclaimed funds, which gives eligible jurisdictions one year to execute a release to receive their proportionate share of the fund. Some jurisdictions may opt not to participate in the settlement, taking the position that the Company must escheat those jurisdictions' full share of the settlement fund and that the pro rata deductions for class counsel's fees, administrative costs, and other expenses that are required under the settlement agreement are not permitted. In that event, there is a reasonable possibility a loss could result up to approximately the pro rata amount of those fees and other expenses.

On March 12, 2014, Jason Douglas filed a purported class action complaint in the United States District Court for the Northern District of Illinois asserting a claim under the Telephone Consumer Protection Act, 47 U.S.C. § 227, et seq., based on allegations that since 2009, the Company has sent text messages to class members' wireless telephones without their consent. During the first quarter of 2015, the Company's insurance carrier and the plaintiff reached an agreement to create an $8.5 million settlement fund that will be used to pay all class member claims, class counsel's fees and the costs of administering the settlement. The agreement has been signed by the parties and, on November 10, 2015, the Court granted preliminary approval to the settlement. On January 9, 2018, plaintiff filed a motion requesting decisions on its pending motion to approve the settlement and motion for attorneys' fees, costs, and incentive award. On August 31, 2018, the Court issued an order approving the settlement, in which the Court modified the class definition slightly and ordered the parties to provide additional notice to the class. The Company accrued an amount equal to the retention under its insurance policy in previous quarters and believes that any amounts in excess of this accrual will be covered by the insurer. However, if the Company's insurer is unable to or refuses to satisfy its obligations under the policy or the parties are unable to reach a definitive agreement or otherwise agree on a resolution, the Company's financial condition, results of operations, and cash flows could be adversely impacted. As the parties have reached an agreement in this matter, the Company believes that the potential for additional loss in excess of amounts already accrued is remote.

In October 2015, Consumidores Financieros Asociación Civil para su Defensa, an Argentinian consumer association, filed a purported class action lawsuit in Argentina's National Commercial Court No. 19 against the Company's subsidiary Western Union Financial Services Argentina S.R.L. ("WUFSA"). The lawsuit alleges, among other things, that WUFSA's fees for money transfers sent from Argentina are excessive and that WUFSA does not provide consumers with adequate information about foreign exchange rates. The plaintiff is seeking, among other things, an order requiring WUFSA to reimburse consumers for the fees they paid and the foreign exchange revenue associated with money transfers sent from Argentina, plus punitive damages. The complaint does not specify a monetary value of the claim or a time period. In November 2015, the Court declared the complaint formally admissible as a class action. The notice of claim was served on WUFSA in May 2016, and in June 2016 WUFSA filed a response to the claim and moved to dismiss it on statute of limitations and standing grounds. In April 2017, the Court deferred ruling on the motion until later in the proceedings. The process for notifying potential class members has been completed and the case is currently in the evidentiary stage. Due to the stage of this matter, the Company is unable to predict the outcome or the possible loss or range of loss, if any, associated with this matter. WUFSA intends to defend itself vigorously.

On February 22, 2017, the Company, its President and Chief Executive Officer, its Chief Financial Officer, and a former executive officer of the Company were named as defendants in two purported class action lawsuits, both of which asserted claims under section 10(b) of the Exchange Act and Securities and Exchange Commission rule 10b-5 and section 20(a) of the Exchange Act. On May 3, 2017, the two cases were consolidated by the United States District Court for the District of Colorado under the caption Lawrence Henry Smallen and Laura Anne Smallen Revocable Living Trust et al. v. The Western Union Company et al., Civil Action No. 1:17-cv-00474-KLM (D. Colo.). On September 6, 2017, the Court appointed Lawrence Henry Smallen and Laura Anne Smallen Revocable Living Trust as the lead plaintiff. On November 6, 2017, the plaintiffs filed a consolidated amended complaint (“Amended Complaint”) that, among other things, added two other former executive officers as defendants, one of whom subsequently was voluntarily dismissed by the plaintiffs. The Amended Complaint asserts claims under section 10(b) of the Exchange Act and Securities and Exchange Commission rule 10b-5 and section 20(a) of the Exchange Act, and alleges that, during the purported class period of February 24, 2012, through May 2, 2017, the defendants made false or misleading statements or failed to disclose purported adverse material facts regarding, among other things, the Company’s compliance with AML and anti-fraud regulations, the status and likely outcome of certain governmental investigations targeting the Company, the reasons behind the Company’s decisions to make certain regulatory enhancements, and the Company’s premium pricing. The defendants filed a motion to dismiss the complaint on January 16, 2018. The consolidated action is in a preliminary stage and the Company is unable to predict the outcome, or the possible loss or range of loss, if any, which could be associated with it. The Company and the individual defendants intend to vigorously defend themselves in this matter.

On February 13, 2017, the Company’s subsidiary, Western Union Payment Services Ireland Limited (“WUPSIL”), was served with a writ of accusation from the National Court of Spain. The writ charges 98 former Western Union money transfer agents or agent representatives with fraud and money laundering in connection with consumer fraud scams they allegedly perpetrated using Western Union money transfer transactions. The writ also names WUPSIL as a civil defendant, allegedly responsible under Spanish law to pay any portion of the alleged amount in victim losses that cannot be repaid by any of the criminal defendants who are convicted. In accordance with Spanish law, on January 4, 2018, the Company, through its subsidiary Western Union International Limited, provided a corporate guaranty in an amount of approximately €23 million to cover any liability that could theoretically attach to WUPSIL. Due to the preliminary stage of this matter, the Company is unable to predict the outcome, or the amount of loss, if any, associated with this matter.

On March 31, 2017, the Company received a request for the production of documents from the New York State Department of Financial Services (the “NYDFS”), following up on a meeting the Company had with the NYDFS on March 7, 2017. The requests pertain to the Company’s oversight of one current and two former Western Union agents located in New York state. The two former agents were identified in the DPA described in the United States Department of Justice, Federal Trade Commission, Financial Crimes Enforcement Network, and State Attorneys General Settlements section above, and were terminated as agents by the Company prior to 2013. On July 28, 2017, the NYDFS informed the Company that the facts set forth in the DPA regarding the Company’s anti-money laundering programs over the 2004 through 2012 period gave the NYDFS a basis to take additional enforcement action. On January 4, 2018, the Company’s subsidiary, WUFSI, and the NYDFS agreed to a consent order (the “NYDFS Consent Order”), which resolved the NYDFS investigation into these matters. Under the NYDFS Consent Order, the Company is required, among other things, to pay to the NYDFS a civil monetary penalty of $60 million, which the Company paid on January 12, 2018. The NYDFS Consent Order also imposes certain non-monetary obligations, including a requirement to provide to the NYDFS a remediation plan within 90 days after the date of the NYDFS Consent Order, which the Company provided on April 4, 2018.

On April 26, 2018, the Company, its WUFSI subsidiary, its President and Chief Executive Officer, and various “Doe Defendants” (purportedly including Western Union officers, directors, and agents) were named as defendants in a purported class action lawsuit asserting claims for alleged violations of civil Racketeer Influenced and Corrupt Organizations Act (“RICO”) and the Colorado Organized Crime Act, civil theft, negligence, unjust enrichment, and conversion under the caption Frazier et al. v. The Western Union Company et al., Civil Action No. 1:18-cv-00998-KLM (D. Colo.). The complaint alleges that, during the purported class period of January 1, 2004 to the present, and based largely on the admissions and allegations relating to the DPA, the FTC Consent Order, and the NYDFS Consent Order, the defendants engaged in a scheme to defraud customers through Western Union’s money transfer system. The plaintiffs filed an amended complaint on July 17, 2018. The amended complaint is similar to the original complaint, although it adds additional named plaintiffs and additional counts, including claims on behalf of putative California, Florida, Georgia, Illinois, and New Jersey subclasses for alleged violations of the California Unfair Competition Law, the Florida Deceptive and Unfair Trade Practices Act, the Georgia Fair Business Practices Act, the Illinois Consumer Fraud and Deceptive Business Practices Act, and the New Jersey Consumer Fraud Act. On August 28, 2018, the Company and the other defendants moved to stay the action in favor of individual arbitrations with the named plaintiffs, which defendants contend are contractually required. That motion has been fully briefed and remains pending, and the case is otherwise stayed pending a determination of that issue. The action is in a preliminary stage and the Company is unable to predict the outcome, or the possible loss or range of loss, if any, which could be associated with it. The Company and the other defendants intend to vigorously defend themselves in this matter.

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

7. Related Party Transactions

The Company has ownership interests in certain of its agents accounted for under the equity method of accounting. The Company pays these agents commissions for money transfer and other services provided on the Company’s behalf. Commission expense recognized for these agents for the years ended December 31, 2018, 2017 and 2016 totaled $57.6 million, $65.9 million, and $68.0 million, respectively.

8. Investment Securities

Investment securities included in “Settlement assets” in the Company’s Consolidated Balance Sheets consist primarily of highly-rated state and municipal debt securities, including fixed rate term notes and variable rate demand notes. Variable rate demand note securities can be put (sold at par) typically on a daily basis with settlement periods ranging from the same day to one week, but have varying maturities through 2050. These securities may be used by the Company for short-term liquidity needs and held for short periods of time. The Company is required to hold highly-rated, investment grade securities and such investments are restricted to satisfy outstanding settlement obligations in accordance with applicable state and foreign country requirements.

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

Unrealized gains and losses on available-for-sale securities are excluded from earnings and presented as a component of accumulated other comprehensive loss, net of related deferred taxes. Proceeds from the sale and maturity of available-for-sale securities during the years ended December 31, 2018, 2017 and 2016 were $7.7 billion, $7.9 billion and $4.4 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 are as follows (in millions):

December 31, 2018	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gains/(Losses)
Cash:					
Money market funds	$ 27.0	$ 27.0	$ —	$ —	$ —
Settlement assets:					
Cash and cash equivalents:					
Money market funds	23.9	23.9	—	—	—
Available-for-sale securities:					
State and municipal debt securities (a)	963.4	962.7	6.1	(6.8)	(0.7)
State and municipal variable rate demand notes	168.7	168.7	—	—	—
Corporate and other debt securities	70.0	69.5	—	(0.5)	(0.5)
United States Treasury securities	9.9	9.7	—	(0.2)	(0.2)
	1,212.0	1,210.6	6.1	(7.5)	(1.4)
Other assets:					
Held-to-maturity securities:					
Foreign corporate debt securities	32.9	32.9	—	—	—
	$ 1,295.8	$ 1,294.4	$ 6.1	$ (7.5)	$ (1.4)

December 31, 2017	Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gains/(Losses)
Settlement assets:					
Available-for-sale securities:					
State and municipal debt securities (a)	$ 955.7	$ 960.0	$ 7.9	$ (3.6)	$ 4.3
State and municipal variable rate demand notes	319.6	319.6	—	—	—
Corporate and other debt securities	60.9	60.8	0.2	(0.3)	(0.1)
United States Treasury securities	9.9	9.8	—	(0.1)	(0.1)
	1,346.1	1,350.2	8.1	(4.0)	4.1
Other assets:					
Held-to-maturity securities:					
Foreign corporate debt securities	56.2	56.2	—	—	—
	$ 1,402.3	$ 1,406.4	$ 8.1	$ (4.0)	$ 4.1

(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, 2018 and 2017.

The following summarizes the contractual maturities of settlement-related debt securities as of December 31, 2018 (in millions):

	Fair Value
Due within 1 year	$ 128.4
Due after 1 year through 5 years	482.3
Due after 5 years through 10 years	276.0
Due after 10 years	323.9
	$ 1,210.6

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 $13.0 million and $155.7 million are included in the "Due after 5 years through 10 years" and "Due after 10 years" categories, respectively, in the table above. The held-to-maturity foreign corporate debt securities are due within 1 year.

9. 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 the Company measures fair value, refer to Note 2.

The following tables reflect assets and liabilities that were measured at fair value on a recurring basis (in millions):

December 31, 2018	Fair Value Measurement Using Level 1	Level 2	Level 3	Assets/ Liabilities at Fair Value
Assets:				
Cash:				
Measured at fair value through net income:				
Money market funds	$ 27.0	$ —	$ —	$ 27.0
Settlement assets:				
Measured at fair value through net income:				
Money market funds	23.9	—	—	23.9
Measured at fair value through other comprehensive income:				
State and municipal debt securities	—	962.7	—	962.7
State and municipal variable rate demand notes	—	168.7	—	168.7
Corporate and other debt securities	—	69.5	—	69.5
United States Treasury securities	9.7	—	—	9.7
Other assets:				
Derivatives	—	245.5	—	245.5
Total assets	$ 60.6	$ 1,446.4	$ —	$ 1,507.0
Liabilities:				
Derivatives	$ —	$ 176.2	$ —	$ 176.2
Total liabilities	$ —	$ 176.2	$ —	$ 176.2

December 31, 2017	Fair Value Measurement Using Level 1	Level 2	Level 3	Assets/ Liabilities at Fair Value
Assets:				
Settlement assets:				
Measured at fair value through other comprehensive income:				
State and municipal debt securities	$ —	$ 960.0	$ —	$ 960.0
State and municipal variable rate demand notes	—	319.6	—	319.6
Corporate and other debt securities	—	60.8	—	60.8
United States Treasury securities	9.8	—	—	9.8
Other assets:				
Derivatives	—	273.4	—	273.4
Total assets	$ 9.8	$ 1,613.8	$ —	$ 1,623.6
Liabilities:				
Derivatives	$ —	$ 263.0	$ —	$ 263.0
Total liabilities	$ —	$ 263.0	$ —	$ 263.0

No non-recurring fair value adjustments were recorded during the years ended December 31, 2018 and 2017, except those associated with a goodwill impairment charge and acquisitions, as disclosed in Note 5, for which fair values were estimated primarily using unobservable Level 3 inputs, which require significant management judgment and estimation.

