

Western Union CO
Form 424B2
March 03, 2011
Table of Contents

Filed Pursuant to Rule 424(b)(2)
Registration File No. 333-170967

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Floating Rate Notes due 2013	\$300,000,000	100%	\$300,000,000	\$34,830

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

Table of Contents

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 3, 2010)

\$300,000,000

Floating Rate Notes due 2013

The Western Union Company is offering \$300,000,000 aggregate principal amount of Floating Rate Notes due 2013. Interest on the notes will be set at a per annum rate equal to the three-month LIBOR plus 0.58%, which will be reset quarterly. The Western Union Company will pay interest on the notes quarterly in arrears on March 7, June 7, September 7 and December 7, starting on June 7, 2011. The notes will mature on March 7, 2013.

The notes will be The Western Union Company's senior unsecured obligations and will rank equally in right of payment with its other existing and future senior unsecured obligations. The notes will be effectively junior to all existing and future indebtedness and other liabilities of our subsidiaries.

The notes will not be listed on any securities exchange or included in any automated quotation system. Currently there is no public market for the notes.

Investing in the notes involves risks. See the sections titled Risk Factors beginning on page S-10 of this prospectus supplement and page 4 of the accompanying prospectus for a discussion of certain of the risks you should consider before investing in the notes.

	Per Note	Total
Public offering price (1)	100.00%	\$ 300,000,000
Underwriting discount	0.15%	\$ 450,000
Proceeds, before expenses, to The Western Union Company (1)	99.85%	\$ 299,550,000

(1) Plus accrued interest from March 7, 2011, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that the notes will be ready for delivery in book-entry form only through The Depository Trust Company and its participants, including Clearstream Banking, société anonyme and Euroclear Bank, S.A./N.V., on or about March 7, 2011.

Joint Book-Running Managers

J.P. Morgan

Morgan Stanley

Co-Manager

Deutsche Bank Securities

The date of this prospectus supplement is March 2, 2011.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-1
<u>FORWARD-LOOKING STATEMENTS</u>	S-1
<u>INDUSTRY DATA</u>	S-2
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-3
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-4
<u>RISK FACTORS</u>	S-10
<u>USE OF PROCEEDS</u>	S-11
<u>CAPITALIZATION</u>	S-12
<u>DESCRIPTION OF THE NOTES</u>	S-14
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	S-24
<u>UNDERWRITING</u>	S-29
<u>LEGAL MATTERS</u>	S-31
<u>EXPERTS</u>	S-31

Prospectus

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>FORWARD-LOOKING STATEMENTS</u>	3
<u>RISK FACTORS</u>	4
<u>THE WESTERN UNION COMPANY</u>	5
<u>USE OF PROCEEDS</u>	6
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	6
<u>DESCRIPTION OF DEBT SECURITIES</u>	7
<u>PLAN OF DISTRIBUTION</u>	20
<u>VALIDITY OF SECURITIES</u>	21
<u>EXPERTS</u>	21

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of the notes. The second part is the accompanying prospectus dated December 3, 2010, which we refer to as the accompanying prospectus. The accompanying prospectus contains a description of certain terms of the debt securities we may issue, including the notes, and gives more general information, some of which may not apply to the notes.

We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed materially since those dates.

Before you invest in the notes, you should carefully read the registration statement (including the exhibits thereto) of which this prospectus supplement and the accompanying prospectus form a part, this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and accompanying prospectus. The incorporated documents are described under **Where You Can Find More Information**.

As used in this prospectus supplement, the terms **Western Union**, **the Company**, **we**, **us** and **our** refer to The Western Union Company and its consolidated subsidiaries or to The Western Union Company and all of its consolidated subsidiaries taken as a whole, as the context requires.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the materials we have filed or will file with the Securities and Exchange Commission (the **SEC**) (as well as information included in our other written or oral statements) contain or will contain certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as **expects**, **intends**, **anticipates**, **believes**, **estimates**, **guides**, **provides guidance**, **provides outlook** and other similar expressions or future or conditional verbs such as **will**, **should**, and **could** are intended to identify such forward-looking statements. You should not rely solely on the forward-looking statements and should consider all uncertainties and risks throughout this prospectus supplement and the accompanying prospectus, including those referenced under the sections titled **Risk Factors** and those incorporated by reference herein. The statements are only as of the date they are made, and we undertake no obligation to update any forward-looking statement.

