

Visa Inc.
Form S-1
November 09, 2007
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As filed with the Securities and Exchange Commission on November 9, 2007

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

VISA INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7389
(Primary Standard Industrial
Classification Code Number)
P.O. Box 8999

26-0267673
(I.R.S. Employer
Identification Number)

San Francisco, California 94128-8999

(415) 932-2100

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Joseph W. Saunders

Chief Executive Officer and Chairman of the Board of Directors

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Visa Inc.

P.O. Box 8999

San Francisco, California 94128-8999

Telephone: (415) 932-2100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price⁽¹⁾⁽²⁾	Amount of Registration Fee
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Class A common stock, par value \$0.0001 per share

\$10,000,000,000

\$307,000

(1) Includes _____ shares subject to the underwriters' option to purchase additional shares.

(2) Estimated solely for the purposes of determining the registration fee pursuant to Rule 457(o) promulgated under the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated November 9, 2007

Shares

Class A Common Stock

This is Visa Inc.'s initial public offering. We are offering _____ shares of our class A common stock. We expect the initial public offering price to be between \$ _____ and \$ _____ per share.

Currently, no public market exists for our class A common stock. We will apply to list our class A common stock on the _____ under the symbol _____.

Investing in our class A common stock involves risks that are described in the Risk Factors section beginning on page 14 of this prospectus.

	Per Share	Total
Public offering price	\$ _____	\$ _____
Underwriting discount	\$ _____	\$ _____
Proceeds, before expenses, to Visa	\$ _____	\$ _____

To the extent that the underwriters sell more than _____ shares of class A common stock, the underwriters have the option to purchase up to an additional _____ shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus.

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

The shares will be ready for delivery on or about _____.

JPMorgan				Goldman, Sachs & Co.
Banc of America Securities LLC	Citi	HSBC	Merrill Lynch & Co.	UBS Investment Bank Wachovia Securities

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The date of this prospectus is

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on our behalf. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Through and including (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This obligation is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

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Unless the context requires otherwise, reference to Company, Visa, we, us or our refers to Visa Inc. and its subsidiaries.

The registered trademarks of Visa Inc. and its subsidiaries include: Bands Design Blue, White & Gold; Dove Design; Interlink; Life Takes Visa PLUS; Verified by Visa; Visa; Visa Classic; Visa Corporate; Visa Electron; Visa Fleet; Visa Infinite; Visa Mobile; VisaNet; Visa Purchasing; Visa Resolve OnLine; Visa ReadyLink; Visa Signature; Visa Vale; Winged V Design; and World's Best Way to Pay. trademarks used in this prospectus are the property of their respective owners.

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PROSPECTUS SUMMARY

You should read the following summary together with the rest of this prospectus, including the more detailed information in the financial statements and the unaudited pro forma condensed combined statements of operations and related notes, and the section entitled Risk Factors, before you decide to invest.

The Company

Visa operates the world's largest retail electronic payments network and manages the world's most recognized global financial services brand. We have more branded credit and debit cards in circulation, more transactions and greater total volume than any of our competitors. We facilitate global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities. We provide financial institutions, our primary customers, with product platforms encompassing consumer credit, debit, prepaid and commercial payments. VisaNet, our secure, centralized, global processing platform, enables us to provide financial institutions and merchants with a wide range of product platforms, transaction processing and related value-added services. Based on the size of our network, the strength of the Visa brand and the breadth and depth of our products and services, we believe we are the leading electronic payments company in the world.

Our business primarily consists of the following:

we own a family of well known, widely accepted payment brands, including Visa, Visa Electron, PLUS and Interlink, which we license to our customers for use in their payment programs;

we manage and promote our brands for the benefit of our customers through advertising, promotional and sponsorship initiatives and by encouraging card usage and merchant acceptance;

we offer a wide range of branded payments product platforms, which our customers use to develop and offer credit, debit, prepaid and cash access programs for cardholders (individuals, businesses and government entities);

we provide transaction processing services (primarily authorization, clearing and settlement) to our customers through VisaNet, our secure, centralized, global processing platform;

we provide various other value-added services to our customers, including risk management, debit issuer processing, loyalty services, dispute management and value-added information services;

we develop new products and services to enable our customers to offer efficient and effective payment methods to their cardholders and merchants; and

we adopt and enforce a common set of rules adhered to by our customers to ensure the efficient and secure functioning of our payments network and the maintenance and promotion of our brands.

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The following charts show a comparison of total volume and total transactions relative to our major competitors for the 2006 calendar year:

Source: The Nilson Report, issue 874 (February 2007) and issue 877 (April 2007).

Note: Excludes Visa Europe based on internal Visa data. Total volume is the sum of payments volume and cash volume. Payments volume is the total monetary value of transactions for goods and services that are purchased. Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks. Total transactions for Visa represent transactions involving our cards as reported by our customers and includes transactions that are not processed on our VisaNet processing system.

We derive revenues primarily from card service fees, data processing fees and international transaction fees. We do not issue cards, set fees or determine interest rates that cardholders are charged for use of their cards. Our unaudited pro forma operating revenues were \$3,727 million and \$3,908 million for the nine months ended June 30, 2007 and fiscal 2006, respectively. Our unaudited pro forma net income was \$771 million and \$437 million for the nine months ended June 30, 2007 and fiscal 2006, respectively. Our pro forma non-U.S. operating revenues, based on the location of our financial institution customers, were \$1,313 million and \$1,200 million for the nine months ended June 30, 2007 and fiscal 2006, respectively, representing 35% and 31% of our pro forma total operating revenues for those periods.

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Our Market Opportunity

Visa operates in the global payments industry, which is undergoing a major shift from paper-based payments, such as cash and checks, to card-based and other electronic payments. This shift has driven significant growth in card-based payments globally. According to The Nilson Report, global card purchase transactions grew at a compound annual growth rate, or CAGR, of 14% over the period from 2000 to 2006. The Nilson Report forecasts global card purchase transactions to increase at a CAGR of 11% from 2006 to 2012, with particularly strong growth in Asia/Pacific, Latin America and Middle East/Africa:

Total Transactions (billions)

Source: The Nilson Report, issue 866 (October 2006) and issue 885 (August 2007).

We believe that consumers are increasingly attracted to the convenience, security, enhanced services and rewards associated with electronic payments. We also believe that corporations and governments are shifting to electronic payments to improve efficiency, control and security, and that a growing number of merchants are accepting electronic payments to improve sales and customer convenience. Recent innovations such as contactless cards and mobile payments are also increasing the attractiveness of electronic payments. We believe this shift to electronic payment forms is a worldwide phenomenon; however, in many developing countries, it is at an early stage and will be accelerated by rising incomes, globalization of commerce and increased travel. We believe these trends represent a substantial growth opportunity for the global payments industry.

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Our Competitive Strengths

We believe our competitive strengths include the following:

World's Largest Payments Network. We operate the world's largest retail electronic payments network. Visa-branded cards are accepted in more than 170 countries around the world. We have more branded credit and debit cards in circulation, more transactions and greater total volume than any of our competitors. We believe that merchants, cardholders and our financial institution customers benefit from the Visa cardholder base, which is the largest in the world, and our merchant acceptance network, which is unsurpassed globally.

Leading Global Brand. Visa is the world's most recognized global financial services brand. We believe merchants, consumers and our financial institution customers associate our brand with trust, security, reliability, efficiency, convenience and empowerment. Our deep base of local market knowledge enables us to tailor our product and marketing programs to the particular needs of specific geographies. We believe that the strength of our brand enables us to increase card usage in existing and new market segments, develop and offer innovative payment products and services and enhance the utility of our payments network for all participants.

Scalable and Unique Global Payments Processing Platform. We own and operate VisaNet, our secure, centralized, global processing platform. Unlike the processing platforms of some of our primary competitors, VisaNet is built on a centralized architecture rather than a distributed architecture, which enables us to provide real-time, value-added information to our customers. In addition, our centralized processing platform provides us the flexibility to develop, modify and enhance our products and services efficiently. VisaNet is highly reliable and processed more than 74 billion authorization, clearing and settlement requests in the 12 months ended March 31, 2007. We believe that the operating efficiencies that result from the scale of our processing network provide us with a significant cost advantage over our competitors.

Comprehensive Payment Products and Services. We provide our financial institution customers with a comprehensive suite of electronic payment products and services. Our product platforms encompass credit, debit, cash access and prepaid products for consumers, businesses and governments. These product platforms enable our customers to develop and customize their own payment programs to meet the needs of their cardholders and merchants. We also offer our customers issuer processing to support our debit and prepaid platforms, and we are the largest issuer processor of Visa debit transactions in the world. Additionally, we offer a broad range of value-added services such as risk management, loyalty services, dispute management and value-added information services, which are enabled by our secure, centralized, global processing platform.

Established and Long-Standing Customer Relationships. We have long-standing relationships with the majority of our customers and long-term contracts with many of our major customers, which provide us with a significant level of business stability. More than two-thirds of our financial institution customers have been our customers for longer than 10 years. We believe that our many years of close cooperation with our customers in developing new products, processing capabilities and value-added services have enabled us to establish strong relationships. By virtue of these relationships, we believe we are well-positioned to continue developing new products and services that anticipate the evolving needs of our customers.

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Our Strategy

We seek revenue and profit growth by expanding our core payments business in new and established geographies and market segments, as well as by broadening our processing capabilities and value-added service offerings for payments and related opportunities. The key components of our strategy include:

Expand Our Network. We will continue to use an integrated product strategy to increase our share of business with our existing financial institution customers and to build relationships with new customers. Merchants are important to the growth of our business, and we seek to increase the value we bring to them in order to increase merchant acceptance and preference for Visa. We also seek to grow our network by encouraging active cardholder preference for Visa through continual improvement of the convenience, value and security of our products. By focusing on expanding the number of merchants and cardholders in our network, we increase the value we provide to our financial institution customers.

Expand into New and High Growth Geographies and Market Segments. We will continue to globalize our product and service offerings and to expand acceptance of our core products in new and high growth geographies and market segments, including new consumer and merchant segments in our established markets. We believe there is a significant opportunity to expand the usage of our products and services in high growth geographies in which we currently have a presence, such as the Asia Pacific, Latin America and Caribbean, and Central and Eastern Europe, Middle East and Africa regions. We have introduced a full suite of product platforms and value-added processing services that enable our customers to drive Visa products to a wide range of consumers and businesses. We will also continue to expand Visa acceptance in merchant segments that have traditionally not accepted electronic payments, such as quick-service restaurants and bill payment merchants.

Develop and Offer Innovative Products and Services. We will continue to provide new products and services and increase the functionality, utility and cost-effectiveness of our existing products and services. VisaNet provides flexibility to quickly customize current offerings and rapidly develop, deploy and drive adoption of new products and services. We will continue to upgrade or modify existing products to take advantage of market opportunities and generate growth. We also intend to continue making significant investments in new technologies to strengthen our position in emerging forms of payment, including contactless and mobile devices. In addition, we will continue to introduce value-added processing services, which we believe increase network utility.

Strengthen and Grow Visa's Brand Leadership. We will continue to invest in order to maintain Visa's position as the world's most recognized global financial services brand. We will focus on a combination of integrated global and local investments to increase consumer and business brand awareness. We will seek to maximize return on our investment by optimizing the mix of spending across our media channels, sponsorships, co-brand relationships and other marketing properties.

The Recent Reorganization

Prior to our October 2007 reorganization, Visa operated as five corporate entities related by ownership and membership: Visa U.S.A., Visa International (comprising the operating regions of Asia Pacific (AP), Latin America and Caribbean (LAC), and Central and Eastern Europe, Middle East and Africa (CEMEA)), Visa Canada, Visa Europe and Inovant, which operated the VisaNet transaction processing system and other related processing systems. Each of Visa U.S.A., Visa Canada, Visa Europe, Visa AP, Visa LAC and Visa CEMEA operated as a separate geographic regional association of its member financial institutions and administered Visa programs in its respective region.

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In order to respond to industry dynamics and enhance Visa's ability to compete, Visa undertook a reorganization in which Visa U.S.A., Visa International, Visa Canada and Inovant became direct or indirect subsidiaries of Visa Inc., a Delaware stock corporation. Visa Europe did not become a subsidiary of Visa Inc., but rather remained owned by its member financial institutions and entered into a set of contractual arrangements with Visa Inc. in connection with the reorganization. In the reorganization, we issued different classes and series of shares reflecting the different rights and obligations of Visa financial institution members and Visa Europe based on the geographic region in which they are located.

We believe that the reorganization provides us with several significant strategic benefits. It allows us to increase our operational efficiency and enhances our ability to deliver more innovative products and services to financial institutions, merchants and cardholders on a global basis. The reorganization allows us to centralize and streamline our strategy and decision making. At the same time, we believe that the reorganization preserves and reinforces the advantages that have made Visa the largest retail electronic payments network in the world.

Risks Affecting Us

Our business is subject to numerous risks and uncertainties, including, but not limited to, those arising from regulatory scrutiny, legal proceedings seeking substantial damages, competitive and economic factors, and operational breakdowns. You should carefully consider all of the information set forth in this prospectus and, in particular, the information under the heading *Risk Factors*, prior to making an investment in our common stock.

Corporate Information

The address for our principal executive office is P.O. Box 8999, San Francisco, California 94128-8999, and our telephone number is (415) 932-2100. Our web site address is www.visa.com. This is a textual reference only. The information on, or accessible through, our website is not part of this prospectus.

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subsequent conversion as if each occurred promptly following the closing of this offering, the number of shares outstanding and the number of shares of class A common stock issuable upon the conversion of the class B and class C common stock would be:

Common Stock	Pro Forma October 2008	
	Shares Outstanding	Class A Common Stock Outstanding or Issuable Upon Conversion of Class B and C Common Stock
Class A		
Class B		
Class C		
Total		

The October 2008 pro forma amounts in the table above do not give effect to any issuance of shares of class A common stock or other securities, including issuances under our equity compensation plan, or any repurchases of common stock that we may effect, after this offering.

Use of proceeds

We estimate that the net proceeds to us from this offering will be approximately \$, or \$ if the underwriters exercise their option to purchase additional shares in full, assuming an initial public offering price of \$ per share (the midpoint of the range set forth on the cover of this prospectus), after deducting the underwriting discounts and commissions and estimated offering expenses.

We intend to deposit \$, representing % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), into an escrow account from which settlements of, or judgments in, the covered litigation described under *Business Retrospective Responsibility Plan* will be payable.

Promptly following the closing of this offering, we intend to use \$ of the net proceeds to redeem shares of class B common stock and shares of class C (series I) common stock.

We will use the balance of the net proceeds for general corporate purposes, which may include funding the \$1.146 billion aggregate redemption price for all of the class C (series II) common stock, which we intend to redeem in 2008, and the \$ aggregate redemption price for shares of class C (series III) common stock, which we will be required to redeem in October 2008 in accordance with our amended and restated certificate of incorporation.

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Sale and transfer restrictions on class B and class C common stock

The class B common stock is not transferable until the later of the third anniversary of the closing of this offering and the date on which all of the covered litigation has been finally resolved, although our board of directors may make exceptions to this transfer restriction after resolution of all covered litigation.

The class C common stock is not transferable until the third anniversary of the closing of this offering, although our board of directors may make exceptions to this transfer restriction.

These transfer restrictions are subject to limited exceptions, including transfers to another holder of the same class of each respective security.

Conversion of class B and class C common stock After termination of the restrictions on transfer described above, the class B or class C common stock will be convertible into class A common stock if transferred to a person that was not, immediately after the reorganization, a Visa member. Upon such transfer, each share will automatically convert into a number of shares of class A common stock based upon the applicable conversion rate in effect at the time of such transfer.

Immediately after this offering, the conversion rate applicable to each share of class B common stock will be _____ shares of class A common stock per share of class B common stock and the conversion rate applicable to each share of class C common stock will be one-to-one, in each case subject to adjustments for stock splits, stock dividends, recapitalizations and similar transactions. The conversion rate applicable to our class B common stock may be further adjusted in connection with our retrospective responsibility plan.

Retrospective responsibility plan; adjustment of conversion rate of class B common stock

Our retrospective responsibility plan is designed to address potential liabilities arising from certain litigation that we refer to as the covered litigation. We developed our capital structure to implement a key principle of the retrospective responsibility plan, which is that liability for the covered litigation would remain with the members of Visa U.S.A. Pursuant to the retrospective responsibility plan, following the closing of this offering we will establish the escrow account referred to above from which settlements of, or judgments in, the covered litigation will be payable. The class B common stock that is retained by Visa U.S.A. members and not redeemed out of the net proceeds of this offering will be diluted to the extent of the initial amount of the escrow account through an adjustment to the conversion rate. As a result, immediately following this offering the conversion rate applicable to each share of class B common stock will be _____ shares of class A common stock per share of class B common stock. After the closing of this offering, we may conduct additional sales of class A common stock in order to increase the size

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of the escrow account under certain circumstances, in which case the conversion rate of the class B common stock will be subject to additional dilutive adjustments to the extent of the proceeds from those sales. See *Business Retrospective Responsibility Plan* and *Description of Capital Stock Conversion*.

Underwriter lock-up agreements

We, and our officers and directors, have agreed that we and they will not, without the prior written consent of J.P. Morgan Securities Inc. and Goldman, Sachs & Co., subject to certain exceptions, offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable for our common stock for a period of 180 days after the date of this prospectus.

In addition, we have agreed that our board of directors will not waive any of the transfer restrictions described under *Sale and transfer restrictions on class B and class C common stock* during such 180-day period.

Voting rights

Each share of class A common stock will entitle its holder to one vote.

Holders of class B and class C common stock will not have voting rights, except in the case of certain extraordinary transactions and as may be required under Delaware law. In those cases, each share will entitle its holder to vote on an as-converted basis, which means that each holder will be entitled to a number of votes equal to the number of shares of class B or class C common stock held multiplied by the applicable conversion rate.

Dividend rights

Holders of class A, class B and class C common stock are entitled to share ratably in dividends or distributions paid on the common stock, on an as-converted basis in the case of class B and class C common stock.

Dividend policy

Following this offering and subject to legally available funds, we currently intend to pay a quarterly dividend, in cash, at an annual rate initially equal to \$ _____ per share of class A common stock (representing a quarterly rate initially equal to \$ _____ per share) commencing with the quarter ended _____, 2008. Our class B and class C common stock will share ratably on an as-converted basis in such dividends. The declaration and payment of any dividends will be at the sole discretion of our board of directors after taking into account various factors, including our financial condition, operating results, capital requirements, covenants in our debt instruments and other factors that our board deems relevant.

Risk factors

See *Risk Factors* beginning on page 14 of this prospectus for a discussion of risks you should carefully consider before deciding to invest in the class A common stock.

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The class A common stock outstanding after the offering excludes _____ shares reserved for issuance as of _____, 2007 under our 2007 Equity Incentive Compensation Plan of which options to purchase _____ shares at the price per share in this offering had been granted.

Except as otherwise indicated, all information contained in this prospectus:

assumes an initial public offering price of \$ _____ per share of class A common stock (the midpoint of the range set forth on the cover of this prospectus); and

assumes no exercise by the underwriters of their right to purchase up to an additional _____ shares.

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In October 2007, we completed a reorganization in which Visa U.S.A., Visa International, Visa Canada and Inovant became direct or indirect subsidiaries of Visa Inc. The statements of operations data set forth below are derived from our unaudited pro forma condensed combined statements of operations for the nine months ended June 30, 2007 and fiscal 2006, which give effect to the reorganization and this offering, including the application of use of proceeds, as if each had occurred on October 1, 2005. The balance sheet data set forth below are derived from our audited balance sheet as of October 1, 2007. Amounts in the *as adjusted* column give effect to this offering, including the application of use of proceeds, as if it occurred on October 1, 2007.

The summary financial and other data set forth below should be read in conjunction with the information under *Unaudited Pro Forma Condensed Combined Statements of Operations*, *Overview of Financial Condition and Results of Operations of Visa Inc.* and the consolidated financial statements of Visa Inc., Visa U.S.A. and Visa International included elsewhere in this prospectus.

	Pro Forma Visa Inc.	
	Nine Months Ended June 30, 2007	Fiscal Year Ended September 30, 2006
	(unaudited)	
	(in millions, except percentages)	
Statements of Operations Data:		
Card service fees ⁽¹⁾	\$ 1,760	\$ 2,057
Data processing fees	1,193	1,412
Volume and support agreements	(499)	(890)
International transaction fees	735	791
Other revenues	538	538
Total operating revenues	\$ 3,727	\$ 3,908
Personnel	835	1,010
Facilities	78	106
Network, EDP and communications	358	473
Advertising, marketing and promotion	694	943
Professional and consulting fees	395	418
Administrative and other	109	231
Litigation obligation provision	15	23
Total operating expenses	\$ 2,484	\$ 3,204
Operating income	1,243	704
Other income, net	63	30
Income tax expense	535	297
Net income	\$ 771	\$ 437
Other Financial Data:		
Operating income as percent of operating revenues	33.4%	18.0%
Depreciation and amortization	\$ 163	\$ 245

(1) Card service fees in a given quarter are assessed based on payments volume in the prior quarter. Payments volume data for the 12-month period ending June 30 is used as the basis for recording card service fees for the fiscal year ending September 30. Payments volume data for the nine-month period ending March 31 is used as the basis for recording card service fees for the nine-month period ending June 30. See *Statistical Data* in the table below.

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	Pro Forma Visa Inc.	
	Nine Months Ended	Twelve Months Ended
	March 31, 2007 ⁽¹⁾	June 30, 2006 ⁽¹⁾ (unaudited)
	(in millions, except percentages)	
Statistical Data⁽²⁾		
Payments volume ⁽³⁾		
Credit	\$ 924,703	\$ 1,122,905
<i>Year-over-year change</i>	<i>11%</i>	<i>13%</i>
Debit	\$ 532,665	\$ 643,450
<i>Year-over-year change</i>	<i>13%</i>	<i>24%</i>
Commercial and other	\$ 202,382	\$ 231,095
<i>Year-over-year change</i>	<i>19%</i>	<i>23%</i>
Total payments volume	\$ 1,659,750	\$ 1,997,450
<i>Year-over-year change</i>	<i>12%</i>	<i>18%</i>
Cash volume ⁽⁴⁾	\$ 889,067	\$ 1,000,520
<i>Year-over-year change</i>	<i>19%</i>	<i>20%</i>
Total volume ⁽⁵⁾	\$ 2,548,817	\$ 2,997,970
<i>Year-over-year change</i>	<i>15%</i>	<i>18%</i>
Total transactions ⁽⁶⁾	32,375	38,530
<i>Year-over-year change</i>	<i>14%</i>	<i>19%</i>

- (1) Year-over-year change for the 12-month period ended June 30, 2006 and the nine-month period ended March 31, 2007 represents change compared to the same period in the prior year.
- (2) The statistical data in this table are based on quarterly operating certificates from Visa's customers and are unaudited.
- (3) Payments volume is the total monetary value of transactions for goods and services purchased with our cards. Card service fees corresponding to payments volume in a fiscal quarter are recorded in the next fiscal quarter. See footnote (1) on prior page.
- (4) Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks.
- (5) Total volume is the sum of payments volume and cash volume.
- (6) Total transactions represents transactions involving our cards as reported by our customers and includes transactions that are not processed on our VisaNet processing system.

	Visa Inc.	
	As of October 1, 2007	
	Actual	As Adjusted (unaudited)
	(in millions)	
Balance Sheet Data:		
Cash and cash equivalents	\$	\$
Short-term investment securities, available-for-sale		
Restricted cash		
Total assets		
Total debt		
Total accrued litigation obligation		
Total liabilities, including class C (series III) common stock		
Temporary equity, consisting of class C (series II) common stock		
Total equity		

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RISK FACTORS

An investment in our class A common stock involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this prospectus before investing in our class A common stock. Any of the following risks, if realized, could materially and adversely affect our revenues, operating results, profitability, financial condition, prospects for future growth and overall business. In that case, the trading price of our class A common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business

Legal and Regulatory Risks

Interchange fees are subject to significant legal and regulatory scrutiny worldwide, which may have a material adverse impact on our revenues, our prospects for future growth and our overall business.

Interchange represents a transfer of value between the financial institutions participating in an open-loop payments network such as ours. On purchase transactions, interchange fees are typically paid to issuers, which are the financial institutions that issue Visa cards to cardholders, by acquirers, which are the financial institutions that offer Visa network connectivity and payments acceptance services to merchants, in connection with transactions initiated with cards in our payments system. We set default interchange rates in the United States and some other regions, although our customers may choose to establish different bilateral or multilateral interchange rates. In certain jurisdictions, default interchange rates are set by the government and not by us. Although we administer the collection and remittance of interchange fees through the settlement process, we generally do not receive any portion of the interchange fees. Interchange fees are often the largest component of the costs that acquirers charge merchants in connection with the acceptance of payment cards. We believe that interchange fees are an important driver of system volume.

As the volume of card-based payments has increased in recent years, interchange fees, including our default interchange rates, have become subject to increased regulatory scrutiny worldwide. We believe that regulators are increasingly adopting a similar approach to interchange fees, and, as a result, developments in any one jurisdiction may influence regulatory approaches in other jurisdictions.

Interchange fees have been the topic of recent committee hearings in the U.S. House of Representatives and the U.S. Senate, as well as conferences held by a number of U.S. federal reserve banks. In addition, the U.S. House of Representatives has passed a bill that would commission a study by the Federal Trade Commission of the role of interchange fees in alleged price gouging at gas stations. Individual state legislatures in the United States are also reviewing interchange fees, and legislators in a number of states have proposed bills that purport to limit interchange fees or merchant discount rates or to prohibit their application to portions of a transaction. In addition, the Merchants Payments Coalition, a coalition of trade associations representing businesses that accept credit and debit cards, is mounting a challenge to interchange fees in the United States by seeking legislative and regulatory intervention.

Interchange fees and related practices also have been or are being reviewed by regulatory authorities and/or central banks in a number of other jurisdictions, including the European Union, Australia, Brazil, Colombia, Germany, Hungary, Mexico, New Zealand, Norway, Poland, Portugal, Romania, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom. For example:

The Reserve Bank of Australia has made regulations under legislation enacted to give it powers over payments systems. A regulation controls the costs that can be considered in setting interchange fees for Visa credit and debit cards, but does not regulate the merchant discount charged by any payment system, including competing closed-loop payments systems.

New Zealand's competition regulator, the Commerce Commission, filed a civil claim alleging that, among other things, the fixing of default interchange rates by Cards NZ Limited, Visa International,

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MasterCard and certain Visa International member financial institutions contravenes the New Zealand Commerce Act. A group of New Zealand retailers filed a nearly identical claim against the same parties before the same tribunal. Both the Commerce Commission and the retailers seek declaratory, injunctive and monetary relief.

In March 2006, Banco de México, the central bank of Mexico, reached an agreement with the Mexican Banks Association to implement a new, value-based interchange methodology. As part of Banco de México's transparency policies, details of the new interchange rates have been publicly disclosed and are available on Banco de México's web site.

If we cannot successfully defend our ability to set default interchange rates to maximize system volume, our payments system may become unattractive to issuers and/or acquirers. This result could reduce the number of financial institutions willing to participate in our open-loop multi-party payments system, lower overall transaction volumes and/or make closed-loop payments systems or other forms of payment more attractive. Issuers could also begin to charge higher fees to consumers, thereby making our card programs less desirable and reducing our transaction volumes and profitability. Acquirers could elect to charge higher merchant discount rates to merchants, regardless of the level of Visa interchange, leading merchants not to accept cards for payment or to steer Visa cardholders to alternate payment systems. In addition, issuers or acquirers could attempt to decrease the expense of their card programs by seeking incentives from us or a reduction in the fees that we charge. Any of the foregoing could have a material adverse impact on our revenues, operating results, prospects for future growth and overall business.

A finding of liability in the interchange litigation may result in substantial damages.

Since 2005, approximately 50 class action and individual complaints have been filed on behalf of merchants against Visa U.S.A., Visa International, MasterCard and other defendants, including certain Visa U.S.A. member financial institutions, which we refer to as the interchange litigation. Among other antitrust allegations, the plaintiffs allege that Visa U.S.A.'s and Visa International's setting of default interchange rates violated federal and state antitrust laws. The lawsuits have been transferred to a multidistrict litigation in the U.S. District Court for the Eastern District of New York. The class action complaints have been consolidated into a single amended class action complaint and the individual complaints are also being consolidated in the same multidistrict litigation. A similar case, filed in 2004, is on appeal by plaintiffs after having been dismissed with prejudice, and has not been transferred to the multidistrict litigation.