Other Fair Value Measurements

The carrying amounts for many of the Company's financial instruments, including certain cash and cash equivalents, settlement cash and cash equivalents, and settlement receivables and settlement obligations approximate fair value due to their short maturities. The Company's borrowings are classified as Level 2 of the valuation hierarchy, and the aggregate fair value of these borrowings was based on quotes from multiple banks and excluded the impact of related interest rate swaps. Fixed rate notes are carried in the Company's Consolidated Balance Sheets at their original issuance values as adjusted over time to accrete that value to par, except for portions of notes hedged by these interest rate swaps, as disclosed in Note 15. As of December 31, 2018, the carrying value and fair value of the Company's borrowings were $3,433.7 million and $3,394.6 million, respectively (see Note 16). As of December 31, 2017, the carrying value and fair value of the Company's borrowings were $3,033.6 million and $3,146.5 million, respectively.

The Company holds investments in foreign corporate debt securities that are classified as held-to-maturity securities within Level 2 of the valuation hierarchy and are recorded at amortized cost in "Other Assets" in the Company's Consolidated Balance Sheets. As of December 31, 2018, both the carrying value and fair value of the Company's foreign corporate debt securities were $32.9 million. As of December 31, 2017, both the carrying value and fair value of the Company's foreign corporate debt securities were $56.2 million.

10. Other Assets and Other Liabilities

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

	December 31,	
	2018	2017
Other assets:		
Derivatives	$ 245.5	$ 273.4
Prepaid expenses	101.3	120.5
Amounts advanced to agents, net of discounts	57.6	53.5
Equity method investments	31.3	29.1
Other	180.3	199.4
Total other assets	$ 616.0	$ 675.9
Other liabilities:		
Derivatives	$ 176.2	$ 263.0
Pension obligations	16.0	15.0
Other	86.9	78.8
Total other liabilities	$ 279.1	$ 356.8

11. Income Taxes

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

	Year Ended December 31,		
	2018	2017	2016
Domestic	$ (11.4)	$ (238.8)	$ (546.4)
Foreign	1,002.8	586.3	888.1
	$ 991.4	$ 347.5	$ 341.7

For the years ended December 31, 2018, 2017 and 2016, 101%, 169% and 260% of the Company's pre-tax income was derived from foreign sources, respectively. For the year ended December 31, 2017, domestic pre-tax loss was primarily the result of the domestic portion of the goodwill impairment charge related to the Company's Business Solutions reporting unit, described further in Note 5, the NYDFS Consent Order accrual, as discussed in Note 6, and an increase in business transformation expenses. For the year ended December 31, 2016, domestic pre-tax loss was primarily the result of the Joint Settlement Agreements, described further in Note 6.

In December 2017, the Tax Act was enacted into United States law. During the fourth quarter of 2018, the Company completed its accounting for the Tax Act's impacts that were provisionally estimated as of December 31, 2017. The Company's effective tax rate for the year ended December 31, 2018 increased by 2.3% due to adjustments to the accounting for the Tax Act, including the items further described below:

- With respect to the United States taxation of certain previously undistributed earnings of foreign subsidiaries, the determination of the amount of earnings, the amount of assets which are to be included as cash and other specified assets, and which are therefore subject to the higher effective tax rate specified in the Tax Act, and the related potential foreign tax implications were finalized during the fourth quarter of 2018. The Company filed its federal income tax return in October and filed all remaining state and foreign income tax returns in the fourth quarter of 2018. Additionally, the Company completed its analysis of its controlled foreign corporations. The estimated tax provision amount related to this matter was $916 million for the year ended December 31, 2017. During the year ended December 31, 2018, the Company increased this expense by $26 million, because of revised estimates for the cash and other specified assets that are subject to the higher effective tax rate specified in the Tax Act and the effects of tax liabilities and tax contingency reserves on the Company's previously undistributed earnings of foreign subsidiaries, so that the final tax provision amount related to this matter is $942 million.

- The Company recorded a provisional $87 million benefit for the year ended December 31, 2017 for the remeasurement of deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects. During the year ended December 31, 2018, the Company increased this provisional benefit by $5 million after further analysis of its tax liabilities, resulting in a final benefit related to this matter of $92 million.

- The Company provisionally estimated the total amount of outside basis differences with respect to its foreign subsidiaries as of December 31, 2017 to be $254 million (after giving effect to the Tax Act). These outside tax basis differences primarily relate to the remaining undistributed foreign earnings not subject to the tax on certain previously undistributed earnings of foreign subsidiaries pursuant to the Tax Act and additional outside basis difference inherent in certain entities. To the extent such outside basis differences are attributable to undistributed earnings not already subject to United States tax, such undistributed earnings continue to be indefinitely reinvested in foreign operations. Upon the future realization of the Company's basis difference, the Company could be subject to United States income taxes, state income taxes and possible withholding taxes payable to various foreign countries. However, determination of this amount of unrecognized deferred tax liability is not practicable because of complexities associated with its hypothetical calculation. The amount of total outside basis differences was increased by $11 million to $265 million as the Company completed its analysis during the fourth quarter of 2018. As of December 31, 2018, the total outside basis difference with respect to foreign subsidiaries was $343 million, and the determination of the related unrecognized deferred tax liability continues to not be practicable for the same reason described above.

The Tax Act is broad and complex, and the Company's income tax expense could increase or decrease in future periods as the effects of the Tax Act are clarified through federal or state regulations, interpretations, or law changes. Changes or clarifications in the interpretation of the Tax Act or other legislative proposals or amendments could have a significant effect on the Company's income tax expense in future periods. Furthermore, the effect of the Tax Act on state income taxes, including how the tax on certain previously undistributed earnings of foreign subsidiaries will be interpreted by the states and how states will apply forward-looking provisions of the Tax Act, are currently unclear and subject to potential changes affecting both the amount of state taxes and the remeasurement of the Company's deferred tax assets and liabilities and other tax balances.

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

	Year Ended December 31,		
	2018	2017	2016
Federal	$ 62.9	$ 848.5	$ 43.5
State and local	0.6	5.4	2.9
Foreign	76.0	50.7	42.1
	$ 139.5	$ 904.6	$ 88.5

No tax benefit was recorded in either 2017 for the $60 million NYDFS Consent Order accrual or in 2016 for the $586 million Compensation Payment resulting from the Joint Settlement Agreements. Additionally, in 2017, a domestic one-time tax was imposed under the Tax Act on the Company's previously undistributed earnings of foreign subsidiaries, with certain exceptions. In addition, certain portions of the Company's foreign source income are subject to ongoing United States federal and state income tax as earned due to the nature of the income, and dividend repatriations of the Company's foreign source income may be subject to state income tax. Accordingly, the percentage obtained by dividing the total federal, state and local tax provision by the domestic pre-tax income, all as shown in the preceding tables, is higher than the statutory tax rates in the United States.

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

	Year Ended December 31,		
	2018	2017	2016
Federal statutory rate	21.0 %	35.0 %	35.0 %
State income taxes, net of federal income tax benefits	0.4 %	1.7 %	1.2 %
Foreign rate differential, net of United States tax paid on foreign earnings (4.9%, 1.1% and 24.8%, respectively)	(8.2)%	(69.3)%	(50.8)%
Tax Act impact	2.3 %	251.5 %	— %
Joint Settlement Agreements impact	— %	— %	62.1 %
NYDFS Consent Order impact	— %	6.0 %	— %
Goodwill impairment	— %	46.7 %	— %
Base erosion anti-abuse tax (BEAT)	3.0 %	— %	— %
Lapse of statute of limitations	(2.2)%	(10.0)%	(11.3)%
Valuation allowances	0.0 %	0.8 %	(2.8)%
Other	(2.2)%	(2.1)%	(7.5)%
Effective tax rate	14.1 %	260.3 %	25.9 %

The decrease in the Company's effective tax rate for the year ended December 31, 2018 is due to the enactment of the Tax Act into United States law in December 2017 which significantly impacted the Company's effective tax rate for the year ended December 31, 2017, primarily due to a tax on certain previously undistributed earnings of foreign subsidiaries, partially offset by the remeasurement of the Company's deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects, as discussed above. The Company's effective tax rate for year ended December 31, 2018 compared to 2017 was also impacted by the goodwill impairment in the Company's Business Solutions reporting unit and the NYDFS Consent Order accrual, both recorded during 2017. The increase in the Company's effective tax rate for the year ended December 31, 2017 compared to 2016 was primarily due to the enactment of the Tax Act into United States law in December 2017, as described above. The Company's effective tax rate for year ended December 31, 2017 compared to 2016 was also impacted by the goodwill impairment in the Company's Business Solutions reporting unit and the NYDFS Consent Order accrual, both recorded in 2017, and the Joint Settlement Agreements recorded during 2016.

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

	Year Ended December 31,		
	2018	2017	2016
Current:			
Federal	$ 69.2	$ 774.4	$ 186.2
State and local	0.0	1.0	13.1
Foreign	85.4	59.7	63.4
Total current taxes	154.6	835.1	262.7
Deferred:			
Federal	(6.3)	74.1	(142.7)
State and local	0.6	4.4	(10.2)
Foreign	(9.4)	(9.0)	(21.3)
Total deferred taxes	(15.1)	69.5	(174.2)
	$ 139.5	$ 904.6	$ 88.5

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

	December 31,	
	2018	2017
Deferred tax assets related to:		
Reserves, accrued expenses and employee-related items	$ 42.6	$ 44.8
Tax attribute carryovers	29.9	27.1
Pension obligations	4.8	4.6
Intangibles, property and equipment	8.5	11.9
Other	5.3	10.7
Valuation allowance	(15.7)	(19.9)
Total deferred tax assets	75.4	79.2
Deferred tax liabilities related to:		
Intangibles, property and equipment	228.0	239.4
Other	—	0.9
Total deferred tax liabilities	228.0	240.3
Net deferred tax liability (a)	$ 152.6	$ 161.1

(a) As of December 31, 2018 and 2017, deferred tax assets that cannot be fully offset by deferred tax liabilities in the respective tax jurisdictions of \$8.5 million and \$11.9 million, respectively, are reflected in "Other assets" in the Consolidated Balance Sheets.

The valuation allowances are primarily the result of uncertainties regarding the Company's ability to recognize tax benefits associated with certain United States foreign tax credit carryforwards and certain foreign and state net operating losses. Such uncertainties include generating sufficient United States foreign tax credit limitation related to passive income and generating sufficient income. Changes in circumstances, or the identification and implementation of relevant tax planning strategies, could make it foreseeable that the Company will recover these deferred tax assets in the future, which could lead to a reversal of these valuation allowances and a reduction in income tax expense.

Uncertain Tax Positions

The Company has established contingency reserves for a variety of material, known tax exposures. As of December 31, 2018, the total amount of tax contingency reserves was $306.8 million, including accrued interest and penalties, net of related items. The Company's tax reserves reflect management's judgment as to the resolution of the issues involved if subject to judicial review or other settlement. While the Company believes its reserves are adequate to cover reasonably expected tax risks, there can be no assurance that, in all instances, an issue raised by a tax authority will be resolved at a financial cost that does not exceed its related reserve. With respect to these reserves, the Company's income tax expense would include (i) any changes in tax reserves arising from material changes 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 the Company's consolidated financial statements in future periods and could impact operating cash flows.

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

	2018	2017
Balance as of January 1,	$ 329.0	$ 352.0
Increase related to current period tax positions (a)	4.0	9.0
Increase related to prior period tax positions.	0.4	—
Decrease related to prior period tax positions	(18.5)	(19.8)
Decrease due to lapse of applicable statute of limitations	(17.7)	(14.0)
Increase/(decrease) due to effects of foreign currency exchange rates	(2.2)	1.8
Balance as of December 31,	$ 295.0	$ 329.0

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

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $284.2 million and $319.6 million as of December 31, 2018 and 2017, 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/(Loss), and records the associated liability in "Income taxes payable" in its Consolidated Balance Sheets. The Company recognized $(0.7) million, $2.2 million and $(0.2) million in interest and penalties during the years ended December 31, 2018, 2017 and 2016, respectively. The Company has accrued $23.9 million and $25.4 million for the payment of interest and penalties as of December 31, 2018 and 2017, respectively.

The unrecognized tax benefits accrual as of December 31, 2018 consists of federal, state and foreign tax matters. It is reasonably possible that the Company's total unrecognized tax benefits will decrease by approximately $8 million during the next 12 months in connection with various matters which may be resolved.

The Company and its subsidiaries file tax returns for the United States, for multiple states and localities, and for various non-United States jurisdictions, and the Company has identified the United States as its major tax jurisdiction, as the income tax imposed by any one foreign country is not material to the Company. The Company's United States federal income tax returns since 2015 are eligible to be examined.

The United States Internal Revenue Service ("IRS") completed its examination of the 2003 and 2004 United States federal consolidated income tax returns of First Data Corporation ("First Data"), from which the Company was spun out in September 2006, and issued a Notice of Deficiency in December 2008. In December 2011, the Company reached an agreement with the IRS resolving substantially all of the issues related to the Company's restructuring of its international operations in 2003 ("IRS Agreement"). The Company has made payments related to the IRS Agreement in years prior to 2018, with a substantial majority of these payments in the year ended December 31, 2012. During the year ended December 31, 2018, the Company made cash payments under the IRS Agreement of approximately $120 million, including accrued interest and net of related tax benefits. The IRS completed its examination of the United States federal consolidated income tax returns of First Data, which include the Company's 2005 and pre-spin-off 2006 taxable periods and issued its report on October 31, 2012 ("FDC 30-Day Letter"). Furthermore, the IRS completed its examination of the Company's United States federal consolidated income tax returns for the 2006 post-spin-off period through 2009 and issued its report also on October 31, 2012 ("WU 30-Day Letter"). Both the FDC 30-Day Letter and the WU 30-Day Letter propose tax adjustments affecting the Company, some of which are agreed and some of which are unagreed. Both First Data and the Company filed their respective protests with the IRS Appeals Division on November 28, 2012 related to the unagreed proposed adjustments. During the year ended December 31, 2016, the Company reached an agreement in principle with the IRS concerning its unagreed adjustments and adjusted its reserves accordingly. The Company concluded these matters during the year ended December 31, 2018 with no further adjustments to its reserves.