Possible events or factors that could cause results or performance to differ materially from those expressed in our forward-looking statements include the following: changes in immigration laws, patterns and other factors related to migrants; our ability to adapt technology in response to changing industry and consumer needs or trends; our failure to develop and introduce new products, services and enhancements, and gain market acceptance of such products; the failure by us, our agents or subagents to comply with our business and technology standards and contract requirements or applicable laws and regulations, especially laws designed to prevent money laundering, terrorist financing and anti-competitive behavior, and/or changing regulatory or enforcement interpretations of those laws; the impact on our business of the Dodd-Frank Wall Street Reform and

Table of Contents

Consumer Protection Act and the rules promulgated there-under; changes in United States or foreign laws, rules and regulations including the Internal Revenue Code, and governmental or judicial interpretations thereof; changes in general economic conditions and economic conditions in the regions and industries in which we operate; political conditions and related actions in the United States and abroad which may adversely affect our businesses and economic conditions as a whole; interruptions of United States government relations with countries in which we have or are implementing material agent contracts; changes in, and failure to manage effectively exposure to, foreign exchange rates, including the impact of the regulation of foreign exchange spreads on money transfers and payment transactions; our ability to resolve tax matters with the Internal Revenue Service and other tax authorities consistent with our reserves; failure to comply with the settlement agreement with the State of Arizona; liabilities and unanticipated developments resulting from litigation and regulatory investigations and similar matters, including costs, expenses, settlements and judgments; mergers, acquisitions and integration of acquired businesses and technologies into our company, and the realization of anticipated financial benefits from these acquisitions; failure to maintain sufficient amounts or types of regulatory capital to meet the changing requirements of our regulators worldwide; deterioration in consumers and clients confidence in our business, or in money transfer providers generally; failure to manage credit and fraud risks presented by our agents, clients and consumers or non-performance by our banks, lenders, other financial services providers or insurers; any material breach of security of or interruptions in any of our systems; our ability to attract and retain qualified key employees and to manage our workforce successfully; our ability to maintain our agent network and business relationships under terms consistent with or more advantageous to us than those currently in place; failure to implement agent contracts according to schedule; adverse rating actions by credit rating agencies; failure to compete effectively in the money transfer industry with respect to global and niche or corridor money transfer providers, banks and other money transfer services providers, including telecommunications providers, card associations, card-based payment providers and electronic and internet providers; our ability to protect our brands and our other intellectual property rights; our failure to manage the potential both for patent protection and patent liability in the context of a rapidly developing legal framework for intellectual property protection; cessation of various services provided to us by third-party vendors; adverse movements and volatility in capital markets and other events which affect our liquidity, the liquidity of our agents or clients, or the value of, or our ability to recover our investments or amounts payable to us; decisions to downsize, sell or close units, or to transition operating activities from one location to another or to third parties, particularly transitions from the United States to other countries; changes in industry standards affecting our business; changes in accounting standards, rules and interpretations; significantly slower growth or declines in the money transfer market and other markets in which we operate; adverse consequences from our spin-off from First Data Corporation (First Data); decisions to change our business mix; catastrophic events; and management s ability to identify and manage these and other risks.

INDUSTRY DATA

This prospectus supplement and the accompanying prospectus include or incorporate by reference industry and trade association data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys and other independent sources available to us. Some data also are based on our good faith estimates, which are derived from management s knowledge of the industry and from independent sources. The primary sources for third-party industry data and forecasts are Aite Group, LLC, or Aite, the World Bank and other industry reports and articles. These third-party publications and surveys generally state that the information included therein is believed to have been obtained from sources believed to be reliable, but that the publications and surveys can give no assurance as to the accuracy or completeness of such information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions on which such data are based. Similarly, we believe our internal research is reliable, even though such research has not been verified by any independent sources.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC allows us to incorporate by reference into this prospectus supplement the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. SEC rules and regulations also permit us to furnish rather than file certain reports and information with the SEC. Any such reports or information which we have indicated or indicate in the future as being furnished shall not be deemed to be incorporated by reference into or otherwise become a part of this prospectus supplement, regardless of when furnished to the SEC. We incorporate by reference the following documents we filed with the SEC (file number 001-32903) and any future filings that we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, until the offering of the notes under this prospectus supplement is complete:

Annual Report on Form 10-K for the year ended December 31, 2010; and

the information contained in our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 30, 2010 and incorporated into Part III of our Annual Report on Form 10-K for the year ended December 31, 2009.

We make available free of charge most of our SEC filings through our Internet website (www.westernunion.com) as soon as reasonably practicable after we electronically file these materials with the SEC. You may access these SEC filings on our website. The contents of our Internet website are not a part of this prospectus supplement or the accompanying prospectus. You may also request a copy of our SEC filings at no cost, by writing or telephoning us at:

The Western Union Company

12500 East Belford Avenue

Englewood, Colorado 80112

Attention: Investor Relations

Telephone (866) 405-5012

Our SEC filings are also available at the SEC's website at <http://www.sec.gov>. You may also read and copy any documents that we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference room.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

Our Company

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

The Western Union® brand is globally recognized and represents speed, reliability, trust and convenience. As people move and travel around the world, they are able to use the services of a well recognized brand to transfer funds. Our consumer-to-consumer money transfer service enables people to send money around the world in minutes. Our services are available through a global network of more than 445,000 agent locations in more than 200 countries and territories, with approximately 85% of those locations outside of the United States. Each location in our agent network is capable of providing one or more of our services, with the majority offering Western Union branded service.