The plaintiffs in the interchange litigation seek damages for alleged overcharges in merchant discount fees, as well as injunctive and other relief. The plaintiffs have not yet quantified the damages they seek, although several of the complaints allege that the plaintiffs expect that damages will range in the tens of billions of dollars. Because these lawsuits were brought under the U.S. federal antitrust laws, any actual damages will be trebled and Visa U.S.A. and/or Visa International may be subject to joint and several liability among the defendants if liability is established, which could significantly magnify the effect of any adverse judgment. The interchange litigation is part of the covered litigation, which our retrospective responsibility plan is intended to address; however, the retrospective responsibility plan may not adequately insulate us from the impacts of settlements or judgments in the interchange litigation. Failure to successfully defend or settle the interchange litigation would result in liability that to the extent not covered by our retrospective responsibility plan could have a material adverse effect on our results of operations, financial condition and cash flows, or, in certain circumstances, even cause us to become insolvent. In addition, even if our direct financial exposure were covered by our retrospective responsibility plan, settlements or judgments involving the multidistrict litigation could include restrictions on our ability to conduct business, which could increase our cost of doing business and limit our prospects for future growth. See *Business Retrospective Responsibility Plan Covered Litigation The Interchange Litigation*.

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A finding of liability in the Discover litigation may result in substantial damages.

In 1998, the U.S. Department of Justice filed suit against Visa U.S.A., Visa International and MasterCard International in the U.S. District Court for the Southern District of New York. The suit alleged, among other things, that Visa U.S.A. restrained competition by prohibiting its member financial institutions from issuing certain payment cards that compete with Visa-branded cards (such as American Express or Discover), which we refer to as competing payment cards. The district court held that the prohibition constituted an unlawful restraint of trade under the U.S. federal antitrust laws, and this decision was affirmed by the Second Circuit Court of Appeals. In 2004, the U.S. Supreme Court denied our petition for certiorari, thereby exhausting all avenues for further appeal in this case. As a result of this judgment, the Visa U.S.A. bylaw that provided for the prohibition became unenforceable in October 2004 and was subsequently repealed.

Discover filed suit against Visa U.S.A., Visa International and MasterCard International, alleging that prohibiting member financial institutions from issuing competing payment cards caused it injury under the U.S. federal antitrust laws. Discover has requested that the district court give collateral estoppel effect to the court's findings in the judgment of the 1998 Department of Justice litigation. Although the district court denied that request when made at the outset of the litigation, the district court indicated it would entertain a motion by Discover for collateral estoppel at a later time. If the court were to give collateral estoppel effect to one or more issues, significant elements of Discover's claims would be established, making it more likely that Visa U.S.A. and Visa International could be found liable and that Discover would be awarded damages. Even if the court declines to give collateral estoppel effect to any of these issues, Discover may nevertheless be successful in establishing these issues in subsequent proceedings. On July 24, 2007, Discover served an expert report purporting to demonstrate that it had incurred substantial damages. Because this lawsuit was brought under the U.S. federal antitrust laws, any actual damages will be trebled and Visa U.S.A. and Visa International may be subject to joint and several liability among the defendants if liability is established, which could significantly magnify the effect of any adverse judgment.

American Express filed a suit similar to the Discover litigation against Visa U.S.A., Visa International and certain Visa U.S.A. member financial institutions. The American Express lawsuit is part of the covered litigation, which our retrospective responsibility plan is intended to address. We, Visa U.S.A. and Visa International entered into a settlement agreement with American Express that became effective on November 9, 2007. The settlement agreement in the American Express litigation will be funded through our retrospective responsibility plan.

The Discover lawsuit is also part of the covered litigation. The retrospective responsibility plan may not adequately insulate us from the impacts of settlements of, or judgments in, the Discover lawsuit. Failure to successfully defend against or settle these lawsuits would result in liability that to the extent not covered by our retrospective responsibility plan could have a material adverse effect on our results of operations, financial condition and cash flows, or, in certain circumstances, even cause us to become insolvent. See *Business Retrospective Responsibility Plan Covered Litigation*.

Our retrospective responsibility plan may not adequately insulate us from the impact of settlements and judgments in the covered litigation and will not insulate us from other pending or future litigation.

Our retrospective responsibility plan is intended to address monetary liabilities from settlements of, or final judgments in, the litigation described under the heading *Business Retrospective Responsibility Plan Covered Litigation*. The plan consists of several related mechanisms to fund settlements of, or judgments in, the covered litigation, including an escrow account funded with a portion of the net proceeds of our initial public offering and potential follow-on offerings of our common stock, a loss sharing agreement, a judgment sharing agreement and the indemnification obligation of Visa U.S.A. members pursuant to Visa U.S.A.'s certificate of incorporation and bylaws and in accordance with their membership agreements. These mechanisms are unique and complex. If we are prevented from using one or more of these mechanisms under our retrospective responsibility plan, we could

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have difficulty funding the payment of a settlement or final judgment against us in a covered litigation, which could have a material adverse effect on our results of operations, financial condition and cash flows, or, in certain circumstances, even cause us to become insolvent.

The retrospective responsibility plan does not address litigation other than the covered litigation that we currently face, including state court litigation relating to interchange, and will not cover litigation that we may face in the future, except for cases that include claims for damages relating to the period prior to our initial public offering that are transferred for pre-trial proceedings or otherwise included in the interchange litigation. In addition, our retrospective responsibility plan is designed to cover only the potential monetary liability from settlements of, or judgments in, the covered litigation. Settlements and judgments in covered litigation may require us to modify the way we do business in the future, which could adversely affect our revenues, increase our expenses and/or limit our prospects for growth. Therefore, even if our retrospective responsibility plan adequately safeguards us from the monetary impact of settlements of, or judgments in, the covered litigation, it may not be sufficient to insulate us from all potential adverse consequences of settlements and judgments in the covered litigation.

If the settlements of Visa U.S.A. s and Visa International s currency conversion cases are not ultimately approved and we are unsuccessful in any of the various lawsuits relating to Visa U.S.A. s and Visa International s currency conversion practices, our business may be materially and adversely affected.

Visa U.S.A. and Visa International are defendants in several state and federal lawsuits alleging that their currency conversion practices are or were deceptive, anti-competitive or otherwise unlawful. In particular, a trial judge in California found that the former currency conversion practices of Visa U.S.A. and Visa International were deceptive under California state law, and ordered Visa U.S.A. and Visa International to require their members to disclose the currency conversion process to cardholders in cardholder agreements, applications, solicitations and monthly billing statements. The judge also ordered unspecified restitution to credit card holders. The decision was reversed on appeal on the ground that the plaintiff lacked standing to pursue his claims. After the trial court s decision, several putative class actions were filed in California state courts challenging Visa U.S.A. s and Visa International s currency conversion practices for credit and debit cards. A number of putative class actions relating to Visa U.S.A. s and Visa International s former currency conversion practices were also filed in federal court. The federal actions have been coordinated or consolidated in the U.S. District Court for the Southern District of New York. The consolidated complaint alleges that the former currency conversion practices of Visa U.S.A. and Visa International violated federal antitrust laws.

On July 20, 2006 and September 14, 2006, Visa U.S.A. and Visa International entered into agreements settling or otherwise disposing of the federal and state actions and related matters. Pursuant to the settlement agreements, Visa U.S.A. paid approximately \$100 million as part of the defendants settlement fund for the federal actions and will pay approximately \$20 million to fund settlement of the California cases. The federal court has granted preliminary approval of the settlement agreements, but the settlement is subject to final approval by the court and resolution of all appeals. If final approval of the settlement agreements is not granted, all of the agreements resolving the federal and state actions will terminate. If that occurs, and we are unsuccessful in defending against some or all of these lawsuits, we may have to pay restitution and/or damages, and may be required to modify our currency conversion practices. The potential amount of damages and/or restitution could be substantial. In addition, although Visa U.S.A. and Visa International have substantially changed the practices that were at issue in these litigations, if the courts require further changes to our currency conversion and cross-border transaction practices, it could materially and adversely affect our business. See *Business Other Legal and Regulatory Proceedings Currency Conversion Litigation*.

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If Visa U.S.A. or Visa International is found liable in certain other lawsuits that have been brought against them or if we are found liable in other litigation to which we may become subject in the future, we may be forced to pay substantial damages and/or change our business practices or pricing structure, any of which could have a material adverse effect on our financial condition, revenues and profitability.

In recent years, numerous civil actions and investigations have been filed or initiated against Visa U.S.A. and Visa International alleging or seeking information as to violations of various competition, antitrust, consumer protection and other laws. These actions and investigations have been filed or initiated by a variety of different parties, including the U.S. Department of Justice, state attorneys general, merchants, consumers, competing card-issuing companies and other plaintiffs. Examples of such claims, which are described more fully under *Business Other Legal and Regulatory Proceedings*, include the following:

various state court actions based on a federal merchant class action lawsuit that Visa U.S.A. settled in 2003, alleging unlawful tying of credit and debit card services, attempted monopolization and other state law competition claims;

a patent infringement claim against Visa U.S.A. and Visa International involving the Verified by Visa product;

a claim of patent infringement, misrepresentation, breach of contract and antitrust violations against Visa International relating to a license agreement for smart card technology;

two state unfair competition law claims, one against Visa U.S.A. and Visa International based in part on Visa U.S.A.'s past practice of prohibiting member financial institutions from issuing certain competing payment cards, and another against Visa U.S.A. and Visa International alleging failure to inform cardholders of a security breach in a timely manner;

a promissory estoppel and misrepresentation claim against Visa U.S.A. and Visa International regarding deferment of a deadline for laboratory certification of ATM devices meeting heightened data encryption standards;

a trademark infringement claim against Visa International in Venezuela in connection with the Visa Vale product;

a civil investigative demand to Visa U.S.A. from the Office of the Attorney General for the District of Columbia, in coordination with the Attorneys General of New York and Ohio, seeking information regarding practices related to PIN debit cards;

a patent infringement claim against Visa U.S.A. and Visa International regarding certain Visa contactless payment technology;

a patent infringement claim against Visa U.S.A. regarding prepaid card products; and

two civil investigative demands issued by the Antitrust Division of the U.S. Department of Justice to Visa U.S.A., one concerning PIN debit and Visa U.S.A.'s No Signature Required Program, and the other regarding Visa U.S.A.'s agreements with financial institutions that issue Visa debit cards, respectively.

Private plaintiffs often seek class action certification in cases against us, particularly in cases involving merchants and consumers, due to the size and scope of our business and the large number of parties that are involved in our payment system. Although our retrospective responsibility plan is intended to address potential monetary liabilities arising from the specific litigation described under the heading *Business Retrospective Responsibility Plan Covered Litigation*, the plan does not cover other litigation that we currently face, and will not cover litigation, including state court litigation, that we may face in the future, except for cases that include claims for damages relating to the period prior to our initial

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public offering that are transferred for pre-trial proceedings or otherwise included in the interchange litigation. We cannot predict whether or to what extent we will be subject to litigation liability that is not covered by our retrospective responsibility plan. If we are unsuccessful in our defense against any of the proceedings described above or in any future proceedings, we may

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be forced to pay substantial damages and/or change our business practices or our pricing structure, any of which could have a material adverse effect on our revenues, operating results, prospects for future growth and overall business.

We have received, and we may in the future receive, notices or inquiries from other companies suggesting that we may be infringing a pre-existing patent or that we need to license use of their patents to avoid infringement. Such notices may, among other things, threaten litigation against us. Holders of patents may pursue claims against us in the future if they believe their patents are being infringed by our product or service offerings. Based on our experience with such claims to date, we do not believe that any such claims would prevent us from continuing to operate our payments system or market any of our significant core products and services in substantially the same or equivalent manner as we have to date.

Limitations on our business and other penalties resulting from litigation or litigation settlements may materially and adversely affect our revenues and profitability.

Certain limitations have been placed on our business in recent years as a result of litigation and litigation settlements. For example, as a result of the June 2003 settlement of a U.S. merchant lawsuit against Visa U.S.A., merchants are able to reject Visa consumer debit cards in the United States while still accepting other Visa-branded cards, and vice versa. In addition, following the final judgment entered in the litigation the U.S. Department of Justice, or DOJ, brought against Visa U.S.A. and Visa International in 1998, as of October 2004, members of Visa U.S.A. may issue certain competing payment cards. Since this final judgment, several members of Visa U.S.A. have begun to issue, or have announced that they will issue, American Express or Discover-branded cards. See *Business Other Legal and Regulatory Proceedings Department of Justice Antitrust Case and Related Litigation*.

In addition, pursuant to a court order, certain Visa U.S.A. debit issuers may be able to terminate some parts of their agreements with us. Visa U.S.A.'s bylaws provided that a settlement service fee was to be paid by certain Visa U.S.A. members that shifted a substantial portion of their offline debit card volume to another debit brand unless that shift was to the American Express or Discover brands. In June 2007, a federal court ruled that the settlement service fee violated the final judgment entered in the case the DOJ brought against Visa U.S.A., Visa International and MasterCard in 1998. See *Business Other Legal and Regulatory Proceedings Department of Justice Antitrust Case and Related Litigation*. As a remedy, the court ordered Visa U.S.A. to repeal the settlement service fee bylaw. Further, any Visa U.S.A. debit issuer subject to the settlement service fee prior to its repeal that entered into an agreement with Visa U.S.A. that includes offline debit issuance on or after June 20, 2003 is now permitted to terminate that agreement, provided that the issuer has entered into an agreement to issue MasterCard-branded debit cards and has repaid to Visa U.S.A. any unearned benefits or financial incentives under its Visa U.S.A. agreement. The settlement service fee bylaw was rescinded as of the effective date of the order, but Visa U.S.A. has appealed other aspects of the court's decision, including the contract termination portion of the court's remedy. See *Business Other Legal and Regulatory Proceedings Department of Justice Antitrust Case and Related Litigation*.

The developments discussed above and any future limitations on our business resulting from settlements of, or judgments in, pending or potential litigation could limit the fees we charge and reduce our payments volume, which could materially and adversely affect our revenues, operating results, prospects for future growth and overall business.

The payments industry is the subject of increasing global regulatory focus, which may result in costly new compliance burdens being imposed on us and our customers and lead to increased costs and decreased payments volume and revenues.

We and our customers are subject to regulations that affect the payments industry in the many countries in which our cards are used. Regulation of the payments industry has increased significantly in recent years. Examples of such regulation include:

Anti-money laundering regulation. Most jurisdictions in which we and our customers operate have implemented, amended or have pending anti-money laundering regulations, such as the U.S.A.

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PATRIOT Act, which requires the creation and implementation of comprehensive anti-money laundering programs.

U.S. Treasury Office of Foreign Assets Control regulation. Visa U.S.A. and Visa International are subject to regulations imposed by the U.S. Treasury Office of Foreign Assets Control, or OFAC. OFAC restricts financial dealings with Cuba, Iran, Myanmar and Sudan, as well as financial dealings with certain restricted parties, such as identified money laundering fronts for terrorists or narcotics traffickers. While we prohibit financial institutions that are domiciled in those countries or are restricted parties from being Visa members, many Visa International members are non-U.S. financial institutions, and thus are not subject to OFAC restrictions. Accordingly, our payments system may be used for transactions in or involving countries or parties subject to OFAC-administered sanctions.

Regulation of the price of credit. In recent years, a number of regulations relating to the price of credit have been implemented in some jurisdictions in which our cards are used. In the United States, regulators and the U.S. Congress have increased their scrutiny of our customers' pricing and underwriting standards relating to credit. For example, a number of regulations have been issued to implement the U.S. Fair and Accurate Credit Transactions Act, and other regulations are expected to be issued in 2007. One such regulation pertaining to risk-based pricing could have a significant impact on the application process for credit cards and result in increased costs of issuance and/or a decrease in the flexibility of card issuers to set the price of credit. Any regulation in this regard could result in a decrease in our payments volume and revenues.

Regulation of Internet transactions. Many jurisdictions in which our customers and we operate are considering, or are expected to consider, legislation concerning Internet transactions, and in particular with regard to choice of law, the legality of certain e-commerce transactions, the collection of applicable taxes and copyright and trademark infringement. Such legislation may make it less desirable or more costly to complete Internet transactions using our cards.

Safety and soundness regulation. In recent years, federal banking regulators in the United States have adopted a series of regulatory measures intended to require more conservative accounting, greater risk management and higher capital requirements for bank credit card activities, which may make becoming an issuer of our cards less attractive.

Increased regulatory focus in connection with the matters discussed above may increase our costs, which could materially and adversely affect our financial performance. Similarly, increased regulatory focus on our customers may cause a reduction in payments volume, which could materially adversely affect our revenues, operating results, prospects for future growth and overall business.

Existing and proposed regulation in the areas of consumer privacy and data use and security could decrease the number of payment cards issued, our payments volume and revenues.

We and our customers are subject to regulations related to privacy and data use and security in the jurisdictions in which we do business, and we could be adversely affected by these regulations. For example, in the United States, we and our customers are subject to the banking regulators' information safeguard rules and the Federal Trade Commission's rules under the Gramm-Leach-Bliley Act. The rules require that we and our customers develop, implement and maintain written, comprehensive information security programs containing safeguards that are appropriate to our size and complexity, the nature and scope of our activities, and the sensitivity of any customer information at issue.

In recent years, there has been heightened legislative and regulatory focus on data security, including requiring consumer notification in the event of a data breach. In the United States, a number of bills have been introduced in Congress and there have been several Congressional hearings to address these issues. Congress will likely consider data security/data breach legislation in 2007 that, if implemented, could affect our customers and us. In addition, a number of U.S. states have enacted security breach legislation requiring varying levels of

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consumer notification in the event of a security breach, and several other states are considering similar legislation.

Regulation of privacy, data use and security may materially increase our costs and our customers' costs and may decrease the number of our cards that our customers issue, which could materially and adversely affect our profitability. Our failure, or the failure of our customers, to comply with the privacy and data use and security laws and regulations to which we are subject could result in fines, sanctions and damage to our global reputation and our brand.

Government actions may prevent us from competing effectively against providers of domestic payments services in certain countries, which could adversely affect our ability to maintain or increase our revenues.

Governments in certain countries have acted, or could act, to provide resources or protection to selected national payment card providers or national payment processing providers to support domestic competitors or to displace us from, prevent us from entering into, or substantially restrict us from participating in, particular geographies. For example, our members in China are not permitted to issue our cards for domestic use in China. Governments in certain countries that were formerly part of the Soviet Union have considered similar restrictions from time to time. Our efforts to effect change in countries where our access to the domestic payments segment is limited may not be successful, which could adversely affect our ability to maintain or increase our revenues and extend our global brand.

If government regulators determine that we are a systemically important payments system, we may have to change our settlement procedures or other operations, which could make it more costly to operate our business and reduce our operational flexibility.

A number of international initiatives are underway to maintain financial stability by strengthening financial infrastructure. The Committee on Payment and Settlement Systems of the central banks of the Group of Ten countries has developed a set of core principles for systemically important payment systems. Government regulators in the United States or elsewhere may determine that we are a systemically important payments system and impose settlement risk management requirements on us, including new settlement procedures or other operational rules to address credit and operational risks or new criteria for member participation and merchant access to our payments system. Any of these developments could make it more costly to operate our business.

Our framework agreement with Visa Europe includes indemnity obligations that could expose us to significant liabilities.

Under our framework agreement with Visa Europe, we are required to indemnify Visa Europe for losses resulting from any claims in the United States or anywhere else outside of Visa Europe's region arising from our or their activities that relate to our payments business or the payments business of Visa Europe. This obligation applies whether or not we or any of our related parties or agents participated in the actions that gave rise to such claims. Such an obligation could expose us to significant liabilities for activities over which we have little or no control. These liabilities would not be covered by our retrospective responsibility plan.

Business Risks

We face intense competitive pressure on customer pricing, which may materially and adversely affect our revenues and profitability.

We generate revenues from fees we charge our customers that are based on payments volume, transaction messages processed and various other services we provide. In order to increase payments volume, enter new market segments and expand our card base, we offer incentives to customers, such as up-front cash payments, fee discounts, credits, performance-based growth incentives, marketing support payments and other support, such as

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marketing consulting and market research studies. Over the past several years, we have increased our use of incentives such as up-front cash payments and fee discounts in many countries, including the United States. In order to stay competitive, we may have to continue to increase our use of incentives. Such pricing pressure may make the provision of certain products and services less profitable or unprofitable and materially and adversely affect our operating revenues and profitability. To the extent that we continue to increase incentives to our customers, we will need to further increase payments volume or the amount of services we provide in order to benefit incrementally from such arrangements and to increase revenues and profit, and we may not be successful in doing so. In addition, we enter into long-term contracts with certain customers, and continued pressure on fees could prevent us from entering into such agreements in the future on terms that we consider favorable or may require us to modify existing agreements in order to maintain relationships. Increased pricing pressure also enhances the importance of cost containment and productivity initiatives in areas other than those relating to customer incentives, and we may not succeed in these efforts.

Our operating results may suffer because of intense competition in the global payments industry.

The global payments industry is intensely competitive. Our payment programs compete against all forms of payment, including cash, checks and electronic transactions such as wire transfers and automated clearing house payments. In addition, our payment programs compete against the card-based payments systems of our competitors, such as MasterCard, American Express, Discover and private-label cards issued by merchants.

Some of our competitors may develop substantially greater financial and other resources than we have, may offer a wider range of programs and services than we offer, may use more effective advertising and marketing strategies to achieve broader brand recognition or merchant acceptance than we have or may develop better security solutions or more favorable pricing arrangements. Our competitors may also introduce more innovative programs and services than ours.

Certain of our competitors, including American Express, Discover, private-label card networks and certain alternative payments systems, operate closed-loop payments systems with direct connections to both merchants and consumers, without involving intermediaries. These competitors seek to derive competitive advantages from their business models. For example, operators of closed-loop payments systems tend to have greater control over consumer and merchant customer service than operators of open-loop multi-party payments systems such as ours, in which we must rely on our issuing and acquiring financial institution customers. In addition, these competitors have not attracted the same level of legal or regulatory scrutiny of their pricing and business practices as have operators of open-loop multi-party payments systems such as ours.

We also expect that there may be changes in the competitive landscape in the future, including:

Competitors, customers and other industry participants may develop products that compete with or replace value-added services we currently provide to support our transaction processing. For example, in recent years some of our competitors and members have begun to compete with our currency conversion services by providing dynamic currency conversion services. Dynamic currency conversion is a service offered or facilitated by a merchant or processor that allows a cardholder to choose to have a transaction converted from the merchant's currency into the cardholder's billing currency at the point of sale in real-time, thereby bypassing our currency conversion processes. Dynamic currency conversion services could, if significant numbers of cardholders choose to use them, replace our own currency conversion processing services or could force us to change our pricing or practices for these services. If we process fewer transactions or are forced to change our pricing or practices for our currency conversion processing because of competing dynamic currency conversion services or otherwise, our revenues may be materially and adversely affected.

Parties that process our transactions in certain countries may try to eliminate our position in the payments value chain. For example, merchants could process transactions directly with issuers, or processors could process transactions directly between issuers and acquirers.

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Participants in the payments industry may merge, create joint ventures or form other business combinations that may strengthen their existing business propositions or create new payment services that compete with our services.

Competition from alternative types of payment services, such as online payment services and services that permit direct debit of consumer checking accounts or automatic clearing house, or ACH, payments, may increase.

Our failure to compete effectively against any of the foregoing competitive threats, could materially and adversely affect our revenues, operating results, prospects for future growth and overall business.

Our operating revenues would decline significantly if we lost one or more of our largest customers, which could have a material adverse impact on our business.

A significant portion of our operating revenues are concentrated among our largest customers. Our pro forma operating revenues from our four largest customers represented approximately \$847.9 million, or 23%, and \$870.9 million, or 22%, of our total pro forma operating revenues for the nine months ended June 30, 2007 and fiscal 2006, respectively. In addition, our pro forma operating revenues from JPMorgan Chase accounted for \$367.6 million, or 10%, and \$408.5 million, or 10%, of our pro forma operating revenues for the nine months ended June 30, 2007 and fiscal 2006, respectively. Most of our larger customer relationships are not exclusive and in certain circumstances (including, in some cases, on relatively short notice) may be terminated by our customers. Our customers can reassess their commitments to us at any time in the future and/or develop their own competitive services. Loss of business from any of our largest customers could have a material adverse effect on our business.

Consolidation of the banking industry could result in our losing business and may create pressure on the fees we charge our customers, which may materially and adversely affect our revenues and profitability.

Over the last several years, the banking industry has undergone substantial consolidation, and we expect this trend to continue in the future. Significant ongoing consolidation in the banking industry may result in one of our largest customers being acquired by an institution that has a strong relationship with a competitor, resulting in a substantial loss of business. In addition, one or more of our customers could seek to merge with or acquire one of our competitors, and any such transaction could have a material adverse effect on our business and prospects.

Continued consolidation in the banking industry would also reduce the overall number of our customers and potential customers and could increase the bargaining power of our remaining customers and potential customers. This consolidation could lead financial institutions to seek greater pricing discounts or other incentives with us. In addition, consolidation could prompt our existing customers to seek to renegotiate their pricing agreements with us to obtain more favorable terms. Pressure on the fees we charge our customers caused by such consolidation could materially and adversely affect our revenues, operating results, prospects for future growth and overall business.

Merchants are pursuing litigation and supporting regulatory proceedings relating to the costs associated with payment card acceptance and are negotiating incentive arrangements, including pricing discounts, all of which may increase our costs and materially and adversely affect our profitability.

We rely in part on merchants and their relationships with our customers to maintain and expand the acceptance of our payment cards. We believe that consolidation in the retail industry is producing a set of larger merchants that are having a significant impact on all participants in the global payments industry. For instance, some large merchants are bringing lawsuits against us with regard to, or advocating regulation of, interchange fees, which may represent a significant cost that merchants pay to accept payment cards. The emphasis

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merchants are placing on the costs associated with payment card acceptance may lead to additional regulation and litigation, which would not be covered by our retrospective responsibility plan and which could impair our revenues, operating results, prospects for future growth and overall business.

We, along with our customers, negotiate pricing discounts and other incentive arrangements with certain large merchants to increase acceptance of our payment cards. If merchants continue to consolidate, we and our customers may have to increase the incentives provided to certain larger merchants, which could materially and adversely affect our revenues, operating results, prospects for future growth and overall business.

Certain financial institutions have exclusive, or near exclusive, relationships with our competitors to issue payment cards, and these relationships may adversely affect our ability to maintain or increase our revenues.

Certain financial institutions have long-standing exclusive, or near exclusive, relationships with our competitors to issue payment cards, and these relationships may make it difficult or cost-prohibitive for us to do material amounts of business with them in order to increase our revenues. In addition, these financial institutions may be more successful and may grow faster than the financial institutions that primarily issue our cards, which could put us at a competitive disadvantage.

We depend significantly on our relationships with our customers and other third parties to deliver services and manage our payments system. As a result, our success and reputation are significantly dependent on the success of our customers and the quality of the services they provide. If we are unable to maintain those relationships, or if third parties on which we depend fail to deliver services on our behalf, our business may be materially and adversely affected.

We are, and will continue to be, significantly dependent on relationships with our customers and their relationships with cardholders and merchants to support our programs and services. We do not issue cards, extend credit to cardholders or determine the interest rates (if applicable) or other fees charged to cardholders using cards that carry our brands. Each issuer determines these and most other competitive card features. In addition, we do not generally solicit merchants to accept our cards and we do not establish the discount rates that merchants are charged for card acceptance, which are responsibilities of acquirers. As a result, the success of our business significantly depends on the continued success and competitiveness of our customers and the strength of our relationships with them.

Outside of the United States and certain other countries, most domestic (as opposed to cross-border) transactions conducted using our payment cards are authorized, cleared and settled by our customers or other processors without involving our processing systems. Because we do not provide domestic transaction processing services in these countries, do not generally have direct relationships with merchants and never have direct relationships with cardholders, we depend on our close working relationships with our customers to effectively manage the processing of transactions involving our cards. Our inability to control the end-to-end processing on cards carrying our brands in many countries may put us at a competitive disadvantage by limiting our ability to ensure the quality of the services supporting our brand.