12. Employee Benefit Plans

Defined Contribution Plans

The Company administers several defined contribution plans in various countries globally, including The Western Union Company Incentive Savings Plan (the "401(k)"), which covers eligible employees on the United States payroll. Such plans have vesting and employer contribution provisions that vary by country. In addition, the Company sponsors a non-qualified deferred compensation plan for a select group of highly compensated United States employees. The plan provides tax-deferred contributions 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 $20.0 million, $19.2 million, and $17.8 million during the years ended December 31, 2018, 2017 and 2016, respectively.

Defined Benefit Plan

The Company has a frozen defined benefit pension plan (the "Plan") and recognizes its funded status, measured as the difference between the fair value of the plan assets and the projected benefit obligation, in "Other liabilities" in the Consolidated Balance Sheets. Plan assets, which are managed in a third-party trust, primarily consist of a diversified blend of approximately 60% fixed income, 20% equity investments, and 20% alternative investments (e.g., hedge funds, royalty rights and private equity funds) and had a total fair value of $234.8 million and $271.7 million as of December 31, 2018 and 2017, respectively. The significant majority of plan assets fall within either Level 1 or Level 2 of the fair value hierarchy or 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. The benefit obligation associated with the Plan will vary over time only as a result of changes in market interest rates, the life expectancy of the plan participants, and benefit payments, since the accrual of benefits was suspended when the Plan was frozen in 1988. The benefit obligation was $250.8 million and $286.7 million, and the discount rate assumption used in the measurement of this obligation was 3.79% and 3.11% as of December 31, 2018 and 2017, respectively. The Company's unfunded pension obligation was $16.0 million and $15.0 million as of December 31, 2018 and 2017, respectively.

The net periodic benefit cost associated with the Plan was $3.3 million, $2.4 million, and $3.3 million for the years ended December 31, 2018, 2017 and 2016, respectively. The expected long-term return on plan assets assumption is 6.50% for 2019. The Company made no contributions to the Plan for both the years ended December 31, 2018 and 2017. No funding to the Plan will be required for 2019. The estimated undiscounted future benefit payments are expected to be $29.6 million in 2019, $27.8 million in 2020, $26.1 million in 2021, $24.3 million in 2022, $22.6 million in 2023, and $89.4 million in 2024 through 2028.

13. Operating Lease Commitments

The Company leases certain real properties for use as administrative and sales offices, including the Company's corporate headquarters. The Company also leases automobiles and office equipment. Certain of these leases contain renewal options and escalation provisions. Total rent expense under operating leases, net of sublease income, was $59.5 million, $51.1 million and $46.2 million during the years ended December 31, 2018, 2017 and 2016, respectively.

As of December 31, 2018, the minimum aggregate rental commitments under all non-cancelable operating leases were as follows (in millions):

Year Ending December 31,	
2019	$ 51.6
2020	44.1
2021	35.4
2022	31.4
2023	25.2
Thereafter	112.6
Total future minimum lease payments	$ 300.3

14. Stockholders' Equity/(Deficit)

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 unrealized gains and losses on investment securities, unrealized gains and losses from cash flow hedging activities, foreign currency translation adjustments and defined benefit pension plan adjustments.

Unrealized gains and losses on investment securities that are available for sale, primarily state and municipal debt securities, are included in "Accumulated other comprehensive loss" until the investment is either sold or deemed other-than-temporarily impaired. See Note 8 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 15 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 other comprehensive income/(loss). 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.

The defined benefit pension plan adjustment 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 plan's assets and obligations are explained further in Note 12.

The following table summarizes the components of accumulated other comprehensive loss, net of tax (in millions). All amounts reclassified from accumulated other comprehensive loss affect the line items as indicated below within the Consolidated Statements of Income/(Loss). Additionally, as described in Note 2, in the first quarter of 2018, the Company adopted a new accounting pronouncement and reclassified tax effects included within accumulated other comprehensive income/(loss) as a result of the Tax Act to “Accumulated deficit” in the Consolidated Balance Sheet.

	Year Ended December 31,		
	2018	2017	2016
Unrealized gains/(losses) on investment securities, beginning of year	$ 2.7	$ (3.8)	$ 7.8
Unrealized gains/(losses)	(5.9)	12.6	(14.9)
Tax (expense)/benefit	1.3	(4.6)	5.4
Reclassification of (gains)/losses into "Revenues"	0.4	(2.4)	(3.3)
Tax expense/(benefit) related to reclassifications	(0.1)	0.9	1.2
Net unrealized gains/(losses) on investment securities	(4.3)	6.5	(11.6)
Reclassification of Tax Act effects into "Accumulated deficit" (Note 2)	0.5	—	—
Unrealized gains/(losses) on investment securities, end of year	$ (1.1)	$ 2.7	$ (3.8)
Unrealized gain/(losses) on hedging activities, beginning of year	$ (40.6)	$ 33.8	$ 41.4
Unrealized gains/(losses)	35.6	(73.9)	34.3
Tax (expense)/benefit	(1.6)	2.2	1.0
Reclassification of (gains)/losses into "Revenues"	14.9	(4.8)	(48.0)
Reclassification of losses into "Interest expense"	2.1	3.3	3.6
Tax expense/(benefit) related to reclassifications	(0.7)	(1.2)	1.5
Net unrealized gains/(losses) on hedging activities	50.3	(74.4)	(7.6)
Reclassification of Tax Act effects into "Accumulated deficit" (Note 2)	(2.3)	—	—
Unrealized gains/(losses) on hedging activities, end of year	$ 7.4	$ (40.6)	$ 33.8
Foreign currency translation adjustments, beginning of year	$ (76.9)	$ (70.7)	$ (66.0)
Foreign currency translation adjustments	(19.5)	(6.8)	(5.4)
Tax benefit	—	0.6	0.7
Net foreign currency translation adjustments	(19.5)	(6.2)	(4.7)
Reclassification of Tax Act effects into "Accumulated deficit" (Note 2)	(4.8)	—	—
Foreign currency translation adjustments, end of year	$ (101.2)	$ (76.9)	$ (70.7)
Defined benefit pension plan adjustments, beginning of year	$ (113.1)	$ (122.1)	$ (127.1)
Unrealized gains/(losses)	(9.3)	2.3	(2.9)
Tax (expense)/benefit	2.0	(0.5)	1.1
Reclassification of losses into "Other income, net"	11.7	11.3	10.7
Tax benefit related to reclassifications	(2.6)	(4.1)	(3.9)
Net defined benefit pension plan adjustments	1.8	9.0	5.0
Reclassification of Tax Act effects into "Accumulated deficit" (Note 2)	(24.8)	—	—
Defined benefit pension plan adjustments, end of year	$ (136.1)	$ (113.1)	$ (122.1)
Accumulated other comprehensive loss, end of year	$ (231.0)	$ (227.9)	$ (162.8)

Cash Dividends Paid

Cash dividends paid for the years ended December 31, 2018, 2017 and 2016, were $341.7 million, $325.6 million and $312.2 million, respectively. Dividends per share declared quarterly by the Company's Board of Directors during the years ended 2018, 2017 and 2016 were as follows:

Year	Q1	Q2	Q3	Q4
2018	$ 0.19	$ 0.19	$ 0.19	$ 0.19
2017	$ 0.175	$ 0.175	$ 0.175	$ 0.175
2016	$ 0.16	$ 0.16	$ 0.16	$ 0.16

On February 7, 2019, the Company's Board of Directors declared a quarterly cash dividend of $0.20 per common share payable on March 29, 2019.

Share Repurchases

During the years ended December 31, 2018, 2017 and 2016, 20.2 million, 24.9 million and 24.8 million shares, respectively, have been repurchased for $399.2 million, $487.0 million and $481.3 million, respectively, excluding commissions, at an average cost of $19.81, $19.55 and $19.41 per share, respectively. These amounts represent shares authorized by the Board of Directors for repurchase under the publicly announced authorizations. As of December 31, 2018, $544.2 million remained available under the share repurchase authorization approved by the Company's Board of Directors through December 31, 2019. The amounts included in the "Common stock repurchased" line in the Company's Consolidated Statements of Cash Flows represent both shares authorized by the Board of Directors for repurchase under the publicly announced authorization, described earlier, as well as shares withheld from employees to cover tax withholding obligations on restricted stock units that have vested.

15. Derivatives

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

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

Foreign Currency Derivatives

The Company's policy is to use longer-term foreign currency forward contracts, with maturities of up to 36 months at inception and a targeted weighted-average maturity of approximately one year, to help mitigate some of the risk that changes in foreign currency exchange rates compared to the United States dollar could have on forecasted revenues denominated in other currencies related to its business. As of December 31, 2018, the Company's longer-term foreign currency forward contracts had maturities of a maximum of 24 months with a weighted-average maturity of approximately one year. These contracts are accounted for as cash flow hedges of forecasted revenue, with effectiveness assessed based on changes in the spot rate of the affected currencies during the period of designation and thus time value is excluded from the assessment of effectiveness.

As discussed in Note 2, the Company early adopted an accounting pronouncement related to hedging activities as of January 1, 2018. As a result of the new accounting pronouncement, for foreign currency cash flow hedges entered into on or after January 1, 2018, the Company excludes time value from the assessment of effectiveness, and the initial value of the excluded components is amortized into "Revenues" within the Company's Consolidated Statements of Income/(Loss). For foreign currency cash flow hedges entered into before January 1, 2018, all changes in the fair value of the excluded components are recognized immediately in "Revenues" for the year ended December 31, 2018. For the years ended December 31, 2017 and 2016, the changes in fair value of the excluded components were recognized immediately within the Company's Consolidated Statements of Income/(Loss) and are included in "Other income, net."

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

The aggregate equivalent United States dollar notional amounts of foreign currency forward contracts as of December 31, 2018 were as follows (in millions):

Contracts designated as hedges:	
Euro	$ 364.7
Canadian dollar	97.1
British pound	76.4
Australian dollar	45.3
Japanese Yen	25.2
Other	50.1
Contracts not designated as hedges:	
Euro	$ 274.4
British pound	81.5
Canadian dollar	46.0
Australian dollar	39.0
Indian rupee	37.2
Brazilian real	35.8
Japanese Yen	34.3
Mexican peso	34.2
Other (a)	138.5

(a) Comprised of exposures to 23 different currencies. None of these individual currency exposures is greater than $25 million.

Business Solutions Operations

The Company writes derivatives, primarily foreign currency forward contracts and option contracts, mostly with small and medium size enterprises and derives a currency spread from this activity as part of its Business Solutions operations. The Company aggregates its Business Solutions foreign currency exposures arising from customer contracts, including the derivative contracts described above, and hedges the resulting net currency risks by entering into offsetting contracts with established financial institution counterparties (economic hedge contracts). The derivatives written are part of the broader portfolio of foreign currency positions arising from the Company's cross-currency payments operations, which primarily include spot exchanges of currency in addition to forwards and options. Foreign exchange revenues from the total portfolio of positions were $342.3 million, $341.0 million, and $352.6 million for the years ended December 31, 2018, 2017 and 2016, respectively. None of the derivative contracts used in Business Solutions operations are designated as accounting hedges. The duration of these derivative contracts at inception is generally less than one year.

The aggregate equivalent United States dollar notional amount of derivative customer contracts held by the Company in its Business Solutions operations as of December 31, 2018 was approximately $6.0 billion. The significant majority of customer contracts are written in major currencies such as the United States dollar, euro, and Canadian dollar.

Interest Rate Hedging

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

The Company held interest rate swaps in an aggregate notional amount of $175.0 million as of December 31, 2018 related to notes due in 2020.

Balance Sheet

The following table summarizes the fair value of derivatives reported in the Consolidated Balance Sheets as of December 31, 2018 and December 31, 2017 (in millions):

	Derivative Assets			Derivative Liabilities		
		Fair Value			Fair Value	
	Balance Sheet Location	December 31, 2018	December 31, 2017	Balance Sheet Location	December 31, 2018	December 31, 2017
Derivatives — hedges:						
Interest rate fair value hedges	Other assets	$ 0.1	$ 3.3	Other liabilities	$ —	$ —
Foreign currency cash flow hedges	Other assets	28.6	8.0	Other liabilities	2.8	36.1
Total		$ 28.7	$ 11.3		$ 2.8	$ 36.1
Derivatives — undesignated:						
Business Solutions operations — foreign currency (a)	Other assets	$ 214.2	$ 260.2	Other liabilities	$ 170.9	$ 221.6
Foreign currency	Other assets	2.6	1.9	Other liabilities	2.5	5.3
Total		$ 216.8	$ 262.1		$ 173.4	$ 226.9
Total derivatives		$ 245.5	$ 273.4		$ 176.2	$ 263.0

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

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

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

The following tables summarize the gross and net fair value of derivative assets and liabilities as of December 31, 2018 and December 31, 2017 (in millions):

Offsetting of Derivative Assets

December 31, 2018	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Derivatives Not Offset in the Consolidated Balance Sheets	Net Amounts
Derivatives subject to a master netting arrangement or similar agreement	$ 162.6	$ —	$ 162.6	$ (95.7)	$ 66.9
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	82.9				
Total	$ 245.5				
December 31, 2017					
Derivatives subject to a master netting arrangement or similar agreement	$ 115.4	$ —	$ 115.4	$ (98.7)	$ 16.7
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	158.0				
Total	$ 273.4				

Offsetting of Derivative Liabilities

December 31, 2018	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Derivatives Not Offset in the Consolidated Balance Sheets	Net Amounts
Derivatives subject to a master netting arrangement or similar agreement	$ 104.1	$ —	$ 104.1	$ (95.7)	$ 8.4
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	72.1				
Total	$ 176.2				
December 31, 2017					
Derivatives subject to a master netting arrangement or similar agreement	$ 214.9	$ —	$ 214.9	$ (98.7)	$ 116.2
Derivatives that are not or may not be subject to master netting arrangement or similar agreement	48.1				
Total	$ 263.0				

Income Statement

The following tables summarize the location and amount of gains and losses of derivatives in the Consolidated Statements of Income/(Loss) segregated by designated, qualifying hedging instruments and those that are not, for the years ended December 31, 2018, 2017, and 2016 (in millions):

Cash Flow and Fair Value Hedges

The following table presents the amount of gains/(losses) recognized in other comprehensive income/(loss) from cash flow hedges for the years ended December 31, 2018, 2017, and 2016 (in millions):

