Western Union CO
Form DEF 14A
March 30, 2010
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

THE WESTERN UNION COMPANY

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

THE WESTERN UNION COMPANY

12500 East Belford Avenue

Englewood, Colorado 80112

March 30, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of The Western Union Company (the Company), to be held at 11:30 a.m., local time, on Friday, May 14, 2010 at the JW Marriott Denver at Cherry Creek, 150 Clayton Lane, Denver, Colorado 80206. A registration desk will open at 11:00 a.m. At the meeting, you will be asked to:

elect Dinyar Devitre, Christina Gold, Betsy Holden and Wulf von Schimmelmann to serve as Class I members of the Company s Board of Directors until our 2013 annual meeting of stockholders;

ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of the Company for 2010; and

consider such other matters as may properly come before the annual meeting or any adjournment or postponement thereof.

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 or Internet, or request a proxy card to complete, sign and date and return by mail. Using the telephone or Internet voting systems, or mailing your completed proxy card, will not prevent you from voting in person at the meeting if you are a stockholder of record and wish to do so.

Important information about the matters to be acted upon at the meeting is included in the accompanying notice and proxy statement. The Company s 2009 Annual Report, which is being made available to you along with the proxy statement, contains information about the Company and its performance.

Directors and officers of the Company will be present at the annual meeting.

Kind regards,

Christina A. Gold

President and Chief Executive Officer

Table of Contents

THE WESTERN UNION COMPANY

12500 East Belford Avenue

Englewood, Colorado 80112

(866) 405-5012

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 14, 2010

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Stockholders of The Western Union Company, a Delaware corporation (the Company), will be held at 11:30 a.m., local time, on May 14, 2010, at the JW Marriott Denver at Cherry Creek, 150 Clayton Lane, Denver, Colorado 80206, for the following purposes:

1. Elect Dinyar Devitre, Christina Gold, Betsy Holden and Wulf von Schimmelmann to serve as Class I members of our Board of Directors until our 2013 annual meeting of stockholders.

2. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2010.

3. Transact any other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Our Board of Directors recommends that you vote **FOR** the first two items.

Our stockholders of record on March 17, 2010 are entitled to notice of and to vote at the meeting and at any adjournment or postponement that may take place. A list of stockholders entitled to vote at the meeting will be available for the examination of any stockholder at the annual meeting and for ten days prior to the annual meeting at our principal executive offices located at 12500 East Belford Avenue, Englewood, Colorado 80112.

You are cordially invited to attend the annual meeting. To gain admission, you will need to show that you are a stockholder of the Company. All stockholders will be required to show valid, government-issued, picture identification or an employee badge issued by the Company. If your shares are registered in your name, 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, 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 of stockholders. All packages and bags are subject to inspection. Please note that the registration desk will open at 11:00 a.m. Please arrive in advance of the start of the meeting to allow time for identity verification.

Table of Contents

Your vote is extremely important. We appreciate your taking the time to vote promptly. After reading the proxy statement, please vote, at your earliest convenience by telephone or Internet, or request a proxy card to complete, sign 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. YOUR SHARES CANNOT BE VOTED UNLESS YOU VOTE BY: (i) TELEPHONE; (ii) INTERNET; (iii) REQUESTING A PAPER PROXY CARD TO COMPLETE, SIGN AND RETURN BY MAIL; OR (iv) ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON. Please note that all votes cast via telephone or the Internet must be cast prior to 12:00 p.m., Central Daylight Time on Thursday, May 13, 2010.

By Order of the Board of Directors

David Schlapbach

Executive Vice President, General Counsel and

Secretary

March 30, 2010

YOUR VOTE IS IMPORTANT

PLEASE PROMPTLY VOTE BY TELEPHONE OR INTERNET, OR REQUEST A PROXY CARD TO COMPLETE, SIGN 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.

Table of Contents

TABLE OF CONTENTS

Proxy Statement	1
The Proxy Process and Stockholder Voting	1
Proposals Submitted for Stockholder Vote	6
Proposal 1 Election of Directors	6
Proposal 2 Ratification of Selection of Auditors	7
Board of Directors Information	8
Compensation Discussion and Analysis	12
Our Executive Compensation Philosophy	12
Establishing and Evaluating Executive Compensation	13
The Western Union 2009 Executive Compensation Program	17
Analysis of Our Named Executive Officers Compensation	25
Executive Compensation	29
2009 Summary Compensation Table	29
All Other Compensation	31
2009 Grants of Plan-Based Awards	32
Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table	33
2009 Outstanding Equity Awards at Fiscal Year End	36
2009 Option Exercises and Stock Vested	37
2009 Nonqualified Deferred Compensation	38
Potential Payments Upon Termination or Change-in-Control	39
Payments Upon a Termination	41
Compensation of Directors	44
Equity Compensation Plan Information	48
Stock Beneficially Owned by Directors, Executive Officers and Our Largest Stockholders	49
Corporate Governance	50
Independence of Directors	50
Board Leadership Structure and Role in Risk Oversight	51
Committees of the Board of Directors	52
Communications with the Board of Directors	55
Board Attendance at Annual Stockholders Meeting	55
Presiding Director of Non-Management Director Meetings	55
Nomination of Directors	55
Submission of Stockholder Proposals	56
Code of Ethics	56
Compensation and Benefits Committee Report	57
Report of the Audit Committee	57
Certain Transactions and Other Matters	58
Section 16(a) Beneficial Ownership Reporting Compliance	58

Table of Contents

THE WESTERN UNION COMPANY

12500 East Belford Avenue

Englewood, Colorado 80112

(866) 405-5012

PROXY STATEMENT

The Board of Directors of The Western Union Company (Western Union or the Company) is soliciting your proxy to vote at the Annual Meeting of Stockholders to be held on May 14, 2010 at 11:30 a.m., local time, and any adjournment or postponement of that meeting. The meeting will be held at the JW Marriott Denver at Cherry Creek, 150 Clayton Lane, Denver, Colorado 80206.

In accordance with rules and regulations of the Securities and Exchange Commission (the SEC), 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. The Notice of Internet Availability of Proxy Materials and this Proxy Statement under *Important Notice Regarding the Availability of Proxy Materials* below instruct you as to how you may access and review all of the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials and the Proxy Card also instruct you as to how you may submit your proxy on the Internet. 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 or before March 30, 2010 to all stockholders of record as of March 17, 2010 (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 674,651,348 shares outstanding as of the Record Date.

The Company s Annual Report to Stockholders, which contains consolidated financial statements for the year ended December 31, 2009, 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, 2009 that was filed with the SEC, without charge, by writing to Investor Relations, The Western Union Company, 12500 East Belford Avenue, Englewood, Colorado 80112. **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, 2009, 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 and these exhibits are also available in the Investor Relations section of *www.westernunion.com.*

THE PROXY PROCESS AND STOCKHOLDER VOTING

Why Did I Receive These Materials?

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 2010 Annual Meeting of Stockholders, which will take place on May 14, 2010. Our stockholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

Table of Contents

What Does It Mean If I Receive More Than One Notice of Internet Availability of Proxy Materials or Proxy Card?

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 which accompanied that Proxy Card.

Does My Vote Matter?

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 meeting in person or by proxy. If a quorum is not obtained, the Company must postpone the 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.

How Do I Vote?

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 12:00 p.m., Central Daylight Time, on May 13, 2010.

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 which accompanied that 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 favor** of the director nominees and the ratification of the appointment of Ernst & Young LLP. By returning your signed and dated Proxy Card or providing instructions by the alternative voting procedure in time to be received for the 2010 Annual Meeting of Stockholders, you authorize Christina A. Gold and David L. Schlapbach to act as your Proxies to vote your shares of Common Stock as specified.

At the Meeting Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Shares held beneficially on your behalf by a broker or agent 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.

How Many Votes Are Required to Approve a Proposal?

The Company s By-Laws require directors to 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). In a contested election (a situation in which the number of nominees exceeds the

Table of Contents

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 ratification of Ernst & Young LLP s appointment as independent registered public accounting firm requires the affirmative vote of a majority of the shares of Common Stock represented at the Annual Meeting and entitled to vote thereon.

What Is The Effect Of Not Voting?

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 meeting and will not count toward the quorum requirement. Except as described below, assuming a quorum is obtained, your unvoted shares will not affect whether a proposal is approved or rejected.

If you own shares 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 vote your shares.

If I Don t Vote, Will My Broker Vote For Me?

If you own your shares 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. Broker non-vote shares are counted toward the quorum requirement but they do not affect the determination of whether a matter is approved. The Company believes that proposal two set forth in this Proxy Statement is a routine matter on which brokers will be permitted to vote any unvoted shares.

The election of directors is no longer considered a routine matter and brokers may not vote on behalf of their clients if no voting instructions have been furnished. Please vote your shares on the election of directors.

How Are Abstentions Treated?

Whether you own your shares as a Registered Holder or through a broker, abstentions are counted toward the quorum requirement and are counted as votes against a proposal, other than the proposal for the election of directors.

If I Own My Shares Through A Broker, How Is My Vote Recorded?