In addition, we depend on third parties to provide various services on our behalf and to the extent that any third party vendors fail to deliver services, our business and reputation could be impaired.

Our brands and reputation are key assets of our business and may be affected by how we are perceived in the marketplace.

Our brands and their attributes are key assets of our business. The ability to attract and retain consumer cardholders and corporate clients to Visa-branded products is highly dependent upon the external perceptions of our company and our industry. Our business may be affected by actions taken by our customers that impact the perception of our brands. From time to time, our customers may take actions that we do not believe to be in the

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best interests of our brands, such as creditor practices that may be viewed as predatory, which may materially and adversely impact our business. Adverse developments with respect to our industry may also, by association, impair our reputation, or result in greater regulatory or legislative scrutiny.

Global economic, political and other conditions may adversely affect trends in consumer spending and cross-border travel, which may materially and adversely impact our revenues, operating results, prospects for future growth and overall business.

The global payments industry depends heavily upon the overall level of consumer, business and government spending. For example, a sustained deterioration in general economic conditions, particularly in the United States and the Asia-Pacific region, where approximately 65% and 14%, respectively, of our pro forma revenues were generated for the nine months ended June 30, 2007 and, 69% and 12%, respectively, of our pro forma revenues were generated for fiscal 2006, or increases in interest rates in key countries in which we operate, may adversely affect our financial performance by reducing the number or average purchase amount of transactions involving payment cards carrying our brands. A significant portion of the revenues we earn outside the United States results from cross-border business and leisure travel, which may be adversely affected by world geopolitical, economic and other conditions, including the threat of terrorism and outbreak of diseases, such as SARS and avian flu. In particular, revenues from processing foreign currency transactions for our customers fluctuate with cross-border travel and our customers' need for transactions to be converted into their base currency. In addition, as we are principally domiciled in the United States, a negative perception of the United States could impact the perception of our company, which could materially and adversely affect our revenues, operating results, prospects for future growth and overall business.

As a guarantor of certain obligations of Visa members, we are exposed to risk of loss or insolvency if any member fails to fund its settlement obligations.

We indemnify Visa members for any loss suffered due to the failure of a member to fund its daily settlement obligations because of technical problems, a liquidity shortfall, insolvency or other reasons. In certain instances, we indemnify members even in situations in which a transaction is not processed by our system.

While we believe that we have sufficient liquidity to cover a settlement failure by any of the largest Visa members, concurrent settlement failures of more than one of our largest members or several of the smaller Visa members, or systemic operational failures that last for more than a single day, may exceed our available resources and could materially and adversely affect our business and financial condition. In addition, even if we have sufficient liquidity to cover a settlement failure, we may not be able to recover the amount of such payment and may therefore be exposed to significant losses, which could materially and adversely affect our results of operations, cash flow and financial condition.

Some Visa members are composed of groups of financial institutions. Some of these members have elected to limit their responsibility for settlement losses arising from the failure of their constituent financial institutions in exchange for managing their constituent financial institutions in accordance with our credit risk policy. To the extent that any settlement failure resulting from a constituent financial institution exceeds the limits established by our credit risk policy, we would have to absorb the cost of such settlement failure, which could materially and adversely affect our cash flow.

If our transaction processing systems are disrupted or we are unable to process transactions efficiently, our revenues or operating results and the perception of our brands could be materially and adversely affected.

Our transaction processing systems may experience service interruptions or degradation as a result of processing or other technology malfunction, fire, natural disasters, power loss, disruptions in long distance or local telecommunications access, fraud, terrorism or accident. Our visibility in the global payments industry may

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attract terrorists and hackers to conduct physical or computer-based attacks, leading to an interruption in service, increased costs or the compromise of data security. Additionally, we rely on service providers for the timely transmission of information across our global data network. If a service provider fails to provide the communications capacity or services we require, as a result of natural disaster, operational disruption, terrorism or any other reason, the failure could interrupt our services, adversely affect the perception of our brands' reliability and materially reduce our revenues or profitability.

If we are not able to keep pace with the rapid technological developments in the payments industry to provide customers, merchants and cardholders with new and innovative payment programs and services, the use of our cards could decline, which could reduce our revenues and income.

The payments industry is subject to rapid and significant technological changes, including continuing developments of technologies in the areas of smart cards, radio frequency and proximity payment devices (such as contactless cards), e-commerce and mobile commerce, among others. We cannot predict the effect of technological changes on our business. We rely in part on third parties, including some of our competitors and potential competitors, for the development of and access to new technologies. We expect that new services and technologies applicable to the payments industry will continue to emerge, and these new services and technologies may be superior to, or render obsolete, the technologies we currently use in our card products and services. In addition, our ability to adopt new services and technologies that we develop may be inhibited by a need for industry-wide standards, by resistance from customers or merchants to such changes or by intellectual property rights of third parties. Our future success will depend, in part, on our ability to develop new technologies and adapt to technological changes and evolving industry standards.

Account data breaches involving card data stored by us or third parties could adversely affect our reputation and revenues.

We and our customers, merchants and other third parties store cardholder account information in connection with our payment cards. In addition, our customers may use third-party processors to process transactions generated by cards carrying our brands. Breach of the systems on which sensitive cardholder data and account information are stored could lead to fraudulent activity involving our cards, reputational damage and lead to claims against us. For example, in January 2007, TJX Companies, Inc., a large retailer with stores in the United States, Canada and the United Kingdom, disclosed a significant security breach in connection with card and account information, which exposed tens of millions of payment cards issued under our brands and our competitors' brands to fraudulent use. If we are sued in connection with any data security breach, we could be involved in protracted litigation. If unsuccessful in defending such lawsuits, we may be forced to pay damages and/or change our business practices or pricing structure, any of which could have a material adverse effect on our revenues and profitability. In addition, any reputational damage resulting from an account data breach at one of our customers, merchants or other third parties could decrease the use and acceptance of our cards, which could have a material adverse impact on our payments volume, revenues and future growth prospects. Finally, any data security breach could result in additional regulation, which could materially increase our costs.

An increase in fraudulent and other illegal activity involving our cards could lead to reputational damage to our brands and could reduce the use and acceptance of our cards.

Criminals are using increasingly sophisticated methods to capture cardholder account information to engage in illegal activities such as fraud and identity theft. As outsourcing and specialization become a more acceptable way of doing business in the payments industry, there are more third parties involved in processing transactions using our cards. If fraud levels involving our cards were to rise, it could lead to reputational damage to our brands, which could reduce the use and acceptance of our cards, or to greater regulation, which could increase our compliance costs.

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Visa Europe's payments system operations are becoming increasingly independent from ours, and if we are unable to maintain seamless interaction of our respective systems, our business and the global perception of the Visa brand could be impaired.

Visa Europe currently has a regionally controlled processing platform. In June 2006, Visa Europe began operating an authorization system that is separate from ours and Visa Europe plans to begin operating a transaction clearing and settlement system that is separate from ours. Because we and Visa Europe have independent processing platforms, interoperability must be maintained. Visa Europe's authorization system has experienced interruptions in service, and it could experience further interruptions in the future. To the extent that system disruptions occur, it may affect our cardholders who are traveling in Visa Europe's region and impair our reputation. The increasingly independent payments system operations of Visa Europe could present certain challenges to our business because differences between the two processing systems may make it more difficult to maintain the interoperability of our respective systems. In addition, under the framework agreement, we are restricted from requiring Visa Europe to implement certain changes that we may deem important unless we agree to pay for the implementation costs. Any of the foregoing could result in a loss of payments volume or of customers or could materially increase our costs.

Adverse currency fluctuations could decrease revenues and increase expenses.

We conduct business globally in many foreign currencies, but report our financial results in U.S. dollars. We are therefore exposed to adverse movements in foreign currency exchange rates because depreciation of non-U.S. currencies against the U.S. dollar reduces the U.S. dollar value of the non-U.S. dollar denominated revenues that we recognize and appreciation of non-U.S. currencies against the U.S. dollar increases the U.S. dollar value of expenses that we incur that are denominated in those foreign currencies. We enter into foreign currency hedging contracts to reduce the effect of adverse changes in the value of a limited number of foreign currencies and for a limited period of time (typically up to one year).

Some of our financial incentives to customers are recorded using estimates of our customers' performance. Material changes in our customers' performance compared to our estimates could have a material adverse impact on our results of operations.

In certain instances, we offer our customers financial incentives, which are typically tied to their payments volume or transaction messages processed, often under particular programs. These financial incentives are typically recorded as a reduction of revenues. We typically make estimates of our customers' performance under these programs (sometimes over several years) in order to derive our estimates of the financial incentives that we will pay them. The reduction of revenues that we record each quarter under volume and support agreements is based on these estimates. Material changes in our customers' performance compared to estimates could have a material adverse impact on our results of operations. For example, if a customer performs better than expected, we may be required to reduce future period revenues to account for the fact that we did not reduce revenues enough in prior periods. On the other hand, if a customer performs worse than expected, we may conclude that we reduced revenues by too much in previous periods.

We have significant contingent liabilities for settlement payment of all issued and outstanding travelers cheques.

As of March 31, 2007, we had over \$1 billion in contingent liabilities for settlement payment of all issued and outstanding travelers cheques. Approximately 30% of these travelers cheques were issued outside of the United States by a single issuer. While these obligations are supported in part by a bank guarantee, if the issuer were to fail to pay, we would be obligated to fund partial settlement of presented travelers cheques.

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Risks Related to our Structure and Organization

The recent change to our governance structure could have a material adverse effect on our business relationships with our customers.

Prior to our recent reorganization, a number of Visa's key members had officers who also served on the boards of directors of Visa U.S.A., Visa International, Visa Canada or the regional boards of directors of the unincorporated regions of Visa AP, Visa LAC and Visa CEMEA. As a result of our reorganization, the regional boards of directors of the unincorporated regions have been eliminated, and the boards of directors of Visa U.S.A. and Visa Canada are now comprised of management and are largely administrative in nature. In addition, although our regions are represented on our board by six of our 17 directors, the holders of our class B and class C common stock are not otherwise entitled to vote in the election of directors. As a result, the role of member-nominated and member-elected directors in our corporate governance has been reduced as a result of the reorganization. These changes could have a detrimental effect on our business relationships with members associated with a particular region. In addition, if a member that had an officer who also served on one of the regional boards of directors does not have an officer who currently serves on our board of directors, our business relationship with that member could suffer. A significant loss of revenues or payments volume attributable to such members could have a material adverse effect on our business.

Our relationship with Visa Europe is governed by our framework agreement, which gives Visa Europe very broad rights to operate the Visa business in Visa Europe's region. We have limited ability to control their operations and limited recourse in the event of a breach by Visa Europe.

Historically, Visa Europe had been subject to the same global operating rules as Visa U.S.A., Visa International and Visa Canada. These global operating rules regulate, among other things, interoperability of payment processing, brand maintenance and investment, standards for products and services, risk management, disputes between former members and acceptance standards for merchants. After the reorganization, Visa Europe, unlike Visa U.S.A., Visa International and Visa Canada, did not become our subsidiary. As a result, Visa Europe is no longer subject to the same global operating rules as our subsidiaries and customers.

Our relationship with Visa Europe is now governed by a framework agreement and a subset of operating rules that we have agreed to with Visa Europe and that we have limited ability to change in the future. Although the agreement seeks to ensure that Visa Europe operates in a manner that is acceptable to us, the contractual arrangement is untested and may not be effective in achieving this result. We have limited audit rights, and thus have limited ability to monitor their performance. The agreement provides Visa Europe with very broad latitude to operate the Visa business and use our brands and technology within Visa Europe's region and provides us limited controls over the operation of the Visa business in their region. Visa Europe is not required to spend any minimum amount promoting and building the Visa brand in its region, and the strength of the Visa global brand is contingent, in part, on the efforts of Visa Europe to maintain product and service recognition and quality in Europe. Visa Europe may develop, among other things, new brands, payment processing characteristics, products, services, risk management standards, processes for resolving disputes among its members or merchant acceptance profiles that are inconsistent with the operating rules that we apply in the rest of the world.

If we want to change a global rule or require Visa Europe to implement certain changes that would not have a positive return for Visa Europe and its members, then Visa Europe is not required to implement such rule or change unless we agree to pay for the implementation costs and expenses that Visa Europe and its members will incur as a consequence of the implementation to the extent necessary to return Visa Europe and its members to a neutral financial condition. We cannot terminate the framework agreement even in the event of Visa Europe's material uncured breach, and we can only exercise our call right to purchase Visa Europe under extremely limited circumstances. Our remedies under this agreement, if Visa Europe fails to meet its obligations, are limited. Our inability to terminate and other features of the licenses granted under the agreement may also raise issues concerning the characterization of the licenses for purposes of determining our tax treatment with respect to entering into the licenses and receiving payments thereunder. Any inconsistency in the payment processing services and products that we are able to provide could negatively affect cardholders from Visa Europe using cards in our regions or our cardholders using cards in Visa Europe's region.

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We have granted to Visa Europe the right to require us to purchase all of the outstanding shares of Visa Europe's capital stock. If Visa Europe exercises this option, we will incur a substantial financial obligation. In addition, we are required to record any change in the fair value of the put option on a quarterly basis, which will impact our net income.

We have granted Visa Europe a put right under which we will be required to purchase all of the outstanding shares of capital stock of Visa Europe from its members. Visa Europe may exercise the put option at any time after the first anniversary of this offering. The purchase price of the Visa Europe shares under the put option is based upon a formula that, subject to certain adjustments, applies the 12-month forward price-earnings multiple applicable to our common stock at the time the option is exercised to Visa Europe's projected sustainable adjusted net operating income for the same 12-month period. Upon exercise of the put option, we will be obligated, subject only to regulatory approvals and other limited conditions, to pay the purchase price within 285 days in cash or, at our option, with a combination of cash and shares of our publicly tradable common stock. The portion of the purchase price we will be able to pay in stock will be limited to the percentage of our class C (series I) common stock that at the settlement date remains subject to the transfer restrictions described under *Description of Capital Stock Transfer Restrictions*. We must pay the purchase price in cash, however, if the settlement of the put option occurs more than three years after the completion of this offering.

We will incur a substantial financial obligation if Visa Europe exercises the put option. If we are unable to pay the purchase price for the Visa Europe shares with available cash on hand, we will need to obtain third-party financing, either by borrowing funds or undertaking a subsequent equity offering. This financing may not be available to us in a sufficient amount within the required 285-day period or on terms that we deem to be reasonable. Any subsequent equity offering required to satisfy this obligation would dilute the ownership interests of our stockholders. Moreover, the acquisition of Visa Europe following an exercise of the put option would require us to integrate the operations of Visa Europe into our business, which could divert the time and attention of senior management.

We recorded the put option at its fair value in our consolidated balance sheet on October 1, 2007 as part of the reorganization. In the future, we will be required to record any change in the fair value of the put option on a quarterly basis. These adjustments will be recorded through our consolidated statements of operations, which will therefore impact our reported net income and earnings per share. Such quarterly adjustments and their resulting impact on our reported statements of operations could be significant. The existence of these charges could adversely affect our ability to raise capital and/or the price at which we can raise capital.

See *Material Contracts The Put-Call Option Agreement*.

The terms of our reorganization created financial incentives that reward net revenue growth in the four quarters ended December 31, 2007.

One of the terms of our reorganization plan was a "true up" mechanism designed to reallocate the shares initially distributed to the former members of Visa U.S.A., Visa Canada, Visa AP, Visa LAC and Visa CEMEA among themselves, based on each participating region's relative under- or over-achievement of its net revenue targets during a measurement period consisting of the four-quarter period ending with (and including) the latest quarter for which financial statements are included in this registration statement on the date it is declared effective by the SEC. We expect that the measurement period will include the four quarters ended December 31, 2007. This mechanism creates financial incentives that reward net revenue growth in the measurement period. Because comparable incentives did not exist in prior periods and will not exist in future periods, it is possible that the rate of revenue growth in the measurement period will not be representative of rates that may be expected in future periods.

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Our management team is new and does not have a history of working together.

We designated Joseph W. Saunders as our Chief Executive Officer and Chairman of our board in May 2007 and have since assembled a new management team, including John (Hans) C. Morris, our President, and Byron H. Pollitt, our Chief Financial Officer. Our success will largely depend on the ability of the new management team to work together to integrate the operations and business of Visa U.S.A., Visa International and Visa Canada, and to continue to execute our business strategy. Because our management team does not have a significant history of working together and includes individuals recruited from outside our company, they may not be able to work together effectively, which could disrupt our operations and harm our business.

Our recent reorganization will require us to make significant changes to our culture and business operations. If we fail to make this transition successfully, our business could be materially and adversely affected.

Our recent reorganization will require broad and significant changes to our culture and operations. Historically, the primary goal of Visa U.S.A., Visa International and Visa Canada has not been to maximize profit for these entities, but rather to deliver benefits to their members and enhance member opportunity and revenue. As a result of the reorganization, we now must operate our business in a way that maximizes long-term stockholder value. Many of our employees have limited experience operating in a profit-maximizing business environment.

In addition, the Visa enterprise historically has been operated under a decentralized regional structure, and each region has had substantial autonomy in its own business strategies and decisions. Our recent reorganization has resulted in a more centralized corporate governance structure in which our board of directors exerts centralized management control. We face significant challenges integrating the operations of the different regions. We may also be unable to retain and attract key employees, and we may not realize the cost savings and operational efficiencies that we currently expect. This transition will be subject to risks, expenses and difficulties that we cannot predict and may not be capable of handling in an efficient and timely manner.

Any acquisitions that we make could disrupt our business and harm our financial condition.

We may make strategic acquisitions of complementary businesses, products or technologies. If so, we may not be able to successfully finance or integrate any such businesses, products or technologies. Furthermore, the integration of any acquisition may divert management's time and resources from our core business and disrupt our operations. We may spend time and money on projects that do not increase our revenues. To the extent we pay the purchase price of any acquisition in cash, it would reduce our cash reserves, and to the extent the purchase price is paid with our stock, it could be dilutive to our stockholders. While we from time to time evaluate potential acquisitions of businesses, products and technologies, and anticipate continuing to make these evaluations, we have no present understandings, commitments or agreements with respect to any material acquisitions.

Risks Related to Our Class A Common Stock and this Offering

An active trading market for our class A common stock may not develop, which may cause our class A common stock to trade at a discount from the initial offering price and make it difficult to sell the shares you purchase.

Prior to this offering, there has been no public trading market for our class A common stock. Although we intend to file an application to have our class A common stock listed on a national securities exchange, an active public market for our class A common stock may not develop or continue. The initial public offering price per share of our class A common stock has been determined by agreement among us and the underwriters and may not be indicative of the price at which our class A common stock will trade in the public market after this offering.

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Future sales of our class A common stock could depress the market price of our class A common stock.

The market price of our class A common stock could decline as a result of sales of a large number of shares in the public market after this offering or the perception that such sales could occur. These sales, or the perception that such sales may occur, could depress the market price of our class A common stock and might make it more difficult for us or you to sell equity securities in the future.

Upon completion of this offering, we will have _____ outstanding shares of class A common stock (or _____ shares if the underwriters exercise their option to purchase additional shares in full). Except for any shares acquired by our affiliates, as that term is defined in Rule 144 under the Securities Act, any of these shares may be resold immediately in the public market.

After the completion of this offering and if the litigation committee so requests in order to increase the size of the escrow account, we will conduct follow-on offerings of our class A common stock, which we refer to as loss shares. All of the loss shares will be freely tradable without restriction or registration under the Securities Act by persons other than our affiliates.

In addition, immediately following the closing of this offering and the redemption of certain shares of class B and class C common stock as described under *Use of Proceeds*, our existing stockholders will hold _____ shares of class B common stock and _____ shares of class C common stock (other than class C (series II) common stock). Subject to limited exceptions, the class B common stock is not transferable until the later of the third anniversary of this offering and the date on which all of the covered litigation has been finally resolved. Subject to limited exceptions, the class C common stock is not transferable until the third anniversary of this offering. After the termination of these transfer restrictions, the class B and class C common stock will only be convertible into class A common stock upon transfer to a person that was not, immediately after the reorganization, a Visa member. Upon such transfer, each share of class B or class C common stock will automatically convert into class A common stock based on the applicable conversion rate in effect at the time of such transfer. All of the class A common stock issuable upon such conversion will be freely tradable without restriction or registration under the Securities Act by persons other than our affiliates.

If funds are released from escrow after the resolution of the litigation covered by our retrospective responsibility plan, holders of our class A common stock will suffer dilution as a result of a favorable adjustment to the conversion price of our class B common stock.

Our retrospective responsibility plan provides that any amounts remaining in the escrow account after the date on which all of the covered litigation is resolved will be released back to us and the conversion rate of the class B common stock then outstanding will be adjusted in favor of the holders of the class B common stock through a formula based on the released escrow amount and the market price of our class A common stock. If any funds remain in the escrow account and are released back to us, the resulting adjustment in the conversion rate of the class B common stock will result in each share of class B common stock then outstanding becoming convertible into an increased number of shares of class A common stock, which in turn will result in dilution of the interest in Visa Inc. held by the holders of class A common stock. The amount of such dilution will depend on the amount, if any, of the funds released from the escrow account and the market price of our class A common stock at the time such funds are released. See *Description of Capital Stock Conversion*.

The market price of our common stock may be volatile, which could cause the value of your investment to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as the factors listed below, could affect the market price of our class A common stock:

quarterly variations in our results of operations or the results of operations of our competitors or those of Visa Europe;

changes in earning estimates, investors' perceptions, recommendations by securities analysts or our failure to achieve analysts' earning estimates;

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the announcement of new products or service enhancements by us or our competitors;

announcements related to litigation;

potential acquisitions by us of other companies, including the exercise of the put option requiring us to purchase all of the outstanding shares of capital stock of Visa Europe from its members;

developments in our industry; and

general economic, market and political conditions and other factors unrelated to our operating performance or the operating performance of our competitors.

Certain adjustments to the conversion rate of class B common stock in connection with the creation, or additional funding, of the escrow account from which settlements of, or judgments in, the covered litigation will be payable may give rise to taxable deemed dividends for holders of class A common stock.

In connection with this offering and the creation of the escrow account from which settlements of, or judgments in, the covered litigation will be payable, there will be an adjustment, which we refer to as the first adjustment, to the conversion rate of the class B common stock, which will result in a reduction in the total number of shares of class A common stock into which the class B common stock may be converted. At the request of the litigation committee, we will consummate one or more follow-on offerings of class A common stock, the net proceeds from which will be added to the escrow account. In that case, there will be one or more subsequent adjustments, which we refer to as the potential subsequent adjustments, to the conversion rate of the class B common stock, which will result in a further reduction in the total number of shares of class A common stock into which the class B common stock may be converted (when compared to the number of shares of class A common stock into which the class B common stock was convertible after the first adjustment or after any prior potential subsequent adjustment, as the case may be).

Neither the first adjustment nor the potential subsequent adjustments should give rise to deemed distributions under Section 305 of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, to holders of our class A common stock on the grounds that such adjustments are not within the purview of Section 305 of the Code, because, for example, they are adjustments of the price paid by us to acquire property in our reorganization and, thus, are not, and do not have the effect of, distributions with respect to our class A common stock. There can be no assurance, however, that the IRS will not assert that any of the first adjustment and the potential subsequent adjustments has the result of an increase in the proportionate interest in our earnings and profits or assets to holders of our class A common stock and, accordingly, should be treated as giving rise to deemed distributions under Section 305 of the Code with respect to such class A common stock. If such a position were successfully asserted, a holder of our class A common stock would, for U.S. federal income tax purposes, be deemed to receive a distribution from us in an amount equal to the value of the increase in such holder's proportionate interest in our earnings and profits or assets reflected in such holder's class A common stock that would result from the decrease in the total number of shares of class A common stock into which the class B common stock may be converted after the first adjustment or after any potential subsequent adjustments, as the case may be. Such a deemed distribution would be characterized as a dividend to such holder, for U.S. federal income tax purposes, to the extent the deemed distribution is treated as paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Any remaining portion of such a deemed distribution will be treated first as a tax-free return of such holder's adjusted tax basis in our class A common stock and thereafter as gain. We will take the position that none of the first adjustment and the potential subsequent adjustments gives rise to deemed distributions under Section 305 of the Code to holders of our class A common stock.

We urge you to consult with your own tax advisor regarding the tax consequences under Section 305 of the Code (as well as other Code sections) of any adjustment to the conversion rate of the class B common stock in connection with the creation, or additional funding, of the escrow account from which settlements of, or judgments in, the covered litigation will be payable.

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The trading market for our class A common stock could be adversely affected because provisions of our amended and restated certificate of incorporation may limit the market-making ability of broker-dealers that are affiliated with Visa members.

Following this offering, our amended and restated certificate of incorporation will provide that no person that is a Visa member or affiliated with a Visa member will be permitted to beneficially own more than 5% of the aggregate outstanding class A common stock or certain other voting stock (or securities convertible or exchangeable into such stock) at any time, subject to a limited number of exceptions. This restriction may limit the ability of a broker-dealer that is affiliated with a Visa member to act as a market-maker in our class A common stock, although this restriction will not prevent such a broker-dealer from executing trades on an agency basis on behalf of third parties. This restriction could adversely affect the trading market for the class A common stock.

Until the third anniversary of the completion of this offering, six of our 17 directors will be individuals elected or nominated by our regions. In addition, holders of our class B common stock and class C common stock have voting rights concerning certain significant corporate transactions, and their interests in our business may be different than yours.

Our amended and restated certificate of incorporation provides that, until the third anniversary of the completion of this offering, six of our 17 directors will be individuals elected or nominated by our regions. Although holders of class B and class C common stock do not have any right to vote on those matters on which stockholders generally are entitled to vote, such holders have the right to cast a number of votes equal to the number of shares of class B common stock or class C common stock (other than the class C (series II) common stock), as applicable multiplied by the applicable conversion rate on certain significant transactions enumerated in the amended and restated certificate of incorporation, such as a proposed consolidation or merger, a decision to exit our core payments business or any other vote required by law. The holders of the class B common stock and class C common stock may not have the same incentive to approve a corporate action that may be favorable to the holders of class A common stock or their interests may otherwise conflict with those of the holders of class A common stock. See *Description of Capital Stock Voting Rights*.

Anti-takeover provisions in our governing documents and Delaware law could delay or prevent entirely a takeover attempt or a change in control.

Provisions contained in our amended and restated certificate of incorporation, bylaws and Delaware law could delay or prevent a merger or acquisition that our stockholders consider favorable. Except for limited exceptions, no person may own more than 15% of our total outstanding shares on an as-converted basis or more than 15% of any class or series of our common stock, unless our board of directors approves the acquisition of such shares. In addition, except for common stock issued to a member in connection with the reorganization, or shares issuable on conversion of such common stock, shares held by a member, a competitor, an affiliate or member of a competitor may not exceed 5% of any class of common stock. In addition:

our board of directors will be divided into three classes, with approximately one-third of our directors elected each year;

following the closing of this offering until the third anniversary of this offering, six directors will be regional directors from the former unincorporated regions of Visa International and from Visa U.S.A. and Visa Canada;

our independent directors may be removed only upon the affirmative vote of at least 80% of the outstanding shares of class A common stock;

our stockholders are not entitled to the right to cumulate votes in the election of directors;

holders of our class A common stock are not entitled to act by written consent;

our stockholders must provide timely notice for any stockholder proposals and director nominations;

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we have adopted provisions that eliminate the personal liability of directors for monetary damages for actions taken as a director, with certain exceptions;

in addition to certain class votes, a vote of 66²/₃% or more of all of the outstanding shares of our common stock then entitled to vote is required to amend certain sections of our amended and restated certificate of incorporation; and

we will be governed by Section 203 of the General Corporation Law of the State of Delaware, or DGCL, as amended from time to time, which provides that a corporation shall not engage in any business combination with any interested stockholder for a period of three years following the time that such stockholder became an interested stockholder, except under certain circumstances including upon receipt of prior board approval.

See *Description of Capital Stock Limitations on a Change of Control Amendment of Certificate of Incorporation* and *Delaware Anti-Takeover Statute*.

Our ability to pay regular dividends to holders of our class A, class B and class C common stock in the future is subject to the discretion of our board of directors and will be limited by our ability to generate sufficient earnings and cash flows.