	Amount of Gain/(Loss) Recognized in Other Comprehensive Income/(Loss) on Derivatives		
Derivatives	2018	2017	2016
Cash Flow Hedges:			
Foreign currency contracts (a)	$ 35.6	$ (73.9)	$ 34.3

The following table presents the location and amount of gains/(losses) from fair value and cash flow hedges for the years ended December 31, 2018, 2017, and 2016 (in millions):

	Location and Amount of Gain/(Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships								
	December 31, 2018			December 31, 2017			December 31, 2016		
	Revenues	Interest Expense	Other income, net	Revenues	Interest Expense	Other income, net	Revenues	Interest Expense	Other income, net
Total amounts presented in the consolidated statements of income/(loss) in which the effects of fair value or cash flow hedges are recorded	$ 5,589.9	$ (149.6)	$ 14.1	$ 5,524.3	$ (142.1)	$ 8.9	$ 5,422.9	$ (152.5)	$ 3.7
The effects of fair value and cash flow hedging:									
Gain/(loss) on fair value hedges:									
Interest rate contracts:									
Hedged items	—	0.6	—	—	3.9	—	—	3.2	—
Derivatives designated as hedging instruments	—	(1.6)	—	—	(2.0)	—	—	6.2	—
Gain/(loss) on cash flow hedges:									
Foreign exchange contracts:									
Amount of gain/(loss) reclassified from accumulated other comprehensive loss into income	(14.9)	—	—	4.8	—	—	48.0	—	—
Amount excluded from effectiveness testing recognized in earnings based on an amortization approach	4.3	—	—	—	—	—	—	—	—
Amount excluded from effectiveness testing recognized in earnings based on changes in fair value	7.5	—	—	—	—	9.0	—	—	3.7
Amount of gain/(loss) reclassified from accumulated other comprehensive loss into income as a result that a forecasted transaction is no longer probable of occurring	—	—	—	—	—	(1.4)	—	—	—

Undesignated Hedges

The following table presents the location and amount of net gains/(losses) from undesignated hedges for the years ended December 31, 2018, 2017, and 2016 (in millions):

	Gain/(Loss) Recognized in Income on Derivatives (b)			
	Income Statement Location	Amount		
Derivatives		2018	2017	2016
Foreign currency contracts (c)	Selling, general and administrative	$ 58.6	$ (20.5)	$ 13.2
Foreign currency contracts (d)	Revenues	3.0	—	—
Foreign currency contracts (d)	Other income, net	(1.8)	(0.5)	0.8
Total gain/(loss)		$ 59.8	$ (21.0)	$ 14.0

(a) For the year ended December 31, 2018, gains of $0.1 million represent the amounts excluded from the assessment of effectiveness that were recognized in other comprehensive income, for which an amortization approach is applied. For the years ended December 31, 2017 and 2016, there were no amounts recorded in other comprehensive income for amounts excluded from the measurement of effectiveness.

(b) The Company uses foreign currency forward and option contracts as part of its Business Solutions payments operations. These derivative contracts are excluded from this table as they are managed as part of a broader currency portfolio that includes non-derivative currency exposures. The gains and losses on these derivatives are included as part of the broader disclosure of portfolio revenue for this business discussed above.

(c) The Company uses foreign currency forward contracts to offset foreign exchange rate fluctuations on settlement assets and obligations as well as certain foreign currency denominated positions. Foreign exchange gains/(losses) on settlement assets and obligations, cash balances, and other assets and liabilities, not including amounts related to derivatives activity as displayed above and included in “Selling, general, and administrative” in the Consolidated Statements of Income/(Loss) were $(52.3) million, $17.5 million, and $(21.4) million for the years ended 2018, 2017, and 2016, respectively.

(d) All derivative contracts executed in the Company’s revenue hedging program prior to January 1, 2018 are not designated as hedges in the final month of the contract. The change in fair value in this final month was recorded to “Revenues” for the year ended December 31, 2018 and “Other income, net” for the years ended December 31, 2017 and 2016. The amount recorded to “Other income, net” for the year ended December 31, 2018 relates to losses on certain undesignated foreign currency derivative contracts that were recognized after the Company determined that certain forecasted transactions were no longer probable of occurring.

All cash flows associated with derivatives are included in cash flows from operating activities in the Consolidated Statements of Cash Flows.

An accumulated other comprehensive pre-tax gain of $9.7 million related to the foreign currency forward contracts is expected to be reclassified into revenue within the next 12 months as of December 31, 2018.

16. Borrowings

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

	December 31, 2018	December 31, 2017
Commercial paper	$ 125.0	$ —
Notes:		
3.650% notes due 2018 (a)	—	400.0
3.350% notes due 2019 (b)	250.0	250.0
Floating rate notes (effective rate of 3.7%) due 2019	250.0	250.0
5.253% notes (effective rate of 5.9%) due 2020	324.9	324.9
3.600% notes due 2022 (b)	500.0	500.0
4.250% notes (effective rate of 4.5%) due 2023 (c)	300.0	—
6.200% notes due 2036 (b)	500.0	500.0
6.200% notes due 2040 (b)	250.0	250.0
Term loan facility borrowing (effective rate of 3.8%) (d)	950.0	575.0
Total borrowings at par value	3,449.9	3,049.9
Fair value hedge accounting adjustments, net (e)	(0.1)	0.5
Debt issuance costs and unamortized discount, net	(16.1)	(16.8)
Total borrowings at carrying value (f)	$ 3,433.7	$ 3,033.6

(a) Proceeds from the 4.250% unsecured notes due in 2023 (“2023 Notes”), commercial paper and cash, including cash generated from operations, were used to repay the August 2018 maturity of $400.0 million of aggregate principal amount unsecured notes.

(b) The difference between the stated interest rate and the effective interest rate is not significant.

(c) On June 11, 2018, the Company issued $300.0 million of aggregate principal amount of 4.250% unsecured notes due in 2023.

(d) On December 18, 2018, the Company entered into an amended and restated term loan facility providing for up to $950 million in borrowings and extending the final maturity of the facility to January 2024 (the "Term Loan Facility"). As of December 31, 2018, the Company has borrowed the remaining amounts available under the facility.

(e) The Company utilizes interest rate swaps designated as fair value hedges to effectively change the interest rate payments on a portion of its notes from fixed-rate payments to short-term LIBOR-based variable rate payments in order to manage its overall exposure to interest rates. The changes in fair value of these interest rate swaps result in an offsetting hedge accounting adjustment recorded to the carrying value of the related note. These hedge accounting adjustments will be reclassified as reductions to or increases in "Interest expense" in the Consolidated Statements of Income/(Loss) over the life of the related notes and cause the effective rate of interest to differ from the notes' stated rate.

(f) As of December 31, 2018, the Company's weighted-average effective rate on total borrowings was approximately 4.5%.

The following summarizes the Company's maturities of notes at par value as of December 31, 2018 (in millions):

Due within 1 year	$ 500.0
Due after 1 year through 2 years	324.9
Due after 2 years through 3 years	47.5
Due after 3 years through 4 years	547.5
Due after 4 years through 5 years	395.0
Due after 5 years	1,510.0

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

Commercial Paper Program

Pursuant to the Company's commercial paper program, the Company may issue unsecured commercial paper notes in an amount not to exceed $1.5 billion outstanding at any time, reduced to the extent of borrowings outstanding on the Company's Revolving Credit Facility. The commercial paper borrowings may have maturities of up to 397 days from date of issuance. The Company's commercial paper borrowings as of December 31, 2018 had a weighted-average annual interest rate of approximately 2.9% and a weighted-average term of approximately 3 days. As of December 31, 2018 and 2017, the Company had $125.0 million commercial paper borrowings outstanding and no commercial paper borrowings outstanding, respectively.

Revolving Credit Facility

On December 18, 2018, the Company entered into a credit agreement which expires in January 2024 providing for unsecured financing facilities in an aggregate amount of $1.5 billion, including a $250.0 million letter of credit sub-facility ("Revolving Credit Facility"). Consistent with the prior facility, the Company is required to maintain compliance with a consolidated interest coverage ratio covenant. The Revolving Credit Facility supports borrowings under the Company's commercial paper program.

Interest due under the Revolving Credit Facility is fixed for the term of each borrowing and is payable according to the terms of that borrowing. Generally, interest is calculated using a selected LIBOR rate plus an interest rate margin of

110 basis points. A facility fee of 15 basis points is also payable quarterly on the total facility, regardless of usage. Both the interest rate margin and facility fee percentage are based on certain of the Company's credit ratings.

As of December 31, 2018 and 2017, the Company had no outstanding borrowings under its current or prior revolving credit facilities.

Term Loan Facility

On December 18, 2018, the Company extended the Term Loan Facility providing for an unsecured delayed draw term loan facility in an aggregate amount of $950 million. In October 2016, the Company borrowed $575 million under the prior term loan facility and used the proceeds, in addition to cash, including cash generated from operations, and proceeds from commercial paper borrowings in October 2016 to repay the Company's notes due in October 2016. In December 2018, the Company borrowed the remaining amount available under the facility, with proceeds from the borrowings expected to be used for general corporate purposes.

The Term Loan Facility requires the Company to maintain a consolidated adjusted EBITDA interest coverage ratio of greater than 3:1 for each period of four consecutive fiscal quarters. The Term Loan Facility also contains customary representations, warranties and events of default.

Generally, interest under the Term Loan Facility is calculated using a selected LIBOR rate plus an interest rate margin of 125 basis points. The interest rate margin percentage is based on certain of the Company's credit ratings and will increase or decrease in the event of certain upgrades or downgrades in the Company's credit ratings.

In addition to the payment of interest, the Company is required to make certain periodic amortization payments with respect to the outstanding principal of the term loan, beginning in 2021. The final maturity date of the Term Loan Facility is January 8, 2024.

Under the terms of the prior term loan facility, the Company was required to make certain amortization payments with respect to the outstanding principal of the prior term loan facility. For the year ended December 31, 2018, the Company made amortization payments of $14.4 million prior to the extension of the term loan agreement.

Notes

On June 11, 2018, the Company issued $300.0 million of aggregate principal amount of unsecured notes due June 9, 2023. Interest with respect to the 2023 Notes is payable semi-annually in arrears on June 9 and December 9 of each year, beginning on December 9, 2018, based on the per annum rate of 4.250%. The interest rate payable on the 2023 Notes will be increased if the debt rating assigned to the note is downgraded by an applicable credit rating agency, beginning at a downgrade below investment grade. However, in no event will the interest rate on the 2023 Notes exceed 6.250% per annum. The interest rate payable on the 2023 Notes may also be adjusted downward for debt rating upgrades subsequent to any debt rating downgrades but may not be adjusted below 4.250% per annum. The Company may redeem the 2023 Notes, in whole or in part, at any time prior to May 9, 2023 at the greater of par or a price based on the applicable treasury rate plus 25 basis points. The Company may redeem the 2023 Notes at any time after May 9, 2023 at a price equal to par, plus accrued interest.

On August 22, 2017, the Company issued $250.0 million of aggregate principal amount of unsecured floating rate notes due May 22, 2019 ("Floating Rate Notes"). Interest with respect to the Floating Rate Notes is payable quarterly on each February 22, May 22, August 22 and November 22, beginning November 22, 2017, at a per annum interest rate equal to the three-month LIBOR plus 80 basis points (reset quarterly). The Company may not redeem the Floating Rate Notes prior to maturity.

On March 15, 2017, the Company issued $400.0 million of aggregate principal amount of unsecured notes due March 15, 2022. On August 22, 2017, the Company issued an additional $100.0 million of aggregate principal amount of unsecured notes due March 15, 2022 ("2022 Notes"). The notes issued on August 22, 2017 are part of the same series and, accordingly, have the same terms and conditions as the notes issued on March 15, 2017; however, the notes issued on August 22, 2017 were issued at a premium of 101.783% and the Company received $1.57 million of accrued interest upon issuance. Interest with respect to the 2022 Notes is payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2017, based on the per annum rate of 3.600%. The interest rate payable on the 2022 Notes will be increased if the debt rating assigned to the note is downgraded by an applicable credit rating agency, beginning at a downgrade below investment grade. However, in no event will the interest rate on the 2022 Notes exceed 5.60% per annum. The interest rate payable on the 2022 Notes may also be adjusted downward for debt rating upgrades subsequent to any debt rating downgrades but may not be adjusted below 3.600% per annum. The Company may redeem the 2022 Notes at any time prior to February 15, 2022 at the greater of par or a price based on the applicable treasury rate plus 25 basis points. The Company may redeem the 2022 Notes at any time after February 15, 2022 at a price equal to par, plus accrued interest.

On November 22, 2013, the Company issued $250.0 million of aggregate principal amount of unsecured notes due May 22, 2019 ("2019 Notes"). Interest with respect to the 2019 Notes is payable semi-annually in arrears on May 22 and November 22 of each year, beginning on May 22, 2014, based on the fixed per annum rate of 3.350%. The interest rate payable on the 2019 Notes will be increased if the debt rating assigned to the note is downgraded by an applicable credit rating agency, beginning at a downgrade below investment grade. However, in no event will the interest rate on the 2019 Notes be increased by more than 2.00% above 3.350% per annum. The interest rate payable on the 2019 Notes may also be adjusted downward for debt rating upgrades subsequent to any debt rating downgrades but may not be adjusted below 3.350% per annum. The Company may redeem the 2019 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 30 basis points.

On December 10, 2012, the Company issued $500.0 million of aggregate principal amounts of unsecured notes due December 10, 2017 ("2017 Notes"). In December 2017, the 2017 Notes matured and were repaid.

On August 22, 2011, the Company issued $400.0 million of aggregate principal amount of unsecured notes due August 22, 2018 ("2018 Notes"). In August 2018, the 2018 Notes matured and were repaid.

On June 21, 2010, the Company issued $250.0 million of aggregate principal amount of unsecured notes due June 21, 2040 ("2040 Notes"). Interest with respect to the 2040 Notes is payable semi-annually on June 21 and December 21 each year based on the fixed per annum rate of 6.200%. The Company may redeem the 2040 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 30 basis points.