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 Owners do not appear in the Company s stockholder register. If you hold your shares in Street Name, and elect to vote via telephone or the Internet, your vote will be submitted to your broker. If you request paper Proxy Cards by telephone or Internet and elect to vote by mail, the accompanying return envelope is addressed to return your executed Proxy Card to your broker. Shortly before the meeting, each broker totals the votes submitted by telephone, Internet or mail by the Beneficial Owners for whom it holds shares, and submits a Proxy Card reflecting the aggregate votes of such Beneficial Owners.

Is My Vote Confidential?

Yes. 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 (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 Inspectors

Table of Contents

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.

Can I Revoke My Proxy And Change My Vote?

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 meeting and giving the Inspectors 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.

Will Any Other Business Be Transacted At The Meeting? If So, How Will My Proxy Be Voted?

Management does not know of any business to be transacted at the Annual Meeting of Stockholders 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 meeting has passed and there are no such proposals to be considered. However, should any other matters properly come before the 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.

Who Counts The Votes?

Votes will be counted and certified by the Inspectors of Election, who are employees of Wells Fargo Bank, N.A., the Company s Transfer Agent and Registrar. If you are a Registered Holder, your telephone or Internet vote is submitted, or your executed Proxy Card is returned, directly to Wells Fargo for tabulation. As noted above, if you hold your shares through a broker, your broker returns a single Proxy Card to Wells Fargo on behalf of its clients.

How Much Does The Proxy Solicitation Cost?

The Company has engaged the firm of Morrow & Co., LLC, 470 West Ave, Stamford, Connecticut 06902 to assist in distributing and soliciting proxies for a fee of $9,000, plus expenses. However, the proxy solicitor fee is only a small fraction of the total cost of the proxy process. The largest 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 Owners 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 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 Annual Report to Stockholders.

Table of Contents

IMPORTANT NOTICE REGARDING THE AVAILABILITY

OF PROXY MATERIALS

The Company s Proxy Statement and Annual Report to Stockholders are available at *www.ematerials.com/wu* for Registered Holders and at *www.proxyvote.com* for Beneficial Owners. 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.

DIRECTIONS TO THE ANNUAL MEETING

From I-25 North of Denver:	I-25 South to South University Boulevard Exit #205. Turn left onto South University Boulevard.
From I-25 South of Denver:	I-25 North to South University Boulevard Exit #205. Turn right onto South University Boulevard.
From I-70 East of Denver:	I-70 West to I-25 South. Follow to South University Boulevard Exit #205. Turn left onto South University Boulevard.
From I-70 West of Denver:	I-70 East to I-25 South. Follow to South University Boulevard Exit #205. Turn left onto South University Boulevard.

Follow South University Boulevard to East 1st Avenue. Turn right on East 1st Avenue. Turn left on Clayton Lane. Hotel is on the right at 150 Clayton Lane.

Table of Contents

PROPOSALS SUBMITTED FOR STOCKHOLDER VOTE

Proposal 1

ELECTION OF DIRECTORS

The Board of Directors is divided into three classes serving staggered three-year terms. The terms of office of three current directors, Mr. Devitre, Ms. Gold and Ms. Holden, expire at the 2010 Annual Meeting of Stockholders. The Board of Directors appointed Mr. von Schimmelmann as a director in July 2009, subject to election by the stockholders at the 2010 Annual Meeting. Mr. Devitre, Ms. Gold and Ms. Holden have been nominated for re-election, and Mr. von Schimmelmann has been nominated for election, through the 2013 Annual Meeting of Stockholders or until a successor is elected and qualified. (See the Board of Directors Information section of this Proxy Statement for information concerning all directors.) In the case of a vacancy occurring during the year in any class, the Board of Directors may elect another director as a replacement, may leave the vacancy unfilled or may reduce the number of directors.

The terms of Mr. Greenberg, Mr. Lacy and Ms. Fayne Levinson expire at the 2011 Annual Meeting of Stockholders. The terms of Mr. Mendoza, Mr. Miles and Lord Stevenson expire at the 2012 Annual Meeting of Stockholders.

A stockholder may (i) vote for the election of a nominee, (ii) vote against the election of a nominee or (iii) abstain from voting for a nominee. Your shares will be voted as you instruct via the telephone or Internet voting procedure 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 you sign, date and return the Proxy Card without specifying how you want your shares voted, they will be voted for the election of the director nominees. 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 Company s By-Laws require directors to 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). 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 committee s recommendation, and publicly disclose (by a press release, a filing with the Securities Exchange Commission 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.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE TO RE-ELECT MR. DEVITRE, MS. GOLD AND MS. HOLDEN AND TO ELECT MR. VON SCHIMMELMANN AS DIRECTORS FOR THREE-YEAR TERMS.

Table of Contents

Proposal 2

RATIFICATION OF SELECTION OF AUDITORS

The Board of Directors and the Audit Committee 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 2010. Ernst & Young LLP has served as the independent registered public accounting firm for the Company or its former parent company, First Data Corporation (First Data), or First Data s predecessor entities since 1980. 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 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 2009 and 2008

Audit Fees. Ernst & Young LLP s fees for the Company s 2009 and 2008 annual audits were $4.7 million and $3.5 million in 2009 and 2008, respectively. Audit fees primarily include fees related to the audit of the Company s annual consolidated financial statements; the review of its quarterly consolidated financial statements; statutory audits required domestically and internationally; comfort letters, consents, and assistance with and review of documents filed with the SEC; and other accounting and financial reporting consultation and research work billed as audit fees or necessary to comply with the standards of the Public Company Accounting Oversight Board (United States).

Audit-Related Fees. Ernst & Young LLP s fees for audit-related services that are reasonably related to the performance of the audit or review of the Company s 2009 and 2008 consolidated financial statements were $0.6 million and $0.9 million, respectively. Audit-related fees primarily include fees related to service auditor examinations, due diligence related to mergers and acquisitions, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards not classified as audit fees.

Tax Fees. Ernst & Young LLP s fees for tax compliance, tax advice and tax planning services to the Company were $0.5 million and $0.2 million in 2009 and 2008, respectively. Tax advice and tax planning fees included consultations, analysis and assistance with domestic and foreign tax matters, including value-added and goods and service taxes, local tax authority audits and 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.

During 2009 and 2008, 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 of the Board of Directors, the Chairman of the Committee or his designee.

In the event the stockholders fail to ratify the appointment 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 2.

Table of Contents

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 Amended and Restated Certificate of Incorporation, the Board of Directors is to consist of not less than one nor more than 15 directors. Directors are divided into three classes and directors in each class are elected for a three-year term. During 2009, the Board of Directors met nine 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 2009, except for Mr. von Schimmelmann. Mr. von Schimmelmann was appointed to the Board mid-year and was unable to attend the September 11, 2009 Board meeting and the December 2009 Compensation and Benefits Committee and Corporate Governance and Public Policy Committee meetings for reasons beyond his control and the Chairman excused his absences.

Board of Directors Members

Name, Age, Principal Occupation, Business Experience and Directorships	Experience, Qualifications, Attributes and Skills Supporting Directorship Position on the Company s Board*	Director Since
Dinyar S. Devitre, age 62. Special Advisor to General Atlantic LLC since June 2008. Mr. Devitre served as Senior Vice President and Chief Financial Officer of Altria Group, Inc. from March 2002 until March 2008. From 2001 to 2002, Mr. Devitre acted as a private business consultant and from 1998 to 2001, he was Executive Vice President at Citibank in Europe. He started with the Altria Group companies in 1970 and served in a variety of positions, serving as President Philip Morris, Asia, Chairman and Chief Executive Officer Philip Morris, Japan, and Senior Vice President, Corporate Planning, Philip Morris Companies, Inc. from 1995 to 1998. Mr. Devitre was a director of Kraft Foods Inc. from September 2002 to May 2007, and is a director of SABMiller plc, Altria Group, Inc. and Emdeon Inc. Mr. Devitre s term expires in 2010.	Mr. Devitre brings to the Board experience as the chief financial officer of a large U.S.-based multinational company, as an executive and director of large consumer goods corporations subject to regulation in multiple jurisdictions and as an executive of a financial services company. Mr. Devitre has experience with complex capital structures and related issues. Mr. Devitre also provides the Board with diversity in viewpoint as a native of India who has lived and worked in many countries.	2006
Christina A. Gold, age 62. President and Chief Executive Officer of the Company since September 2006. Prior to taking these positions in September 2006, she was a Senior Executive Vice President of First Data and President of Western Union from May 2002. From October 1999 to May 2002, she was Chairman, President and Chief Executive Officer of Excel Communications, Inc. Ms. Gold served as President and Chief Executive Officer of The Beaconsfield Group from March 1998 to October 1999. In 1970, she joined Avon Products, Inc., serving as President of Avon Canada from 1989 to 1993, President of Avon North America from 1993 to 1997 and Executive Vice President of Global Development from 1997 to 1998. Ms. Gold was a director of Torstar Corporation from September 1998 to May 2007, and currently serves as a director of ITT Corporation and New York Life Insurance Company. Ms. Gold s term expires in 2010.	Ms. Gold is the only Director who is also a manager of the Company. Ms. Gold provides her insight as the Company s leader for eight years and many years of marketing and distribution experience with large consumer products and services companies. Ms. Gold also provides international operations insight from her experience with the Company and with Avon.	2006