We have not paid any cash dividends on our common stock. After the consummation of this offering, we intend to pay cash dividends on a quarterly basis on our class A, class B and class C common stock. Any future payment of dividends will be dependent upon our ability to generate earnings and cash flows. However, sufficient cash may not be available to pay such dividends. Payment of future dividends, if any, would be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, capital requirements, covenants in our debt instruments and other factors that our board of directors deems relevant. Furthermore, no dividend may be declared or paid on any class or series of common stock unless an equivalent dividend is contemporaneously declared and paid on each other class and series of common stock. If, as a consequence of these various factors, we are unable to generate sufficient earnings and cash flows from our business, we may not be able to make payments of dividends on our common stock, including our class A common stock.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may include statements regarding the period following the completion of this offering. These statements include, but are not limited to:

statements regarding the expected growth of the electronic payments industry;

expectations as to the benefits of the recent reorganization;

projections as to the future trends in the electronic payments industry, as well as our corresponding business strategies and the expected benefits derived from such strategies;

statements regarding our relationships with customers and expectations as to the future development of these relationships;

statements regarding the capabilities and advantages of our processing platform, VisaNet;

statements as to the market opportunities for certain product segments and in certain geographies, as well as our ability to take advantage of these opportunities;

statements as to future foreign and domestic regulatory changes and their impact on our business;

statements as to the impact of litigation and the operation of our retrospective responsibility plan;

expectations as to the payment of dividends; and

statements regarding the capacity of our facilities.

In addition, statements that contain the terms anticipate, believe, continue, could, estimate, expect, intend, may, plan, potential, should, will and similar expressions are intended to identify forward-looking statements. In addition, any underlying assumptions are forward-looking statements. By their nature, forward-looking statements are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from these forward-looking statements as a result of a variety of factors, including all the risks discussed in *Risk Factors* and elsewhere in this prospectus. You are cautioned not to place undue reliance on such statements, which speak only as of the date of this prospectus. Unless we are required to do so under U.S. federal securities laws or other applicable laws, we do not intend to update or revise any forward-looking statements.

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USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of class A common stock in this offering will be approximately \$ _____, or \$ _____ if the underwriters exercise their option to purchase additional shares in full, assuming an initial public offering price of \$ _____ per share (the midpoint of the range set forth on the cover of this prospectus), after deducting the underwriting discounts and commissions and estimated offering expenses.

We intend to deposit \$ _____, representing _____ % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), into an escrow account from which settlements of, or judgments in, the covered litigation described under *Business Retrospective Responsibility Plan* will be payable.

Promptly following the closing of this offering, we intend to use \$ _____ of the net proceeds to redeem _____ shares of class B common stock and _____ shares of class C common stock.

We will use the balance of net proceeds for general corporate purposes, which may include funding the \$1.146 billion aggregate redemption price for all of the class C (series II) common stock, which we intend to redeem in October 2008, and the \$ _____ redemption price for shares of class C (series III) common stock, which we will be required to redeem in October 2008 pursuant to our amended and restated certificate of incorporation. See *Unaudited Pro Forma Condensed Combined Statements of Operations*.

DIVIDEND POLICY

Following this offering and subject to legally available funds, we currently intend to pay a quarterly dividend, in cash, at an annual rate initially equal to \$ _____ per share of class A common stock (representing a quarterly rate initially equal to \$ _____ per share) commencing with the quarter ended _____, 2008. Our class B and class C common stock will share ratably on an as-converted basis in such dividends. The declaration and payment of any dividends will be at the sole discretion of our board of directors after taking into account various factors, including our financial condition, operating results, capital requirements, covenants in our debt instruments and other factors that our board of directors deems relevant.

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CAPITALIZATION

Prior to the closing of this offering, each of the regional classes of common stock will convert into class C common stock except in the case of common stock held by Visa U.S.A. and its members, which will convert into class B common stock. The following table sets forth our capitalization as of June 30, 2007:

on an actual basis as adjusted to reflect the conversion of regional shares into class B and class C common stock; and

on a pro forma basis to give effect to:

the receipt by us of estimated net proceeds of \$ from the sale of shares of class A common stock in this offering at an assumed initial public offering price of \$ per share (the midpoint of the range on the cover of this prospectus);

the application of the net proceeds of this offering as described under *Use of Proceeds*, including the retention of \$ for general corporate purposes, the redemption of shares of class B common stock and shares of class C (series I) common stock for an assumed price of \$ per share, as well as the deposit of \$, representing % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), into an escrow account from which settlements of, or judgments in, the covered litigation will be payable;

the reclassification of all of the shares of class C (series II) common stock to temporary equity reflecting our intention to redeem the class C (series II) common stock in October 2008 at an aggregate price of \$1.146 billion, subject to reduction to the extent of dividends paid by us prior to that time and other adjustments; and

the reclassification of shares of class C (series III) common stock as a liability on our balance sheet reflecting the fact that these shares, held by Visa Europe, have been called for redemption at a price equal to the price per share of our class A common stock in this offering, net of underwriting discounts and commissions, but that payment for such shares will not be made until October 2008.

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	June 30, 2007	
	Actual, As Adjusted (unaudited)	Pro Forma (unaudited)
	(in millions)	
Cash and cash equivalents	\$ 590	\$
Restricted cash		
Total cash, cash equivalents and restricted cash	\$ 590	\$
Liabilities:		
Redeemable class C (series III) common stock ⁽¹⁾	\$	\$
Total debt	49	
Temporary Equity:		
Class C (series II) common stock, shares authorized and issued pro forma ⁽¹⁾⁽²⁾		
Stockholders Equity:		
Preferred stock, \$0.0001 par value, 25,000,000 shares authorized, actual and pro forma; zero shares issued and outstanding, actual and pro forma		
Class A common stock, \$0.0001 par value, 2,001,622,245,209 shares authorized, actual, as adjusted, and pro forma; zero shares issued and outstanding, actual, as adjusted, and shares issued and outstanding, pro forma		
Class B common stock, \$0.0001 par value, 622,245,209 shares authorized, actual, as adjusted, and pro forma; shares issued and issued and outstanding, actual, as adjusted, and shares issued and issued and outstanding, pro forma		
Class C (series I, III and IV) common stock, \$0.0001 par value, 878,582,801 shares authorized, actual, as adjusted and pro forma; shares issued and outstanding, actual, as adjusted, and shares issued and outstanding, pro forma ⁽¹⁾		
Class C (series II) common stock, \$0.0001 par value, shares authorized, actual, as adjusted; and zero shares issued and outstanding, pro forma ⁽¹⁾⁽²⁾		
Additional paid-in capital		
Accumulated net income	1,191	
Accumulated other comprehensive income (loss)		
Total members /stockholders equity	1,191	
Total capitalization	\$ 1,241	

(1) We intend to redeem all class C (series II) common stock, which is classified as temporary equity in our pro forma presentation, and shares of class C (series III) common stock, which is classified as a liability in our pro forma presentation, in October 2008 for an aggregate redemption price of \$, after which all remaining class C (series III) and class C (series IV) common stock will automatically convert into class C (series I) common stock on a one-to-one basis.

(2) Immediately prior to the offering, we will issue additional shares of class C (series II) common stock pursuant to provisions of our amended and restated certificate of incorporation that require that Visa Europe s ownership of our common stock on an as-converted basis represent no less than 10% of our total outstanding share capital at all times prior to October 5, 2008. The issuance of these shares will have no cash impact and will not affect our financial results, including earnings per share, as the shares will be classified as temporary equity and all class C (series II) common stock is intended to be redeemed in October 2008 for an aggregate price of \$1.146 billion (subject to reduction to the extent of dividends paid by us prior to that time and other adjustments).

The foregoing table should be read in conjunction with *Overview of Financial Condition and Results of Operations of Visa Inc., Unaudited Pro Forma Condensed Combined Statements of Operations* and the audited consolidated financial statements and related notes of Visa Inc. included elsewhere in this prospectus.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS

The following unaudited pro forma condensed combined statements of operations have been prepared by applying pro forma adjustments to the historical audited consolidated statement of operations for fiscal 2006 and the historical unaudited interim consolidated statement of operations for the nine months ended June 30, 2007 of Visa U.S.A., Visa International and Visa Canada to give pro forma effect to the reorganization and this offering under U.S. GAAP.

The unaudited pro forma condensed combined statements of operations give effect to the reorganization and this offering, including the application of use of proceeds, as if they had occurred on October 1, 2005, except for the purposes of calculating our liability under the framework agreement with Visa Europe. See Note 3 *Visa Europe Transaction* to these unaudited pro forma condensed combined statements of operations.

We have applied pro forma adjustments to reflect the reorganization as follows:

The reorganization was accounted for as a purchase under the guidelines of Statement of Financial Accounting Standards, or SFAS, No. 141 *Business Combinations* with Visa U.S.A. deemed to be the accounting acquirer of Visa International and Visa Canada, including their respective minority interest in Inovant.

Visa Europe remains owned and governed by its European member financial institutions. Visa Europe holds an approximate 11.7% equity ownership interest in our common stock, of which 8.1% is represented by class EU (series I) and class EU (series III) common stock and 3.6% is represented by class EU (series II) common stock. Visa Europe received these shares in the reorganization in exchange for both its membership interests in Visa International and its ownership interest in Inovant. The class EU (series I) and (series III) common stock will be converted on a one-to-one basis into class C (series III) and class C (series IV) common stock prior to the completion of this offering. Further, we entered into a framework agreement with Visa Europe, which provides for trademark and technology licenses and bilateral services. See Note 3 *Visa Europe Transaction* to these unaudited pro forma condensed combined statements of operations.

We have applied pro forma adjustments to reflect the offering as follows:

Historically, Visa U.S.A. and Visa International were both eligible for a special state tax deduction pursuant to which they were not taxed on a substantial portion of the reported income on the basis that they both operated on a cooperative and mutual basis. As a result of the offering and ownership by parties other than our former member financial institutions, we will no longer be eligible to claim a special deduction pursuant to the California Revenue and Taxation Code §24405.

The application of the estimated net proceeds of this offering, as described under *Use of Proceeds*, which includes the redemption of _____ shares of class B common stock and _____ shares of class C common stock at an assumed price of \$ _____ per share (the midpoint of the range set forth on the cover of this prospectus) less underwriting discounts and commissions, and the deposit of \$ _____, representing _____ % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), into an escrow account from which settlements of, or judgments in, the covered litigation will be payable.

Reclassification of the class C (series II) common stock to temporary or mezzanine level equity, the issuance of additional class C (series II) common stock pursuant to the terms of these securities and accretion of \$42.0 million on the class C (series II) common stock from its initial fair value of \$1.104 billion to its redemption value of \$1.146 billion.

Reclassification of _____ shares of class C (series III) common stock as a liability reflecting the fact that these shares, held by Visa Europe, have been called for redemption at a price of \$ _____ per share, but that payment for such shares will not be made until October 2008.

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Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma condensed combined statements of operations. The

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unaudited pro forma condensed combined statements of operations are provided for illustrative purposes only and are not necessarily indicative of the results of operations that would have actually been reported had the reorganization and this offering occurred on the assumed date indicated, nor are they necessarily indicative of our results of operations for any future periods.

The pro forma information presented, including allocations of purchase price, was based on preliminary estimates of the fair values of assets to be acquired and liabilities to be assumed, available information and assumptions that we believe were reasonable under the circumstances. The actual adjustments to our historical consolidated financial statements upon the closing of the reorganization will be based on the net assets acquired at that date and will depend on a number of factors, including completion of the appraisal of the net assets acquired on the reorganization date. Therefore, the actual entries we will record to account for the reorganization will differ from the pro forma adjustments presented below.

The unaudited pro forma condensed combined statements of operations should be read in conjunction with the following:

the unaudited consolidated financial statements of Visa U.S.A. as of and for the nine months ended June 30, 2007;

the audited consolidated financial statements of Visa U.S.A. as of and for the year ended September 30, 2006;

the unaudited consolidated financial statements of Visa International as of and for the nine months ended June 30, 2007; and

the audited consolidated financial statements of Visa International as of and for the year ended September 30, 2006.

The above referenced financial statements are included elsewhere in the prospectus. The unaudited pro forma condensed combined statements of operations should also be read in conjunction with the information contained in *Risk Factors*, *Capitalization*, *Selected Combined Consolidated Financial and Other Data of Visa U.S.A.*, *Overview of Financial Condition and Results of Operations of Visa Inc.* and *Management's Discussion and Analysis of Financial Condition and Results of Operations of Visa U.S.A.*

Table of Contents**VISA INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****FOR THE NINE MONTHS ENDED JUNE 30, 2007****(in thousands, except share and per share data)**

	Historical				Pro Forma		Note 5	
	U.S.A.	International	Canada	Combination Adjustments	Combined Subtotal	Reorganization Adjustments	Subtotal	Pro Forma Unaudited Offering Pro Forma Visa Inc.
Operating revenues								
Card service fees	\$ 1,208,542	\$ 695,124	\$ 63,366	\$ (141,727) B	\$ 1,825,305	\$ (65,295) F	\$ 1,760,010	\$ 1,760,010
Data processing fees	1,031,724	228,102	22,705	(265) A	1,217,903	(25,193) G	1,192,710	1,192,710
				(64,363) B				
Volume and support agreements	(356,050)			(142,884) A	(498,934)		(498,934)	(498,934)
Member incentives		(142,884)		142,884 A				
International transaction fees	326,635		5,587	439,660 A	771,882	(37,022) H	734,860	734,860
International service revenues		439,660		(439,660) A				
Other revenues	387,900	137,391	8,057	265 A	431,438	106,875 I	538,313	538,313
				(139,270) B				
				37,095 C				
Total operating revenues	\$ 2,598,751	\$ 1,357,393	\$ 99,715	\$ (308,265)	\$ 3,747,594	\$ (20,635)	\$ 3,726,959	\$ 3,726,959
Operating expenses								
Personnel	\$ 529,230	\$ 286,187	\$ 11,342	\$ 7,982 C	\$ 834,741		\$ 834,741	\$ 834,741
Affiliates services		150,119	15,168	(150,119) A				
				(15,168) B				
Facilities	67,918		2,319	36,806 A	72,945	5,010 D	77,955	77,955
				(48,055) B				
				13,957 C				
Premises, equipment and software		79,950		(79,950) A				
Communication		26,976		(26,976) A				
Network, EDP and communications	259,402		1,221	70,120 A	330,117	40,148 D	358,250	358,250
				(2,112) B		(12,015) D		
				1,486 C				
Advertising, marketing and promotion	406,327	247,105	25,118	15,038 A	693,603		693,603	693,603
				15 C				
Travel and meetings		42,006		(42,006) A				
Visa international fees	129,680		13,036	(142,716) B				
Professional and consulting fees	239,303	147,793	5,627	(1,369) B	395,753		395,753	395,753
				4,399 C				
Administrative and other	38,126	38,157	2,959	173,437 A	109,086		109,086	109,086
				(146,941) B				
				3,348 C				
Litigation obligation provision	14,800			194 A	14,994		14,994	14,994
Total operating expenses	\$ 1,684,786	\$ 1,018,293	\$ 76,790	\$ (328,630)	\$ 2,451,239	\$ 33,143	\$ 2,484,382	\$ 2,484,382

See notes to unaudited pro forma condensed combined statements of operations.

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VISA INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED JUNE 30, 2007 (Continued)

(in thousands, except share and per share data)

	Historical				Combined Subtotal	Pro Forma Reorganization Adjustments	Subtotal	Note 5 Pro Forma Offering Adjustments	Unaudited Pro Forma Visa Inc.
	U.S.A.	Visa International	Visa Canada	Combination Adjustments					
Operating income	\$ 913,965	\$ 339,100	\$ 22,925	\$ 20,365	\$ 1,296,355	\$ (53,778)	\$ 1,242,577		\$ 1,242,577
Non-operating income, net		71,653		(60,652) A (11,001) B					
Other income (expenses)									
Equity in earnings of unconsolidated affiliates	37,895		750	4,744 A (42,719) B	670		670		670
Interest income (expense)	(60,226)		704	62 A (2,852) C	(62,312)		(62,312)		(62,312)
Investment income, net	72,358			52,390 A 298 C	125,046		125,046		125,046
Total other income (expense)	\$ 50,027		\$ 1,454	\$ 11,923	\$ 63,404		\$ 63,404		\$ 63,404
Income before income taxes and minority interest	963,992	410,753	24,379	(39,365)	1,359,759	(53,778)	1,305,981		1,305,981
Income tax expense/(benefit) (see Note 5)	350,855	175,547	278	18 C	526,698	(18,061) L (15,932) K	492,705	42,356	535,061
Income (loss) before minority interest	613,137	235,206	24,101	(39,383)	833,061	(19,785)	813,276	(42,356)	770,920
Minority interest income (expense)	(4,657)			3,154 B	(1,503)	1,503 J			
Net income	\$ 608,480	\$ 235,206	\$ 24,101	\$ (36,229)	\$ 831,558	\$ (18,282)	\$ 813,276	\$ (42,356)	\$ 770,920

Pro forma basic and diluted earnings per share:

Class A and C (series I, III and IV) common stock \$
Class B common stock \$
Class C (series II) common stock \$

Pro forma number of shares

outstanding, basic and diluted:

Class A and C (series I, III and IV) common stock
Class B common stock
Class C (series II) common stock

See Note 6 Pro Forma Earnings per Share.

See notes to unaudited pro forma condensed combined statements of operations.

Table of Contents**VISA INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006****(in thousands, except share and per share data)**

	Historical				Pro Forma		Note 5	
	Visa	Visa	Visa	Combination	Combined	Reorganization	Pro	Unaudited
	U.S.A.	International	Canada	Adjustments	Subtotal	Adjustments	Forma	Pro Forma
							Subtotal	Offering Pro Forma
								Visa Inc.
Operating revenues								
Card service fees	\$ 1,482,439	\$ 755,440	\$ 77,403	\$ (173,489) B	\$ 2,141,793	\$ (84,566) F	\$ 2,057,227	\$ 2,057,227
Data processing fees	1,247,969	246,744	25,430	(215) A	1,440,738	(28,913) C	1,411,825	1,411,825
				(79,190) B				
Volume and support agreements	(587,751)			(302,359) A	(890,110)		(890,110)	(890,110)
Member incentives		(302,359)		302,359 A				
International transaction fees	397,954		504	428,027 A	826,485	(35,670) H	790,815	790,815
International service fees		428,027		(428,027) A				
Other revenues	407,515	134,703	10,671	215 A	395,388	142,500 I	537,888	537,888
				(204,440) B				
				46,724 C				
Total operating revenues	\$ 2,948,126	\$ 1,262,555	\$ 114,008	\$ (410,395)	\$ 3,914,294	\$ (6,649)	\$ 3,907,645	\$ 3,907,645
Operating expenses								
Personnel	\$ 671,093	\$ 317,003	\$ 13,379	\$ 9,710 C	\$ 1,011,185	\$ (1,107) E	\$ 1,010,078	\$ 1,010,078
Affiliates services		212,144	20,630	(212,144) A				
				(20,630) B				
Premises, equipment and software		105,245		(105,245) A				
Facilities	89,298		2,600	50,111 A	101,109	5,125 D	106,234	106,234
				(61,384) B				
				20,484 C				
Communications		33,423		(33,423) A				
Network, EDP and communications	327,593		1,531	88,557 A	417,162	58,074 D	472,670	472,670
				(2,645) B		(2,566) D		
				2,126 C				
Advertising, marketing and promotion	539,258	343,922	49,051	10,634 A	942,896		942,896	942,896
				31 C				
Travel and meetings		59,275		(59,275) A				
Visa International fees	159,264		15,508	(174,772) B				
Professional and consulting fees	291,235	119,004	6,508	(4,654) B	418,059		418,059	418,059
				5,966 C				
Administrative and other	117,837	52,243	5,024	258,923 A	230,487		230,487	230,487
				(208,040) B				
				4,500 C				
Settlement risk guarantee		(150)		150 A				
Litigation obligation provision	22,878				22,878		22,878	22,878
Total operating expenses	\$ 2,218,456	\$ 1,242,109	\$ 114,231	\$ (431,020)	\$ 3,143,776	\$ 59,526	\$ 3,203,302	\$ 3,203,302

See notes to unaudited pro forma condensed combined statements of operations.

Table of Contents**VISA INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006 (Continued)****(in thousands, except share and per share data)**

	Historical				Combined	Pro Forma		Note 5 Pro Forma Offering Adjustments	Unaudited Pro Forma Visa Inc.
	Visa U.S.A.	Visa International	Visa Canada	Note 2 Combination Adjustments		Subtotal	Reorganization Adjustments		
Operating income	\$ 729,670	\$ 20,446	\$ (223)	\$ 20,625	\$ 770,518	\$ (66,175)	\$ 704,343	\$ 704,343	
Non-operating income, net		78,511		(63,505) A					
				(15,006) B					
Other income (expenses)									
Equity in earnings of unconsolidated affiliates	13,355		2,583	9,203 A	1,356		1,356	1,356	
				(23,785) B					
Interest expense	(89,539)		609	(10,152) A	(103,149)		(103,149)	(103,149)	
				(4,067) C					
Investment income, net	68,330			(62,742) A	131,450		131,450	131,450	
				378 C					
Total other income (expense)	\$ (7,854)		\$ 3,192	\$ 34,319	\$ 29,657		\$ 29,657	\$ 29,657	
Income before income taxes and minority interest	721,816	98,957	2,969	(23,567)	800,175	(66,175)	734,000	734,000	
Income tax expense/(benefit) (see Note 5)	251,338	29,202	924	14 C	281,478	(21,904) L	274,481	22,938	
						14,907 K		297,419	
Income (loss) before minority interest	470,478	69,755	2,045	(23,581)	518,697	(59,178)	459,519	(22,938)	
Minority interest income (expense)	(15,917)			10,782 B	(5,135)	5,135 J		436,581	
Net income	\$ 454,561	\$ 69,755	\$ 2,045	\$ (12,799)	\$ 513,562	\$ (54,043)	\$ 459,519	\$ (22,938)	
Pro forma basic and diluted earnings per share:									
Class A and C (series I, III and IV) common stock								\$	
Class B common stock								\$	
Class C (series II) common stock								\$	
Pro forma number of shares outstanding, basic and diluted:									
Class A and C (series I, III and IV) common stock									
Class B common stock									
Class C (series II) common stock									

See Note 6 Pro Forma Earnings per Share.

See notes to unaudited pro forma condensed combined statements of operations.

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Notes to Visa Inc. Unaudited Pro Forma

Condensed Combined Statements of Operations

(in thousands, except as noted)

1. Basis of Presentation

Background and Historical Cross-Ownership

Prior to the reorganization, the global Visa enterprise included four major separately incorporated entities: Visa U.S.A., Visa International, Visa Canada and Visa Europe. At June 30, 2007, Visa U.S.A. held a 69% ownership interest in its consolidated subsidiary, Inovant, and an estimated 26% membership interest in Visa International. The remaining 31% ownership interest in Inovant was held by Visa International (including a portion held by the members of the unincorporated regions), Visa Canada and Visa Europe. The remaining estimated 74% membership interest in Visa International was held by Visa Europe, Visa Canada and the members of the unincorporated regions. The estimated membership interests of Visa International were based on the members' dividend and dissolution rights under the bylaws of Visa International. The rights were based upon the cumulative volume-based service fees paid by members to Visa International since inception, as a percentage of total volume-based service fees received. Therefore, the percentage of ownership fluctuated over time.

Reorganization Transactions

In October 2007, we consummated a reorganization in which Visa U.S.A., Visa International, Visa Canada and Inovant became direct or indirect subsidiaries of Visa Inc., a Delaware stock corporation. Visa Europe did not become a subsidiary of Visa Inc. at the time of the reorganization, but exchanged its membership interest in Visa International and its ownership interest in Inovant for a minority shareholding in our common stock and other consideration. Additionally, we entered into a framework agreement with Visa Europe, which provides for trademark and technology licenses and bilateral services. Under these agreements, we granted to Visa Europe exclusive, irrevocable and perpetual licenses to use, within the Visa Europe region, the Visa trademarks and technology intellectual property owned by Visa Inc. and certain of its subsidiaries, in exchange for an annual fee. As a result, we and Visa Europe provide each other with transitional and ongoing services similar to those services previously provided among Visa U.S.A., Visa International, Visa Canada, Inovant and Visa Europe. Additionally, we entered into a put-call option agreement with Visa Europe. See Note 3 *Visa Europe Transaction* to these unaudited pro forma condensed combined statements of operations.

Purchase Accounting

The reorganization was accounted for as a purchase under the guidelines of SFAS No. 141 *Business Combinations* with Visa U.S.A. deemed to be the accounting acquirer of Visa International and Visa Canada. As a result of the exchange of ownership interests, Visa U.S.A. acquired the remaining ownership interest in Visa International and Inovant not previously held. This transaction was accounted for as a step acquisition with the net assets underlying the interests acquired recorded at fair value. Visa U.S.A. further acquired 100% of Visa Canada and recorded the acquisition of the underlying net assets at fair value.

Purchase Consideration

Acquired Regions

The initial allocation of our common stock to the financial institution members of the unincorporated regions of Visa International and the shareholders of Visa Canada, which we collectively refer to as the acquired regions, was based on each acquired region's projected net income contribution to the overall projected combined Visa enterprise in fiscal 2008, after giving effect to negotiated adjustments. The value of the purchase consideration conveyed to the Visa Canada and Visa International regional members was determined by valuing

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the businesses contributed after giving effect to negotiated adjustments agreed to by each party. As we were a newly created entity with no quoted market price and did not previously exist as a combined entity, we determined that purchase consideration would be more reliably measured by valuing the contributed businesses as opposed to valuing our stock exchanged. We utilized three standard valuation methodologies, which included an analysis of comparable public companies, a 2-year forward earnings multiple analysis and a precedent transaction analysis, to calculate the value of the contributed businesses.

Visa Europe

Visa Europe remains owned and governed by its European member financial institutions. The value of the purchase consideration provided to Visa Europe in exchange for its membership interest in Visa International was derived, for financial accounting reporting purposes, by valuing each of the individual elements which comprised the overall Visa Europe transaction to arrive at the residual value exchanged.

The elements that Visa Europe received included:

an approximate 11.7% ownership interest in our common stock in the form of 62,213,201 shares of class EU (series I) common stock and 549,587 shares of class EU (series III) common stock collectively representing approximately 8.1% of our outstanding capital stock, and 27,904,464 shares of class EU (series II) common stock representing approximately 3.6% of our outstanding capital stock;

a put option to require us to purchase all of the outstanding shares of capital stock of Visa Europe from its members;

irrevocable and perpetual trademark and technology licenses to use the Visa trademarks and technology-related intellectual property owned by Visa Inc., Visa U.S.A., Visa International and Inovant, which we refer to collectively as the licensors, within the Visa Europe region; and

the right to receive transitional and ongoing services similar to those services currently provided among Visa U.S.A., Visa International, Visa Canada, Inovant and Visa Europe.

The elements that we received included:

Visa Europe's membership interest in Visa International;

Visa Europe's 10% ownership interest in Inovant; and

a contingent call option to require Visa Europe to cause the Visa Europe members to convey and deliver to us all of the issued shares in the capital of Visa Europe.

We entered into a framework agreement with Visa Europe, which provides for the above described trademark and technology licenses and bilateral services. See Note 3 *Visa Europe Transaction* to these unaudited pro forma condensed combined statements of operations for a full description of all the elements of the transaction with Visa Europe including a discussion of the determination of fair value for each element.

Measurement Date

For the purpose of these unaudited pro forma condensed combined statements of operations, we preliminarily estimated the value of total purchase consideration at June 15, 2007, the date at which all parties entered into the reorganization agreement, which we refer to as the measurement date.

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Using the above described methods, we determined the total purchase consideration to be approximately \$17.3 billion as follows:

	(in thousands)
Visa Inc. stock	\$ 16,785,529
Visa Europe Put Option	417,000
Liability under Framework Agreement	134,000
 Total Purchase Consideration	 \$ 17,336,529

See Note 3 *Visa Europe Transaction* for further information regarding the Visa Europe's put option and the liability under the framework agreement.

Purchase Consideration Allocation

The following table sets forth the preliminary allocation of the estimated purchase consideration to the tangible and intangible assets acquired, liabilities assumed and goodwill, assuming that the reorganization occurred on June 30, 2007. The fair values and remaining useful lives of these net assets were estimated based on our preliminary appraisal. The actual adjustments to our historical consolidated financial statements upon the closing of the reorganization will be based on the net assets acquired at that date and will depend on a number of factors, including completion of an appraisal of the net assets acquired upon consummation. Therefore, the actual adjustments will differ from the pro forma adjustments presented.