On March 30, 2010, the Company exchanged $303.7 million of aggregate principal amount of unsecured notes due November 17, 2011 for unsecured notes due April 1, 2020 ("2020 Notes"). Interest with respect to the 2020 Notes is payable semi-annually on April 1 and October 1 each year based on the fixed per annum rate of 5.253%. In connection with the exchange, note holders were given a 7% premium ($21.2 million), which approximated market value at the exchange date, as additional principal. As this transaction was accounted for as a debt modification, this premium was not charged to expense. Rather, the premium, along with the offsetting hedge accounting adjustments, will be accreted into "Interest expense" over the life of the notes. The Company may redeem the 2020 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.

On November 17, 2006, the Company issued $500.0 million of aggregate principal amount of unsecured notes due November 17, 2036 ("2036 Notes"). Interest with respect to the 2036 Notes is payable semi-annually on May 17 and November 17 each year based on the fixed per annum rate of 6.200%. The Company may redeem the 2036 Notes at any time prior to maturity at the greater of par or a price based on the applicable treasury rate plus 25 basis points.

On September 29, 2006, the Company issued $1.0 billion of aggregate principal amount of unsecured notes maturing on October 1, 2016 (“2016 Notes”). In October 2016, the 2016 Notes matured and were repaid.

The Revolving Credit Facility and Term Loan Facility contain covenants, subject to certain exceptions, that, among other things, limit or restrict the Company’s ability to sell or transfer assets or merge or consolidate with another company, grant certain types of security interests, incur certain types of liens, impose restrictions on subsidiary dividends, enter into sale and leaseback transactions, incur certain subsidiary level indebtedness, or use proceeds in violation of anti-corruption or anti-money laundering laws. The Company’s notes are subject to similar covenants except that only the 2020 Notes and the 2036 Notes contain covenants limiting or restricting subsidiary indebtedness and none of the Company’s notes are subject to a covenant that limits the Company’s ability to impose restrictions on subsidiary dividends.

Certain of the Company’s notes (including the Floating Rate Notes, 2019 Notes, 2022 Notes, 2023 Notes and 2040 Notes) include a change of control triggering event provision, as defined in the terms of the notes. If a change of control triggering event occurs, holders of the notes may require the Company to repurchase some or all of their notes at a price equal to 101% of the principal amount of their notes, plus any accrued and unpaid interest. A change of control triggering event will occur when there is a change of control involving the Company and among other things, within a specified period in relation to the change of control, the notes are downgraded from an investment grade rating to below an investment grade rating by all three major credit rating agencies.

17. Stock Compensation Plans

Stock Compensation Plans

The Western Union Company 2006 Long-Term Incentive Plan and 2015 Long-Term Incentive Plan

The Western Union Company 2015 Long-Term Incentive Plan (“2015 LTIP”), approved on May 15, 2015, provides for the granting of stock options, restricted stock awards and units, unrestricted stock awards and units, and other equity-based awards to employees and non-employee directors of the Company. Prior to this, equity-based awards were granted out of the 2006 Long-Term Incentive Plan (“2006 LTIP”). Shares available for grant under the 2015 LTIP were 26.5 million as of December 31, 2018.

Options granted under the 2015 LTIP and the 2006 LTIP are issued with exercise prices equal to the fair market value of Western Union common stock on the grant date, have 10-year terms, and typically vest over four equal annual increments beginning 12 months after the date of grant, with the exception of options granted to retirement eligible employees, which generally will vest on a prorated basis, upon termination, and options granted to non-employee directors, which are fully vested at grant. Compensation expense related to stock options is recognized over the requisite service period, which is the same as the vesting period.

Restricted stock unit grants typically vest over four equal annual increments beginning 12 months after the date of grant. Restricted stock units granted to retirement eligible employees generally vest on a prorated basis upon termination. The fair value of the awards granted is measured based on the fair value of the shares on the date of grant. The majority of stock 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.

The compensation committee of the Company’s Board of Directors has granted the Company’s executives and certain other key employees, excluding the Chief Executive Officer (“CEO”), long-term incentive awards under the 2015 LTIP, which in 2018 consisted of 50% Financial PSUs (as defined below), 30% restricted stock unit awards, and 20% TSR PSUs (as defined below) and in 2017 consisted of 60% Financial PSUs (as defined below), 20% TSR PSUs (as defined below), and 20% restricted stock unit awards. The CEO received long-term incentive awards under the 2015 LTIP, which in 2018 consisted of 50% Financial PSUs (as defined below), 20% TSR PSUs (as defined below), 20% stock option awards, and 10% restricted stock unit awards and in 2017 consisted of 60% Financial PSUs (as defined below), 20% TSR PSUs (as defined below), and 20% stock option awards. In 2018 and 2017, the compensation committee granted Senior Vice Presidents ("SVPs") of the Company awards under the 2015 LTIP, which consisted of 50% Financial PSUs (as defined below) and 50% restricted stock unit awards. The compensation committee granted the remaining non-executive employees of the Company participating in the 2015 LTIP (other than those non-executive employees receiving the performance-based restricted stock units described above) annual equity grants consisting solely of restricted stock unit awards for 2018 and 2017.

The performance-based restricted stock units granted to the Company's executives in 2018 are restricted stock units and consist of two separate awards. The first award consists of performance-based restricted stock units, which require the Company to meet certain financial objectives over a three-year cumulative performance period (2018 through 2020) ("Financial PSUs"). The second award consists of performance-based restricted stock units with a market condition tied to the Company's total shareholder return in relation to the S&P 500 Index as calculated over a three-year performance period (2018 through 2020) ("TSR PSUs"). Both of these awards will vest 100% on the third anniversary of the grant date, contingent upon threshold market and financial performance metrics being met. The actual number of performance-based restricted stock units that the recipients will receive for both 2018 awards will range from 0% up to 200% of the target number of stock units granted based on actual financial and total shareholder return performance results. In 2017, the Financial PSUs granted require the Company to meet certain financial objectives during 2017, 2018 and 2019, and the TSR PSUs granted in 2017 were designed similar to the 2018 awards described above, but the actual number of performance-based restricted stock units that the recipient will receive for both the 2017 Financial PSUs and TSR PSUs will range from 0% up to 150% of the target number of stock units granted based on actual financial and total shareholder return performance results. The grant date fair value of the performance-based restricted stock units is fixed and the amount of restricted stock units that will ultimately vest depends upon the level of achievement of the performance and market conditions over the performance period. The fair value of the Financial PSUs is measured similar to the restricted stock units discussed above, while the fair value of the TSR PSUs is determined using the Monte-Carlo simulation model. Unlike the Financial PSUs, compensation costs related to the TSR PSUs are recognized regardless of whether the market condition is satisfied, provided that the requisite service period has been completed.

The Company has also granted deferred stock units out of the 2015 LTIP to the non-employee directors of the Company. Since deferred stock units vest immediately, compensation expense is recognized on the date of grant based on the fair value of the awards when granted. These awards may be settled immediately unless the participant elects to defer the receipt of common shares under the applicable plan rules.

Stock Option Activity

A summary of stock option activity for the year ended December 31, 2018 was as follows (options and aggregate intrinsic value in millions):

	Year Ended December 31, 2018			
	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of January 1	7.3	$ 17.71		
Granted	0.4	$ 20.09		
Exercised	(0.7)	$ 15.50		
Cancelled/forfeited	(0.8)	$ 21.14		
Outstanding as of December 31	6.2	$ 17.63	4.6	$ 4.9
Options exercisable as of December 31	5.1	$ 17.23	3.9	$ 4.9

The Company received $10.1 million, $13.0 million and $32.5 million in cash proceeds related to the exercise of stock options during the years ended December 31, 2018, 2017 and 2016, respectively. Upon the exercise of stock options, shares of common stock are issued from authorized common shares.

The Company realized total tax benefits during the years ended December 31, 2018, 2017 and 2016 from stock option exercises of $0.6 million, $1.3 million and $1.6 million, respectively.

The total intrinsic value of stock options exercised during the years ended December 31, 2018, 2017 and 2016 was $3.1 million, $4.0 million and $5.3 million, respectively.

Restricted Stock Activity

A summary of activity for restricted stock units and performance-based restricted stock units for the year ended December 31, 2018 is listed below (units in millions):

	Year Ended December 31, 2018	
	Number Outstanding	Weighted-Average Grant-Date Fair Value
Non-vested as of January 1	7.4	$ 17.32
Granted	3.2	$ 18.31
Vested	(2.4)	$ 17.38
Forfeited	(1.1)	$ 17.69
Non-vested as of December 31	7.1	$ 17.69

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/(Loss) resulting from stock options, restricted stock units, performance-based restricted stock units and bonus/deferred stock units for the years ended December 31, 2018, 2017 and 2016 (in millions, except per share data).

	Year Ended December 31,		
	2018	2017	2016
Stock-based compensation expense	$ (47.7)	$ (43.9)	$ (41.8)
Income tax benefit from stock-based compensation expense	8.3	12.8	12.3
Net income/(loss) impact	$ (39.4)	$ (31.1)	$ (29.5)
Earnings/(loss) per share:			
Basic and Diluted	$ (0.09)	$ (0.07)	$ (0.06)

As of December 31, 2018, there was $1.3 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 2.6 years, and there was $62.3 million of total unrecognized compensation cost, net of assumed forfeitures, related to non-vested restricted stock units and performance-based 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.

	Year Ended December 31,		
	2018	2017	2016
Stock options granted:			
Weighted-average risk-free interest rate	2.8 %	2.1 %	1.4 %
Weighted-average dividend yield	3.9 %	3.5 %	3.3 %
Volatility	26.3 %	24.7 %	27.9 %
Expected term (in years)	6.05	6.05	6.32
Weighted-average grant date fair value	$ 3.66	$ 3.39	$ 3.44

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.

Expected dividend yield - The Company's expected annual dividend yield is the calculation of the annualized Western Union dividend divided by an average Western Union stock price on each respective grant date.

Expected volatility - For the Company's executives and non-employee directors, the expected volatility for the 2018, 2017 and 2016 grants was 26.3%, 24.7% and 27.9%, respectively. There were no options granted to non-executive employees in 2018, 2017 or 2016. The Company used a blend of implied and historical volatility. Volatility was calculated using the market price of traded options on Western Union's common stock and the historical volatility of Western Union stock data.

Expected term - For 2018, 2017 and 2016, Western Union's expected term for the CEO grant was 6 years and approximately 7 years for the non-employee director grants. The Company's expected term for options was based upon, among other things, historical exercises, the vesting term of the Company's options and the options' contractual term of ten years.

The assumptions used to calculate the fair value of options granted are 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 consolidated 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 is accounted for as a change in estimate, with the cumulative effect of the change on periods previously reported being reflected in the consolidated financial statements of the period in which the change is made.

18. Segments

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

The Consumer-to-Consumer operating segment facilitates money transfers between two consumers. The Company views its money transfer service as one interconnected global network where a money transfer can be sent from one location to another, around the world. The segment includes five geographic regions whose functions are primarily related to generating, managing and maintaining agent relationships and localized marketing activities. The Company includes westernunion.com in its regions. By means of common processes and systems, these regions, including westernunion.com, create an interconnected network for consumer transactions, thereby constituting one global Consumer-to-Consumer money transfer business and one operating segment.

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

All businesses and other services that have not been classified in the above segments are reported as "Other," which primarily include the Company's electronic-based and cash-based bill payment services which facilitate payments from consumers to businesses and other organizations. The majority of the Company's cash-based bill payments services are led by one executive, and the majority of the Company's electronic-based bill payments services are led by another executive. The CODM allocates resources and assesses performance using discrete information for these separate bill payments components, neither of which is material from either a quantitative or qualitative perspective. The Company's money order and other services are also included in "Other."

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 costs, including stock-based compensation and other overhead, are allocated to the segments primarily based on a percentage of the segments' revenue compared to total revenue.

- On January 1, 2018, the Company adopted an accounting pronouncement that requires the non-service costs of the defined benefit pension plan to be presented outside a subtotal of income from operations, with adoption retrospective for periods previously presented. The adoption of this standard resulted in an increase of $2.4 million and $3.3 million to operating income, respectively, for the years ended December 31, 2017 and 2016, from the amounts previously reported, and this increase was allocated among the segments in a method consistent with the original allocation of this expense. Segment results for the years ended December 31, 2017 and 2016 in table below have been adjusted to conform with the new presentation.

- As described in Note 5, during the year ended December 31, 2017, the Company recognized a goodwill impairment charge of $464.0 million related to its Business Solutions reporting unit. While the impairment was identifiable to the Business Solutions segment, it was not allocated to the segment, as it was not included in the measurement of segment operating income provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation.

- As described in Note 6, the Company incurred $60.0 million of expenses related to the NYDFS Consent Order during the year ended December 31, 2017, and expenses of $8.0 million and $601.0 million related to the Joint Settlement Agreements during the years ended December 31, 2017 and 2016, respectively. While these expenses were identifiable to the Company's Consumer-to-Consumer segment, they were not allocated to the segment, as they were not included in the measurement of segment operating income provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation.

- As of December 31, 2017, expenses associated with the WU Way initiative were effectively complete. The Company incurred expenses related to the WU Way of $94.4 million and $20.3 million during the years ended December 31, 2017 and 2016, respectively. While certain items related to the initiative were identifiable to the Company's segments, they were not included in the measurement of segment operating income provided to the CODM for purposes of assessing segment performance and decision making with respect to resource allocation. For additional information on this business transformation initiative, see Note 4.

- The CODM does not review total assets by segment for purposes of assessing segment performance and allocating resources. As such, the disclosure of total assets by segment has not been included below.

- All items not included in operating income are excluded from the segments.

The following tables present the Company's reportable segment results for the years ended December 31, 2018, 2017 and 2016, respectively (in millions):

	Year Ended December 31,		
	2018	2017	2016
Revenues:			
Consumer-to-Consumer	$ 4,453.6	$ 4,354.5	$ 4,304.6
Business Solutions	386.8	383.9	396.0
Other (a)	749.5	785.9	722.3
Total consolidated revenues	$ 5,589.9	$ 5,524.3	$ 5,422.9
Operating income:			
Consumer-to-Consumer	$ 1,048.2	$ 1,004.2	$ 1,011.3
Business Solutions	23.4	13.8	21.3
Other (a)	50.5	84.2	75.7
Total segment operating income	1,122.1	1,102.2	1,108.3
Goodwill impairment charge (Note 5)	—	(464.0)	—
NYDFS Consent Order (Note 6)	—	(60.0)	—
Joint Settlement Agreements (Note 6)	—	(8.0)	(601.0)
Business transformation expenses (Note 4)	—	(94.4)	(20.3)
Total consolidated operating income	$ 1,122.1	$ 475.8	$ 487.0

(a) Other consists primarily of the Company's bill payments businesses in the United States and Argentina.