Our global business payments service provides consumers and businesses with flexible and convenient options for making one-time or recurring bill payments, including business-to-business cross-border, cross currency payment transactions. In September 2009, we acquired Canada-based Custom House, Ltd. (Custom House), a provider of international business-to-business cross-border, cross-currency payment services. In the third quarter of 2010, Custom House was rebranded Western Union Business Solutions. Although the majority of the revenue in our global business payments segment was generated in the United States, international expansion and other key strategic initiatives have resulted in international revenue continuing to increase in this segment.

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

The majority of our revenue comes from fees that consumers pay when they send money or make payments. In certain money transfer and payment services transactions involving different send and receive currencies, we generate revenue based on the difference between the exchange rate set by us to the consumer or business and the rate at which we or our agents are able to acquire currency.

Our principal executive offices are located at 12500 East Belford Avenue, Englewood, Colorado 80112 and our telephone number is (866) 405-5012.

Table of Contents

The Offering

The following summary contains basic information about the notes. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section of this prospectus supplement titled "Description of the Notes" and the section of the accompanying prospectus titled "Description of Debt Securities."

Issuer	The Western Union Company
Notes Offered	\$300,000,000 aggregate principal amount of Floating Rate Notes due 2013.
Maturity	March 7, 2013.
Interest Rate	Three-month LIBOR plus 0.58%, reset quarterly, payable quarterly in arrears.
Interest Payment Dates	March 7, June 7, September 7 and December 7 of each year, starting on June 7, 2011.
Ranking	The notes will be The Western Union Company's senior unsecured obligations. They will rank equally in right of payment with our existing and future senior unsecured obligations and will be senior in right of payment to any of our existing and future subordinated indebtedness. The notes will be effectively junior to all existing and future indebtedness and other liabilities of our subsidiaries.
Listing	The notes will not be listed on any securities exchange or included in any automated quotation system.
Change of Control Offer to Repurchase	If we experience a "Change of Control Triggering Event," as described in this prospectus supplement, each holder of the notes may require us to repurchase some or all of its notes at a price equal to 101% of the principal amount of their notes, plus accrued and unpaid interest to the repurchase date, if any, as described more fully under "Description of the Notes" Change of Control.
Sinking Fund	None.
Use of Proceeds	We estimate the net proceeds to us from the sale of the notes will be approximately \$299,000,000, after deducting the underwriting discount and other expenses of the offering payable by us. We intend to use the net proceeds from the sale of the notes for general corporate purposes.
Risk Factors	Investing in the notes involves risks. See "Risk Factors" beginning on page S-10 of this prospectus supplement and page 4 of the accompanying prospectus for a discussion of certain of the risks you should consider before investing in the notes.

Table of Contents

Denominations and Form

The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, *société anonyme* and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture.

Trustee

Wells Fargo Bank, National Association

Additional Notes

The indenture governing the notes does not, and the notes will not, limit the aggregate principal amount of notes or other debt securities or other debt that we or our subsidiaries may issue. We may issue from time to time other series of debt securities, but such series will be separate from the notes. In addition, we may issue additional notes of the same series as the notes without the consent of, or notice to, the holders of the outstanding notes.

Table of Contents**Summary of Selected Historical Financial Data**

The following tables set forth our summary of selected historical financial data presented on a consolidated basis and include the accounts of Western Union and our majority-owned subsidiaries. The financial information for the periods presented prior to our Spin-off from First Data (the Spin-Off) on September 29, 2006 (the Spin-off Date) is presented on a combined basis and represents those entities that were ultimately transferred to us as part of the Spin-off. The assets and liabilities presented have been reflected on a historical basis, as prior to the Spin-off such assets and liabilities presented were 100% owned by First Data. However, the financial statements for the periods presented prior to the Spin-off do not include all of the actual expenses that would have been incurred had Western Union been a stand-alone entity during the periods presented and do not reflect Western Union's combined results of operations, financial position and cash flows had Western Union been a stand-alone company during the periods presented.

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

You should read the information set forth below in conjunction with all information included and incorporated by reference in this prospectus supplement, including our historical consolidated financial statements and the notes to those statements from our Annual Report on Form 10-K for the year ended December 31, 2010.