Table of Contents

Name, Age, Principal Occupation, Business Experience and Directorships	Experience, Qualifications, Attributes and Skills Supporting Directorship Position on the Company s Board*	Director Since
Jack M. Greenberg, age 67. Non-Executive Chairman of the Board of Directors. He was Chairman (from May 1999) and Chief Executive Officer (from August 1998) of McDonald s Corporation until December 2002. Mr. Greenberg joined McDonald s Corporation as Executive Vice President and Chief Finance Officer and as a member of the Board of Directors in 1982. He served as a director of First Data from 2003 to 2006 and as a director of Abbott Laboratories from 2001 to 2007. Mr. Greenberg is a director of The Allstate Corporation, Hasbro, Inc., Innerworkings, Inc. and Manpower Inc. Mr. Greenberg s term expires in 2011.	Mr. Greenberg s experience as the Chairman and Chief Executive Officer of McDonald s Corporation is supportive of his role as Non-Executive Chairman of the Board. He has experience working with large, global distribution networks, similar to the Company s agent network, and consumer marketing, pricing and trend analysis. Mr. Greenberg brings to the Board experience as the chief financial officer of a large U.S.-based multinational company. Mr. Greenberg is the only Director who was a director of the Company s former parent company, which provides historical context for the Company s operations.	2006
Betsy D. Holden, age 54. Senior Advisor to McKinsey & Company since April 2007. Ms. Holden served as President, Global Marketing and Category Development of Kraft Foods Inc., a food business unit of Altria Group, Inc., from January 2004 through 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 until December 2003. Ms. Holden began her career at General Foods in 1982. She currently serves as a director of Tribune Company and Diageo plc. Ms. Holden s term expires in 2010.	Ms. Holden brings to the Board experience as a chief executive officer of a large U.S.-based multinational company and provides the Board with insights into consumer marketing and brand management from her years of experience with Kraft Foods. She is familiar with the challenges of operating in a highly regulated industry. Her current role as Senior Advisor to McKinsey & Company is focused on strategy, marketing, innovation and board effectiveness initiatives.	2006
Alan J. Lacy, age 56. Senior Advisor to Oak Hill Capital Partners since July 2007. Mr. Lacy is the former Vice Chairman and Chief Executive Officer of Sears Holdings Corporation, which formed as a result of the merger of Sears, Roebuck and Co. and Kmart Holding Corporation. He served as Vice Chairman from March 2005 through July 2006 and as Chief Executive Officer from March 2005 through September 2005. He previously served Sears, Roebuck and Co. as Chairman of the Board from December 2000, and as President and Chief Executive Officer from October 2000. Mr. Lacy was the Chairman of the Board of Sears Canada, Inc. from 2000 through 2006. Mr. Lacy is a director of Bristol-Myers Squibb Company and a Trustee of Fidelity Funds. Mr. Lacy s term expires in 2011.	Mr. Lacy has experience running a large retail business in a highly competitive environment. Mr. Lacy brings to the Board experience as a chief executive officer and chief financial officer of a large U.S.-based multinational company. He has experience with companies which offer consumer-focused financial services.	2006

Table of Contents

Name, Age, Principal Occupation, Business Experience and Directorships	Experience, Qualifications, Attributes and Skills Supporting Directorship Position on the Company s Board*	Director Since
Linda Fayne Levinson, age 68. An advisor to professionally funded, privately held ventures. Ms. Fayne Levinson is presently Non-Executive Chair of the Board of Connexus, Inc., formerly VendareNetblue, a privately held online marketing company. From February through July 2006, Ms. Fayne Levinson was both Chair and Interim CEO of Vendare Media. From 1997 until May 2004, Ms. Fayne Levinson was a partner at GRP Partners, a venture capital firm, investing in early stage technology companies in the financial services, internet media and online retail sectors. Earlier in her career, Ms. Fayne Levinson was an executive at American Express and a partner at McKinsey & Company. She is a director of NCR Corporation, Jacobs Engineering Group Inc., Ingram Micro, Inc., DemandTec, Inc. and X1Technologies, Inc. Ms. Fayne Levinson s term expires in 2011.	Ms. Fayne Levinson provides a combination of consumer payments business experience with that of emerging technology and online retail services companies. Each of these areas is central to the Company s business. Ms. Fayne Levinson also has substantial experience with respect to executive compensation matters, which is beneficial in her role as Chair of the Company s Compensation and Benefits Committee.	2006
Roberto G. Mendoza, age 64. Co-founder of Deming Mendoza & Co., LLC, a corporate finance advisory firm, and one of its partners since February 2009. Previously, Mr. Mendoza was Non-Executive Chairman of Trinsum Group from February 2007 to November 2008. In January 2007, Trinsum Group was formed as a result of a merger of Marakon Associates and Integrated Finance Limited, a financial advisory company which Mr. Mendoza co-founded and of which he served as Chairman of the Board and Managing Director from 2002 to February 2007. He also served as Managing Director of Goldman Sachs from September 2000 to February 2001. From 1967 to 2000, Mr. Mendoza held positions at J.P. Morgan & Co. Inc., serving from 1990 to 2000 as director and Vice Chairman of the Board. Mr. Mendoza served as a director of Egg plc from May 2000 to February 2006, of Prudential plc from May 2000 to May 2007, and of PARIS RE Holdings Limited from January 2007 to September 2009. He currently serves as a director of PartnerRe Ltd. and Manpower Inc. Mr. Mendoza s term expires in 2012.	Mr. Mendoza has substantial experience in investment banking and financial services. He is familiar with and has designed highly complex capital structures. Mr. Mendoza also provides the Board with diversity in viewpoint as a Latin-American who has lived and worked both in the U.S. and abroad.	2006
Michael A. Miles, Jr., age 48. President of Staples, Inc. since January 2006 and Chief Operating Officer since September 2003. Prior to that, Mr. Miles was Chief Operating Officer, Pizza Hut for Yum! Brands, Inc. from January 2000 to August 2003. From 1996 to 1999, he served Pizza Hut as Senior Vice President of Concept Development & Franchise. Mr. Miles is a director of Corporate Express Australia, Ltd., a majority-owned subsidiary of Staples, Inc. listed on the Australian Securities Exchange. Mr. Miles term expires in 2012.	Mr. Miles is an executive of an expanding consumer goods retailer. He has experience with large acquisitions outside of the U.S. and franchise distribution networks, which are similar to the Company s agent network. Mr. Miles also brings U.S. and European operational expertise to the board discussions.	2006

Table of Contents

Name, Age, Principal Occupation, Business Experience and Directorships	Experience, Qualifications, Attributes and Skills Supporting Directorship Position on the Company s Board*	Director Since
Dennis Stevenson, age 64. Chairman of HBOS plc, based in the United Kingdom, from June 2001 to January 2009. Lord Stevenson has served as a director of Loudwater Investment Partners Ltd., also based in the United Kingdom, since January 2007. Lord Stevenson was Chairman of Pearson plc from 1997 to October 2005 and a director of Manpower Inc. from 1988 to April 2006. Lord Stevenson s term expires in 2012.	Lord Stevenson has extensive experience running large multi-national corporations outside of the U.S. Based in the United Kingdom, he provides perspective regarding the European business and regulatory environment, critically important given the increasing percentage of the Company s revenues associated with Europe.	2006
Wulf von Schimmelmann, age 63. Chief Executive Officer of Deutsche Postbank AG, a Germany-based financial services provider, from 1999 to June 2007. From 1991 to 1997, Mr. von Schimmelmann was a member of the Board of Managing Directors at BHF-Bank in Frankfurt am Main, where he was responsible for investment banking, payment transactions and corporate customers. Mr. von Schimmelmann is Chair of the Supervisory Board of Deutsche Post AG, a member of the Supervisory Board of Maxingvest AG, and a director of Accenture Ltd. Mr. von Schimmelmann served as Chair of the Supervisory Board of BAWAG P.S.K. from 2007 to 2009, and as a member of the Supervisory Board of Deutsche Telekom AG from 2006 to 2009. Mr. von Schimmelmann was appointed as a director by the Board of Directors in July 2009.	Mr. von Schimmelmann brings to the Board experience as a chief executive officer a large German multinational company. He has experience running a consumer-focused financial services business which was also an agent of the Company. This provides a perspective to the Board of one of the Company s largest external constituent groups. Mr. von Schimmelmann has also operated in highly regulated financial services industries in a European jurisdiction. He also provides the viewpoint of a European who has also worked in the U.S.	2009

* The Board selects nominees for Director 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 in the preceding table, the Company highly values the collective business experience and qualifications of the directors. We believe that the collective experiences, viewpoints and perspectives of our directors result in a Board with the commitment and energy to advance the interests of our stockholders.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

The Western Union Company provides people with fast, reliable and convenient ways to send and receive money around the world, pay their bills, and purchase money orders. The Western Union® brand is globally recognized. Our consumer money transfer services are available through a network of more than 410,000 agent locations that offer our services in more than 200 countries and territories. Our bill payment services provide consumers and businesses with fast and convenient ways to make payments to billers. In the third quarter of 2009, we acquired Custom House, Ltd. (Custom House), a provider of international business-to-business cross-border, cross-currency payment services. As of January 31, 2010, Western Union employed approximately 6,800 people around the world.