	Year Ended December 31,		
	2018	2017	2016
Depreciation and amortization:			
Consumer-to-Consumer	$ 189.9	$ 183.0	$ 183.5
Business Solutions	41.9	42.5	50.8
Other	32.9	37.4	28.9
Total consolidated depreciation and amortization	$ 264.7	$ 262.9	$ 263.2
Capital expenditures:			
Consumer-to-Consumer	$ 273.8	$ 120.2	$ 167.7
Business Solutions	11.9	8.8	11.4
Other	53.3	48.1	50.7
Total capital expenditures	$ 339.0	$ 177.1	$ 229.8

The geographic split of revenue below for the Consumer-to-Consumer and Business Solutions segments and Other 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.

Based on the method used to attribute revenue between countries described in the paragraph above, each individual country outside the United States accounted for less than 10% of consolidated revenue for the years ended December 31, 2018, 2017 and 2016, respectively. In addition, each individual agent or Business Solutions customer accounted for less than 10% of consolidated revenue during these periods.

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

	Year Ended December 31,		
	2018	2017	2016
Revenue:			
United States	$ 2,126.2	$ 2,159.0	$ 2,091.5
International	3,463.7	3,365.3	3,331.4
Total	$ 5,589.9	$ 5,524.3	$ 5,422.9
Long-lived assets:			
United States	$ 207.4	$ 156.8	$ 174.0
International	63.0	57.4	46.5
Total	$ 270.4	$ 214.2	$ 220.5

19. Quarterly Financial Information (Unaudited)

Summarized quarterly results for the years ended December 31, 2018 and 2017 were as follows (in millions, except per share data):

2018 by Quarter:	Q1	Q2	Q3	Q4	Year Ended December 31, 2018
Revenues	$ 1,389.4	$ 1,411.1	$ 1,387.8	$ 1,401.6	$ 5,589.9
Expenses	1,124.5	1,127.5	1,085.2	1,130.6	4,467.8
Operating income	264.9	283.6	302.6	271.0	1,122.1
Other expense, net	30.4	28.1	36.2	36.0	130.7
Income before income taxes	234.5	255.5	266.4	235.0	991.4
Provision for income taxes (a)	20.9	37.9	57.8	22.9	139.5
Net income	$ 213.6	$ 217.6	$ 208.6	$ 212.1	$ 851.9
Earnings per share:					
Basic	$ 0.46	$ 0.48	$ 0.47	$ 0.48	$ 1.89
Diluted	$ 0.46	$ 0.47	$ 0.46	$ 0.48	$ 1.87
Weighted-average shares outstanding:					
Basic	460.3	457.2	446.8	442.9	451.8
Diluted	463.6	459.6	449.0	445.4	454.4

2017 by Quarter:	Q1	Q2	Q3	Q4	Year Ended December 31, 2017
Revenues	$ 1,302.4	$ 1,378.9	$ 1,404.7	$ 1,438.3	$ 5,524.3
Expenses (b) (c) (d) (e)	1,062.3	1,163.5	1,132.5	1,690.2	5,048.5
Operating income/(loss) (e)	240.1	215.4	272.2	(251.9)	475.8
Other expense, net (e)	27.0	31.0	33.0	37.3	128.3
Income/(loss) before income taxes	213.1	184.4	239.2	(289.2)	347.5
Provision for income taxes (f)	51.4	17.9	3.6	831.7	904.6
Net income/(loss)	$ 161.7	$ 166.5	$ 235.6	$ (1,120.9)	$ (557.1)
Earnings/(loss) per share:					
Basic	$ 0.34	$ 0.35	$ 0.51	$ (2.44)	$ (1.19)
Diluted	$ 0.33	$ 0.35	$ 0.51	$ (2.44)	$ (1.19)
Weighted-average shares outstanding:					
Basic	479.8	469.4	462.8	459.6	467.9
Diluted	483.4	472.0	465.4	459.6	467.9

(a) Includes ($6.0 million), ($6.2 million), $26.6 million, and $8.1 million in the first, second, third, and fourth quarters, respectively, of adjustments related to the Tax Act, as further described in Note 11.

(b) Includes a goodwill impairment charge of $464.0 million in the fourth quarter related to the Company's Business Solutions reporting unit. For more information, see Note 5.

(c) Includes a $49.0 million accrual in the second quarter and an $11.0 million accrual in the fourth quarter as a result of the NYDFS Consent Order, and an additional $8.0 million of expenses in the third quarter related to the independent compliance auditor required pursuant to the terms of the Joint Settlement Agreements, as described further in Note 6.

(d) Includes $14.3 million, $35.0 million, $9.9 million, and $35.2 million in the first, second, third, and fourth quarters, respectively, of expenses related to business transformation. For more information, see Note 4.

(e) On January 1, 2018, the Company adopted an accounting pronouncement that requires the non-service costs of a defined benefit pension plan to be presented outside a subtotal of income from operations, with adoption retrospective for periods previously presented. The adoption of this standard resulted in an increase of $0.6 million to operating income/(loss) and decreases to operating expenses and other expense, net in the first, second, third and fourth quarters for the year ended December 31, 2017, respectively, from the amounts previously reported. Refer to Note 2 for further information.

(f) Includes an estimated $828.0 million in the fourth quarter of 2017 related to the enactment of the Tax Act into United States law, primarily due to a tax on certain previously undistributed earnings of foreign subsidiaries, partially offset by the remeasurement of deferred tax assets and liabilities and other tax balances to reflect the lower federal income tax rate, among other effects. As discussed in Note 11, during the fourth quarter of 2018, the Company completed its accounting for the Tax Act's impacts that were provisionally estimated as of December 31, 2017.

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, 2018 and 2017 and Condensed Statements of Income/(Loss) and Comprehensive Income/(Loss) and Condensed Statements of Cash Flows for each of the three years in the period ended December 31, 2018.

THE WESTERN UNION COMPANY

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

	December 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	$ 0.2	$ 1.0
Property and equipment, net of accumulated depreciation of $33.5 and $28.5, respectively	107.3	33.9
Other assets	48.6	34.2
Investment in subsidiaries	5,665.5	7,236.2
Total assets	$ 5,821.6	$ 7,305.3
Liabilities and Stockholders' Deficit		
Liabilities:		
Accounts payable and accrued liabilities	$ 100.2	$ 74.6
Income taxes payable	727.0	887.0
Payable to subsidiaries, net	1,869.6	3,800.8
Borrowings	3,433.7	3,033.6
Other liabilities	0.9	0.7
Total liabilities	6,131.4	7,796.7
Stockholders' deficit:		
Preferred stock, $1.00 par value; 10 shares authorized; no shares issued	—	—
Common stock, $0.01 par value; 2,000 shares authorized; 441.2 shares and 459.0 shares issued and outstanding as of December 31, 2018 and 2017, respectively	4.4	4.6
Capital surplus	755.6	697.8
Accumulated deficit	(838.8)	(965.9)
Accumulated other comprehensive loss	(231.0)	(227.9)
Total stockholders' deficit	(309.8)	(491.4)
Total liabilities and stockholders' deficit	$ 5,821.6	$ 7,305.3

See Notes to Condensed Financial Statements.

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THE WESTERN UNION COMPANY

CONDENSED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)
(PARENT COMPANY ONLY)
(in millions)

	For the Years Ended December 31,		
	2018	2017	2016
Revenues	$ —	$ —	$ —
Expenses	—	—	—
Operating income	—	—	—
Interest income	—	—	—
Interest expense	(197.6)	(177.0)	(168.1)
Other expense	(1.0)	(0.6)	—
Loss before equity in losses of affiliates and income taxes	(198.6)	(177.6)	(168.1)
Equity in earnings/(losses) of affiliates, net of tax	997.2	(436.1)	357.1
Income tax benefit	53.3	56.6	64.2
Net income/(loss)	851.9	(557.1)	253.2
Other comprehensive income, net of tax	1.6	2.1	2.3
Other comprehensive income/(loss) of affiliates, net of tax	26.7	(67.2)	(21.2)
Comprehensive income/(loss)	$ 880.2	$ (622.2)	$ 234.3

See Notes to Condensed Financial Statements.

THE WESTERN UNION COMPANY

CONDENSED STATEMENTS OF CASH FLOWS
(PARENT COMPANY ONLY)
(in millions)

	For the Years Ended December 31, 2018	2017	2016
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	$ 539.1	$ (605.0)	$ 192.0
Cash flows from investing activities			
Purchases of property and equipment and other	(78.9)	(0.7)	(5.9)
Capital contributed to/(distributions received from) subsidiaries, net	(456.3)	307.3	(7.3)
Net cash provided by/(used in) investing activities	(535.2)	306.6	(13.2)
Cash flows from financing activities			
Advances from subsidiaries, net	345.5	868.3	1,024.0
Net proceeds from commercial paper	125.0	—	—
Net proceeds from issuance of borrowings	685.4	746.2	575.0
Principal payments on borrowings	(414.4)	(500.0)	(1,000.0)
Proceeds from exercise of options and other	7.9	13.0	35.0
Cash dividends paid	(341.7)	(325.6)	(312.2)
Common stock repurchased	(412.4)	(502.8)	(501.6)
Net cash provided by/(used in) financing activities	(4.7)	299.1	(179.8)
Net change in cash and cash equivalents	(0.8)	0.7	(1.0)
Cash and cash equivalents at beginning of year	1.0	0.3	1.3
Cash and cash equivalents at end of year	$ 0.2	$ 1.0	$ 0.3
Supplemental cash flow information:			
Non-cash investing activity, capital contribution to subsidiary (Note 3)	$ —	$ 916.0	$ 591.0
Non-cash financing activity, distribution of note from subsidiary (Note 3)	$ 2,256.1	$ 80.3	$ —

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 $365 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. Additionally, certain of the Parent's subsidiaries must meet minimum capital requirements in some countries in order to maintain operating licenses.

3. Related Party Transactions

All transactions described below are with subsidiaries of the Parent. The Parent has issued multiple promissory notes payable to its 100% owned subsidiary First Financial Management Corporation ("FFMC") in exchange for funds distributed to the Parent. All notes pay interest at a fixed rate, may be repaid at any time without penalty and are included within "Payable to subsidiaries, net" in the Condensed Balance Sheets. These promissory notes are as follows:

Date Issued	Amount (in millions)	Due Date	Interest Rate (per annum)
January 1, 2017	$ 158.8	September 30, 2019	0.96 %
March 1, 2017 (a)	$ 65.5	November 30, 2019	1.01 %
March 1, 2018 (a)	$ 88.5	November 30, 2020	1.96 %
April 1, 2018 (a)	$ 273.0	December 31, 2020	2.12 %
June 1, 2018 (a)	$ 229.6	February 28, 2021	2.34 %

(a) This note refinanced a note originally issued on a prior date.

On August 2, 2014, the Parent entered into a credit agreement (the "Facility") with its 100% owned subsidiary Custom House Holdings (USA), Ltd., which expires August 2, 2034, providing for unsecured financing facilities in an aggregate amount of $700.0 million. As of December 31, 2018 and 2017, borrowings outstanding under the Facility were $12.3 million and $232.6 million, respectively. The interest rate applicable for outstanding borrowings under the Facility is the six-month LIBOR rate set on the first day of the calendar year, which was 2.87% and 1.84% as of December 31, 2018 and 2017, respectively. Outstanding borrowings under the Facility are included within "Payable to subsidiaries, net" in the Condensed Balance Sheets as of December 31, 2018 and 2017.

On November 8, 2015, the Parent entered into a Revolving Credit Facility agreement (the "Revolver") with its 100% owned subsidiary RII Holdings, Inc, which expires on November 8, 2035, providing for unsecured financing facilities in an aggregate amount of $3.0 billion. As of December 31, 2018 and 2017, borrowings outstanding under the Revolver were $914.6 million and $2.6 billion, respectively. The interest rate applicable for outstanding borrowings under the Revolver is the six-month LIBOR rate set on the first day of the calendar year, which was 2.87% and 1.84% as of December 31, 2018 and 2017, respectively. Outstanding borrowings under the Revolver are included within "Payable to subsidiaries, net" in the Condensed Balance Sheets as of December 31, 2018 and 2017. During the year ended December 31, 2018, significant amounts of the outstanding balances were repaid by means of non-cash distributions by the Parent's subsidiaries.

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

The Parent files its United States federal consolidated income tax return on its and certain of its affiliates' behalf. Accordingly, the Parent has recorded income taxes payable on behalf of its subsidiaries, and these income taxes payable were significant in the years ended December 31, 2018 and 2017 due to the enactment of the Tax Act into United States law. Effective as of December 31, 2017, the Parent made a non-cash capital contribution of $916.0 million to a subsidiary that was subject to the taxation of certain previously undistributed earnings of its foreign subsidiaries under the Tax Act, and this contribution is reflected as a non-cash investing activity in the Condensed Statements of Cash Flows.

The Parent agreed to fund certain payments related to the Joint Settlement Agreements on behalf of its subsidiaries. As of December 31, 2017, these amounts have been paid and are reflected in operating activities in the Condensed Statements of Cash Flows. As of December 31, 2016, $591.0 million increased the Parent's investment in its subsidiaries, and was reflected as a non-cash investing activity in the Condensed Statements of Cash Flows.

On November 30, 2017, FFMC distributed a promissory note owed by the Parent in the amount of $80.3 million, and this distribution to the Parent is reflected as a non-cash financing activity in the Condensed Statements of Cash Flows in the year ended December 31, 2017.

Excess cash generated from operations of the Parent's subsidiaries that is not required to meet certain regulatory requirements may be periodically distributed to the Parent in the form of a distribution, although the amounts of such distributions may vary from year to year.