The allocation of total purchase consideration to net tangible and intangible assets acquired and to goodwill is as follows:

	(in millions)
Net tangible assets and liabilities:	
Current assets	\$ 1,602
Non-current assets	438
Facilities, equipment, and software, net	272
Current liabilities	(1,075)
Non-current liabilities	(4,130)
Pension and post-retirement benefits	(84)
Long-term debt	(36)
Identifiable intangible assets:	
Trademark	2,751
Customer Relationships	6,079
European Franchise Right	1,415
Technology	198
Goodwill	9,906
 Total preliminary estimated purchase price	 \$ 17,336

2. Visa Canada Statements of Operations

The Visa Canada statements of operations have been adjusted for reclassifications to conform to the historical statements of operations presentation of Visa U.S.A. In addition, adjustments were applied to reflect the elimination of transactions and cross-ownership among and between Visa U.S.A., Visa International and Visa Canada. The historical statements of operations for Visa Canada was prepared in accordance with accounting principles generally accepted in Canada and reconciled to U.S. GAAP. The currency exchange rate between Canadian dollars and U.S. dollars at June 30, 2007 was used to translate all Visa Canada financial information in this pro forma presentation.

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3. Visa Europe Transaction

As part of the reorganization, we entered into a multi-element arrangement with Visa Europe. Under this agreement, for financial accounting reporting purposes, in exchange for its membership interest in Visa International and its ownership interest in Inovant, Visa Europe received the following consideration:

Class EU (Series I) and (Series III) Common Stock (Convertible into Class C (Series I), (Series III) and (Series IV) Common Stock)

At the date of reorganization, Visa Europe received an approximate 8.1% ownership interest in our common stock in the form of class EU (series I) and class EU (series III) common stock. We classified the class EU (series I) and (series III) common stock as permanent equity after the date of the reorganization. The class EU (series I) and (series III) common stock will be converted on a one-to-one basis into class C (series III) and class C (series IV) common stock prior to the completion of this offering. Following the redemption described in the following paragraph, the remaining class C (series III) and class C (series IV) common stock will convert on a one-to-one basis into class C (series I) common stock.

The class C (series III) common stock is subject to mandatory redemption in the manner provided by our amended and restated certificate of incorporation. We intend to redeem _____ shares of class C (series III) common stock (the _____ class C (series III) redemption shares) on or about October 6, 2008 for a price per share equal to the price per share of our class A common stock in this offering, less underwriting discounts and commissions. Upon the closing of this offering, for financial accounting purposes, we intend to classify this stock at its redemption value as a liability in our historical consolidated balance sheet.

We determined the fair value of Visa Europe's 8.1% ownership interest in our common stock to be approximately \$3.1 billion at the date of the reorganization based on the value of the purchase consideration provided to the acquired regions in exchange for their historical membership interests in Visa International and Visa Canada.

Class EU (Series II) Common Stock (Convertible into Class C (Series II) Common Stock)

At the date of reorganization, Visa Europe received an approximate 3.6% ownership interest in our common stock in the form of class EU (series II) common stock. We classified the class EU (series II) common stock in permanent equity, as it provides equity rights similar to that of the other regional classes of shares. The class EU (series II) common stock will be converted on a one-to-one basis into class C (series II) common stock prior to the completion of this offering.

The class C (series II) common stock is subject to redemption by us. We are entitled to redeem all, but not less than all, of these shares held by Visa Europe any time after October 10, 2008. In addition, Visa Europe is entitled, through delivery of written notice, to require us to redeem all, but not less than all, of these shares at any time after December 4, 2008; however, we intend to redeem all of these shares held by Visa Europe on or about October 10, 2008. Upon the closing of this offering, for financial accounting purposes, we intend to classify this stock at its then fair value as temporary or mezzanine level equity in our historical consolidated balance sheet. Additionally, over the period from the initial public offering date to October 10, 2008, which we refer to as the accretion period, this stock will be accreted to its redemption price through our retained earnings.

To reflect the impact of this accretion on the net income available to common stockholders, we reported pro forma earnings per share using the two-class method. See Note 6 *Pro Forma Earnings per Share* to these unaudited pro forma condensed combined statements of operations. The redemption price of the class C (series II) common stock is \$1.146 billion adjusted for dividends and certain other adjustments. See *Description of Capital Stock Redemption*.

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We determined the initial fair value of the class C (series II) common stock to be approximately \$1.104 billion at the date of reorganization. We determined fair value by discounting the redemption price using a risk-free rate based on the probability and timing of the successful completion of this offering; this event would cause the class C (series II) common stock to become redeemable at the estimated redemption price on or after October 10, 2008. We estimate that the total amount of accretion will be approximately \$42.0 million, which represents the difference between its initial fair value and its redemption price assuming no payment of dividends or other applicable adjustments.

The terms of the class C (series II) common stock require Visa Europe's ownership of our common stock, on an as-converted basis, to represent no less than 10% of our total outstanding share capital at all times prior to October 10, 2008. As the shares sold in this offering will be issued shortly prior to the redemption of certain shares of class B and class C common stock, as described under *Use of Proceeds*, additional class C (series II) common stock will be issued to maintain Visa Europe's required ownership interest in Visa Inc. during such time. This issuance will not have a cash impact or affect our financial results, including earnings per share, as the shares will be classified as temporary equity and will be redeemed together with all other outstanding class C (series II) common stock for a net aggregate price of \$1.146 billion (subject to adjustment as described above) on or about October 10, 2008.

The Put-Call Option Agreement

Under the perpetual put-call option agreement between Visa Inc. and Visa Europe, we have granted Visa Europe a put right under which we are obligated to purchase from the members of Visa Europe all of the share capital of Visa Europe any time following the first anniversary of this offering. Upon exercise of the put, we are required to repurchase the shares of Visa Europe no later than 285 days after such exercise. The purchase price of the Visa Europe shares under the put option is based upon a formula that, subject to certain adjustments, applies the 12-month forward price-earnings multiple applicable to our common stock at the time the option is exercised to Visa Europe's projected sustainable adjusted net operating income for the same 12-month period. See *Material Contracts The Put-Call Option Agreement*. For the purposes of these unaudited pro forma condensed combined statements of operations, we determined that at the date of the reorganization, the fair value of the put option was approximately \$417.0 million. Subsequent to the reorganization, this liability will be carried at fair value with changes in fair value included in our historical statements of operations similar to the treatment required by of SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities* and reclassified as a short-term liability when it becomes payable within one year.

We determined the fair value of the put option using probability-weighted models designed to estimate our future liability under various future exercise scenarios. These models were designed to approximate the current value of our liability assuming Visa Europe exercised its put option at various times and under various economic conditions in the future. The key assumptions used in these models were determined based on the various elements of the put option strike price calculation and the fair value of Visa Europe. These assumptions included: Visa Europe's projected financial performance (estimated using a wide range of growth scenarios), identified synergies (estimated by approximating those a market participant would expect to realize upon combination) and our anticipated forward price-to-earnings ratio on the date of exercise (estimated based on comparable public companies and other analyses).

Further, we are entitled to purchase all of the share capital of Visa Europe from its members at any time following certain triggering dates. A triggering event will occur if: (A) there is a 25% or greater decline in the number of merchants and a 45% or greater decline in the number of automated teller machines in Visa Europe's region that accept Visa-branded products; (B) such rate of decline in each case is at least twice as much as both: (i) the average rate of decline in the number of merchants and ATMs in the Visa Europe region that accept general payment cards and (ii) the average rate of decline in acceptance, if any, in the number of merchants and ATMs outside of Visa Europe's region that accept Visa-branded cards; and (C) Visa Europe has failed to deliver and implement a remediation plan within six months of the occurrence of such events. We determined that the call option contained in the put-call option agreement has nominal value at the date of the reorganization because the conditions under which the call is exercisable are deemed remote.

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The Framework Agreement

After the reorganization, the relationship between Visa Inc. and Visa Europe is governed by a framework agreement, which provides for bilateral services and trademark and technology licenses.

Bilateral Services Agreement. Visa Inc. and Visa Europe provide each other with transitional and ongoing services similar to those services previously provided among Visa U.S.A., Visa International, Visa Canada, Inovant and Visa Europe. We provide Visa Europe with authorization services for cross-border transactions involving Visa Europe's region, on the one hand, and the rest of the world, on the other hand, as well as clearing and settlement services both within Visa Europe's region until Visa Europe's regional clearing and settlement system is deployed (at which time this service will cease) and between Visa Europe's region and the rest of the world. In addition, until Visa Europe's regional clearing and settlement system is deployed, the parties share foreign exchange revenues related to currency conversion for transactions involving European cardholders as well as other cross-border transactions that take place in Visa Europe's region. The parties also use each others switching and processing services. Visa Europe will indemnify us for any claims arising out of these services brought against us by Visa Europe's member financial institutions, and we will indemnify Visa Europe for any claims arising out of these services brought against Visa Europe by our financial institution customers.

We determined that no material value above or below fair value was exchanged in the bilateral services agreement as a result of agreeing to receive or perform these services at the specified rates. We made this determination by comparing the pricing specified in the agreement to pricing routinely charged by comparable third party service providers. As a result, we did not record an asset or liability to reflect an obligation to provide or the right to receive services at above or below fair value.

Trademark and Technology Licenses. We granted Visa Europe exclusive, irrevocable and perpetual licenses to use the Visa trademarks and technology-related intellectual property owned by us within the Visa Europe region for use in the field of financial services, payments, related information technology and information processing services and participation in the Visa system. Visa Europe's region consists of the European Union, Iceland, Israel, Liechtenstein, Monaco, Norway, San Marino, Switzerland, Turkey and Vatican City, along with other countries specified in our agreement with Visa Europe, and any other jurisdiction that becomes a full member state of the European Union in the future. Visa Europe may sublicense the Visa trademarks and technology intellectual property to its members and other sublicensees, such as processors, for use within Visa Europe's region and, in certain limited circumstances, outside the Visa Europe region.

Pricing under the licenses is governed by a formula that depends in part on the dates when certain events occur, including the closing of the Inovant U.S. holdco merger (which occurred on October 2, 2007), the closing of the reorganization (which occurred on October 3, 2007), our initial filing of the registration statement for this offering (which occurred on November 9, 2007) and the closing of this offering. For purposes of these unaudited pro forma condensed combined statements of operations, we assumed that the closing of this offering will occur on March 31, 2008.

On this basis, from October 1, 2007 through November 8, 2007, the fee for the licenses was payable at a rate of \$6.0 million per quarter. Thereafter, from November 9, 2007, the base license fee will be payable quarterly at an annual rate of \$142.5 million (\$35.6 million per quarter), and beginning November 9, 2010, this base license fee will increase annually based on the growth of the gross domestic product of the European Union.

The base license fee will be reduced by two components during the period ending October 5, 2008. First, during the period from November 9, 2007 until October 5, 2008, the annual rate of the base license fee will be reduced by an amount equal to \$1.146 billion multiplied by the three-month LIBOR rate plus 100 to 200 basis points (the nominal rate). Second, during the period from the closing date of this offering until October 5, 2008, the annual rate of the base license fee will be further reduced by an amount equal to the product of the following variables: (i) the net price per share of our class A common stock in this offering; (ii) (the number of shares of

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our class C (series III) common stock that would have been redeemed promptly out of the net proceeds of this offering, but for provisions in our amended and restated certificate of incorporation that permit Visa Europe to delay the redemption until October 6, 2008; and (iii) the nominal rate.

We determined that the base license fee, as adjusted in future periods based on the growth of the European Union gross domestic product, approximated fair value. We made this determination through an analysis of the fee rates implied by the economics of the licenses and consultation with third party valuation experts. However, due to the first and second fee reduction components, for financial accounting purposes, the trademark and technology licenses represented a contract that was below fair value.

We calculated our liability to provide these licenses at below fair value to be approximately \$134.0 million, based on the November 9, 2007 registration statement filing date, the assumed March 31, 2008 offering closing date and the applicable three-month LIBOR rate at June 30, 2007 of 5.36%. For the period October 1, 2007 through November 8, 2007, the fee for the licenses was approximately \$2.5 million, which is approximately \$12.5 million below fair value. The first fee reduction component will reduce the fee payable in the period November 9, 2007 through October 5, 2008 by approximately \$69.9 million. The second fee reduction component will further reduce the fee payable in the period March 31, 2008 through October 5, 2008 by approximately \$51.6 million. The assumptions used represent our best estimate of the future impact of these terms of the framework agreement.

The application of the three-month LIBOR rate plus 100 to 200 basis points in determining the first and second fee reduction components represented a variable interest element embedded within the framework agreement, which we will treat as an embedded derivative with changes in fair value reflected in our statement of operations under the guidelines of SFAS No. 133. This embedded derivative does not impact the unaudited pro forma condensed combined statements of operations.

4. Combination and Pro Forma Reorganization Adjustments

The following describes the combination and pro forma adjustments we applied to the unaudited pro forma condensed combined statements of operations for the nine months ended June 30, 2007 and fiscal 2006 of Visa U.S.A. and Visa International, derived from their historical financial statements included elsewhere in this prospectus, and Visa Canada, to reflect the reorganization and this offering as if they had occurred on October 1, 2005.

Combination Adjustments

A Represents reclassification adjustments made to the historical statements of operations presentation of Visa U.S.A., Visa International and Visa Canada to consistently conform the presentation of like revenues and expenses. Historically, Visa U.S.A., Visa International and Visa Canada as separate entities have applied different captions to describe similar revenues and expenses. These adjustments were applied to group similar accounts using the captions of Visa U.S.A. as the accounting acquirer. These adjustments have no impact on net income of these entities as reported in their historical financial statements.

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The following table reconciles the individual combination adjustments applied for reclassification purposes to the unaudited pro forma condensed combined statement of operations for the nine months ended June 30, 2007:

	Visa International Adjustments	Total Adjustments - Tickmark A
	(in thousands)	
Operating Revenues		
Data processing fees	\$ (265)	\$ (265)
Volume and support agreements	(142,884) AA	(142,884)
Member incentives	142,884 AA	142,884
International transaction fees	439,660 AB	439,660
International service revenues	(439,660) AB	(439,660)
Other revenues	265	265
Operating Expenses		
Affiliates services	\$ (150,119) AC	\$ (150,119)
Facilities	36,806 AD	36,806
Premises, equipment and software	(36,806) AD	(79,950)
	(43,144) AE	
Communication	(26,976) AF	(26,976)
Network, EDP and communications	43,144 AE	70,120
	26,976 AF	
Advertising, marketing and promotion	15,038 AG	15,038
Travel and meetings	(42,006) AH	(42,006)
Administration and other expenses	150,119 AC	173,437
	(15,038) AG	
	42,006 AH	
	(194)	
	(3,789)	
	392	
	(59)	
Litigation obligation provision	194	194
Non-Operating Income, net	\$ (56,179) AI	\$ (60,652)
	392	
	(4,744)	
	(121)	
Other Income (Expenses)		
Equity in earnings of unconsolidated affiliates	\$ 4,744	\$ 4,744
Interest income (expense)	(59)	62
	121	
Investment income, net	56,179 AI	52,390
	(3,789)	

AA Represents reclassifications of Visa International's member incentives to volume and support agreements to conform them to the presentation of Visa U.S.A.

AB Represents reclassifications of Visa International's international service revenues to international transaction fees to conform them to the presentation of Visa U.S.A.

AC Represents reclassifications of Visa International's affiliate services expenses to administration and other expenses to conform them to the presentation of Visa U.S.A.

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AD Represents reclassifications of Visa International's premises expenses to facilities expenses to conform them to the presentation of Visa U.S.A.

AE Represents reclassifications of Visa International's equipment expenses to network, EDP and communications expenses to conform them to the presentation of Visa U.S.A.

AF Represents reclassifications of Visa International's communication expenses to network, EDP and communications expenses to conform them to the presentation of Visa U.S.A.

AG Represents reclassifications of additional advertising and promotion expenses included in administration and other expenses to advertising, marketing and promotion expenses to conform them to the presentation of Visa U.S.A.

AH Represents reclassifications of Visa International's travel and meetings expenses to administration and other expenses to conform them to the presentation of Visa U.S.A.

AI Represents reclassifications of Visa International's interest and dividend income and expense to investment income, net, to conform them to the presentation of Visa U.S.A.

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The following table reconciles the individual combination adjustments applied for reclassification purposes to the unaudited pro forma condensed combined statement of operations for fiscal 2006:

	Visa International Adjustments	Total Adjustments - Tickmark A
	(in thousands)	
Operating Revenues		
Data processing fees	\$ (215)	\$ (215)
Volume and support agreements	(302,359) AJ	(302,359)
Member incentives	302,359 AJ	302,359
International transaction fees	428,027 AK	428,027
International service revenues	(428,027) AK	(428,027)
Other revenues	215	215
Operating Expenses		
Affiliates services	\$ (212,144) AL	\$ (212,144)
Premises, equipment and software	(50,111) AM	(105,245)
	(55,134) AN	
Facilities	50,111 AM	50,111
Communications	(33,423) AO	(33,423)
Network, EDP and communications	55,134 AN	88,557
	33,423 AO	
Advertising, marketing and promotion	10,634 AP	10,634
Travel and meetings	(59,275) AQ	(59,275)
Administration and other expenses	212,144 AL	258,923
	(10,634) AP	
	59,275 AQ	
	371	
	(150)	
	(2,017)	
	(66)	
Settlement risk guarantee	150	150
Non-Operating Income, net	\$ 371	\$ (63,505)
	(9,203) AR	
	10,086 AS	
	(64,759) AT	
Other Income (Expenses)		
Equity in earnings of unconsolidated affiliates	\$ 9,203 AR	\$ 9,203
Interest expense	(66)	(10,152)
	(10,086) AS	
Investment income, net	(2,017)	62,742
	64,759 AT	

AJ Represents reclassifications of Visa International's member incentives to volume and support agreements to conform them to the presentation of Visa U.S.A.

AK Represents reclassifications of Visa International's international service revenues to international transaction fees to conform them to the presentation of Visa U.S.A.

AL Represents reclassifications of Visa International's affiliate services expenses to administration and other expenses to conform them to the presentation of Visa U.S.A.

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AM Represents reclassifications of Visa International s premises expenses to facilities expenses to conform them to the presentation of Visa U.S.A.

AN Represents reclassifications of Visa International s equipment expenses to network, EDP and communications expenses to conform them to the presentation of Visa U.S.A.

AO Represents reclassifications of Visa International s communication expenses to network, EDP and communications expenses to conform them to the presentation of Visa U.S.A.

AP Represents reclassifications of additional advertising and promotion expenses included in administration and other expenses to advertising, marketing and promotion expenses to conform them to the presentation of Visa U.S.A.

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AQ Represents reclassifications of Visa International's travel and meetings expenses to administration and other expenses to conform them to the presentation of Visa U.S.A.

AR Represents reclassifications of Visa International's equity in earnings of unconsolidated affiliates to its own line item to conform it to the presentation of Visa U.S.A.

AS Represents reclassifications of Visa International's interest expense to its own line item to conform it to the presentation of Visa U.S.A.

AT Represents reclassifications of Visa International's interest and dividend income and expense to investment income, net, to conform them to the presentation of Visa U.S.A.

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B Represents the adjustments required to eliminate the effects of transactions and cross-ownership among and between Visa U.S.A., Visa International and Visa Canada.

The following table reconciles the individual combination adjustments applied for elimination purposes to the unaudited pro forma condensed combined statement of operations for the nine months ended June 30, 2007:

	Visa U.S.A. Adjustments	Visa International Adjustments	Visa Canada Adjustments (in thousands)	Real Estate Joint Ventures Adjustments	Total Adjustments - Tickmark B
Operating Revenues					
Card service fees	\$	\$ (141,727) BA	\$	\$	\$ (141,727)
Data processing fees	(62,088) BB	(2,275) BA			(64,363)
Other revenues	(102,216) BB			(49,181) BC	(139,270)
				11,001 BE	
				1,126 BE	
Total adjustments operating revenues					\$ (345,360)
Operating expenses					
Affiliates services	\$	\$	\$ (15,168) BB	\$	\$ (15,168)
Facilities	(41,061) BC	(8,120) BC			(48,055)
		1,126 BE			
Network, EDP and communications	(2,112) BA				(2,112)
Visa International fees	(129,680) BA		(13,036) BA		(142,716)
Professional and consulting fees		(1,369) BB			(1,369)
Administration and other expenses		(148,457) BB	826 BA		(146,941)
			690 BB		
Total adjustments operating expenses					\$ (356,361)
Non-operating income, net	\$	\$ (11,001) BE	\$	\$	\$ (11,001)
Other income (expenses)					
Equity in earnings of unconsolidated affiliates	\$ (36,229) BD	\$ (2,877) BG	\$ (277) BG	\$	\$ (42,719)
	(1,668) BF	(1,668) BF			
Minority interest income (expense)	3,154 BG				3,154
Total adjustments other income (expenses)					\$ (39,565)

BA Represents eliminations of Visa International's revenues from Visa U.S.A. and Visa Canada for services primarily related to global brand management, global product enhancements and global electronic payment systems.

BB Represents eliminations of Visa U.S.A.'s revenues from Visa International and Visa Canada for processing and development services and various license and usage rights primarily related to the VisaNet proprietary network.

BC Represents eliminations of the real estate joint ventures' rental income from Visa U.S.A. and Visa International.

BD Represents eliminations of Visa U.S.A.'s investment in Visa International and related equity in earnings of unconsolidated affiliates.

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BE Represents eliminations of the real estate joint ventures' rental expense to Visa International.

BF Represents eliminations of Visa International's and Visa U.S.A.'s equity in earnings of unconsolidated affiliates related to the real estate joint ventures.

BG Represents eliminations of minority interest expense and equity in earnings of affiliates for Visa International's and Visa Canada's investment in Inovant LLC.

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The following table reconciles the individual combination adjustments applied for elimination purposes to the unaudited pro forma condensed combined statement of operations for fiscal 2006:

	Visa U.S.A. Adjustments	Visa International Adjustments	Visa Canada Adjustments (in thousands)	Real Estate Joint Ventures Adjustments	Total Adjustments - Tickmark B
Operating Revenues					
Card service fees	\$	\$ (173,489) BH	\$	\$	\$ (173,489)
Data processing fees	(76,349) BI	(2,841) BH			(79,190)
Other revenues	(158,062) BI			(63,175) BJ	(204,440)
				15,006 BK	
				1,791 BK	
Total Adjustments Operating Revenues					\$ (457,119)
Operating Expenses					
Affiliates services	\$	\$	\$ (20,630) BI	\$	\$ (20,630)
Facilities	(52,435) BJ	(10,740) BJ			(61,384)
		1,791 BK			
Network, EDP and communications	(2,645) BH				(2,645)
Visa international fees	(159,264) BH		(15,508) BH		(174,772)
Professional and consulting fees		(4,654) BI			(4,654)
Administrative and other expenses		(210,653) BI	1,087 BH		(208,040)
			1,526 BI		
Total Adjustments Operating Expenses					\$ (472,125)
Non-Operating Income, net	\$	\$ (15,006) BK	\$	\$	\$ (15,006)
Other Income (Expenses)					
Equity in earnings of unconsolidated affiliates	\$ (13,254) BL	\$ (7,868) BN	\$ (2,460) BN	\$	\$ (23,785)
	(101) BM	(102) BM			
Minority interest income (expense)	10,782 BN				10,782
Total Adjustments Other Income (Expenses)					\$ (13,003)

BH Represents eliminations of Visa International's revenues from Visa U.S.A. and Visa Canada for services primarily related to global brand management, global product enhancements and global electronic payment systems.

BI Represents eliminations of Visa U.S.A.'s revenues from Visa International and Visa Canada for processing and development services and various license and usage rights primarily related to the VisaNet proprietary network.

BJ Represents eliminations of the real estate joint ventures' rental income from Visa U.S.A. and Visa International.

BK Represents eliminations of Visa International's rental income from the real estate joint ventures.

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BL Represents eliminations of Visa U.S.A.'s investment in Visa International and related equity in earnings of unconsolidated affiliates.

BM Represents eliminations of Visa International's and Visa U.S.A.'s equity in earnings of unconsolidated affiliates related to the real estate joint ventures.

BN Represents eliminations of minority interest expense and equity in earnings of affiliates for Visa International's and Visa Canada's investment in Inovant LLC.

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For more information regarding the inter-company transactions and cross-ownership, refer to the disclosures in the following notes to the respective audited and unaudited financial statements of Visa U.S.A. and Visa International:

Visa U.S.A.

Unaudited consolidated financial statements for the nine months ended June 30, 2007: Note 3 *Visa International, Visa Canada and Visa Europe*

Audited consolidated financial statements for the year ended September 30, 2006: Note 4 *Inovant, Inc. and Inovant LLC*, Note 5 *Visa International, Visa Canada, Visa Europe* and Note 8 *Investments in Joint Ventures*

Visa International

Unaudited consolidated financial statements for the nine months ended June 30, 2007: Note 3 *Visa Affiliates*

Audited consolidated financial statements for the year ended September 30, 2006: Note 5 *Visa Affiliates*, Note 9 *Investments in Real Estate Joint Ventures*

C Represents the adjustments necessary to record the gross revenues and expense balances related to the real estate joint ventures for the nine months ended June 30, 2007 and for fiscal 2006. Visa U.S.A. and Visa International previously each owned 50% of these real estate joint ventures and accounted for their investments under the equity method. See Note 8 *Investments in Joint Ventures* of the Visa U.S.A. audited consolidated financial statements for fiscal 2006.

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Pro Forma Reorganization Adjustments

D Represents the increase in value resulting from the preliminary allocation of purchase price to facilities, equipment and software based on our preliminary independent appraisal. The following table provides a reconciliation of the historical basis of Visa U.S.A. facilities, equipment and software to our new basis upon the application of purchase accounting:

	Facilities, Equipment and Software, Net (in thousands)
Visa U.S.A. historical basis	\$ 270,077
Minority interest	(19,954)
Net Visa U.S.A. historical basis	250,123
Visa U.S.A. historical basis in Visa International	42,671
Visa U.S.A. historical basis in real estate joint ventures (see tickmark C)	53,334
Acquired assets (see Note 1)	272,000
Reclassification adjustments ⁽¹⁾	(33,876)
Total Visa Inc. basis	\$ 584,252

(1) This adjustment reflects the reclassification of certain Visa U.S.A. technology from facilities, equipment and software to technology. The adjustment to the statements of operations represents the following pro forma adjustments to record additional non-cash amortization and depreciation expense related to the new basis of intangible and tangible definite lived assets, which were recorded on a pro forma basis at their estimated fair value.

	Visa U.S.A.	Visa Int 1, Visa Canada, Real Estate Joint Ventures Historical Expense	Pro Forma Reorganization Adjustment	Total Expense for the Nine Months Ended June 30, 2007
	Historical Expense for the Nine Months Ended June 30, 2007	for the Nine Months Ended June 30, 2007		
	(in thousands)			
Depreciation	\$ 55,748	\$ 22,469	\$ (7,005)	\$ 71,212
Amortization	38,301	13,218	40,148	91,667
Total	\$ 94,049	\$ 35,687	\$ 33,143	\$ 162,879

	Visa U.S.A.	Visa Int 1, Visa Canada, Real Estate Joint Ventures Historical Expense	Pro Forma Reorganization Adjustment	Total Expense for Fiscal 2006
	Historical Expense for Fiscal 2006	for Fiscal 2006		

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	(in thousands)			
Depreciation	\$ 81,259	\$ 33,022	\$ 2,559	\$ 116,840
Amortization	58,904	10,767	58,074	127,745
Total	\$ 140,163	\$ 43,789	\$ 60,633	\$ 244,585

The following table represents the estimated remaining useful lives we assumed for each asset class to record the adjustment to historical depreciation and amortization:

	Estimated Remaining Useful Lives
Trademark	Not depreciated
Customer relationships	Not depreciated
European franchise right	Not depreciated
Facilities	
Land	Not depreciated
Buildings and building improvements	17 to 30 years
Leasehold improvements	1 to 5 years
Furniture and fixtures	2 to 6 years
Equipment	1 to 4 years
Software	1.5 to 3 years

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E Represents the adjustments to the Visa International, Visa Canada and Inovant pension and post-retirement benefit obligations to reflect the difference between the present value of the estimated projected benefit obligation and the fair value of related plan assets, and to eliminate the unrecognized settlement losses recorded in fiscal 2006.