Western Union may be unique in offering a regulated financial service in nearly every country in the world. Our business is complex, our regulatory environment is disparate and developing, we face robust competition, 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 has been at the center of Western Union s success, and our leadership must be capable of supporting our Company s goals amid this complexity.

Our Executive Compensation Philosophy

In support of the challenges and expectations inherent in our business, our executive compensation program seeks to:

- hold our executives accountable and reward them for successful results;
- align our executives goals with our stockholders interests; and
- attract, retain, and motivate outstanding executive talent around the world, suited to the Company s unique nature and structure.

In 2009, our executives performed well against their business objectives amidst challenging macroeconomic conditions around the world. We believe that our executive compensation program helped ensure that we had a team of talented executives focused on the Company s objectives to respond to these challenges and develop appropriate strategies for the future of the business. In 2009, the Company delivered:

- Revenue of $5.1 billion, down 4% from 2008
- Diluted earnings per share of $1.21, down 2% from 2008
- Operating income of $1.3 billion, down 5% from 2008
- Operating income margin of 25%
- Cash provided by operating activities of $1.2 billion
- Total Shareholder Return of 31.9% for the one-year period beginning January 1, 2009, and (5.4%) for the three-year period beginning January 1, 2007

In 2009, the Company acquired the money transfer business of FEXCO, acquired Custom House as a platform on which to grow our global business payments services and made progress on key initiatives such as mobile money transfer and expanding our money transfer offering through electronic channels.

The Compensation and Benefits Committee of the Board of Directors (the Compensation Committee or committee) reviewed and made important modifications to the executive compensation and benefits programs in 2009, including the following:

- **Compensation Plan Review:** Reviewed overall compensation plan elements, benchmarks and targets, established pay levels and added long-term performance-based cash awards to ensure that executive

12

Table of Contents

pay incentives supported the Company s financial and strategic objectives. These changes are discussed below under Establishing and Evaluating Executive Compensation *Setting 2009 Compensation*.

Double Trigger Added to Executive Severance Policy: Amended the Executive Severance Policy to require a double trigger for the accelerated vesting of long-term incentive awards in the event of a change-in-control beginning with the 2009 awards. These changes are discussed below under The Western Union 2009 Executive Compensation Program *Severance and Change-in-Control Policy*.

Removed Excise Tax Gross-up Payments on Change-in-Control Benefits Payable for New Executives: Amended the Executive Severance Policy to remove excise tax gross-up payments on change-in-control benefits for new executive officers. These changes are discussed below under The Western Union 2009 Executive Compensation Program *Severance and Change-in-Control Policy*.

Adopted a Clawback Policy: Incentive compensation paid to an executive as a result of or calculated based upon fraud or misconduct of the executive will be recoverable by the Company. This policy is discussed below under The Western Union 2009 Executive Compensation Program *Clawback Policy*.

Eliminated Certain Executive Perquisites: Effective January 2010, eliminated certain executive perquisites including financial planning benefits. Perquisites are discussed below under The Western Union 2009 Executive Compensation Program *Benefits and Perquisites*.

The remainder of this Compensation Discussion and Analysis describes the manner in which executive compensation decisions are made, the elements of our compensation program and the compensation of each of our named executive officers. The information provided in this Compensation Discussion and Analysis should be read together with the information presented in the Executive Compensation section of this Proxy Statement.

Establishing and Evaluating Executive Compensation

The Board of Directors and the Compensation Committee. The Board of Directors oversees the goals and objectives of the Company and of the Chief Executive Officer and evaluates the Chief Executive Officer s performance. The Compensation Committee supports the Board by establishing the Company s general compensation philosophies and overseeing the development and implementation of the Company s compensation and benefits policies. The Compensation Committee reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other executive officers and sets their compensation and other benefits. The Compensation Committee s responsibilities under its charter are further described in the Corporate Governance section of this Proxy Statement. While not a member of the Compensation Committee, the Chairman of the Board attended all meetings of the Compensation Committee in 2009 to contribute to and understand the committee s oversight of and decisions relating to executive compensation.

The Independent Compensation Consultant. Frederic W. Cook & Co. (the Compensation Consultant) provides executive and director compensation consulting services to the Compensation Committee. The Compensation Consultant is retained by and reports to the Compensation Committee and participates in the committee meetings. The Compensation Consultant informs the committee on market trends, regulatory issues and developments and how they may impact the Company s executive compensation programs. The Compensation Consultant also:

Participates in the design of executive compensation programs to help the committee evaluate the linkage between pay and performance;

Reviews market data and advises the committee on setting the Chief Executive Officer s compensation;

Table of Contents

Reviews and advises the committee regarding the compensation of the other executive officers; and

Reviews and advises the committee regarding Director compensation.
The Compensation Consultant does not provide any other services to the Company.

Setting 2009 Compensation. In 2008, the Compensation Committee, working with the Compensation Consultant and the Chief Executive Officer, engaged in a detailed review of the Company s executive compensation programs to ensure that the annual pay and long-term incentive awards were appropriate to support the Company s strategic performance objectives and consistent with the philosophies described under Our Executive Compensation Philosophy, above. The committee considered peer group proxy data and general industry compensation survey data (*see* *Benchmarking*, below) and the advice of the Compensation Consultant in this review. As a result of the review, the committee made modest adjustments to the target pay levels for executives relative to appropriate benchmarks (*see* *Benchmarking*, below), and the committee and the Chief Executive Officer determined that the mix of long-term incentive awards should include more value in restricted stock unit awards, less value in stock option awards and added performance-based cash awards to align executives across the organization with the accomplishment of the Company s strategic objectives (*see* The Western Union 2009 Executive Compensation Program *Long-Term Incentive Compensation,* below).

Following the compensation program review described above, in January 2009, Ms. Gold, the Chief Executive Officer, presented to the Compensation Committee her evaluation of each executive and recommended salary increases, annual bonus targets under the Senior Executive Annual Incentive Plan (the Annual Incentive Plan) and long-term incentive awards under The Western Union Company 2006 Long-Term Incentive Plan (the Long-Term Incentive Plan or 2006 LTIP). Ms. Gold s recommendations were based upon her assessment of each executive s performance and relative contribution to the Company s success, the performance of the executive s respective business unit or functional area and employee retention considerations. In making her recommendations, Ms. Gold also reviewed with the committee tally sheets which presented comprehensive historical, current and future pay and benefits data for each of the Company s executives. Please see *Use of Tally Sheets*, below for a description of this tool. The Compensation Consultant participated in the January 2009 meeting to provide benchmark compensation data regarding executive compensation to the Compensation Committee. Please see *Benchmarking* for a discussion of the use of benchmark data and Analysis of Our Named Executive Officers Compensation for a discussion of the factors underlying the compensation recommendations for each named executive officer.

As part of the discussion at the January meeting, the Compensation Committee provided input to Ms. Gold, and Ms. Gold submitted final recommendations at the Compensation Committee s February 2009 meeting. The Compensation Committee then set compensation levels, awards, goals and targets for 2009 and determined the annual incentive award payout for the executives performance during the prior year under the Annual Incentive Plan at the February meeting. Ms. Gold submitted a self-evaluation to the independent members of the Board of Directors who discussed her performance and provided input to the Compensation Committee. The Compensation Consultant provided peer group and market data regarding chief executive officer compensation levels to the committee, and the committee considered a tally sheet of Ms. Gold s historical, current and future compensation data. Please see *Use of Tally Sheets*, below. Ms. Gold s compensation levels and targets were then determined by the Compensation Committee at the February meeting and ratified at a meeting of the independent directors of the Board. No member of management, including Ms. Gold, received the peer group and market data regarding chief executive officer compensation provided by the Compensation Consultant, made any recommendations regarding Ms. Gold s compensation or participated in the portions of the February Compensation Committee meeting or in the meeting of the independent directors of the Board during which Ms. Gold s compensation was determined and ratified.

Benchmarking. The Compensation Committee considers relevant market pay practices when setting executive compensation. Market practices, or benchmarks, are based on peer group proxy data and compensation survey data. The Compensation Consultant statistically adjusts benchmark compensation data to deliver

Table of Contents

compensation data appropriate for Western Union s revenue level (for corporate positions) or respective business unit revenue levels (for business unit leaders).

Working with its compensation consultant at the time, the Chairman of the Board, the Chief Executive Officer and the Executive Vice President, Human Resources, the Compensation Committee established a peer group in early 2007 to be used in determining executive compensation. The peer group included companies from a variety of industries to reflect some or all of the following characteristics of Western Union s business:

- premier consumer brand name;
- retail transaction and/or technology-based business model;
- broad global presence;
- operation through franchise, agent or large distribution networks;
- retail financial services; and
- historically strong growth and profitability.

The Compensation Committee chose these characteristics rather than focusing only on businesses which offer similar services, because no public companies of size and scale comparable to Western Union offer international remittance services as their primary business. Some of the peer group members offer consumer financial services which are similar to the services that we offer. The Compensation Consultant updated the peer group proxy data to January 1, 2009 by applying an estimated annual aging factor of 4%.