The Parent files a consolidated United States 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 had $89.6 million in outstanding letters of credit and bank guarantees as of December 31, 2018 with expiration dates through 2020. The letters of credit and bank guarantees are primarily held in connection with certain agent agreements. The Company expects to renew the letters of credit and bank guarantees prior to expiration in most circumstances.

The Parent leases certain real properties for use as administrative and sales offices, including the Parent's corporate headquarters. The rent expense associated with these operating leases has been allocated to its subsidiaries for the years ended December 31, 2018, 2017 and 2016.

As of December 31, 2018, the minimum aggregate rental commitments under all non-cancelable operating leases entered into by the Parent were as follows (in millions):

Year Ending December 31,	
2019	$ 13.1
2020	14.2
2021	13.9
2022	13.7
2023	13.7
Thereafter	84.9
Total future minimum lease payments	$ 153.5

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, has evaluated the effectiveness of our controls and procedures related to our reporting and disclosure obligations as of December 31, 2018, 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, 2018, the disclosure controls and procedures were effective to ensure that information required to be disclosed by us, including our consolidated subsidiaries, in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported, as applicable, within the time periods specified in the rules and forms of the Securities and Exchange Commission, and are designed to ensure that information required to be disclosed by us in the reports that we file or submit is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

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.

Changes in Internal Control over Financial Reporting

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

ITEM 9B. OTHER INFORMATION

The Western Union Company Senior Executive Performance Incentive Plan

On February 20, 2019, the Compensation and Benefits Committee of the Board of Directors of the Company (the "Compensation Committee") adopted The Western Union Company Senior Executive Performance Incentive Plan (the "Incentive Plan"). The Incentive Plan replaces The Western Union Company Senior Executive Annual Incentive Plan. The following paragraph provides a summary of certain terms of the Incentive Plan. The Incentive Plan is set forth in its entirety as Exhibit 10.21 to this Annual Report on Form 10-K and is incorporated herein by reference.

The Incentive Plan provides for cash incentive awards to executive officers and other key employees based on the achievement of performance goals for performance periods commencing on or after January 1, 2019. All executive officers and other key employees of the Company are eligible to be designated for participation in the Incentive Plan. The Compensation Committee administers the Incentive Plan and will designate the eligible employees who will participate in the Incentive Plan for a specified performance period and the applicable performance goals and payment terms with respect to each performance period.

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 “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 2019 annual meeting of stockholders.

Code of Ethics

The Company’s Directors’ Code of Conduct, Code of Ethics for Senior Financial Officers, Procedure for Accounting and Auditing Concerns, Professional Conduct Policy for Attorneys, and the Code of Conduct are available without charge through the “Corporate Governance” portion of the Company’s website, www.westernunion.com, or by writing to the attention of: Investor Relations, The Western Union Company, 7001 East Belleview Avenue, Denver, Colorado 80237. 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 2019 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 2019 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” and “Certain Transactions and Other Matters” of our definitive proxy statement for the 2019 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 3—Ratification of Selection of Auditors” of our definitive proxy statement for the 2019 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 in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K);

2. Financial Statement Schedule (See Index to Consolidated Financial Statements in Item 8, *Financial Statements and Supplementary Data*, 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

Exhibit Number	Description
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, as amended on May 18, 2018 (filed as Exhibit 3.1 to the Company's Current Report on form 8 - K filed on May 22, 2018 and incorporated herein by reference thereto).
3.2	By-Laws of The Western Union Company, as amended on December 6, 2018 (filed as Exhibit 3.2 to the Company's Current Report on Form 8 - K filed on December 11, 2018 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	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).
4.3	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).
4.4	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).
4.5	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).
4.6	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).

4.7	Form of 6.200% Note due 2040 (filed as Exhibit 4.1 to the Company's Current Report on Form 8 - K filed on June 21, 2010 and incorporated herein by reference thereto).
4.8	Form of 5.253% Note due 2020 (filed as Exhibit 4.3 to the Company's Registration Statement on Form S - 4 filed on August 5, 2010 and incorporated herein by reference thereto).
4.9	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).
4.10	Form of 3.350% Note due 2019 (filed as Exhibit 4.1 to the Company's Current Report on Form 8 - K filed on November 22, 2013 and incorporated herein by reference thereto).
4.11	Form of Floating Rate Note due 2019 (filed as Exhibit 4.1 to the Company's Current Report on Form 8 - K filed on August 22, 2017 and incorporated herein by reference thereto).
4.12	Form of 3.600% Note due 2022 (filed as Exhibit 4.1 to the Company's Current Report on Form 8 - K filed on March 15, 2017 and incorporated herein by reference thereto).
4.13	Form of 3.600% Note due 2022 (filed as Exhibit 4.2 to the Company's Current Report on Form 8 - K filed on August 22, 2017 and incorporated herein by reference thereto).
4.14	Form of 4.250% Note due 2023 (filed as Exhibit 4.1 to the Company's Current Report on Form 8 - K filed on June 11, 2018 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).
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	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).
10.6	Order Tolling Time Frames and Extending Benefits and Obligations of Settlement Agreement issued June 14, 2013 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10 - Q filed on August 7, 2013 and incorporated herein by reference thereto).
10.7	Order Tolling Time Frames and Extending Benefits and Obligations of Settlement Agreement issued October 28, 2013 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.1 to the Company's Current Report on Form 8 - K filed on October 29, 2013 and incorporated herein by reference thereto).

10.8 Order Tolling Time Frames and Extending Benefits and Obligations of Settlement Agreement issued December 19, 2013 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.1 to the Company's Current Report on Form 8 - K filed on December 19, 2013 and incorporated herein by reference thereto).

10.9 Settlement Agreement Amendment issued January 31, 2014 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.1 to the Company's Current Report on Form 8 - K filed on February 3, 2014 and incorporated herein by reference thereto).

10.10 Order Granting Stipulated Motion to Modify Amendment to Settlement Agreement issued March 14, 2014 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).

10.11 Order Granting Stipulated Motion to Extend Deadline for Separate Agreements issued April 14, 2014 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).

10.12 Order Granting Stipulation to Extend Time for Production of Data issued October 17, 2014 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10 - Q filed on October 30, 2014 and incorporated herein by reference thereto).

10.13 Order Granting Stipulated Motion to Extend Time for Monitor Evaluation issued January 22, 2016 by The Honorable Warren Granville, Maricopa County Superior Court Judge (filed as Exhibit 10.13 to the Company's Annual Report on Form 10 - K filed on February 19, 2016 and incorporated herein by reference thereto).

10.14 Amended and Restated Credit Agreement, dated as of December 18, 2018, among The Western Union Company, the banks named therein, as lenders, Citibank, N.A., Bank of America, N.A. and Wells Fargo Bank, National Association, in their respective capacities as Issuing Lenders, Bank of America, N.A. and Wells Fargo Bank, National Association, as Syndication Agents, Barclays Bank PLC, JPMorgan Chase Bank, N.A. and U.S. Bank National Association, as Documentation Agents, and Citibank, N.A., as Administrative Agent for the banks thereunder (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 20, 2018 and incorporated herein by reference thereto).

10.15 Amended and Restated Term Loan Agreement, dated as of December 18, 2018, among The Western Union Company, the banks named therein, as lenders, Citibank, N.A., Mizuho Bank (USA), U.S. Bank National Association and Wells Fargo Bank, National Association, as Syndication Agents, Banco Bilbao Vizcaya Argentaria, S.A., New York Branch, Barclays Bank PLC, Fifth Third Bank, KeyBank National Association, PNC Bank, National Association and The Bank of Nova Scotia, as Documentation Agents, and Bank of America, N.A., as Administrative Agent for the banks thereunder (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 20, 2018 and incorporated herein by reference thereto).

10.16 Form of Director Indemnification Agreement (filed as Exhibit 10.10 to Amendment No. 2 to the Company's Registration Statement on Form 10 (file no. 001 - 32903) filed on August 28, 2006 and incorporated herein by reference thereto).*

10.17 The Western Union Company Severance/Change in Control Policy (Executive Committee Level), as Amended and Restated Effective July 28, 2015 (filed as Exhibit 10.16 to the Company's Annual Report on Form 10 - K filed on February 19, 2016 and incorporated herein by reference thereto).*

10.18 The Western Union Company 2006 Long-Term Incentive Plan, as amended and restated on January 31, 2014 (filed as Exhibit 10.11 to the Company's Annual Report on Form 10 - K filed on February 24, 2014 and incorporated herein by reference thereto).*

10.19 The Western Union Company 2006 Non-Employee Director Equity Compensation Plan, as Amended and Restated Effective January 31, 2014 (filed as Exhibit 10.12 to the Company's Annual Report on Form 10 - K filed on February 24, 2014 and incorporated herein by reference thereto).*

10.20 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).*

10.21 The Western Union Company Senior Executive Performance Incentive Plan, Established February 20, 2019.*

10.22 The Western Union Company Grandfathered Supplemental Incentive Savings Plan, as Amended and Restated Effective January 1, 2010 (filed as Exhibit 10.14 to the Company's Annual Report on Form 10 - K filed on February 26, 2010 and incorporated herein by reference thereto).*

10.23 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 (filed as Exhibit 10.15 to the Company's Annual Report on Form 10 - K filed on February 26, 2010 and incorporated herein by reference thereto).*

10.24 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 (filed as Exhibit 10.16 to the Company's Annual Report on Form 10 - K filed on February 26, 2010 and incorporated herein by reference thereto).*

10.25 Form of Nonqualified Stock Option Award Agreement for Non-Employee Directors Residing Outside the United States Under The Western Union Company 2006 Non-Employee Director Equity Compensation Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10 - Q filed on May 6, 2010 and incorporated herein by reference thereto).*

10.26 Form of Unrestricted Stock Unit Award Agreement for Non-Employee Directors Residing in the United States Under The Western Union Company 2006 Non-Employee Director Equity Compensation Plan (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10 - Q filed on May 6, 2010 and incorporated herein by reference thereto).*

10.27 Form of Nonqualified Stock Option Award Agreement for Non-Employee Directors Residing in the United States Under The Western Union Company 2006 Non-Employee Director Equity Compensation Plan (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10 - Q filed on May 6, 2010 and incorporated herein by reference thereto).*

10.28 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).*

10.29 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).*

10.30 Form of Nonqualified Stock Option Award Agreement for Section 16 Officers (U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.29 to the Company's Annual Report on Form 10 - K filed on February 25, 2011 and incorporated herein by reference thereto).*

10.31 Form of Nonqualified Stock Option Award Agreement for Section 16 Officers (Non - U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.30 to the Company's Annual Report on Form 10 - K filed on February 25, 2011 and incorporated herein by reference thereto).*

10.32 Employment Contract, dated as of November 9, 2009, between Western Union Financial Services GmbH and Hikmet Ersek (filed as Exhibit 10.35 to the Company's Annual Report on Form 10 - K filed on February 26, 2010 and incorporated herein by reference thereto).*

10.33 First Amendment to Employment Contract and Expatriate Letter Agreement, dated as of October 7, 2010, between Western Union Financial Services GmbH, The Western Union Company and Hikmet Ersek (filed as Exhibit 10 to the Company's Quarterly Report on Form 10 - Q filed on November 5, 2010 and incorporated herein by reference thereto).*

10.34 Expatriate Letter Agreement, dated as of January 4, 2012, between Western Union, LLC and Rajesh K. Agrawal (filed as Exhibit 10.42 to the Company's Annual Report on Form 10 - K filed on February 24, 2012 and incorporated herein by reference thereto).*

10.35 Form of Bonus Stock Unit Award Agreement for Non-Employee Directors Residing in the United States Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2012 and incorporated herein by reference thereto).*

10.36 Form of Nonqualified Stock Option Award Agreement for Non-Employee Directors Residing Outside the United States Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.46 to the Company's Annual Report on Form 10 - K filed on February 24, 2014 and incorporated herein by reference thereto).*

10.37 Form of Nonqualified Stock Option Award Agreement for Non-Employee Directors Residing in the United States Under The Western Union Company 2006 Long-Term Incentive Plan (filed as Exhibit 10.47 to the Company's Annual Report on Form 10 - K filed on February 24, 2014 and incorporated herein by reference thereto).*

10.38 Form of Award Agreement Under The Western Union Company Senior Executive Performance Incentive Plan.*

10.39 Form of Nonqualified Stock Option Award Agreement for Section 16 Officers (Non - U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan For Awards Granted in 2014 and Thereafter (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).*

10.40 Form of Nonqualified Stock Option Award Agreement for Section 16 Officers (U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan For Awards Granted in 2014 and Thereafter (filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).*

10.41 Form of Performance-Based Restricted Stock Unit Award Agreement for Section 16 Officers (Non - U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan For Awards Granted in 2014 and Thereafter (filed as Exhibit 10.12 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).*

10.42 Form of Performance-Based Restricted Stock Unit Award Agreement for Section 16 Officers (U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan For Awards Granted in 2014 and Thereafter (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).*

10.43 Form of Restricted Stock Unit Award Agreement for Section 16 Officers (Non - U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan For Awards Granted in 2014 and Thereafter (filed as Exhibit 10.14 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).*

10.44 Form of Restricted Stock Unit Award Agreement for Section 16 Officers (U.S.) Under The Western Union Company 2006 Long-Term Incentive Plan For Awards Granted in 2014 and Thereafter (filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10 - Q filed on May 1, 2014 and incorporated herein by reference thereto).*

10.45 The Western Union Company 2015 Long-Term Incentive Plan, as amended and restated on February 21, 2018 (filed as Exhibit 10.47 to the Company's Annual Report on Form 10 - K filed on February 22, 2018 and incorporated herein by reference thereto).*

10.46 Form of Deferred Stock Unit Award Agreement for U.S. Non-Employee Directors Under The Western Union Company 2015 Long-Term Incentive Plan, Effective May 15, 2015 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10 - Q filed on July 30, 2015 and incorporated herein by reference thereto).*

10.47 Form of Nonqualified Stock Option Award Agreement for U.S. Non-Employee Directors Under The Western Union Company 2015 Long-Term Incentive Plan, Effective May 15, 2015 (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10 - Q filed on July 30, 2015 and incorporated herein by reference thereto).*