Visa Europe and Other Pro Forma Reorganization Adjustments

F Represents the adjustment to historical card service fees to reflect the newly negotiated fee structure for on-going service fee commitments pursuant to the bilateral services agreement. For the purposes of our unaudited pro forma condensed combined statements of operations, the adjustment reduces historical card service fees to the amount of services Visa Europe is obligated to purchase from us at fixed prices in the 21 months following the reorganization. This adjustment does not reflect additional optional card services for which Visa Europe is entitled at its discretion at fixed prices under the bilateral services agreement.

G Represents the adjustment to historical data processing fees to reflect the newly negotiated fee structure for on-going data processing services pursuant to the bilateral services agreement. For the purposes of our unaudited pro forma condensed combined statements of operations presentation, the adjustment reduces historical data processing fees to the amount we would have earned under the newly negotiated fee structure based on actual transaction volume experienced in the nine months ended June 30, 2007 and fiscal 2006. This adjustment does not reflect optional fixed fee services, for which Visa Europe is entitled at its discretion under the bilateral services agreement.

H Represents the adjustment to historical international transaction fees to reflect the impact of the new foreign exchange revenue sharing agreement with Visa Europe, pursuant to the bilateral services agreement.

I Represents the adjustments to historical other revenues to record the fee that Visa Europe will pay us pursuant to the framework agreement. The adjustments reflect the first and second fee reduction components and accretion to revenue of the loss liability recorded in purchase accounting which we have calculated based on our assumptions as detailed in Note 3 *Visa Europe Transaction The Trademark and Technology Licenses* to these unaudited pro forma condensed combined statements of operations.

J Represents the adjustment to eliminate the minority interest and minority interest income (expense) attributable to the 10% ownership interest in Inovant held by Visa Europe.

Income Tax Pro Forma Adjustments

K Represents the adjustments to the historical income tax expense for the nine months ended June 30, 2007 and for fiscal 2006, as a result of consolidating Visa U.S.A., Visa International and Visa Canada, including:

Adjustments to the tax provision of Visa U.S.A. related to Visa U.S.A.'s interest in Visa International;

Adjustments to the current state tax provision of Visa U.S.A., Visa International and Inovant to account for consolidated apportioned statutory state rates; and

Adjustments to Visa Canada related to the entity's change in status from a not-for-profit corporation to a for-profit corporation.

L Represents the adjustment to reflect the tax provision impact related to purchase accounting adjustments applied to the historical consolidated statements of operations for the nine months ended June 30, 2007 and fiscal 2006.

Table of Contents**5. Pro Forma Offering Adjustments**
Loss of California Cooperative Status

The state of California, where both Visa U.S.A. and Visa International are headquartered, historically had not taxed a substantial portion of the reported net income of these companies on the basis that both operate on a cooperative or mutual basis and were therefore eligible for a special deduction pursuant to California Revenue and Taxation Code §24405, which we refer to as the special deduction. As taxpayers eligible for the special deduction, Visa U.S.A. and Visa International were generally only subject to California taxation on non-member/owner income. Therefore, the majority of each company's income was not historically taxable.

As a result of this offering and ownership by parties other than our former member financial institutions, we will no longer be eligible to claim the special deduction and will not be exempt from California taxation. Accordingly, pro forma adjustments were applied to these unaudited pro forma condensed combined statements of operations to reflect the potential increase in our California state income tax rate, or tax expenses and benefits, as a result of losing the benefit of the special deduction.

If we did not lose eligibility for the special deduction, our state tax effective rate would decrease by approximately 3%, net of federal tax benefit. Had eligibility for the special deduction been reflected as of October 1, 2005 in the unaudited pro forma condensed combined statements of operations for fiscal 2006, our income tax expense would have been decreased and net income would have been increased by approximately \$22.9 million. A corresponding effective tax rate increase reported in the unaudited pro forma condensed combined statement of operations for the nine months ended June 30, 2007 would have resulted in a decrease in income tax expense and increase in net income of approximately \$42.4 million.

6. Pro Forma Earnings per Share
Pro Forma Shares Outstanding

Based on the assumptions detailed below, the following table sets forth, on a pro forma basis, (i) the number of shares of common stock outstanding following the reorganization and this offering, reflecting the application of \$_____ of the proceeds of this offering to redeem _____ shares of class B common stock and _____ shares of class C common stock, assuming an initial public offering price of \$_____ per share (the midpoint of the range set forth on the cover of this prospectus), and (ii) the number of shares of class A common stock issuable upon conversion of the class B common stock and class C common stock into class A common stock:

Class of Common Stock	Shares Outstanding Upon Reorganization and Offering	Class A Common Stock Outstanding or Issuable Upon Conversion of the Class B and Class C Common Stock
Class A		
Class B		
Class C (series I, III and IV) ⁽¹⁾		
Class C (series II)		
Total		

(1) This amount does not include _____ shares of class C (series III) common stock reclassified as a liability upon closing of this offering. See Note 3, *Visa Europe Transaction* to these unaudited pro forma condensed combined statements of operations.

Prior to this offering, each of the regional classes of common stock will be converted into class C common stock or, in the case of regional common stock held by members of Visa U.S.A., class B common stock.

The conversion rate applicable to any conversion of our class C common stock into class A common stock will be one-to-one, subject to adjustment for stock splits, recapitalizations and similar transactions. Assuming the

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deposit of \$ _____, representing _____ % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus) into an escrow account, the conversion rate applicable to the class B common stock into class A common stock immediately following the offering will be _____ shares of class A common stock per share of class B common stock. See *Business Retrospective Responsibility Plan*.

Calculation of Earnings per Share

Upon the closing of this offering, for financial accounting purposes, we intend to classify all class C (series II) common stock at its then fair value as temporary or mezzanine level equity in our historical consolidated balance sheet. Additionally, over the period from the closing of this offering to on or about October 10, 2008 (the date on which we intend to redeem all of these shares held by Visa Europe) we will accrete this stock to its redemption price through our retained earnings. We estimate that the total amount of accretion will be approximately \$42.0 million, which represents the difference between its initial fair value and its redemption price assuming no dividends or other applicable adjustments.

Upon the closing of this offering, for financial accounting purposes, we intend to classify the class C (series III) redemption shares as a liability, at their redemption value, in our historical consolidated balance sheet. From the date of reclassification, these shares shall be excluded from the weighted average number of shares outstanding in the calculation of basic and diluted earnings per share. However, until redeemed, the class C (series III) redemption shares will continue to share ratably (on an as-converted basis) in any dividends or distributions paid on our common stock. Such participation has no impact on the redemption value of this common stock. Therefore, in the calculation of basic and diluted earnings per share, the class C (series III) redemption shares shall be treated as participating in the allocation of net income and will proportionately reduce net income available to all remaining common stockholders.

The total amount of accretion of the class C (series II) common stock and the allocation of net income to the class C (series III) redemption shares reduces the amount of net income available to common stockholders for the purposes of calculating pro forma basic and diluted earnings per share during the period from the closing of this offering until the redemption of the class C (series II) and class C (series III) common stock. We expect to redeem the class C (series II) and the class C (series III) common stock on or about October 10, 2008. For the purposes of presenting pro forma earnings per share, we have assumed a reorganization and an initial public offering date of October 1, 2005. Under these assumptions, the class C (series II) common stock and class C (series III) redemption shares would be redeemed approximately one year after the reorganization, on or about October 10, 2006. We have therefore reported pro forma earnings per share under the two-class method for fiscal 2006 to reflect the accretion of the class C (series II) common stock to its redemption value and the allocation of net income to the class C (series III) redemption shares.

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The holders of class A, class B and class C common stock are entitled to share ratably (on an as-converted basis) in dividends or distributions paid on the common stock, regardless of class or series. Therefore under the guidelines of SFAS No. 128 *Earnings Per Share*, on a pro forma basis we have presented earnings per share using the two-class method with separate disclosure of pro forma earnings per share attributable to (i) class A common stock and class C (series I, III and IV) common stock, (ii), class B common stock, and (iii) class C (series II) common stock. Pro forma net income available to common stockholders for fiscal 2006 is calculated as follows:

	(in thousands except per share data)
Pro forma net income	\$ 436,581
Less: Accretion of class C (series II) common stock	(42,000)
Less: Amount allocated to participating class C (series III) redemption shares held by Visa Europe	
Total pro forma net income available to common stockholders	
Pro forma net income available to common stockholders:	
Class A and class C (series I, III and IV) common stock	
Class B common stock	
Class C (series II) common stock ⁽¹⁾	
Pro forma earnings per share two-class method:	
Class A and class C (series I, III and IV) common stock	
Class B common stock	
Class C (series II) common stock ⁽¹⁾	

(1) The aggregate redemption price of the class C (series II) common stock is reduced by the aggregate amount of any dividends and other distributions declared and paid. Therefore, for the purposes of calculating pro forma earnings per share, under SFAS No. 128, class C (series II) common stockholders are deemed not to participate in any distribution of pro forma net income available to other common stockholders.

Had the class C (series II) common stock and class C (series III) redemption shares been redeemed on October 1, 2005, the beginning of the period, pro forma earnings per share would have been \$ _____ per share of class A and class C (series I, III and IV) common stock and \$ _____ per share of class B common stock for fiscal 2006.

Set forth below is the pro forma net income available to common stockholders for the nine months ended June 30, 2007. This presentation reflects the redemption of all class C (series II) shares and class C (series III) redemption shares on October 1, 2006. Upon the redemption of these shares, all remaining class C (series III) and class C (series IV) common stock will automatically convert into class C (series I) common stock on a one-to-one basis, with the result that as of October 1, 2006, our outstanding shares would consist of _____ shares of class A common stock, _____ shares of class B common stock and _____ shares of class C common stock. Pro forma net income available to common stockholders for the nine months ended June 30, 2007 is calculated as follows:

	(in thousands except per share data)
Pro forma net income	\$ 770,920
Pro forma net income available to common stockholders:	
Class A and class C common stock	
Class B common stock	
Pro forma earnings per share two-class method:	
Class A and class C common stock	
Class B common stock	

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OVERVIEW OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF VISA INC.

The following overview contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under Risk Factors and elsewhere in this prospectus. We assume no obligation to update forward-looking statements or the risk factors. You should read the following discussion in conjunction with the consolidated financial statements and related notes included elsewhere in this prospectus and with the information under Unaudited Pro Forma Condensed Combined Statements of Operations.

Visa operates the world's largest retail electronic payments network and manages the world's most recognized global financial services brand. We provide financial institutions, our primary customers, with platforms that encompass consumer credit, debit, prepaid and commercial payments. We facilitate global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities. Each of these constituencies has played a key role in the ongoing worldwide migration from paper-based to electronic forms of payment, and we believe that this transformation will continue to yield significant growth opportunities in the electronic payments industry. We will continue to explore additional opportunities to enhance our competitive position by expanding the scope of payment solutions to benefit our existing customers and to position Visa to serve more and different constituencies.

Our unaudited pro forma operating revenues were \$3,727 million for the nine months ended June 30, 2007 and \$3,908 million for fiscal 2006. Revenues for the nine months ended June 30, 2007 reflect 12% growth in underlying payments volume, with double-digit growth across all product categories. Payments volume on credit products grew 16% outside the United States, accounting for 35% of our overall payments volume growth. Our pro forma operating income as a percentage of operating revenues was 33% for the nine months ended June 30, 2007 and 18% for fiscal 2006. The improvement in operating margin for the nine months ended June 30, 2007 reflects the transition to a profit-maximizing business model, particularly in regions outside the United States.

The Reorganization

In order to respond to industry dynamics and enhance Visa's ability to compete, Visa consummated a reorganization in which Visa U.S.A., Visa International, Visa Canada and Inovant became direct or indirect subsidiaries of Visa Inc., a Delaware stock corporation. Visa Europe did not become a subsidiary of Visa Inc., but rather remained owned by its member financial institutions and entered into a set of contractual arrangements with Visa Inc. in connection with the reorganization. In the reorganization, we issued different classes and series of shares reflecting the different rights and obligations of Visa financial institution members and Visa Europe based on the geographic region in which they are located.

We believe that the reorganization provides us with several significant strategic benefits. It allows us to increase our operational efficiency and enhances our ability to deliver more innovative products and services to financial institutions, merchants and cardholders on a global basis. The reorganization allows us to centralize and streamline our strategy and decision making. At the same time, we believe that the reorganization preserves and reinforces the advantages that have made Visa the largest retail electronic payments network in the world.

The reorganization will impact our business, results of operations and financial condition in a number of significant ways:

Charges. Certain charges directly connected to the reorganization will affect our results of operations in future periods. These charges, which may be significant, will include charges during fiscal 2008 related to workforce consolidation due to elimination of overlapping functions and to certain professional fees related to enhancing our systems and infrastructure to support the global organization.

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Retrospective responsibility plan. Our retrospective responsibility plan is a central component of the reorganization. The retrospective responsibility plan is designed to address potential liabilities arising from certain litigation that we refer to as the covered litigation. Our capital structure was designed to implement a key principle of the retrospective responsibility plan, which is that liability for the covered litigation would remain with the holders of our class B common stock, all of which are members of Visa U.S.A. As part of the plan, we intend to deposit \$, representing % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), of the net proceeds from this offering in an escrow account from which settlements of, or judgments in, the covered litigation will be payable. Immediately after this offering, the conversion rate applicable to each share of class B common stock will be shares of class A common stock per share of class B common stock. After the closing of this offering, we may be directed by the litigation committee to sell class A common stock to raise additional funds to be used for such purpose, in which case the conversion rate will further adjust so that each share of class B common stock converts into fewer shares of class A common stock. See *Business Retrospective Responsibility Plan*.

Commercial relationship with Visa Europe. We will not directly operate in the Visa Europe region, which covers the European Union, Iceland, Israel, Liechtenstein, Monaco, Norway, San Marino, Switzerland, Turkey and Vatican City, along with other countries specified in our agreement with Visa Europe, and any other jurisdiction that becomes a full member state of the European Union in the future. Our relationship with Visa Europe is governed by a framework agreement providing for exclusive, perpetual, non-transferable trademark and technology licenses within Visa Europe's field of use and the provision of certain bilateral services. This agreement is designed to ensure that Visa's business and processing infrastructures will be both efficient and interoperable on a global basis. This agreement also gives Visa Europe broad rights to operate the Visa business in its region. We will have limited ability to control Visa Europe's operations and will have limited recourse in the event of a breach of the framework agreement by Visa Europe.

Visa Europe put right. We have granted Visa Europe the option to cause the sale of Visa Europe to us. This right is described under *Material Contracts The Put-Call Option Agreement*. We will record changes in the fair value of this option on a quarterly basis in our statements of operations. Quarterly changes in the value of the put option will result in fluctuations in our reported net income.

Operating Revenues

Our operating revenues consist of card service fees, data processing fees, international transaction fees and other revenues. Operating revenues are offset by payments made to customers and merchants under volume and support agreements. Standard pricing varies among our different geographies and may be modified on a customer-by-customer basis through volume and support agreements.

We do not earn revenues from interest and fees paid by cardholders on Visa-branded cards. Our issuing customers have the responsibility for issuing cards and determining interest rates and fees paid by consumers, and most other competitive card features. Nor do we earn revenues from the fees that merchants are charged for card acceptance, including the merchant discount rate. Our acquiring customers, which are generally responsible for soliciting merchants, establish and earn these fees.

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A significant portion of our operating revenues is concentrated among our largest customers. Our pro forma operating revenues from our four largest customers represented approximately \$847.9 million, or 23%, and \$870.9 million, or 22%, of our total pro forma operating revenues for the nine months ended June 30, 2007 and fiscal 2006, respectively. In addition, our pro forma operating revenues from JPMorgan Chase accounted for \$367.6 million, or 10%, and \$408.5 million, or 10%, of our pro forma operating revenue for the nine months ended June 30, 2007 and fiscal 2006, respectively. The following table sets forth the components of our operating revenues in dollars, and as a percentage of total operating revenues, on a pro forma basis for the nine months ended June 30, 2007 and fiscal 2006:

	Pro Forma Visa Inc.			
	Nine Months			
	Ended June 30, 2007	Fiscal 2006		
	(in millions, except percentages)			
Card service fees	\$ 1,760	47.2%	\$ 2,057	52.6%
Data processing fees	1,193	32.0	1,412	36.1
Volume and support agreements	(499)	(13.4)	(890)	(22.8)
International transaction fees	735	19.7	791	20.3
Other revenues	538	14.5	538	13.8
Total operating revenues	\$ 3,727	100.0%	\$ 3,908	100.0%

Components of Operating Revenues*Card service fees*

Card service fees reflect payments by customers for their participation in card programs carrying our brands. Card service fees are primarily calculated on the payments volume of products carrying the Visa brand. We rely on our customers to report payments volume to us. Card service fees excluding online PIN-based debit, in a given quarter, are assessed based on payments volume in the prior quarter, excluding online PIN-based debit. Therefore, card service fees reported with respect to the nine months ended June 30, 2007 and fiscal 2006 were based on payments volume reported by our customers for the nine months ended March 31, 2007 and the 12 months ended June 30, 2006, respectively.

Data processing fees

Data processing fees consist of fees charged to customers for providing transaction processing and other payment services, including processing services provided under our bilateral services agreement with Visa Europe. Data processing fees are based on information we accumulate from VisaNet, our proprietary, secure, centralized, global processing platform, which provides transaction processing services linking issuers and acquirers. Data processing fees are recognized as revenues in the same period the related transaction occurs or services are rendered. Data processing fees are primarily driven by the number, size and type of transactions processed and represent fees for processing transactions.

Volume and support agreements

Volume and support agreements are contracts with customers, merchants and other business partners for various programs designed to build payments volume, increase card issuance and product acceptance and increase Visa-branded transactions. These contracts are typically multi-year arrangements. These contracts provide incentives based on payments volume growth or card issuance, or provide marketing and program support based on specific performance requirements. Volume and support agreements are recorded as a reduction to operating revenues, because the arrangements are primarily used to build payments volume. Certain incentives are estimated based on projected performance criteria and may change when actual performance varies from projections, resulting in adjustments to volume and support agreements. Management routinely reviews volume and support agreements and estimates of performance.

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International transaction fees are assessed to customers on transactions where an issuer is domiciled in one country and a merchant is located in another country. International transaction fees are generally driven by cross-border payments volume and from currency exchange activities in connection with the settlement of multi-currency transactions. International transaction fees are influenced by levels of travel and the extent to which Visa-branded products are utilized for travel purposes. These fees are recognized as revenues in the same period the related transactions occur or services are performed.

Other revenues

Other revenues consist primarily of acceptance fees in support of ongoing acceptance and volume growth initiatives, optional service enhancements, such as extended cardholder protection and concierge services, cardholder and merchant services, and fees for licensing and certification.

Operating Expenses

Our operating expenses consist of personnel expenses, network, electronic data processing, or EDP, and communications expenses, advertising, marketing and promotion expenses, professional and consulting fees, administrative and other expenses, and litigation expenses.

The following table sets forth the components of our operating expenses on a pro forma basis for the nine months ended June 30, 2007 and fiscal 2006.

	Pro Forma Visa Inc.			
	Nine Months			
	Ended June 30, 2007		Fiscal 2006	
	(in millions, except percentages)			
Personnel	\$ 835	33.6%	\$ 1,010	31.5%
Facilities	78	3.2	106	3.3
Network, EDP and communications	358	14.4	473	14.8
Advertising, marketing and promotion	694	27.9	943	29.4
Professional and consulting fees	395	15.9	418	13.1
Administrative and other	109	4.4	230	7.2
Litigation provision	15	0.6	23	0.7
Total operating expenses	\$ 2,484	100.0%	\$ 3,203	100.0%

Personnel expenses consist of salaries, incentives and various fringe benefits for Visa employees.

Network, EDP and communications expenses represent expenses for the operation of our electronic payments network, including maintenance, depreciation and fees for other data processing services.

Advertising, marketing and promotion expenses include expenses, other than personnel expenses, associated with advertising and marketing programs, sponsorships, promotions and other related incentives to promote the Visa brand and assist customers in achieving their goals. Payments relating to sponsorships are included in advertising, marketing and promotion expenses because they are incurred to build brand awareness.

Professional and consulting fees consist of fees for consulting, contractors, legal and other professional services.

Administrative and other expenses primarily consist of facilities and other corporate and overhead expenses in support of our business, such as travel expenses.

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Litigation provision is an estimate of litigation expense and is based on management's understanding of our litigation profile, the specifics of the case, advice of counsel to the extent appropriate and management's best estimate of incurred loss at the balance sheet dates. In accordance with SFAS No. 5, *Accounting for Contingencies*, management records a charge to income for an estimated loss if such loss is probable and reasonably estimable. We will continue to review the litigation accrual and, if necessary, future refinements of the accrual will be made.

Other Income (Expense)

Other income (expense) primarily consists of interest expense and investment income.

The following table sets forth the components of our other income (expense) on a pro forma basis for the nine months ended June 30, 2007 and fiscal 2006.

	Pro Forma Visa Inc.			
	Nine Months			
	Ended		Fiscal 2006	
	June 30, 2007			
	(in millions, except percentages)			
Investment income, net	\$ 125	195.3%	\$ 132	440.0%
Interest income (expense)	(62)	(96.9)	(103)	(343.3)
Equity in earnings of unconsolidated affiliates	1	1.6	1	3.3
Total other income	\$ 64	100.0%	\$ 30	100.0%

Investment income, net represents returns on our fixed-income securities and other investments.

Interest expense primarily includes accretion associated with litigation settlements to be paid over periods longer than one year and interest incurred on outstanding debt.

Equity in earnings of unconsolidated affiliates consists of investments resulting in ownership of approximately 20-50%, or more than 5% of a flow-through entity (e.g., limited partnerships, limited liability companies).

Income Taxes

The state of California, where Visa U.S.A. and Visa International have been headquartered, historically had not taxed a substantial portion of reported net income of these companies on the basis that both operated on a cooperative or mutual basis and therefore were eligible for a special deduction pursuant to the California Revenue and Taxation Code. Visa U.S.A. and Visa International were therefore only subject to California taxation on non-member/owner income. As a result of this offering and ownership by parties other than our former member financial institutions, Visa Inc. will no longer be eligible to claim the special deduction afforded and will not be exempt from California taxation. The loss of eligibility for the special deduction increases our state tax effective rate by approximately 3%, net of federal tax.

Liquidity and Capital Resources

Prior to the reorganization, Visa U.S.A., Visa International and Visa Canada each managed its own short-term and long-term liquidity needs. With the completion of the reorganization, we are now able to manage our corporate finance and treasury functions on an integrated basis.

Certain charges directly connected with the reorganization will affect our results of operations in future periods. These charges, which may be significant, will include charges during 2008 related to workforce

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consolidation due to elimination of overlapping functions, and certain professional fees related to enhancing our systems and infrastructure to support the global organization. We expect to fund these activities with existing liquid assets and projected cash flows.

Based on our cash flow budgets and forecasts of our short-term and long-term liquidity needs, management believes that our projected sources of liquidity will be sufficient to meet our projected liquidity needs for the next 12 months. However, our ability to maintain liquidity could be adversely affected by several factors described under *Risk Factors* including the adverse outcome of any of the legal or regulatory proceedings. Management will continue to assess our liquidity position and potential sources of supplemental liquidity in view of our operating performance and other relevant circumstances.

Sources of Liquidity

In addition to the net proceeds from this offering, which we intend to use as described under *Use of Proceeds* our primary sources of liquidity are cash on hand, cash provided by operating activities and our short term investment portfolio. Funds from operations are maintained in cash and cash equivalents, short-term available-for-sale investments, short-term trading assets, or long-term available-for-sale investments based on our estimates of when those funds will be required. At June 30, 2007, our unaudited pro forma total liquid assets, consisting of cash, cash equivalents, trading assets and short- and long-term investment securities, available for sale, were \$2.9 billion.

Revolving credit facilities. We maintain certain unsecured revolving credit facilities providing for borrowings of up to \$2.25 billion in order to provide liquidity in the event of settlement failures by our customers, to back up the commercial paper program and, in the case of the three-year facility described below, for general corporate purposes. The participating lenders in these revolving credit facilities include certain customers or affiliates. There were no borrowings under these revolving credit facilities during the nine months ended June 30, 2007 or during fiscal 2006. These facilities contain certain covenants and events of default customary for financings of this type. We were in compliance with all covenants with respect to these facilities at September 30, 2006 and June 30, 2007.

Of the \$2.25 billion of credit facilities referenced above, \$300 million was scheduled to expire on October 7, 2007 and the remainder is scheduled to expire on November 19, 2007. In November 2007, Visa International obtained commitments subject to customary conditions for a single \$2.25 billion credit facility that will refinance its existing credit facilities with a single 364-day credit facility maturing in November 2008. The new credit facility will allow Visa International to substitute Visa Inc. as the borrower under this facility and contains covenants and events of default customary for facilities of this type.

U.S. commercial paper programs. We maintain a \$500 million U.S. commercial paper program, which provides for the issuance of unsecured debt with maturities up to 270 days from the date of issuance at interest rates generally extended to companies with comparable credit ratings. The commercial paper program is our primary source of short-term borrowed funds, and commercial paper is issued to cover short-term cash needs during peak settlement periods. At June 30, 2007 and September 30, 2006, we had no obligations outstanding under this program.

Medium-term note program. We have established a medium-term note program authorizing the issuance of a maximum \$250.0 million of unsecured, private placement notes. The notes may be issued with maturities from nine months to 30 years at fixed or floating interest rates. At June 30, 2007 and September 30, 2006, we had notes outstanding in an aggregate amount of \$40.0 million, which mature in August 2009.

Uses of Liquidity

Payment settlement requirements. Payments settlement due from and due to issuing and acquiring customers represents our most consistent liquidity requirement, arising primarily from the payments settlement of certain

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credit and debit transactions and the timing of payments settlement between financial institution customers with settlement currencies other than the U.S. dollar. These settlement receivables and payables generally remain outstanding for one to two business days, consistent with standard market conventions for domestic transactions and foreign currency transactions. We maintain a liquidity position sufficient to enable uninterrupted daily net settlement. Typically, the highest seasonal liquidity demand is experienced in December and early January during the holiday shopping season. During the nine months ended June 30, 2007, on a pro forma basis, we funded average daily net settlement receivable balances of \$143 million, with the highest daily balance being \$352 million. During fiscal 2006, we funded average daily net settlement receivable balances of \$109 million, with the highest daily balance being \$298 million.

Capital expenditures. We are building a new data center on the east coast of the United States, with a projected completion date in fiscal 2010. At June 30, 2007, we had executed construction agreements totaling \$239 million of the \$397 million estimated to complete the project. Upon completion, we will migrate our current east coast data center to this new facility. In addition, we continue to make ongoing investments in technology and our payments system infrastructure, some of which we treat as capital expenditures.

Litigation. Visa U.S.A. and Visa International are parties to legal and regulatory proceedings with respect to a variety of matters, including certain litigation that we refer to as the covered litigation. We have a retrospective responsibility plan to address settlements and judgments arising from the covered litigation. As part of the plan, we intend to deposit \$, representing % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), as determined by the litigation committee, into an escrow account from which settlements of, or judgments in, the covered litigation will be payable. The amount deposited in the escrow account will cause the class B conversion rate to adjust to shares of class A common stock per share of class B common stock. After the closing of this offering, we may be directed by the litigation committee to conduct additional sales of class A common stock in order to increase the escrow amount, in which case the conversion rate of the class B common stock will be subject to an additional dilutive adjustment to the extent of the net proceeds from those sales. See *Business Retrospective Responsibility Plan*.

We, Visa U.S.A. and Visa International entered into an agreement with American Express that became effective on November 9, 2007 to settle previously disclosed litigation, *American Express Travel Related Services Co., Inc. v. Visa U.S.A. Inc. et al*, that had been pending since 2004. The settlement ends all current litigation between American Express and Visa U.S.A. and Visa International as well as five co-defendant banks. Under the settlement agreement, American Express will receive maximum payments of \$2.25 billion, including up to \$2.07 billion from us and \$185 million from the five co-defendant banks. An initial payment of \$1.13 billion will be made on or before March 31, 2008, including \$945 million from us and \$185 million from the five co-defendant banks. Beginning March 31, 2008, we will pay American Express an additional amount of up to \$70 million each quarter for 16 quarters, for a maximum total of \$1.12 billion.