The peer group consists of the following companies:

	2008 Revenues (in Millions)	2008 Operating Income (in Millions)	Employees (as of 12/31/08)	Market Capitalization (in Millions) (as of 12/31/08)
Ameriprise Financial	$ 7,149	($ 183)	11,093	$ 5,061
ADP	$ 8,777	$ 1,726	47,000	$ 20,024
Avon Products	$ 10,690	$ 1,400	42,000	$ 10,244
Bank Of NY Mellon	$ 16,828	$ 7,109	42,900	$ 32,537
Charles Schwab	$ 5,393	$ 2,141	13,400	$ 18,680
CIT Group	$ 6,336	$ 2,821	4,995	$ 1,713
Comerica	$ 3,944	$ 829	10,186	$ 2,987
eBay	$ 8,541	$ 2,134	16,200	$ 17,826
Equifax	$ 1,936	$ 494	6,500	$ 3,357
E*Trade Financial	$ 3,289	($ 208)	3,249	$ 618
Expedia	$ 2,937	$ 567	8,050	$ 2,364
Fiserv	$ 4,739	$ 927	20,000	$ 5,870
Mastercard	$ 4,992	$ 1,948	5,500	$ 18,472
MoneyGram	$ 927	($ 206)	2,306	$ 84
Paychex	$ 2,066	$ 828	12,500	$ 9,482
Starbucks Corp	$ 10,383	$ 730	176,000	$ 6,958
State Street	$ 12,572	$ 5,671	28,475	$ 16,989

T Rowe Price Group	$ 2,121	$ 849	5,385	$ 9,218
YUM! Brands	$ 11,279	$ 1,411	336,000	$ 14,571
75th Percentile	$ 9,580	$ 2,041	35,238	$ 17,407
Median	$ 5,393	$ 927	12,500	$ 9,218
25th Percentile	$ 3,113	$ 648	6,000	$ 3,172
Western Union	$ 5,282	$ 1,355	5,900	$ 10,176

Data compiled by the Compensation Consultant from the peer companies publicly filed documents.

Table of Contents

The Compensation Committee also uses general industry compensation survey data in its decision making. Survey data relies upon responses from participating companies to survey questions, which are compiled and sorted by the surveyor based on various factors, such as the time period covered, the location of the company and the positions under review. Survey data provides insight into positions which may not generally be reported in proxies and information about the compensation of executives of non-public companies. The survey data is, in some instances, a useful complement to the peer group proxy data. To assist the committee in evaluating 2009 compensation levels for the Company s executives, the Compensation Consultant compiled compensation data from the following general industry compensation surveys: Mercer Human Resource Consulting s 2008 Benchmark Database Executive (which has approximately 2,580 participating companies) and Towers Perrin s U.S. General Industry Executive Database with annual revenues between $3 billion and $6 billion (which has approximately 780 participating companies).

For our Chief Executive Officer, Chief Financial Officer and regional leaders, the committee considers the proxy data from the peer group as the most relevant comparisons. For other executives who hold positions which may not be reported as consistently in proxy data, the committee considers both proxy data (where available) and survey data to develop the appropriate compensation levels.

For 2009, following the compensation review described in *Setting 2009 Compensation*, above, benchmark data was gathered for each element of the Company s executive compensation program and reviewed by the committee. This data, along with guidance from the Compensation Consultant, provided the committee with an overall picture of how the Company s existing compensation targets compared to the benchmark data. The committee then established guideline target pay levels for 2009 executive compensation intended to establish compensation at levels which will help attract top caliber new executives and to retain the services of our existing executives, while encouraging a longer-term perspective. The guideline target levels relative to market benchmark data for each pay element were set as follows:

Pay Element	**2009 Guideline Target Level Relative to Benchmark Data**
Base	50^{th} percentile
Short-Term Incentive Target	Between 50^{th} and 75^{th} percentile
Long-Term Incentive Target	Between 50^{th} and 75^{th} percentile
Benefits	50^{th} percentile

Once the benchmark level was determined for a given position, the Compensation Committee took into account the individual executive s circumstances and responsibilities in establishing compensation levels, so that the executive s contribution to the overall success of the enterprise could be appropriately valued and rewarded. Individual characteristics and circumstances considered included experience and past performance inside or outside our Company, tenure with the Company and associated institutional knowledge, long-term potential with the Company, the contributions derived from creative and innovative thinking and leadership, industry expertise and past and future performance objectives. The committee also considered the compensation history of the individual and the Company, the location of the executive, number of employees managed by that executive (directly and indirectly), and the executive s budget and revenue responsibilities. See Analysis of Our Named Executive Officers Compensation for a discussion of the 2009 compensation received by each of our named executive officers in relation to the benchmark levels.

Use of Tally Sheets. The Compensation Committee and the Chief Executive Officer review tally sheets prepared by management and reviewed by the Compensation Consultant, which present comprehensive data on the total compensation and benefits package for each of the Company s executives. These tally sheets include historical pay data and all obligations for present and projected future compensation, as well as analyses for hypothetical terminations and retirements to allow the Compensation Committee and the Chief Executive Officer to consider the Company s obligations under such circumstances. The tally sheets provide context for the committee in the determination of the elements and amounts of compensation paid.

The Western Union 2009 Executive Compensation Program

Western Union s 2009 executive compensation program consist of the following principal elements:

- Base salary;
- Annual incentive compensation consisting of performance-based cash awards;
- Equity-based, long-term incentive awards and performance-based cash long-term incentive awards; and
- Severance and change-in-control arrangements;

We also provide retirement savings plans, benefits and perquisites as described later in this section.

Overview

Our compensation program as a whole was designed to support our compensation philosophies. As illustrated by the following charts, in weighing the various compensation elements, the Compensation Committee emphasized the variable elements of the program over the fixed elements, in order to hold executives accountable and to reward them for the results of the Company and, where applicable, their business unit. For example, variable pay comprised 90% of Ms. Gold s annualized targeted total compensation for 2009. For the other named executive officers (excluding Ms. Clark), variable pay averaged 79% of their annualized targeted total direct compensation for the year. Pursuant to the terms of Ms. Clark s employment letter agreement, Ms. Clark received a guaranteed bonus in 2009 under the Annual Incentive Plan equal to 100% of her annualized base salary and accordingly Ms. Clark s compensation data is not included in the following charts.

Table of Contents

Each compensation element is described in detail below, and individual compensation decisions are discussed in Analysis of Our Named Executive Officers Compensation.

Base Salary

Base salary is fixed compensation. The Compensation Committee targets base salary levels at the 50th percentile of benchmark compensation for our executives. Annual salary increases are predominately driven by individual performance and the base salary levels relative to benchmark compensation. Our philosophy is that base salaries should meet the objectives of attracting and retaining the executives needed to lead the business. Annual incentive award targets are established as percentages of base salary.

Annual Incentive Compensation

Stockholders approved the Annual Incentive Plan at Western Union s May 10, 2007 Annual Meeting of Stockholders. The participants in the Annual Incentive Plan in 2009 were the Chief Executive Officer and other eligible executive officers. The plan design enables the committee to retain discretion to establish bonuses at levels appropriate to reflect the participants performance and other individual factors, while preserving the Company s ability to deduct the bonuses to the greatest extent permitted under Internal Revenue Code Section 162(m).

At its February 2009 meeting, the Compensation Committee established a bonus pool under the Annual Incentive Plan in an amount equal to 3% of the Company s consolidated operating income, and allocated the pool among the participants to set the maximum amount that each could receive. This allows the committee to exercise negative discretion in setting payouts under the Annual Incentive Plan. The design of our Annual Incentive Plan is intended to meet the requirements of Section 162(m) of the Internal Revenue Code. See *Tax Implications of Executive Compensation Program.*

In exercising negative discretion, the Compensation Committee set target awards between the 50th and 75th percentile of benchmark compensation for our executives, ranging from 90% to 100% of base salary, and slightly below the 60th percentile of benchmark compensation, or 150% of base salary, for the Chief Executive Officer. Targets were set much lower than the bonus pool allocation for each executive. The Compensation Committee set Ms. Gold s target awards at a higher level relative to the other named executive officers based on market data provided by the Compensation Consultant and because of the Compensation Committee s belief that Ms. Gold s level of pay should reflect her responsibility to oversee the performance of the Company. Actual awards to our named executive officers for 2009 performance totaled 8% of the bonus pool, or 0.2% of consolidated operating income.

Compensation under the Annual Incentive Plan is intended to be a significant component of an executive s total cash compensation opportunity in a given year, helping create a pay for performance culture. Annual Incentive Plan compensation holds executives accountable and rewards them based on actual business results. Awards for executives who hold corporate-wide positions are based entirely on corporate performance. Awards for executives who are responsible for particular business units are based 75% on corporate performance and 25% on business unit performance. This ties a portion of the incentive pay to the performance of the executive s area of responsibility while ensuring his or her focus on the overall objectives of the Company.

Corporate Performance. To align the executives annual incentive compensation opportunities with the Company s plan and its growth objectives, the Compensation Committee set the executives 2009 annual incentive compensation award targets for corporate performance by establishing a grid based on the Company s revenue and operating income as it had in previous years. These performance measures were used in order to tie annual incentive compensation to meaningful measures of the Company s performance for our investors. In previous years, the grid anticipated payout for revenue and operating income growth. When establishing the grid for 2009, the committee recognized that the Company s performance in these areas would likely be significantly impacted by the challenging global economic conditions.