10.48 The Western Union Company Supplemental Incentive Savings Plan, as Amended and Restated Effective April 1, 2018.*

10.49 Form of Performance-Based Restricted Stock Unit Award Notice and Agreement for Section 16 Officers (U.S.) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10 - Q filed on May 3, 2016 and incorporated herein by reference thereto).*

10.50 Form of Performance-Based Restricted Stock Unit Award Notice and Agreement for Section 16 Officers (Austria) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10 - Q filed on May 3, 2016 and incorporated herein by reference thereto).*

10.51 Form of Performance-Based Restricted Stock Unit Award Notice and Agreement for Section 16 Officers (United Arab Emirates) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10 - Q filed on May 3, 2016 and incorporated herein by reference thereto).*

10.52 Form of Restricted Stock Unit Award Agreement for Section 16 Officers (U.S.) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10 - Q filed on May 3, 2016 and incorporated herein by reference thereto).*

10.53 Form of Restricted Stock Unit Award Agreement for Section 16 Officers (Non - U.S.) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10 - Q filed on May 3, 2016 and incorporated herein by reference thereto).*

10.54 Form of Nonqualified Stock Option Award Agreement for Section 16 Officers (Non - U.S.) Under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10 - Q filed on May 3, 2016 and incorporated herein by reference thereto).*

10.55 Form of Performance-Based Restricted Stock Unit Award Notice and Agreement for Section 16 Officers (U.S.) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10 - Q filed on May 2, 2017 and incorporated herein by reference thereto).*

10.56 Form of Performance-Based Restricted Stock Unit Award Notice and Agreement for Section 16 Officers (Austria) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10 - Q filed on May 2, 2017 and incorporated herein by reference thereto).*

10.57 Form of Performance-Based Restricted Stock Unit Award Notice and Agreement for Section 16 Officers (United Arab Emirates) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10 - Q filed on May 2, 2017 and incorporated herein by reference thereto).*

10.58 Form of Restricted Stock Unit Award Agreement for Section 16 Officers (U.S.) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10 - Q filed on May 2, 2017 and incorporated herein by reference thereto).*

10.59 Form of Restricted Stock Unit Award Agreement for Section 16 Officers (Non - U.S.) under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10 - Q filed on May 2, 2017 and incorporated herein by reference thereto).*

10.60 Form of Nonqualified Stock Option Award Agreement for Section 16 Officers (Non - U.S.) Under The Western Union Company 2015 Long-Term Incentive Plan (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10 - Q filed on May 2, 2017 and incorporated herein by reference thereto).*

10.61 Deferred Prosecution Agreement dated January 19, 2017 by and between The Western Union Company, the United States Department of Justice, and the United States Attorney's Offices for the Eastern and Middle Districts of Pennsylvania, the Central District of California, and the Southern District of Florida (filed as Exhibit 10.1 to the Company's Current Report on Form 8 - K filed on January 20, 2017 and incorporated herein by reference thereto).

10.62 Stipulated Order for Permanent Injunction and Final Judgment dated January 19, 2017 by and between The Western Union Company and the United States Federal Trade Commission (filed as Exhibit 10.2 to the Company's Current Report on Form 8 - K filed on January 20, 2017 and incorporated herein by reference thereto).

10.63 Consent to the Assessment of Civil Money Penalty dated January 19, 2017 by and between Western Union Financial Services, Inc. and the Financial Crimes Enforcement Network of the United States Department of Treasury (filed as Exhibit 10.3 to the Company's Current Report on Form 8 - K filed on January 20, 2017 and incorporated herein by reference thereto).

10.64 Final Order Accepting Monitor's Final Report of the Secondary Recommendations Term and Concluding Matter Issued June 9, 2017 by the Honorable Warren Granville, Maricopa County Superior Court Judge (Filed as Exhibit 10.1 to the Company's Current Report on Form 8 - K filed on June 12, 2017 and incorporated by reference thereto).

10.65 Form of Nonqualified Stock Option Grant Award Agreement for Non-US Section 16 Officer under The Western Union Company 2015 Long-Term Incentive Plan.*

10.66	Form of Restricted Stock Unit Award Agreement for US Section 16 Officers under The Western Union Company 2015 Long-Term Incentive Plan.*
10.67	Form of Financial Performance-Based Restricted Stock Unit Award Agreement for US Section 16 Officers under The Western Union Company 2015 Long-Term Incentive Plan.*
10.68	Form of Total Shareholder Return Performance-Based Restricted Stock Unit Award Agreement for US Section 16 Officers under The Western Union Company 2015 Long-Term Incentive Plan.*
10.69	Form of Restricted Stock Unit Award Agreement for Non-US Section 16 Officers under The Western Union Company 2015 Long-Term Incentive Plan.*
10.70	Form of Financial Performance-Based Restricted Stock Unit Award Agreement for Non-US Section 16 Officers under The Western Union Company 2015 Long-Term Incentive Plan.*
10.71	Form of Total Shareholder Return Performance-Based Restricted Stock Unit Award Agreement for Non-US Section 16 Officers under The Western Union Company 2015 Long-Term Incentive Plan.*
14	The Western Union Company Code of Ethics for Senior Financial Officers, effective September 1, 2016.
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.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Western Union Company (Registrant)

February 21, 2019

By: /S/ HIKMET ERSEK
Hikmet Ersek
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Hikmet Ersek **Hikmet Ersek**	President, Chief Executive Officer and Director (Principal Executive Officer)	February 21, 2019
/s/ Raj Agrawal **Raj Agrawal**	Executive Vice President, Chief Financial Officer and Global Operations (Principal Financial Officer)	February 21, 2019
/s/ Amintore T.X. Schenkel **Amintore T.X. Schenkel**	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 21, 2019
/s/ Jeffrey A. Joerres **Jeffrey A. Joerres**	Non-Executive Chairman of the Board of Directors	February 21, 2019
/s/ Martin I. Cole **Martin I. Cole**	Director	February 21, 2019
/s/ Richard A. Goodman **Richard A. Goodman**	Director	February 21, 2019
/s/ Betsy D. Holden **Betsy D. Holden**	Director	February 21, 2019
/s/ Roberto G. Mendoza **Roberto G. Mendoza**	Director	February 21, 2019
/s/ Michael A. Miles, Jr. **Michael A. Miles, Jr.**	Director	February 21, 2019
/s/ Robert W. Selander **Robert W. Selander**	Director	February 21, 2019
/s/ Angela A. Sun **Angela A. Sun**	Director	February 21, 2019
/s/ Frances Fragos Townsend **Frances Fragos Townsend**	Director	February 21, 2019
/s/ Solomon D. Trujillo **Solomon D. Trujillo**	Director	February 21, 2019

Board of Directors

Jeffrey A. Joerres
Non-Executive Chairman of the Board of Directors
Former Executive Chairman of ManpowerGroup, Inc.

Martin I. Cole
Director, member of the Audit Committee and the Compliance Committee
Former Chief Executive of the Technology Group at Accenture plc

Hikmet Ersek
Director, and non-voting member of the Compliance Committee
President and Chief Executive Officer, The Western Union Company

Richard A. Goodman
Director, Chair of the Audit Committee and member of the Compensation and Benefits Committee
Former CFO and Executive Vice President, Global Operations of PepsiCo, Inc.

Betsy D. Holden
Director, Chair of the Compensation and Benefits Committee and member of the Audit Committee
Senior Advisor to McKinsey & Company and Former Co-CEO, Kraft Foods Inc.

Roberto G. Mendoza
Director, member of the Corporate Governance and Public Policy Committee and the Compliance Committee
Managing Director at Foros Group

Michael A. Miles, Jr.
Director, member of the Compensation and Benefits Committee and the Corporate Governance and Public Policy Committee
Advisory Director of Berkshire Partners and Former President and Chief Operating Officer, Staples, Inc.

Robert W. Selander
Director, Chair of the Corporate Governance and Public Policy Committee and member of the Compensation and Benefits Committee
Former Chief Executive Officer and Vice Chairman of MasterCard Incorporated and MasterCard International

Angela A. Sun
Director, member of the Audit Committee
Former Head of Strategy and Corporate Development at Bloomberg L.P.

Frances Fragos Townsend
Director, Chair of the Compliance Committee and member of the Corporate Governance and Public Policy Committee
Executive Vice President of Worldwide Government, Legal and Business Affairs at MacAndrews & Forbes Holdings Inc.

Solomon D. Trujillo
Director, member of the Audit Committee and the Compliance Committee
Founder and Chairman, Trujillo Group, LLC

Executive Officers and Senior Leadership

Executive Officers

Hikmet Ersek
President, Chief Executive Officer and Director

Raj Agrawal
Executive Vice President, Chief Financial Officer and Global Operations

Odilon Almeida
Executive Vice President and President – Global Money Transfer

Jean Claude Farah
Executive Vice President and President – Global Payments

Sheri Rhodes
Executive Vice President, Chief Technology Officer

Caroline Tsai
Executive Vice President, General Counsel and Corporate Secretary

Richard L. Williams
Executive Vice President and Chief Human Resources Officer

Senior Leadership

Khalid Fellahi
Senior Vice President, Western Union Digital

Jeffrey A. Hochstadt
Chief Strategy and Development Officer

Jacqueline D. Molnar
Senior Vice President, Chief Compliance Officer

Forward-Looking Statements
This Annual Report 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 sections of The Western Union Company's (the "Company") Annual Report on Form 10-K for the year ended December 31, 2018 ("Form 10-K") 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 the Form 10-K. See "Risk Factors" and "Forward-looking Statements" sections and other statements throughout the Form 10-K. The statements are only as of the date they are made, and the Company undertakes no obligation to update any forward-looking statement.

Corporate Information

Corporate Headquarters
7001 East Belleview Avenue, Denver, CO 80237
+1-720-332-1000
+1-866-405-5012

Transfer Agent and Registrar
Stockholders with questions concerning their stock holdings or dividends or with address changes should contact:

EQ Shareowner Services
PO Box 64874
St Paul MN 55164-0874
www.shareowneronline.com

Overnight Mail:
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

Shareowner Relations Phone Numbers:
+1-651-450-4064
+1-800-468-9716

Independent Registered Public Accounting Firm
Ernst & Young LLP
370 17th Street, Suite 3300
Denver, CO 80202

Financial Information and Reports
The Company routinely issues press releases and quarterly and annual financial reports. To receive this information please write the Company at: Western Union, Investor Relations, 7001 East Belleview Avenue HQ-14, Denver, CO 80237, call +1-866-405-5012 or visit the "Investor Relations" section of our website at www.westernunion.com. A copy of The Western Union Company 2018 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission will be furnished to stockholders without charge (except charges for providing exhibits) upon request to the Company. Analysts and investors seeking additional information about the Company can contact the Investor Relations Department at +1-866-405-5012. For more information about The Western Union Company, please visit the Company's website at www.westernunion.com.

Shareholders of Record
There were 3,331 stockholders of record as of March 19, 2019.

Dividends
During 2018, the Board of Directors declared quarterly cash dividends of $0.19 per common share payable on December 31, 2018, September 28, 2018, June 29, 2018 and March 30, 2018. During 2017, the Board of Directors declared quarterly cash dividends of $0.175 per common share payable on December 29, 2017, September 29, 2017, June 30, 2017 and March 31, 2017. The declaration or authorization and amount of future dividends will be determined by the Board of Directors and will depend on our financial condition, earnings, available U.S. cash, capital requirements, regulatory constraints, industry practice and any other factors that the Board of Directors believes are relevant. On February 7, 2019, the Company's Board of Directors declared a quarterly cash dividend of $0.20 per common share payable on March 29, 2019.

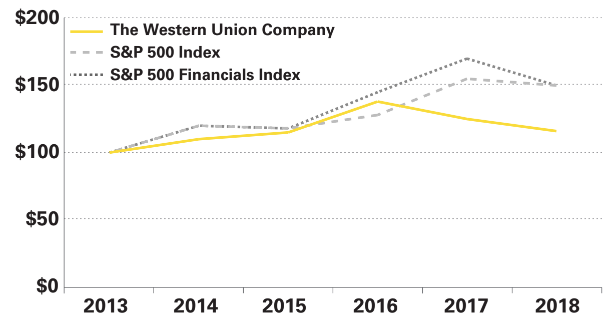
Annual Meeting
The annual meeting of stockholders of The Western Union Company will be held at the Company's headquarters located at 7001 East Belleview Avenue, Denver, CO 80237 on Friday, May 17, 2019 at 8:00 a.m. local time.

Trademarks, Service Marks and Trade Names
The Western Union and WU names, logos and related trademarks and service marks, owned by Western Union Holdings, Inc., are registered and/or used in the U.S. and many foreign countries. All other trademarks, service marks, logos and trade names referenced in this material are the property of their respective owners.

Stock Prices
The Western Union Company common stock is traded on the New York Stock Exchange under the symbol "WU". The high and low prices for our common stock during 2018 and 2017 were as follows:

	Common Stock Market Price	
2018	**High**	**Low**
First Quarter	$22.21	$18.55
Second Quarter	$21.37	$18.38
Third Quarter	$20.80	$18.41
Fourth Quarter	$19.27	$16.42
2017		
First Quarter	$22.70	$19.25
Second Quarter	$20.35	$18.52
Third Quarter	$20.40	$18.39
Fourth Quarter	$20.67	$18.72

Company Stock Performance
The following graph shows the five-year comparison of cumulative total shareholder return, calculated on a dividend reinvested basis, for (i) our common stock, (ii) the Standard & Poor's Composite – 500 Stock Index (the "S&P 500 Index"), and (iii) the Standard & Poor's Composite – 500 Financials Index (the "S&P 500 Financials Index"), an independently prepared index that includes companies in the financial services industry. Pursuant to rules of the U.S. Securities and Exchange Commission, the comparison assumes $100 was invested on December 31, 2013 in our common stock and in each of the indices. Data points on the graph are annual. Historic stock price performance is not necessarily indicative of future stock price performance.



Corporate Governance
To review the Company's corporate governance guidelines, Board committee charters and codes of business conduct and ethics, please visit the "Corporate Governance" section on the "Investor Relations" page of our website at www.westernunion.com.

WesternUnion WU