(in millions, except per share data and ratios)	Year Ended December 31,				
	2010	2009	2008	2007	2006
Statements of Income Data:					
Revenues (a)	\$ 5,192.7	\$ 5,083.6	\$ 5,282.0	\$ 4,900.2	\$ 4,470.2
Operating expenses (b) (c) (d)	3,892.6	3,800.9	3,927.0	3,578.2	3,158.8
Operating income (b) (c) (d)	1,300.1	1,282.7	1,355.0	1,322.0	1,311.4
Interest income (e)	2.8	9.4	45.2	79.4	40.1
Interest expense (f)	(169.9)	(157.9)	(171.2)	(189.0)	(53.4)
Other income/(expense), net, excluding interest income and interest expense (g)	12.2	(2.7)	9.7	10.0	37.0
Income before income taxes (b) (c) (d) (e) (f) (g)	1,145.2	1,131.5	1,238.7	1,222.4	1,335.1
Net income (b) (c) (d) (e) (f) (g)	909.9	848.8	919.0	857.3	914.0
Depreciation and amortization	175.9	154.2	144.0	123.9	103.5
Cash Flow Data:					
Net cash provided by operating activities (h)	994.4	1,218.1	1,253.9	1,103.5	1,108.9
Capital expenditures (i)	(113.7)	(98.9)	(153.7)	(192.1)	(202.3)
Common stock repurchased (j)	(581.4)	(400.2)	(1,314.5)	(726.8)	(19.9)
Dividends to First Data					2,953.9
Earnings Per Share Data:					
Basic (c) (d) (e) (f) (g) (k)	\$ 1.37	\$ 1.21	\$ 1.26	\$ 1.13	\$ 1.20
Diluted (c) (d) (e) (f) (g) (k)	\$ 1.36	\$ 1.21	\$ 1.24	\$ 1.11	\$ 1.19
Cash dividends to stockholders per common share (l)	\$ 0.25	\$ 0.06	\$ 0.04	\$ 0.04	\$ 0.01
Key Indicators (unaudited):					
Consumer-to-consumer transactions (m)	213.7	196.1	188.1	167.7	147.1
Global business payments transactions (n)	404.9	414.8	412.1	404.5	249.4
Ratio of earnings to fixed charges (o)	7.4	7.5	7.7	7.0	24.3

Table of Contents

	As of December 31,				
	2010	2009	2008	2007	2006
Balance Sheet Data:					
Settlement assets	\$ 2,635.2	\$ 2,389.1	\$ 1,207.5	\$ 1,319.2	\$ 1,284.2
Total assets	7,929.2	7,353.4	5,578.3	5,784.2	5,321.1
Settlement obligations	2,635.2	2,389.1	1,207.5	1,319.2	1,282.5
Total borrowings (p)	3,289.9	3,048.5	3,143.5	3,338.0	3,323.5
Total liabilities	7,346.5	6,999.9	5,586.4	5,733.5	5,635.9
Total stockholders equity/(deficiency) (p)	582.7	353.5	(8.1)	50.7	(314.8)

- (a) Revenue for the years ended December 31, 2010 and 2009 included \$111.0 million and \$30.8 million, respectively, of revenue related to the Custom House acquisition in September 2009, which has subsequently been rebranded to Western Union Business Solutions.
- (b) Our stock-based compensation expense in 2007 included a charge of \$22.3 million related to the vesting of the remaining converted unvested Western Union stock-based awards upon the completion of the acquisition of First Data on September 24, 2007 by an affiliate of Kohlberg Kravis Roberts & Co.
- (c) Operating expenses for the year ended December 31, 2010 included \$59.5 million of restructuring and related expenses associated with a restructuring plan designed to reduce overall headcount and migrate positions from various facilities, primarily within the United States and Europe, to regional operating centers. Operating expenses for the year ended December 31, 2008 included \$82.9 million of restructuring and related expenses associated with the closure of our facilities in Missouri and Texas and other reorganization plans. No restructuring and related expenses were incurred during 2009, 2007, or 2006.
- (d) Operating expenses for the year ended December 31, 2009 included an accrual of \$71.0 million resulting from an agreement and settlement, which resolved all outstanding legal issues and claims with the State of Arizona and required us to fund a multi-state not-for-profit organization promoting safety and security along the United States and Mexico border, in which California, Texas and New Mexico have participated with Arizona. The settlement agreement was signed on February 11, 2010.
- (e) Interest income is attributed primarily to cash balances and loans made to several agents. In 2009 and 2008, our interest income was impacted by a decline in interest rates. On the Spin-off Date, we received cash in connection with the settlement of intercompany notes with First Data (net of certain other payments made to First Data) which significantly increased our international cash balances.
- (f) Interest expense primarily relates to debt incurred in connection with the Spin-off from First Data and the refinancing of such debt. Interest expense has been significantly higher since September 29, 2006 due to higher borrowings balances.