The Compensation Committee established the grid metrics and corresponding payout percentages based upon input from management regarding the Company s expected performance in the upcoming year, which included the impact of external factors on the Company, such as the difficult economic conditions. The grid provided for performance levels below which no award would be paid and contemplated up to 200% payout for extraordinary performance. In the event of corporate performance levels that would generate in excess of 100% payout, the grid provided for steeper increases in percentage payout to enable the Company to share with the executives more of the upside relating to the executives superior performance. The grid was designed to encourage strong, focused performance by our executives, given the Company s strategic objectives in a challenging environment. The 100% payout level was designed to be reasonably achievable with strong management performance. Payout at the upper end of the grid was designed to be difficult to achieve under those assumptions, while payout at the lower end of the grid but above the threshold level was designed to be achievable with sound management performance.

The table below indicates the potential awards under the grid in relation to the corporate goals set for 2009 performance in revenue and operating income growth/decline.

2009 Corporate Performance Metrics and Goals	Percent of Target to be Awarded
Revenue Decline in excess of 7.3% Operating Income Decline in excess of 13.3%	0%
20 Combinations of Revenue Decline/Growth (Ranging from -7.0% to 4.1%) and Operating Income Decline (Ranging from -11.5% to -1.5%)	100%
Revenue Growth at or above 4.1% and Operating Income Equal to 2008 Level	200%

When the grid was established, the committee determined that the effect of currency fluctuations on revenue and operating income performance over the course of the year should be excluded from the payout calculation, as they believed compensation should not be based on factors outside of the control of our executives. The committee also determined at the time the performance grid was established that the impact of the Company s acquisition of the FEXCO money transfer business in February 2009 should be included in formulation of the grid and the results to be measured, but that any future acquisitions during the year would be excluded because the impact of any such acquisitions was unknown at the time that the targets were established. Accordingly, the impact of the Company s acquisition of Custom House in September 2009 was excluded from the results to be measured.

When determining payout under the grid for 2009 performance in February 2010, the Compensation Committee excluded from the calculation of operating income performance an accrual of $71 million in the third quarter of 2009 relating to a settlement and agreement with the State of Arizona and an agreement to fund a multi-state not-for-profit organization to combat illegal activity along the United States Mexico border. The Compensation Committee exercised discretion in excluding this accrual from the calculation to better reflect the Company s operating performance relative to the Annual Incentive Plan award targets set at the beginning of the year.

The Compensation Committee reserved discretion when it established the grid to adjust actual payout based on the Company s performance relative to the overall economic environment and world market performance. At the CEO s recommendation, in February 2010, the committee exercised its discretion to deviate from the grid payout formula and approved payouts at 94% of the executives award target for corporate performance. These payouts were slightly less than the amounts that would have been paid under the grid without such exercise of discretion.

Business Unit Performance. Three of our named executive officers led business units for the Company in 2009. Mr. Ersek was responsible for the consumer-to-consumer business in Europe, the Middle East, Africa and Asia Pacific. Mr. Stockdale was responsible for the consumer-to-consumer business in the Americas. The

Table of Contents

Compensation Committee tied 25% of these executives annual incentive awards to the performance of their respective business units. The business unit performance criteria for Messrs. Ersek and Stockdale were based on their business units plan for revenue and operating income growth/decline. Performance targets varied by business unit based on historical performance and recent trends, market opportunity and challenges, planned investment and expected performance for the particular business unit. Ms. Clark was responsible for the payments business and corporate strategy in 2009; however, she received a guaranteed bonus for 2009 under the terms of her employment letter and was not eligible for an award in 2009 under the Annual Incentive Plan. *See* Executive Compensation *Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table Employment Arrangements,* for a description of Ms. Clark s employment letter terms.

Amounts payable pursuant to the Annual Incentive Plan are intended to qualify as performance-based compensation under Internal Revenue Code Section 162(m).

Long-Term Incentive Compensation

The Long-Term Incentive Plan, which was approved by stockholders of Western Union on May 10, 2007, allows the Compensation Committee to award various forms of long-term incentive grants, including stock options, stock appreciation rights, restricted stock awards, restricted stock units, bonus stock awards, and performance-based equity and cash grants. The Compensation Committee has sole discretion in selecting participants for long-term incentive grants.

In February 2009, the Compensation Committee granted the executives long-term incentive awards under the Long-Term Incentive Plan. The awards consisted of equal proportions of performance-based cash awards, stock option awards and restricted stock units. The stock options vest pro-rata over four years and have a 10-year term, which is consistent with market practice for annual stock option awards. The restricted stock units vest 100% upon the three year anniversary of the grant date, which is consistent with market practice for annual restricted stock awards. The vesting of the restricted stock units is also subject to a performance metric specifically designed to assure that the restricted stock units are eligible for deductibility under Section 162(m) of the Internal Revenue Code.

The Compensation Committee s objectives for the 2009 long-term incentive awards were to: (1) align the interests of our executives with the interests of our stockholders by focusing on objectives that result in stock price appreciation through the use of stock options; (2) provide an immediate ownership stake and retention incentive through restricted stock units; (3) increase cross-functional executive focus in the coming years on the Company s key strategic initiatives through performance-based cash awards; and (4) retain the services of executives through multi-year vesting provisions.

Payment of the performance-based cash award granted in 2009 depends upon the accomplishment of strategic objectives over a two-year period and is subject to a performance multiplier at the committee s discretion based on performance, allowing for up to 200% of the target to be paid. As evidenced by the long-term incentive awards granted to our executives in February 2010, which were also structured with equivalent proportions of performance-based cash, stock option and restricted stock unit awards, the Compensation Committee intends to continue to include performance-based cash as a component of the annual awards to executives. The 2009 performance-based cash awards provide for 50% of the value to vest on the second anniversary of the grant date, and the remaining 50% to vest on the third anniversary of the grant date. This vesting schedule was chosen to provide our executives with the opportunity to receive some cash payout in the nearer term. Beginning with the 2010 performance-based cash awards, the awards will vest in their entirety on the third anniversary of the grant date, which is in-line with market practice.

Table of Contents

The strategic performance objectives upon which payment of the 2009 performance-based cash award will be determined are as follows (each objective is equally weighted):

Strategic Objective	**Goals**	**Metrics**
Revenue and Channel Diversification	Deliver revenue from innovation and expansion in new or expanding channels, such as intra-country money transfer, westernunion.com, expansion of the Vigo brand, global business payments and mobile money transfer.	Revenue targets identified for all new and expanding channels for 2009 and 2010.
Technology	Develop features and functionality to support revenue and channel diversification.	Point of sale software upgrades in major markets for revenue and channel diversification activities.
		Point of sale technology able to support intra-country money transfer in all countries selected for the service.
		Westernunion.com transaction flow simplification and new risk management tool implementation.
		Technology readiness for mobile money transfer.
Customer Metrics	Identify and improve customer satisfaction and retention.	In identified markets, create a process and tool to improve customer satisfaction and retention, establish baseline measurements for retention and satisfaction and improve results through 2010.

In the event of a change-in-control, the 2009 long-term incentive awards will vest on a double trigger, meaning that both a change-in-control and an eligible termination are required for accelerated vesting of the award. Outstanding stock options and restricted stock or restricted stock units awarded prior to 2009 vest automatically upon a change-in-control. The committee determined that single-trigger vesting of stock options and restricted stock or restricted stock units was no longer an appropriate element to executive pay. As long as the executive continues to be employed following a change-in-control, these awards should continue in effect as retention and incentive tools. However, if an executive is terminated, other than for cause, in connection with a change-in-control, accelerated vesting of the awards is appropriate to compensate the executive for the value he or she contributed to the organization. See Executive Compensation *Potential Payments Upon Termination or Change-in-Control.*

The committee established the individual 2009 annual long-term incentive award grant targets below the median of benchmark data because the price of the Company s stock in February 2009 was significantly lower than historical levels and the committee anticipated that the price would recover over time. Therefore, the committee lowered the target value of the awards to reduce the amount of stock options, restricted stock units and performance-based cash awards granted. See Establishing and Evaluating Executive Compensation *Benchmarking*, and Analysis of Our Named Executive Officers Compensation for discussions regarding how targets are set for each of our named executive officers.

21

The 2009 long-term incentive awards were the first annual long-term incentive awards made to our executives since the Company s spin-off from First Data Corporation on September 29, 2006 (the spin-off). At the time of our spin-off, the Company s executives received multi-year grants calculated based on a valuation of annual grants which would have been made to the executive from the time of the spin-off through the end of 2008. Therefore, the spin-off grants to the executives equaled 2.25 multiplied by the named executive officer s target annual grant levels established by First Data at the time of the spin-off. Based on advice received from the compensation consultant at the time, these multi-year grants were a typical practice with newly public companies. As a result, no annual long-term incentive grants were made to the executives in 2007 or 2008, other than to new executives. As an example of the value of the long-term incentive awards made at the spin-off, the Chief Executive Officer received a long-term incentive award with a grant date fair value of $10,125,000. This award was 2.25 times her target annual grant level, which was established at 530% of her annualized salary at the time of the spin-off. The spin-off award value was allocated 75% in stock options and 25% in restricted stock.