SFAS No. 5, *Accounting for Contingencies*, requires an accrual by a charge to income for an estimated loss if such a loss is probable and reasonably estimable. Management's determination of the appropriate loss accrual will be made in light of all relevant factors, including, but not limited to, the litigation committee's decision as to the escrow amount. As a result, the amount of the accrual could be higher or lower than the escrow amount.

To account for the American Express settlement agreement, Visa U.S.A. expects to record litigation expense in its fiscal 2007 financial statements equal to the present value of the estimated total payments it will be required to make, which is approximately \$1.9 billion. We expect to record interest expense to the extent of the remaining obligation of \$139 million from October 1, 2008 through December 31, 2011. We intend to use the escrow account to fund payments in connection with the settlement agreement.

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Judgments and settlements in litigation other than covered litigation could give rise to future liquidity needs. For example, in connection with our retailers' litigation settlement in fiscal 2003, we are required to make annual settlement payments of \$200 million through fiscal 2012.

Redemption of class B and class C common stock. We intend to use \$ _____ of the net proceeds to redeem _____ shares of class B common stock and _____ shares of class C (series I) common stock promptly following the closing of this offering. In October 2008, we intend to redeem (1) all of the class C (series II) common stock at an aggregate redemption price of \$1.146 billion, and (2) _____ shares of class C (series III) common stock at an aggregate redemption price of \$ _____, equivalent on a per share basis to the price per share of class A common stock in this offering less underwriting discounts and commissions.

Visa Europe put-call option agreement. We have granted Visa Europe a put right under which we will be required to purchase all of the outstanding shares of capital stock of Visa Europe from its members. Visa Europe may exercise the put option at any time after the first anniversary of this offering. The purchase price of the Visa Europe shares under the put option is based upon a formula that, subject to certain adjustments, applies the 12-month forward price-earnings multiple applicable to our common stock at the time the option is exercised to Visa Europe's projected sustainable adjusted net operating income for the same 12-month period. Upon exercise of the put option, we will be obligated, subject only to regulatory approvals and other limited conditions, to pay the purchase price within 285 days in cash or, at our option, with a combination of cash and shares of our publicly tradable common stock. The portion of the purchase price we will be able to pay in stock will be limited to a percentage equal to the percentage of our class C (series I) common stock that at the settlement date remains subject to transfer restrictions described under *Description of Capital Stock Transfer Restrictions*. We must pay the purchase price in cash, however, if the settlement of the put option occurs more than three years after the completion of this offering.

We will incur a substantial financial obligation if Visa Europe exercises the put option. If we are unable to pay the purchase price with available cash on hand, we will need to obtain third-party financing, either by borrowing funds or undertaking a subsequent equity offering. For a description of the put-call option agreement see *Material Contracts The Put-Call Option Agreement*.

Other uses of liquidity. In addition to the principal uses of liquidity described above, we are also required to make interest and principal payments under our outstanding indebtedness.

Contractual Obligations

Our contractual commitments will have an impact on our future liquidity. The contractual obligations identified in the table below include both on-and off-balance sheet transactions that represent a material expected or contractually committed future obligations at September 30, 2007. We believe that we will be able to fund these obligations through cash generated from operations and from our existing cash balances.

	Payments Due by Period				Total
	Less than 1 Year	1-3 Years	3-5 Years (millions)	More than 5 Years	
Purchase order	\$	\$	\$	\$	\$
Operating leases					
Equipment and licenses					
Capital leases					
Volume and support agreements					
Litigation payments					
Debt					
Total	\$	\$	\$	\$	\$

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Off-Balance Sheet Arrangements

Settlement of our customers' transactions is currently guaranteed by members through the indemnification provisions in the bylaws of Visa U.S.A., Visa International and through separate membership agreements with the individual members. Upon the closing of this offering, the members will no longer indemnify Visa for settlement obligations other than their own settlement obligations and those of certain other participants in the system sponsored by the member.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential for economic losses from changes in market factors such as foreign currency exchange rates, credit, interest rates and equity prices. We believe that we have limited exposure to risks associated with changes in foreign currency exchange rates, credit, interest rates and equity prices. We do not hold or enter into derivatives or other financial instruments for trading or speculative purposes. Aggregate risk exposures are monitored on an ongoing basis, and cash and cash equivalents are not considered to be subject to interest rate risk due to the short period of time to maturity.

Impact of Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board, or FASB, issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of SFAS No. 109* (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It establishes a probability threshold of greater than 50% to satisfy the requirement to recognize a tax benefit. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We are currently evaluating the impact of adopting FIN 48 on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure requirements about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact, if any, of adopting SFAS No. 157 on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment to SFAS 115*. SFAS No. 159 allows the measurement of many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis under a fair value option. In addition, SFAS No. 159 includes an amendment of SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and applies to all entities with available-for-sale and trading securities. SFAS 159 is effective for fiscal years that begin after November 15, 2007. We are currently evaluating the impact, if any, of adopting SFAS 159 on our consolidated financial statements.

Table of Contents**SELECTED COMBINED CONSOLIDATED FINANCIAL AND OTHER DATA OF VISA U.S.A.**

The following tables present selected consolidated statements of operations data and consolidated balance sheet data for Visa U.S.A. at and for the 2006, 2005 and 2004 fiscal years that were derived from the audited consolidated financial statements of Visa U.S.A. included elsewhere in this prospectus. The selected Visa U.S.A. consolidated statements of operations data and consolidated balance sheet data presented below at and for the fiscal 2003 and 2002 were derived from audited consolidated financial statements not included in this prospectus. The selected consolidated financial data presented below at and for the nine months ended June 30, 2007 and 2006 were derived from the unaudited consolidated financial statements of Visa U.S.A. included elsewhere in this prospectus and, in the opinion of management, contain all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of Visa U.S.A.'s financial position and results of operations for such periods. Historical results are not necessarily indicative of the results to be expected in the future and results for the nine months ended June 30, 2007 are not necessarily indicative of, and are not projections for, the results to be expected for fiscal 2007.

In October 2007, we consummated the reorganization. The reorganization was accounted for as a purchase under the guidelines of SFAS No. 141, *Business Combinations*, occurring on October 1, 2007, with Visa U.S.A. deemed to be the accounting acquirer of the ownership interest in Visa Canada, Visa International and Inovant not previously held (including Visa Europe's interest in Visa International). Under the purchase method, the estimated purchase price of the acquired interests in Visa International, Visa Canada and Inovant will be allocated to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their fair value at the date of the completion of the reorganization. Visa Inc. will record goodwill to the extent that the estimated purchase price exceeds the estimated fair value of net assets acquired. The allocation of the purchase price is preliminary and will remain such until Visa Inc. obtains an independent valuation to support its comprehensive analysis of identifiable intangible assets acquired and liabilities assumed. The operating results of the acquired interests in Visa International and Visa Canada will be included in the consolidated statements of operations of Visa Inc. from October 1, 2007.

Visa U.S.A. recorded a cumulative effect of accounting change in fiscal 2005 related to its membership interest in Visa International and in fiscal 2004 related to Visa U.S.A. changing its method of amortizing volume and support agreements. For further information regarding these accounting changes, see Note 3 *Cumulative Effect of Change in Adoption of Accounting Principle*, of the consolidated financial statements for fiscal 2006 of Visa U.S.A. These accounting changes resulted in additional net income of \$95.7 million in fiscal 2005 and an additional net expense of \$6.2 million in fiscal 2004. On January 1, 2003, Visa U.S.A. purchased Inovant, Inc. and subsequently formed Inovant, which affect the comparability of the financial data of Visa U.S.A. The operating results of Inovant were included in the consolidated statements of operations of Visa U.S.A. from January 1, 2003.

The selected statistical data table presents payments volume. Visa U.S.A.'s members provide payments volume information on their quarterly operating certificates. Current quarter card service fees are assessed and recognized ratably over the quarter using a calculation of pricing applied to prior quarter volumes. Payments volume data accumulated from Visa U.S.A.'s members that reflect data for the 12-month period ended June 30 is used as the basis for recording card service fees during fiscal years ending September 30. Payments volume data accumulated from Visa U.S.A.'s members that reflect data for the nine months ended March 31 is used as the basis for recording card service fees during the nine months ended June 30.

Payments volume information is subject to verification by Visa U.S.A. From time to time, members may update previously submitted payments volume information. Prior year payments volume information presented in the table below has not been updated as changes made were not material. Payments volume excludes cash disbursements obtained with Visa-branded cards, balance transfers and convenience checks. Visa U.S.A. considers payments volume to be an important measure of the scale of its business. The selected statistical data do not purport to indicate results of operations at any future date or for any future period.

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The data set forth below should be read in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations of Visa U.S.A.* and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	Nine Months Ended June 30		Fiscal Year Ended September 30				
	2007 (unaudited)	2006	2006	2005	2004	2003	2002
(in millions, except percentages)							
Statement of Operations Data:							
Total operating revenues	\$ 2,599	\$ 2,203	\$ 2,948	\$ 2,665	\$ 2,429	\$ 1,980	\$ 1,564
Operating expenses	1,685	1,651	2,219	2,212	1,999	3,398	1,478
Litigation provision	15	22	23	132	37	1,500	
Operating income (loss)	914	552	730	453	430	(1,418)	86
Operating income (loss) as percent of operating revenues	35.2%	25.1%	24.8%	17.0%	17.7%	(71.6)%	5.5%
Other income (expense)	\$ 50	\$ (4)	\$ (8)	\$ 3	\$ (75)	\$ (38)	\$ 17
Income (loss) before cumulative effect of change in accounting principle	608	340	455	265	216	(885)	60
Net income (loss)	608	340	455	360	210	(885)	60

Balance Sheet Data (at end of period):

Cash and cash equivalents	\$ 590	\$ 236	\$ 270	\$ 135	\$ 174	\$ 86	\$ 46
Short-term investment securities, available-for-sale	728	677	660	681	156	253	143
Total current assets	1,997	1,595	1,594	1,478	920	867	552
Long-term investment securities, available-for-sale	569	653	515	319	378	85	9
Total assets	3,464	3,150	2,964	2,745	2,294	1,905	876
Current portion of long-term debt ⁽¹⁾	20	32	32	32	32	174	
Current portion of accrued litigation ⁽²⁾	241	3,291	216	197	244	201	
Total current liabilities	1,193	1,496	1,393	1,325	1,070	988	410
Long-term debt ⁽¹⁾	30	49	41	74	106		
Long-term accrued litigation ⁽²⁾	826	960	784	1,010	1,019	1,127	
Total equity (deficit)	1,192	465	583	126	(230)	(440)	444

Nine Months

	Ended March 31		Year Ended June 30				
	2007	2006	2006	2005	2004	2003	2002
Statistical Data (unaudited)⁽³⁾							
Payments volume ⁽⁴⁾	\$ 1,063,913	\$ 973,168	\$ 1,322,837	\$ 1,130,896	\$ 956,439	\$ 818,558	\$ 739,969
Year-over-year change	9.3%	17.6%	17.0%	18.2%	16.8%	10.6%	6.5%
Total transactions ⁽⁵⁾	19,036	17,252	23,410	20,009	16,653	14,099	12,542
Year-over-year change	10.3%	17.7%	17.0%	20.2%	18.1%	12.4%	12.3%

(1) At September 30, 2003, Visa U.S.A. was in default of certain financial performance covenants as a result of the settlement of the retailers' litigation described in Note 18 of the fiscal 2006 consolidated financial statements of Visa U.S.A. As a consequence, the long-term portion of Visa U.S.A.'s debt was classified as being due within one year.

(2) In 2003, Visa U.S.A. settled the retailers' litigation for approximately \$2.0 billion, to be paid over 10 years, as described in Note 18 of the fiscal 2006 consolidated financial statements of Visa U.S.A. The present value of this obligation was recorded in 2003.

(3) Year-over-year change for the year ended June 30, 2002 represents change compared to the year ended June 30, 2001. Percentage change for the nine months ended March 31, 2006 represents change compared to the nine months ended March 31, 2005.

(4) Payments volume is the total monetary value of transactions for goods and services that are purchased.

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- (5) Total transactions represents transactions involving our cards as reported by our customers and includes transactions that are not processed on our VisaNet processing system.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF VISA U.S.A.**

This management's discussion and analysis covers fiscal 2006, 2005 and 2004 and the nine months ended June 30, 2007 and 2006. You should read the following discussion in conjunction with Visa U.S.A.'s consolidated financial statements and related notes included elsewhere in this prospectus.

Overview

Prior to the closing of our global reorganization in October 2007 Visa U.S.A., along with Visa International (comprising the operating regions of AP, LAC and CEMEA), Visa Canada and Visa Europe, operated as one of five entities related by ownership and membership to Visa. After the reorganization Visa U.S.A., Visa International and Visa Canada became subsidiaries of Visa Inc., a Delaware stock corporation.

Visa U.S.A. is a leader in the electronic payments industry in the United States and is responsible for administering Visa payment programs in the United States. Visa U.S.A. provides products and services over a secure payments network to support our payment programs offered by its member financial institutions to their consumer, commercial and merchant customers. Visa U.S.A.'s primary customers are its member financial institutions participating in the payments network. Visa U.S.A.'s principal product platforms include consumer credit, consumer debit and cash access, prepaid and commercial programs. Prior to the reorganization, Visa U.S.A. was a regional group member of Visa International and, at June 30, 2007, operated as a non-stock corporation with approximately 13,400 member financial institutions.

Visa U.S.A.'s business is highly correlated with overall economic conditions and consumer spending patterns in the United States. During the first three quarters of fiscal 2007, economic growth was tempered by the impacts of a softening housing market, declining mortgage credit quality and persistent surges in energy prices. Growth in corporate earnings, government spending and net exports remained resilient, contributing to steady unemployment levels and modest growth in personal income. Consumer confidence over the short-term remains guarded.

Visa U.S.A. achieved 18% growth in operating revenues in the nine months ended June 30, 2007 compared to the same prior year period. This growth reflects a 9% increase in payments volume (as defined below) on Visa U.S.A.'s products for the nine months ended June 30, 2007, as compared to the same period in fiscal 2006, with double-digit sales growth in commercial and online consumer debit products. Payments volume is defined as the total monetary value of transactions for goods and services that are purchased with Visa products, including PIN-based debit, and excluding cash disbursements obtained with Visa-branded cards, balance transfers and convenience checks. Operating revenues increased at a higher rate than underlying payments volume growth due to two newly introduced issuer acceptance fees in April 2007. The two new fees include a debit acceptance fee on all consumer debit payments volume and a credit/commercial acceptance fee on all consumer credit and commercial payments volume. These fees supersede three previously existing issuer fees used to support merchant acceptance and volume growth initiatives. These changes are designed to simplify the fee structure and improve overall program efficiencies for Visa U.S.A. and its issuers while continuing to support Visa U.S.A.'s acceptance growth initiatives. Growth in operating revenues was also impacted by adjustments to Visa U.S.A.'s estimates of performance under volume and support agreements as part of its routine quarterly review of these agreements.

Operating income increased 66% for the nine months ended June 30, 2007 compared to the same prior year period. Visa U.S.A. does not believe that this rate of growth is representative of sustainable future growth as it was primarily due to the non-recurring impacts of the introduction of new acceptance fees during the third quarter of fiscal 2007 and the absence of a substantial charge incurred in the prior year related to reimbursing members for costs associated with Visa U.S.A.'s holographic magnetic card. See *Results of Operations Operating Revenues Acceptance Fees* and *Results of Operations Operating Expenses Administrative and Other*.

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Visa U.S.A. achieved 11% growth in operating revenues in fiscal 2006 over fiscal 2005. The growth in operating revenues was primarily due to a 17% increase in payments volume on Visa U.S.A.'s products in fiscal 2006 compared to the same prior year period. All product categories experienced double-digit payments volume growth in fiscal 2006. More effective operating expense management enabled the growth in operating income to outpace growth in operating revenues. Operating income increased 61% in fiscal 2006 over fiscal 2005. Operating income as a percentage of operating revenues increased to 25% from 17% in fiscal 2005.

Visa U.S.A.'s total equity was \$1.2 billion at June 30, 2007 as compared to \$583 million at September 30, 2006.

In November 2006, Visa U.S.A. announced plans to outsource certain data processing and development support functions over the course of fiscal 2007. This action was intended to help Visa U.S.A. better align personnel support and contract staffing levels with project demand. As a result of this strategy, Visa U.S.A. expects to reduce its total number of employees by approximately 6% of Visa U.S.A.'s total workforce at June 30, 2007. Visa U.S.A. will incur severance and related personnel costs of approximately \$15 million throughout fiscal 2007 and fiscal 2008. This amount is an estimate based upon current assumptions for the timing of employee terminations and will be updated, as appropriate, to reflect actual termination dates. Although Visa U.S.A. believes that these estimates accurately reflect the costs of its plan, actual results may differ, thereby requiring Visa U.S.A. to record additional provisions or reverse a portion of such provisions. During the nine months ended June 30, 2007, Visa U.S.A. incurred charges of \$13 million in connection with these terminations. At June 30, 2007, the related liability in accrued compensation was \$6 million.

In a cooperative industry effort in 2006, Visa U.S.A. co-founded the Payment Card Industry Data Security Standards (PCI DSS) Council, an independent council that established security standards to protect cardholder data and to prevent fraud. In December 2006, Visa U.S.A. announced the introduction of the PCI Compliance Acceleration Program with both incentives and fines targeted at large acquirors in order to improve compliance with the PCI standards by our largest U.S.-based merchants. During the nine months ended June 30, 2007, Visa U.S.A. recorded obligations of \$7 million related to this program as a reduction of revenue under volume and support agreements on Visa U.S.A.'s consolidated statements of operations.

Results of Operations

Operating Revenues

Visa U.S.A.'s operating revenues are comprised of card service fees, data processing fees, acceptance fees, international transaction fees and other revenues, reduced by costs incurred under volume and support agreements. Visa U.S.A.'s operating revenues are based upon aggregate payments volume and transactional information reported by its members or accumulated by its transaction processing systems. Visa U.S.A.'s operating revenues are primarily generated from fees calculated on the payments volume of activity on cards carrying the Visa brand, which Visa U.S.A. refers to as card service fees, and from the fees charged to members for providing transaction processing, which Visa U.S.A. refers to as data processing fees, and other payment services described below. Card service fees and data processing fees combined represent 76% and 77% of Visa U.S.A.'s gross operating revenues for the nine months ended June 30, 2007 and June 30, 2006, and 77%, 76%, and 77% of Visa U.S.A.'s gross operating revenues in fiscal 2006, fiscal 2005, and fiscal 2004, respectively. Gross operating revenues are defined as total operating revenues excluding volume and support agreements.

Card Service Fees

Card service fees reflect payments by members for their participation in card programs carrying marks of the Visa brand. Current quarter card service fees are assessed using a calculation of pricing applied to prior

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quarter payments volume as reported on member quarterly operating certificates, exclusive of online PIN-based debit. These payments volumes also do not include cash disbursements obtained with Visa-branded cards, balance transfers, or convenience checks.

Data Processing Fees

Visa U.S.A. operates a proprietary network, VisaNet, which provides transaction processing services linking issuers and acquirers. Processing services are provided through Visa U.S.A.'s majority-owned subsidiary, Inovant, which operates VisaNet, the transaction processing platform that provides message services linking issuers and acquirers. Visa U.S.A. also provides processing services to Visa International, Visa Canada and Visa Europe, in accordance with service agreements with these entities. Data processing fees are based on information Visa U.S.A. accumulates from VisaNet. Data processing fees are recognized as revenue in the same period the related transaction occurs or services are rendered.

Data processing fees are primarily driven by the number and type of transactions processed and represent fees for processing transactions that facilitate the following services:

Authorization. Fees to route authorization requests to the issuer when a merchant, through its acquirer, requests approval of a cardholder's transaction;

Clearing and settlement. Fees for determining and transferring transaction amounts due between acquirers and issuers;

Single Message System, or SMS, switching. Fees for use of the SMS for determining and transferring debit transaction amounts due between acquirers and issuers;

Member processing. Fees for use of the Debit Processing Service, which provides processing and support for Visa debit products and services;

Processing guarantee. Fees charged for network operations and maintenance necessary for ongoing system availability; and

Other products and services. Fees for miscellaneous services that facilitate transaction and information management among Visa U.S.A.'s members.

Volume and Support Agreements

Volume and support agreements are contracts with customers, merchants and other business partners for various programs designed to build payments volume and increase product acceptance. These volume and support agreements, which range in term from one to thirteen years, provide incentives based on payments volume growth, card issuance and marketing and program support based on specific performance requirements. These agreements are designed to encourage more member business and to increase overall Visa-branded payments volume, thereby reducing unit transaction processing costs and increasing brand awareness for all Visa U.S.A. members.

Payments made to members and merchants under volume and support agreements are generally recorded as reductions of card service and data processing fee revenues. Volume and support agreements related to sponsorships are recorded as advertising, marketing and promotion expense, discussed below. Member and merchant agreements are primarily used to build payments volume while sponsorship agreements are primarily used to build brand awareness. For member and merchant contracts, contract values are estimated based on projected sales performances and may change when actual sales performances differ from projections, resulting in adjustments to volume and support agreements. Management routinely reviewed volume and support agreements and estimates of performance. Estimated costs associated with these contracts were then adjusted as appropriate to reflect sales performance and projections that are higher or lower than management's original expectation or to reflect contract amendments.

Table of Contents*Acceptance Fees*

In April 2007, Visa U.S.A. introduced two new issuer acceptance fees. The new fees include a debit acceptance fee on all consumer debit payments volume and a credit/commercial acceptance fee on all consumer credit and commercial payments volume. The acceptance fees support ongoing acceptance and volume growth initiatives. These fees supersede three previously existing issuer fees that were used to support merchant acceptance and volume growth initiatives. These changes are designed to simplify the fee structure and improve overall program efficiencies for Visa U.S.A. and its issuers while continuing to support Visa U.S.A.'s acceptance growth initiatives. Prior period revenues associated with the three previous issuer fees have been reclassified from other revenues to this category for comparative purposes in Visa U.S.A.'s unaudited consolidated financial statements for the nine months ended June 30, 2007.

International Transaction Fees

International transaction fees are assessed to members on non-U.S. transactions of U.S.-based issuing financial institutions and U.S. transactions of non-U.S.-based issuing financial institutions. These are referred to as cross-border transactions. International transaction fees are recognized as revenue in the same period the related transactions occur or services are rendered. International transaction fees are generally driven by cross-border payments volume.

Other Revenues

Other revenues represent optional card enhancements, such as extended cardholder protection and concierge services, cardholder and merchant services, software development services and other services provided to Visa U.S.A.'s members, Visa International, Visa Canada and Visa Europe. Software development services are provided through Inovant on a time and materials basis primarily to Visa International, Visa Europe and Visa Canada. Prior period revenues associated with three previous issuer fees, which were superseded by new issuer acceptance fees discussed above, have been reclassified to acceptance fees for presentation purposes.

*Nine Months Ended June 30, 2007 compared to Nine Months Ended June 30, 2006**Operating Revenues*

Operating revenues were as follows for the nine months ended June 30, 2007 compared to the same prior year period. The increase in operating revenues was primarily driven by increases in card service fees and data processing fees due to growth in payments volume and transactions processed, and by the introduction of two new acceptance fees discussed above.

	Nine Months			
	Ended June 30		2007 vs. 2006	
	2007	2006	\$ Change	% Change
	(in millions, except percentages)			
Card service fees	\$ 1,208	\$ 1,096	\$ 112	10%
Data processing fees	1,032	928	104	11
Volume and support agreements	(356)	(409)	53	(13)
Acceptance fees	198	107	91	85
International transaction fees	327	289	38	13
Other revenues	190	192	(2)	(1)
Total Operating Revenues	\$ 2,599	\$ 2,203	\$ 396	18%

Card Service Fees

Payments volume, which includes payments on Visa-branded cards for goods and services in the preceding quarter, exclusive of online PIN-based debit, is used as the basis for card service fees. The increase in card service fees is primarily driven by payments volume exclusive of PIN-based debit, which increased \$74 billion,

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or 8%, to \$951 billion for the nine months ended June 30, 2007 compared to the same prior year period. Card service fees outpaced the growth in underlying payments volume due to the absence of certain rebate and incentive programs, which ended after December 31, 2005.

Data Processing Fees

The 11% increase in data processing fees for the nine months ended June 30, 2007, compared to the same prior year period is primarily due to an increase in the number of transactions processed. Incremental revenues during the third quarter from the introduction of an updated fraud detection product and additional revenues from Visa U.S.A.'s debit processing services related to non-Visa network transactions offset the continued impact of higher volume-based discounts resulting from consolidation and transaction growth among members. Of total data processing fees, \$91 million was earned collectively from Visa International, Visa Canada and Visa Europe for both nine-month periods ended June 30, 2007 and June 30, 2006.

Volume and Support Agreements

The decrease in volume and support agreements for the nine-month period ending June 30, 2007 was primarily due to the impact of revised estimates of performance under these agreements during management's routine quarterly review and due to amendments to volume and support agreements during the period. Contract adjustments reduced volume and support agreements costs by a total of \$80 million for the nine months ended June 30, 2007 and by \$39 million for the nine months ended June 30, 2006. As payments volume growth has softened from the prior year, estimates of performance under volume and support agreements have been adjusted accordingly. Also, volume and support costs were reduced during the nine months ended June 30, 2007 due to a member's lack of performance on a bonus target.

The net asset (liability) of volume and support agreements changed as follows:

	Nine Months Ended June 30, 2007 (in millions)
Beginning balance at October 1, 2006, net asset (liability) ⁽¹⁾	\$ (62)
Provision	
Current year provision	(436)
Performance adjustments ⁽²⁾	79
Contractual amendments ⁽³⁾	1
Subtotal volume and support agreements	(356)
Payments	442
Other ⁽⁴⁾	(16)
Ending balance at June 30, 2007, net asset ⁽¹⁾	\$ 8

- (1) Balance represents the net of the current and long-term asset, and current liability portions of volume and support agreements as presented on the face of the consolidated balance sheets of Visa U.S.A.
- (2) Amount represents adjustments resulting from management's refinement of its estimate of projected sales performance as new information becomes available.
- (3) Amount represents adjustments resulting from amendments to existing contractual terms.
- (4) Other represents long-term contractual arrangements that are designed to increase Visa-branded cards and volumes in exchange for certain advertising and promotional rights. Additionally, in 2005, Other includes a member agreement which contains waivers to card service fees.

Acceptance Fees

The increase in acceptance fees for the nine months ended June 30, 2007 is primarily due to the introduction of two new acceptance fees, offset by the elimination of three existing issuer fees used to support merchant acceptance and volume growth initiatives in April 2007, as discussed above.

Table of Contents*International Transaction Fees*

The increase in international transaction fees was primarily driven by an increase in multi-currency payments volume, compared to the same prior year period. The increase in international transaction fees was broadly in line with the growth in multi-currency payments volume, reflecting more cross-border transactions as overall global travel has increased.

Other Revenues

For the nine months ended June 30, 2007, other revenues remained broadly consistent with the comparable prior year period.

Operating Expenses

Total operating expenses increased nominally by 2% during the nine months ended June 30, 2007 compared to the same prior year period. Increases in personnel; network, EDP and communications; and professional and consulting fees were offset by the absence of impacts of charges and adjustments related to member reimbursement costs associated with Visa U.S.A.'s holographic magnetic card.

	Nine Months			
	Ended June 30		2007 vs. 2006	
	2007	2006	\$ Change	% Change
	(in millions, except percentages)			
Personnel	\$ 529	\$ 505	\$ 24	5%
Facilities	68	67	1	2
Network, EDP and communications	259	243	16	7
Advertising, marketing and promotion	406	392	14	4
Visa International fees	130	129	1	1
Professional and consulting fees	239	193	46	24
Administrative and other	39	100	(61)	(61)
Litigation provision	15	22	(7)	(32)
Total Operating Expenses	\$ 1,685	\$ 1,651	\$ 34	2%

Personnel

Personnel expense consists of salaries, incentives and various fringe benefits. The increase in personnel expense for the nine months ended June 30, 2007 primarily reflected the impact of \$13 million in severance and related personnel expenses connected with plans to outsource certain data processing and development support functions and increased incentive compensation expense of \$7 million primarily due to additional headcount and better than anticipated performance against company objectives. For further information surrounding the plans to outsource certain data processing and development support functions. See Note 9 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A.