Certain of our executives received career share restricted stock unit awards in February 2009. The Compensation Committee awarded the career shares as additional retention incentives and in recognition of the significant contributions of these executives and the importance of their positions and responsibilities. The career shares vest in full if the executive is employed by the Company on the fourth anniversary of the date of grant. The committee established this vesting schedule to provide a longer retention incentive for the executives than the annual restricted stock unit awards. The vesting of the career share awards is also subject to a performance metric specifically designed to assure that the career share awards are eligible for deductibility under Section 162(m) of the Internal Revenue Code. Please see Analysis of Our Named Executive Officers Compensation for discussions regarding the career share awards made to the named executive officers.

When making regular annual equity grants, the Compensation Committee s policy is to approve them during the first quarter of each year as part of the annual compensation review. The grant date of the regular annual equity grants is the date upon which the award is approved by the committee. Under this policy, off-cycle equity grants are made on a quarterly basis to those eligible employees hired or promoted before the end of each calendar quarter with a grant date five trading days following our quarterly earnings release. The Compensation Committee has the discretion to make equity grants immediately if the Compensation Committee deems it appropriate in select circumstances. The Compensation Committee approves all annual equity grants and any off-cycle equity grants made to our executives. The Compensation Committee delegates authority to approve off-cycle equity grants to employees other than the executives to the Compensation Committee Chair.

Severance and Change-in-Control Policy

Western Union has a severance and change-in-control policy for our executives. The policy helps accomplish Western Union s compensation philosophy of attracting and retaining exemplary talent. The committee believes it is appropriate to provide executives with the rewards and protections afforded by the severance and change-in-control 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.

In the event of a change-in-control, the policy s severance benefits are payable only upon a so-called 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 or relocation from principal working location of more than 50 miles without consent) within 24 months after the date of a change-in-control. The committee amended the severance and change-in-control policy in 2009 to require a double trigger for the accelerated vesting of long-term incentive awards in the event of a change-in-control beginning with the 2009 awards.

Table of Contents

The Compensation Committee amended the severance and change-in-control policy in 2009 to eliminate tax gross-up payments in the event of a change-in-control for those individuals who become executives of the Company following the date of the amendment.

Please see the Executive Compensation *Potential Payments Upon Termination or Change-in-Control* section of this Proxy Statement for further information regarding Western Union s severance and change-in-control policy.

Retirement Savings Plans

Western Union s executives are eligible for the retirement benefits that are generally available to all management-level employees in the countries in which the executives are located. Western Union provides retirement benefits in the United States through a qualified defined contribution 401(k) plan, the Incentive Savings Plan, and a nonqualified defined contribution plan, the Supplemental Incentive Savings Plan. The Supplemental Incentive Savings Plan is available to all members of our senior management (vice president and above) and provides a vehicle for additional deferred compensation with matching contributions from the Company. We maintain the Incentive Savings Plan and the Supplemental Incentive Savings Plan for our eligible United States employees, including our United States named executive officers, because we wish to encourage our employees to save some percentage of their cash compensation for their eventual retirement. Mr. Ersek participates in the qualified retirement plan made available to eligible employees in Austria.

These types of savings plans are consistent with those provided by our peer companies, and are an important element in attracting and retaining talent in a competitive market. Please see the 2009 Nonqualified Deferred Compensation Table in the Executive Compensation section of this Proxy Statement for further information regarding Western Union s retirement savings plans.

Benefits and Perquisites

The Compensation Committee determined that, in general, benefits available to management-level employees of the Company, when considered together with their levels of compensation and very limited perquisites, were appropriate for executive officers.

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. Each of our named executive officers participates in the health and welfare benefit plans and fringe benefit programs generally available to all other Western Union employees in the countries in which they are located. In addition, in 2009 the Company provided the following benefits and perquisites as described in the Summary Compensation Table in the Executive Compensation section of this Proxy Statement: financial planning services; relocation reimbursement; an annual physical examination at a Mayo Clinic facility including travel expenses for the executive; tickets to sporting events; spousal travel to business events and activities for spouses at those events; and, for one of our executives, a Company-paid car and parking. In 2009, the committee determined that financial planning would no longer be provided to executives beginning in January 2010.

The Company provided its named executive officers with reasonable perquisites and other personal benefits which are consistent with the Company s philosophy of attracting and retaining exemplary executive talent and, in some cases, such as the annual physical examination at a Mayo Clinic facility, the Company provides such personal benefits because they are in the best interests of the Company and its stockholders. The Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

Table of Contents

Share Ownership Guidelines

To align our executives interests with those of our stockholders and to assure that our executives own meaningful levels of Western Union shares throughout their tenures with the Company, the Compensation Committee established share ownership guidelines for our executives. The share ownership guidelines require the Chief Executive Officer to own Western Union shares equal in value to five times her base salary and each of the executive officers to own shares equal in value to two times his or her respective base salary.

The ownership guideline for the Chief Executive Officer is higher because (i) the committee desires that she maintain a significant interest in the future of the Company, (ii) she receives higher equity grants than the other executives and (iii) this is consistent with market practices. Executives have five years from the spin-off, or the date of hire for executives hired after the spin-off, in which to reach their ownership guideline level. If an executive s base salary increases, the ownership guideline increases proportionately, and the time period within which the executive is required to reach the increased ownership requirement is also five years. The on-going executive long-term incentive compensation program has been designed to facilitate achievement of the ownership guidelines.

Included in the definition of share ownership are unvested shares of restricted stock and restricted stock units, any Western Union shares owned outright, including shares acquired upon option exercises, and shares in any Western Union benefit plan. Unexercised stock options do not count towards meeting share ownership guidelines.

Employment Agreements

While the Compensation Committee generally believes that employment at all levels of the Company should be based on sustained good performance rather than contractual terms, the Company recognizes that under certain circumstances special arrangements may be necessary or desirable. The Company has employment agreements with Mr. Ersek, Ms. Clark and Mr. Stockdale. In May 2008, the Company entered into a letter agreement with Mr. Stockdale in order to encourage him to join Western Union. Similarly, in February 2009, the Company entered into a letter agreement with Ms. Clark in order to encourage her to join Western Union. The Company s agreement with Mr. Ersek, which was in place from 1999 through November 2009, was consistent with those of the Company s employees in Austria and was principally a statement of his basic terms of employment. Mr. Ersek and subsidiaries of the Company entered into an employment contract in November 2009 relating to his new position as Chief Operating Officer. 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 these agreements.

Clawback Policy

The Board of Directors adopted a clawback policy in 2009. Under the policy, the Board may, in its 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 Securities Exchange Act of 1934, as amended, 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 that was impacted by the executive officer s misconduct or fraud.

Tax Implications of Executive Compensation Program

Under Section 162(m) of the Internal Revenue Code, named executive officer (other than the Chief Financial Officer) compensation over $1 million for any year is generally not deductible for United States income tax purposes. However, performance-based compensation is exempt from the deduction limit if certain requirements are met. The Compensation Committee structures compensation to take advantage of this exemption under Section 162(m) to the extent practicable, while satisfying the Company s compensation policies and objectives. Substantially all 2009 named executive officer compensation is expected to be deductible under

Table of Contents

Section 162(m) or otherwise not exceed $1 million. For example, all named executive officer base salaries are below $1 million and, subject to compliance with Section 162(m), annual cash incentive awards, performance-based cash awards and stock option awards qualify for the exemption under Section 162(m). Although restricted stock and restricted stock unit awards granted prior to 2009 did not qualify for the exemption under Section 162(m), restricted stock unit awards in and after 2009 are expected to qualify for this exemption. Because the Compensation Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet the standards of Section 162(m) when necessary to enable the Company to continue to attract, retain and motivate highly-qualified executives, it reserves the authority to approve potentially non-deductible compensation in appropriate circumstances.

Analysis of Our Named Executive Officers Compensation

Christina A. Gold

President and Chief Executive Officer

Ms. Gold is responsible for the overall performance of the Company. She also serves as a director of the Company. Ms. Gold joined Western Union as its President in 2002. She oversaw the spin-off and establishment of Western Union as an independent, publicly-traded Fortune 500 company in 2006. Prior to joining Western Union, Ms. Gold was President and Chief Executive Officer of Excel Communications and served as President of Avon North America.

Ms. Gold s 2009 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 Ms. Gold s compensation to the performance of the Company. At target-level performance for 2009, Ms. Gold s annual compensation was weighted 10% base salary, 15% annual incentive award, and 75% long-term incentive award. Ninety percent of Ms. Gold s targeted compensation varies based on the Company s performance.

In February 2009, the Compensation Committee maintained Ms. Gold s base salary at $975,000 and increased her Annual Incentive Plan target to 150% of her base salary, or $1,462,500. The maximum Annual Incentive Plan award that she could have earned in 2009, based on achieving superior annual performance, was 200% of her target, or $2,925,000. Ms Gold s total 2009 cash compensation was targeted to be slightly above the benchmark median level. The Compensation Committee also established the target long-term incentive award for Ms. Gold at $5,500,000, consisting of performance-based cash awards, stock option awards and restricted stock units as described under The Western Union 2009 Executive Compensation Program *Long-Term Incentive Compensation,* above. The long-term incentive award target was at the median of the benchmark compensation data reviewed by the committee. In determining the level for each of these compensation elements, the Compensation Committee considered Ms. Gold s role and responsibilities as Chief Executive Officer, the Company s financial performance and the goals and objectives set for the Company by the Board of Directors.

In recognition of Ms. Gold s contributions to the Company, on February 17, 2009 the Board awarded Ms. Gold 168,635 restricted stock unit career shares. The Compensation Committee awarded the career shares to Ms. Gold as incentive for Ms. Gold to remain with the Company and in recognition of her important role as the Company s leader. The grant date value of the award was $2 million. The committee determined the amount of the award based on advice from the Compensation Consultant that Ms. Gold s total compensation, if those awards vest, would target approximately the 60^{th} percentile of the peer group benchmarked compensation.

Ms. Gold s compensation is set higher relative to the other named executive officers. The Compensation Committee considers this to be appropriate, based on market data provided by the Compensation Consultant, and because her level of pay reflects her ultimate responsibility to oversee the performance of the Company.

Based on the Company s performance for 2009 as described in The Western Union 2009 Executive Compensation Program *Annual Incentive Compensation,* above, Ms. Gold s 2009 Annual Incentive Plan award was $1,374,750. This reflected the payout of 94% of her target.

Table of Contents

Scott T. Scheirman

Executive Vice President and Chief Financial Officer

Mr. Scheirman joined First Data in 1992, where he held positions of increasing responsibility in the finance area. Mr. Scheirman served as the Senior Vice President and Chief Financial Officer for the Western Union business unit from 1999 through 2006 and assumed his current role as Executive Vice President and Chief Financial Officer at the time of the spin-off in 2006. Prior to joining First Data, Mr. Scheirman was with Ernst & Young LLP.

With Mr. Scheirman s tenure and strong performance in his role, the Compensation Committee targeted his 2009 annual target cash compensation at the benchmarked median for chief financial officers and the value of his 2009 long-term incentive award was below benchmarked median for the reasons discussed under The Western Union 2009 Executive Compensation Program *Long-Term Incentive Compensation,* above.

Based on the Company s performance for 2009 as described in the The Western Union 2009 Executive Compensation Program *Annual Incentive Compensation* discussion above, Mr. Scheirman s 2009 Annual Incentive Plan award was $453,456. This reflected the payout of 94% of his target.

Hikmet Ersek

Chief Operating Officer

During 2009, Executive Vice President and Managing Director, Europe/Middle East/Africa/Asia Pacific

Mr. Ersek joined Western Union in 1999, and was responsible for increasing geographical areas in Europe, taking responsibility for Europe/Middle East/Africa/South Asia in 2003 and, in January 2009, adding the Asia Pacific region to his area of responsibility. Mr. Ersek was promoted to Chief Operating Officer effective January 1, 2010. Prior to joining Western Union, he held positions at Europay/MasterCard and General Electric (GE) Capital. The Europe/Middle East/Africa/Asia Pacific region is a significant area of growth for the Company, consisting of over 160 countries and territories and more than 305,000 agent locations. The region also presents unique regulatory challenges including those relating to the Western Union International Bank.

Mr. Ersek s 2009 target annual cash compensation was established slightly above benchmarked median, reflecting his contributions as a leader in the organization and expanding responsibilities. The value of his 2009 long-term incentive award was below benchmarked median for the reasons discussed under The Western Union 2009 Executive Compensation Program *Long-Term Incentive Compensation,* above. Mr. Ersek s increase in salary included a regular annual salary adjustment of 3.5% plus an additional 8.1% increase to bring his salary to a level appropriate for the expansion of his responsibilities in 2009 to include the Asia Pacific region.

Based on the Company s performance for 2009 as described in the The Western Union 2009 Executive Compensation Program *Annual Incentive Compensation* discussion above, Mr. Ersek s 2009 Annual Incentive Plan award was 516,600, or $699,321 based on a conversion rate of 1.3537 as of February 24, 2010. This reflected the payout of 92% of his target, consistent with the corporate and business unit performance payout calculations of 94% of his corporate performance target, which was 75% of his total award, and 87% of his business unit target, which was 25% of his total award. Mr. Ersek s payout under the 2009 Annual Incentive Plan, as measured in U.S. dollars, is above target, in part, due to fluctuations in the value of the Euro as compared to the U.S. dollar. The conversion rate on February 24, 2010, the date the payout under the 2009 Annual Incentive Plan was approved, was 1.3537, compared to a conversion rate of 1.2571 on February 17, 2009, the date the 2009 Annual Incentive Plan award was granted to Mr. Ersek.

In recognition of Mr. Ersek s position as a key employee of the Company and the increased responsibilities that he assumed in January 2009, on February 17, 2009 the committee awarded Mr. Ersek 84,318 restricted stock unit career shares. The committee established the value of the career share award at a level that would result in ownership of a meaningful number of shares and be proportionally appropriate relative to the career shares awarded to Ms. Gold.

Table of Contents

Ranjana Clark

President, Global Business Payments and Executive Vice President, Head of Global Strategy

Ms. Clark leads the Company s Global Business Payments and Global Strategy functions. Prior to joining Western Union in March 2009, Ms. Clark was with Wachovia Corporation and Wells Fargo & Company for 20 years serving in positions of increasing and varied responsibilities, most recently as Senior Executive Vice President and Chief Marketing Officer at Wachovia and Head of the Wholesale Customer Experience Group at Wells Fargo. Early in her career, Ms. Clark spent five years with Deutsche Bank in Mumbai, India.

Ms. Clark s salary, Annual Incentive Award target level and future annual equity award target were determined at the time she joined the Company using benchmark data for executives leading large regional business units. In setting her compensation, the committee also considered her compensation levels at her previous employer and those of other Company executives. She received a guaranteed bonus of $580,000, equivalent to her Annual Incentive Award target of 100% of her base salary for 2009 under the terms of her employment letter. At the time she joined the Company, Ms. Clark also received a new hire equity grant and cash-based performance award, 29,586 restricted stock unit career shares and a sign-on bonus. These awards and the bonus were intended to replace the value of Ms. Clark s unvested equity awards and bonus opportunity at the time she left her previous employer to join the Company. See Executive Compensation *Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table Employment Arrangements* for a description of Ms. Clark s employment letter

Stewart A. Stockdale

President, The Americas and Executive Vice President, Global Cards and Global Key Accounts

Mr. Stockdale joined Western Union in 2008 and is responsible for the consumer-to-consumer business in the Americas region. In January 2010, Mr. Stockdale assumed the responsibility for Global Cards and Global Key Accounts. Prior to joining Western Union, Mr. Stockdale served as the President of Simon Brand Ventures and as Chief Marketing Officer of Simon Property Group, and held senior positions at a number of multinational corporations including Conseco, Inc., MasterCard, American Express and Procter & Gamble.

Mr. Stockdale is relatively new to the Company and to his responsibilities for the Americas region. As such, Mr. Stockdale s 2009 target annual cash compensation was set slightly below benchmarked median. The value of his 2009 long-term incentive award was below benchmarked median for the reasons discussed under The Western Union 2009 Executive Compensation Program *Long-Term Incentive Compensation,* above. Mr. Stockdale s base salary for 2009 included an annual merit salary increase of 3.0%, plus an additional 6.8% increase to bring his salary to a level appropriate for the expansion of his responsibilities from oversight of the United States and Canada consumer money transfer business to the entire Americas region in November 2008.

Based on the Company s performance for 2009 as described in the The Western Union 2009 Executive Compensation Program *Annual Incentive Compensation* discussion above, Mr. Stockdale s 2009 Annual Incentive Plan award was $462,825. This reflected the payout of 93.5% of his target, consistent with the corporate and business unit performance calculations of 94% of his corporate performance target, which was 75% of his total award, and 92% of his business unit target, which was 25% of his total award.

In recognition of Mr. Stockdale s position as a key employee of the Company and the increased responsibilities that he assumed in November 2008, on February 17, 2009 the Committee awarded Mr. Stockdale 42,159 restricted stock unit career shares. The committee established the value of the career share award at a level that would result in ownership of a meaningful number of shares and be proportionally appropriate relative to the career shares awarded to Ms. Gold.

Table of Contents

2010 Compensation

At its February 24, 2010 meeting, the Compensation Committee approved the following compensation amounts and awards for the current named executive officers, except that the committee approved these elements for Mr. Ersek in November 2009 in connection with the approval of Mr. Ersek s promotion to Chief Operating Officer and for Mr. Stockdale in December 2009 in connection with Mr. Stockdale s promotion to President, The Americas and Executive Vice President, Global Cards and Global Key Accounts. In addition, in recognition of Mr. Stockdale s increased responsibilities, on February 9, 2010, the Committee awarded Mr. Stockdale 61,958 restricted stock unit career shares. The committee established the value of the career share award at a level that the committee believed would serve as a meaningful incentive for Mr. Stockdale to remain with the Company.

Named Executive Officer	Base Salary	Annual Incentive Award Target	Long-Term Incentive Award Target
Christina A. Gold	$ 975,000	$ 1,462,500	$ 5,500,000
Scott T. Scheirman	$ 536,000	$ 509,200	$ 1,200,000
Hikmet Ersek	$ 859,380(1)	$ 988,287(1)	$ 3,500,000
Ranjana Clark	$ 580,000	$ 580,000	$ 1,400,000
Stewart A. Stockdale	$ 600,000	$ 600,000	$ 1,400,000

Footnotes:

(1)