Network, EDP and Communications

Network, EDP and communications represents expenses for the operation of Visa U.S.A.'s electronic payments network, including maintenance, depreciation and fees for other data processing services. The increase in this expense for the nine months ended June 30, 2007 was primarily due to higher maintenance and equipment rental costs and fees paid for debit processing services for charges related to processing transactions through non-Visa networks offset by lower depreciation and amortization expense.

Advertising, Marketing and Promotion

Advertising, marketing and promotion expense includes expenses associated with advertising and marketing programs, sponsorships, promotions and other related incentives to promote the Visa brand and assist members

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in achieving their goals. In connection with certain sponsorship agreements, Visa U.S.A. has an obligation to spend certain minimum amounts for advertising and marketing promotion over the terms of the agreements. The increase in advertising, marketing and promotion expense for the nine months ended June 30, 2007 primarily reflected increased promotional efforts related to Visa Extras, Visa U.S.A.'s point-based rewards program that enables enrolled cardholders to earn reward points on qualifying purchases. The increase is also attributable to additional promotional efforts targeted towards member financial institutions and consumer debit products. The increase was offset by the absence of initial launch expenditures for Visa U.S.A.'s new brand mark and card design which began in January 2006 and the Life Takes Visa advertising campaign, which began in February 2006.

Professional and Consulting Fees

Professional and consulting fees consist of fees for consulting, contractors, legal and other professional services. Professional and consulting fees increased for the nine months ended June 30, 2007 primarily due to the following:

Additional legal fees incurred to support ongoing litigation matters of \$27 million. See Note 12 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A.;

Additional professional fees paid for advisory services related to merger activities and formation of Visa Inc. of \$11 million; and

Additional contractors and outsourcing expense in connection with the outsourcing of certain data processing and development functions as described in the overview above, and additional contractors in connection with the support of other development and maintenance projects, totaling \$12 million.

Administrative and Other

Administrative and other expenses primarily consist of other corporate and overhead expenses in support of business, travel and directors' fees. The decrease in administrative and other expense during the nine months ended June 30, 2007 is primarily due to the absence of a \$42 million charge to reimburse members for production and issuance costs related to discontinued use of Visa-branded cards with the holographic magnetic stripe design. See Note 11 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A. During the nine months ended June 30, 2007, Visa U.S.A. reduced the charges related to this issue by \$10 million as certain members' claims for reimbursement were revised. The decrease also reflects the absence of a \$13 million impairment charge on an intangible asset associated with the patent and rights to market and distribute Mini Cards within the United States, which was recorded in the prior year comparable period. See Note 6 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A.

Litigation Provision

Visa U.S.A. is a party to various legal and regulatory proceedings. The litigation provision is an estimate of litigation expense and is based on Visa U.S.A.'s understanding of its litigation profile, the specifics of each case, advice of counsel to the extent appropriate and management's best estimate of incurred loss at the balance sheet dates. Visa U.S.A. will continue to review the litigation accrual and, if necessary, future refinements of the accrual will be made. The decrease in the litigation provision for the nine months ended June 30, 2007 primarily reflects the absence of litigation provisions for litigation matters which were charged and subsequently settled in the prior year.

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Total liabilities for legal matters changed as follows:

	(in millions)
Balance at September 30, 2006	\$ 1,000
Provision for legal matters	15
Interest accretion on settled matters	54
Payments on settled matters	(2)
Balance at June 30, 2007	\$ 1,067

Other Income (Expense)

The increase in other income (expense) was primarily driven by higher equity in earnings of unconsolidated affiliates and higher investment income.

	Nine Months			
	Ended June 30		2007 vs. 2006	
	2007	2006	\$ Change	% Change
	(in millions, except percentages)			
Equity in earnings of unconsolidated affiliates	\$ 38	\$ 19	\$ 19	100%
Interest expense	(60)	(67)	7	(10)
Investment income, net	72	44	28	64
Total	\$ 50	\$ (4)	\$ 54	NM

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates includes investments in Visa International and joint ventures that own, lease, develop and operate all facilities and properties used jointly by Visa U.S.A. and Visa International. The increase in equity in earnings of unconsolidated affiliates for the nine months ended June 30, 2007 primarily reflected higher Visa International net income, offset by a decrease in Visa U.S.A.'s proportionate equity interest in Visa International earnings from the prior year, reflecting the fact that Visa U.S.A.'s fees paid to Visa International comprised a lower percentage of total payments volume-based fees paid to Visa International.

Interest Expense

Interest expense primarily includes interest incurred on Visa U.S.A.'s series A and series B senior secured notes, due December 2007 and December 2012, respectively, and accretion associated with litigation settlements to be paid over periods longer than one year. The decrease in interest expense for the nine months ended June 30, 2007 primarily reflected lower accretion expense for the retailers' litigation over time as annual settlement payments are made.

Investment Income, Net

The increase in investment income, net for the nine months ended June 30, 2007 primarily reflected higher earnings on fixed-income investment securities and commercial paper, due to higher average investment balances and higher market interest rates compared to the prior year.

Income Taxes

Visa U.S.A.'s effective tax rate is a combination of federal and state statutory rates and allowable adjustments to taxable income. The effective tax rate was 36% for both nine-month periods ended June 30, 2007 and June 30, 2006.

Table of Contents**Minority Interest**

Minority interest represents the 31% interest in Inovant owned by Visa Canada, Visa International and Visa Europe. The decrease in minority interest for the nine months ended June 30, 2007 compared to the same prior year period reflected lower Inovant net income as a result of charges for severance and termination benefits related to Visa U.S.A.'s plans to outsource certain data processing and development support functions. See Note 9 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A.

Fiscal 2006 compared to Fiscal 2005*Operating Revenues*

Operating revenues were \$3.0 billion and \$2.7 billion in fiscal 2006 and fiscal 2005, respectively, reflecting an increase of \$0.3 billion, or 11%. The increase in operating revenues was primarily driven by increases in card service fees and data processing fees due to growth in payments volume and transactions. In fiscal 2006, growth in consumer credit volume continued to favorably impact operating revenues, driven largely by Visa Signature, Visa U.S.A.'s premium credit platform, which generates higher fees. Operating revenues were also impacted by growth in debit volumes and transactions processed, reflecting the ongoing impact of certain member conversions to the debit Interlink platform.

	Fiscal		2006 vs. 2005	
	2006	2005	\$ Change	% Change
	(in millions, except percentages)			
Card service fees	\$ 1,482	\$ 1,289	\$ 193	15%
Data processing fees	1,248	1,139	109	10
Volume and support agreements	(588)	(524)	(64)	12
International transaction fees	398	360	38	11
Other revenues	408	401	7	2
Total Operating Revenues	\$ 2,948	\$ 2,665	\$ 283	11%

Card Service Fees

The increase in card service fees in fiscal 2006 compared to fiscal 2005 of 15% was in line with the growth in underlying payments volume exclusive of PIN-based debit, which increased \$151.0 billion to \$1.2 trillion in fiscal 2006, reflecting increased spending on all product platforms volumes.

Data Processing Fees

Data processing fees increased 10% primarily due to an increase in the number of transactions processed in fiscal 2006 as compared to fiscal 2005. The increase in transactions processed outpaced the increase in data processing fees in fiscal 2006 primarily due to higher volume-based discounts resulting from consolidations among financial institution customers. Despite solid growth in the mix of debit transactions during fiscal 2006, reflecting conversion of various member financial institutions to Interlink, Visa U.S.A.'s PIN-based debit platform, the impact of volume-based discounts across all product lines outpaced the impact of growth of debit transactions. Of the total data processing fees, \$122 million and \$121 million was earned from Visa International, Visa Canada, and Visa Europe in fiscal 2006 and fiscal 2005, respectively.

Volume and Support Agreements

Growth of volume and support agreements in fiscal 2006 was primarily due to the execution of new agreements in support of Visa U.S.A. partnership programs with existing members, and co-branding programs with existing members and new merchants.

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The net asset (liability) of volume and support agreements changed as follows:

	(in millions)
Beginning balance at October 1, 2005, net asset ⁽¹⁾	\$ 110
Provision	
Current year provision ⁽²⁾	(635)
Performance adjustments ⁽³⁾	36
Contractual amendments	11
Subtotal volume and support agreements	(588)
Payments	413
Other ⁽⁴⁾	3
Ending balance at September 30, 2006, net asset (liability) ⁽¹⁾	\$ (62)

- (1) Balance represents the net of the current and long-term asset, and current liability portions of volume and support agreements as presented on the face of the consolidated balance sheets of Visa U.S.A.
- (2) Amount represents adjustments resulting from management's refinement of its estimate of projected sales performance as new information becomes available.
- (3) Amount represents adjustments resulting from amendments to existing contractual terms.
- (4) Other represents long-term contractual arrangements that are designed to increase Visa-branded cards and volumes in exchange for certain advertising and promotional rights. Additionally, in 2005, Other includes a member agreement that contains waivers to card service fees.

International Transaction Fees

International transaction fees increased 11% while multi-currency payments volume increased 9% or \$4.4 billion in fiscal 2006 as compared to fiscal 2005. The increase in international transaction fees was higher than the growth in multi-currency payments volume due to the differential between foreign and domestic interchange rates.

Other Revenues

The increase in other revenues in fiscal 2006 primarily reflected:

Revenue growth from loyalty programs such as Visa Extras and the Visa Incentive Network of \$35 million. Visa Extras is a platform for enrolled Visa cardholders to earn reward points toward qualifying purchases. Visa Incentive Network allows merchants and members to manage cardholder awards and enhancements at the cardholder level in order to deliver tailored offers to cardholders;

Revenue growth of \$18 million for technology projects and services performed for Visa International, Visa Canada and Visa Europe; and

Other miscellaneous increases in revenues relating to optional card enhancements, fines and penalties relating to merchant chargebacks, and other services.

These increases were offset by:

Reduction in revenues of \$36 million related to a merchant incentive program. The program collects fees from members and the funds are intended to support various merchant programs designed to build payments volume and increase product acceptance.

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Beginning in fiscal 2006, the program was modified, requiring specific use of related revenues. Revenues related to the merchant incentive program were therefore deferred and recognized only when expended as designated in specific acceptance programs.

Absence of \$20 million in revenues recognized in fiscal 2005 related to deferred revenues from previous periods.

Table of Contents*Operating Expenses*

Total operating expenses were unchanged at \$2.2 billion for both fiscal 2006 and 2005, respectively. Visa U.S.A. reduced its total operating expenses as a percentage of total operating revenues to 75% in fiscal 2006 compared to 83% in fiscal 2005 due to more effective expense management and the absence of certain charges associated with Visa U.S.A.'s litigation provision expense recorded in fiscal 2005. The charge to litigation provision expense in fiscal 2005 was primarily related to the multi-currency matter that was subsequently settled in fiscal 2006. See Note 18 of the fiscal 2006 consolidated financial statements of Visa U.S.A.

	Fiscal		2006 vs. 2005	
	2006	2005	\$ Change	% Change
	(in millions, except percentages)			
Personnel	\$ 671	\$ 619	\$ 52	8%
Facilities	89	93	(4)	(4)
Network, EDP and communications	328	338	(10)	(3)
Advertising, Marketing and promotion	539	528	11	2
Visa International fees	159	169	(10)	(6)
Professional and consulting fees	291	273	18	7
Administrative and other	118	60	58	97
Litigation provision	23	132	(109)	(83)
Total Operating Expenses	\$ 2,218	\$ 2,212	\$ 6	0%

Personnel

Personnel expense consists of salaries, incentives and various fringe benefits. The increase in personnel expense in fiscal 2006 reflected annual salary adjustments, which were broadly in line with inflation and an increase in the number of employees in support of various corporate initiatives at Visa U.S.A.

Network, EDP and Communications

Network, EDP and communications expenses represent expenses for the operation of the Visa U.S.A. electronic payments network, including maintenance, depreciation and fees for other data processing services. The decrease in network, EDP and communications expense in fiscal 2006 primarily reflected a decrease in software expense of \$9 million due to Visa U.S.A. lowering its threshold for capitalizing software from a unit cost greater than \$25,000 or an aggregate purchase cost greater than \$250,000 to a unit cost or aggregate purchase cost greater than \$10,000.

Advertising, Marketing and Promotion

Advertising, marketing and promotion expense includes expenses associated with advertising and marketing programs, sponsorships, promotions and other related incentives to promote the Visa brand and assist members in achieving their goals. In connection with certain sponsorship agreements, Visa U.S.A. has an obligation to spend certain minimum amounts for advertising and marketing promotion over the terms of the agreements. The increase in advertising, marketing and promotion expense in fiscal 2006 primarily reflected higher expenditures for Visa U.S.A.'s new brand mark and card design launch which began in January 2006 and its Life Takes Visa advertising campaign, launched in February 2006.

Visa International Fees

Fees paid by Visa U.S.A. to Visa International are based on payments volumes exclusive of PIN-based debit, for services primarily related to global brand management, global product enhancements, management of global system development and interoperability, and corporate support to the entire Visa enterprise. The fees are calculated based on Visa U.S.A.'s relative percentage of these payments volumes compared to other Visa regions. The decrease in Visa International fees in fiscal 2006 primarily reflected reductions in Visa U.S.A.'s

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percentage of worldwide sales volumes, as global emerging markets experienced higher sales volume growth rates than the more mature U.S. economy.

Professional and Consulting Fees

Professional and consulting fees consist of fees for consulting, contractors, legal and other professional services. Professional and consulting fees increased in fiscal 2006 primarily due to professional contracting fees incurred to provide analysis and support for various programs and projects including product development and innovation, call center operations, and global processing and system development. Additional expenses for accounting and auditing services were incurred in conjunction with Visa U.S.A.'s review of internal controls over financial reporting, and additional legal fees were incurred to support ongoing litigation matters.

Administrative and Other

Administrative and other expenses primarily consist of other corporate and overhead expenses in support of business, travel and directors' fees. Administrative and other expense increased in fiscal 2006, primarily reflecting the following non-recurring expenses:

A \$24 million charge to reimburse members for production and issuance costs related to discontinued use of Visa-branded cards with the holographic magnetic stripe design;

A \$13 million impairment charge for the net carrying value of Visa U.S.A.'s Mini Card license. Given Visa U.S.A.'s strategic focus on developing next-generation payment platforms and services, and minimal Mini Card issuance by members, Visa U.S.A. assessed a low probability of future incremental cash flows from the Mini Card; and

An \$11 million charge to reflect expenses for business objectives related to a litigation settlement in fiscal 2006. The settlement required Visa U.S.A. to either meet certain joint business objectives or make cash payments in lieu of the business objectives over five years. Because Visa U.S.A. expects to make these related cash payments without receiving future benefits, Visa U.S.A. charged the present value of the total payments to its consolidated statements of operations in fiscal 2006.

Litigation Provision

Visa U.S.A. is a party to various legal and regulatory proceedings. The litigation provision is an estimate and is based on Visa U.S.A.'s understanding of its litigation profile, the specifics of each case, advice of counsel to the extent appropriate and management's best estimate of incurred loss at the balance sheet dates. See *Business Other Legal and Regulatory Proceedings* and Note 18 of the fiscal 2006 consolidated financial statements of Visa U.S.A. The decrease in the provision in fiscal 2006 compared to the prior year was driven by the following:

Absence of litigation provision for the multicurrency matter of \$94 million, which was charged in fiscal 2005 and settled in fiscal 2006;

Downward adjustment of \$16 million to the litigation provision reflecting the settlement of two matters in July 2006; and

A \$12 million insurance recovery related to one of the matters settled in July 2006.

Total liabilities for legal matters changed as follows:

(in millions)

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Balance at September 30, 2005	\$ 1,208
Provision for legal matters	34
Insurance recovery	(11)
Interest accretion on settled matters	92
Payments on settled matters	(323)
Balance at September 30, 2006	\$ 1,000

Table of Contents*Other Income (Expense)*

Other expense was \$8 million in fiscal 2006 compared to other income of \$3 million in fiscal 2005. The decrease in other income primarily reflected the absence of a non-recurring gain-on-sale of a joint venture interest in Vital Services Processing LLC, a financial transaction processor for acquirers and merchants, which occurred in fiscal 2005, and lower equity in earnings related to Visa U.S.A.'s ownership in Visa International. Vital Processing Services LLC was formed by Merchant Processing Holdings, Inc. and TSYS (formerly known as Total System Services) in 1996.

	Fiscal		2006 vs. 2005	
	2006	2005	\$ Change	% Change
	(in millions, except percentages)			
Equity in earnings of unconsolidated affiliates	\$ 13	\$ 31	\$ (18)	(58)%
Interest expense	(89)	(109)	20	(18)
Investment income, net	68	81	(13)	(16)
Other Income (Expense)	\$ (8)	\$ 3	\$ (11)	NM

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates includes investments in Visa International and joint ventures that own, lease, develop and operate all facilities and properties used jointly by Visa U.S.A. and Visa International. The decrease in equity in earnings of unconsolidated affiliates in fiscal 2006 primarily reflected lower Visa International net income and a decrease in Visa U.S.A.'s proportionate equity interest in Visa International earnings from the prior year, reflecting the fact that Visa U.S.A. comprised a lower percentage of total payments volume-based fees paid to Visa International. The decrease also reflected the absence of equity in earnings from Vital Processing Services LLC following the sale of Visa U.S.A.'s 50% equity interest in the joint venture during fiscal 2005.

Interest Expense

Interest expense primarily includes interest incurred on Visa U.S.A.'s series A and series B senior secured notes, due December 2007 and December 2012, respectively, and accretion associated with litigation settlements to be paid over periods longer than one year. The decrease in interest expense in fiscal 2006 primarily reflected the absence of accretion expense on litigation for certain merchants that opted not to participate in the plaintiff's class in the retailers' litigation matter. These litigation matters were settled in the first six months of fiscal 2005. See Note 18 to the fiscal 2006 consolidated financial statements of Visa U.S.A.

Investment Income, Net

The decrease in investment income, net in fiscal 2006 primarily reflected the absence of a \$42 million gain on the sale of Visa U.S.A.'s 50% equity interest in Vital Processing Services LLC in fiscal 2005. The decrease was offset by higher earnings on fixed-income investment securities, due to higher average investment balances and higher market interest rates for current year periods compared to the prior year.

Income Taxes

Visa U.S.A.'s effective tax rate decreased to 35% in fiscal 2006 from 40% for the prior year comparable period. The lower effective tax rate is primarily attributable to additional tax benefits granted by the state related to Visa U.S.A.'s tax filing methodology in fiscal 2006 and the absence of one-time releases of deferred tax assets related to the adoption of a new state tax filing methodology, which occurred in 2005.

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The components impacting the effective tax rate are:

	Fiscal			
	2006 Dollars	Percent	2005 Dollars	Percent
(in millions, except percentages)				
Income before income taxes, cumulative effect of accounting change, and minority interest	\$ 722		\$ 606	
Cumulative effect of accounting change, gross			(150)	
Income before income taxes and minority interest	\$ 722		\$ 456	
Minority interest expense	16		8	
U.S. federal statutory tax	253	35%	160	35%
State tax effect, net of federal benefit	(11)	(2)	21	5
Non-deductible expenses and other differences	20	3	7	2
Tax-exempt income	(3)	(0)	(2)	(1)
Adjustment to deferred taxes federal	(3)	(0)		
Refund claims and settlement of audit matters federal	1	0		
	\$ 257	36%	\$ 186	41%
Minority interest not Subject to tax	(6)	(1)	(3)	(1)
Income Tax Expense	\$ 251	35%	\$ 183	40%

Minority Interest

Minority interest represents the 31% ownership interest in Inovant owned by Visa Canada, Visa International and Visa Europe. In September 2005, Inovant, Inc. sold a 10% interest in Inovant to Visa Europe and a 6% interest to Visa International and its CEMEA region at a price equivalent to the founder's cost, thereby reducing Visa U.S.A.'s ownership of Inovant from 85% to 69%. This increase in third party ownership had a full year impact in fiscal 2006 resulting in increased minority interest expense in fiscal 2006.

Fiscal 2005 compared to Fiscal 2004*Operating Revenues*

Operating revenues were \$2.7 billion and \$2.4 billion in fiscal 2005 and fiscal 2004, respectively. The growth in operating revenues was principally due to increased payments volume and transactions processed. Operating revenues were impacted by growth in debit payments volume and transactions, reflecting certain member conversions to Interlink, Visa's PIN-based debit platform and new partnership relationships that began during fiscal 2005.

	Fiscal		2005 vs. 2004	
	2005	2004	\$ Change	% Change
(in millions, except percentages)				
Card service fees	\$ 1,289	\$ 1,191	\$ 98	8%
Data processing fees	1,139	1,038	101	10
Volume and support agreements	(524)	(466)	(58)	12
International transaction fees	360	306	54	18
Other revenues	401	360	41	11
Total Operating Revenues	\$ 2,665	\$ 2,429	\$ 236	10%

Table of Contents*Card Service Fees*

Card service fees were primarily driven by payments volume, exclusive of PIN-based debit, which increased \$126.0 billion or 14% to \$1.0 trillion in fiscal 2005 as compared to fiscal 2004, reflecting increased consumer use of card products for spending. Revenues from card service fees lagged growth in underlying payments volume due to the combined impacts of:

additional partnership program benefits, which began in fiscal 2005, for partners meeting certain volume and loyalty thresholds;

mergers or consolidations of certain of Visa U.S.A.'s members since fiscal 2004, for which higher sales volumes of the merged businesses qualified for higher volume-based discounts; and

new partnership relationships and associated partnership discounts that commenced in fiscal 2005.

Data Processing Fees

Data processing fees were primarily driven by an increase in the number of transactions processed. Growth in data processing fees in fiscal 2005 was lower than the growth in the number of underlying transactions processed due primarily to the impact of:

higher volume discounts reflecting the consolidation and growth of transactions among members; and

discounts initiated during the year that are applied to transactions in which the same member is both the issuing and acquiring financial institution.

Of total data processing fees, \$121 million and \$119 million were earned from Visa International, Visa Canada and Visa Europe, collectively, in fiscal 2005 and fiscal 2004, respectively.

Volume and Support Agreements

Volume and support agreements increased due to new agreements in support of Visa U.S.A.'s partnership programs with existing members, and co-branding programs with existing members and new merchants. Volume and support agreements remained consistent as a percentage of gross operating revenues in fiscal 2005 and fiscal 2004.

The net asset of volume and support agreements changed as follows:

	2005 (in millions)
Beginning balance at October 1, 2004, net asset ⁽¹⁾	\$ 210
Provision	
Current year provision	(509)
Performance adjustments ⁽²⁾	6
Contractual amendments ⁽³⁾	(21)
Subtotal volume and support agreements	(524)
Payments	441
Other ⁽⁴⁾	(17)

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Ending balance at September 30, 2005, net asset ⁽¹⁾	\$	110
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- (1) Balance represents the net of the current and long-term asset, and current liability portions of volume and support agreements as presented on the face of the consolidated balance sheets.
 - (2) Amount represents adjustments resulting from management's refinement of its estimate of projected sales performance as new information becomes available.
 - (3) Amount represents adjustments resulting from amendments to existing contractual terms.
 - (4) Other represents long-term contractual arrangements that are designed to increase Visa-branded cards and volumes in exchange for certain advertising and promotional rights. Additionally, in 2005, Other includes a member agreement which contains waivers to card service fees.

Table of Contents*International Transaction Fees*

International transaction fees are generally driven by multi-currency payments volume, which increased 14% or \$6.0 billion in fiscal 2005. The 18% increase in international transaction fees over the growth in multi-currency payments volume was due to the differential between foreign and domestic interchange rates.

Other Revenues

The increase in other revenues in fiscal 2005 primarily reflected:

recognition of \$20 million in revenues deferred in prior periods;

revenue growth of \$14 million from loyalty programs such as Visa Extras and the Visa Incentive Network; and

revenue growth of \$14 million related to a merchant incentive program fee, which increased broadly in line with payments volumes. These fees are used to support various merchant programs designed to build payments volume and increase product acceptance.

Operating Expenses

Total operating expenses were \$2.2 billion and \$2.0 billion in fiscal 2005 and fiscal 2004, respectively, reflecting an increase of \$213 million, or 11%. The increase primarily reflected additional litigation provision charges and additional advertising, marketing and promotion spending in support of the Visa Signature platform and small business and debit products. Visa U.S.A.'s total operating expenses as a percentage of total operating revenues was 83% in fiscal 2005 compared to 82% in fiscal 2004.

	Fiscal		2005 vs. 2004	
	2005	2004	\$ Change	% Change
	(in millions, except percentages)			
Personnel	\$ 619	\$ 628	\$ (9)	(1)%
Facilities	93	90	3	3
Network, EDP and communications	338	300	38	13
Advertising, marketing and promotion	528	471	57	12
Visa International fees	169	196	(27)	(14)
Professional and consulting fees	273	231	42	18
Administrative and other	60	46	14	30
Litigation provision	132	37	95	257
Total Operating Expenses	\$ 2,212	\$ 1,999	\$ 213	11%

Network, EDP and Communications

The increase in network, EDP and communications expense for fiscal 2005 primarily reflected depreciation and amortization expense for equipment and internally developed software platforms that were capitalized during the year.

Advertising, Marketing and Promotion

The increase in advertising, marketing and promotion expense in fiscal 2005 primarily reflected increased advertising for Visa U.S.A.'s Signature platform, small business and debit products, and Visa U.S.A.'s suite of fraud-protection services as well as increased promotion expense.

Visa International Fees

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The decrease in Visa International fees in fiscal 2005 primarily reflected reductions in Visa U.S.A.'s percentage of worldwide Visa payments volumes, as global emerging markets experienced higher payments volume growth rates than the more mature U.S. economy.

Table of Contents*Professional and Consulting Fees*

Professional and consulting fees increased in fiscal 2005, primarily as a result of higher management consulting fees and professional contracting fees to develop and provide maintenance on several system and business projects. Additional legal fees were also incurred to support ongoing litigation matters.

Administrative and Other

Administrative and other expenses increased in fiscal 2005. The prior fiscal year included a non-recurring reduction in bank charges, that had previously been accrued, related to lower-than-anticipated restructuring costs on amendments to Visa U.S.A.'s note purchase agreement for its senior secured notes issued in March 2004. Visa U.S.A. also increased its charitable contributions in fiscal 2005, reflecting Visa U.S.A.'s contributions to various hurricane and earthquake relief efforts.

Litigation Provision

The litigation provision increase in fiscal 2005 was primarily the result of the following:

settlement agreements of \$25 million with certain merchants that opted out of the retailers' litigation;

provision for certain ongoing litigation matters, including those matters related to multi-currency litigation claims, of \$94 million; and

compensation of \$17 million to Visa International, Visa Europe and Visa Canada in resolution of certain matters related to the earnings and distributions from Inovant as well as in consideration of their mutual release from claims with respect to these matters.

Total liabilities for legal matters changed as follows:

	(in millions)
Balance at September 30, 2004	\$ 1,263
Provision for legal matters	132
Interest accretion on settled matters	99
Payments on settled matters	(286)
Balance at September 30, 2005	\$ 1,208

Other Income (Expense)

Other income was \$3 million in fiscal 2005 and other expense was \$75 million in fiscal 2004, reflecting a decrease in expense of \$78 million. The decrease was primarily due to higher investment income reflecting a \$42 million investment gain recorded in fiscal 2005 from the sale of Visa U.S.A.'s 50% interest in the Vital Processing Services LLC joint venture.

	Fiscal	Fiscal	2005 vs. 2004	
	2005	2004	\$ Change	% Change
	(in millions, except percentages)			
Equity in earnings of unconsolidated affiliates	\$ 31	\$ 22	\$ 9	41%
Interest expense	(109)	(111)	2	(2)
Investment income, net	81	14	67	479

Other Income (Expense)	\$ 3	\$ (75)	\$ 78	NM
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Equity in Earnings of Unconsolidated Affiliates

The increase in equity in earnings of unconsolidated affiliates reflected equity in earnings of Visa International recorded as a cumulative effect of accounting change on implementation of Emerging Issues Task

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Force No 02-14, *Whether an Investor Should Apply the Equity Method of Accounting to Investments Other Than Common Stock* during fiscal 2005. See Note 3 of the fiscal 2006 consolidated financial statements of Visa U.S.A. This increase was partially offset by a decrease in equity in earnings of Vital Processing Services LLC following the sale of Visa U.S.A.'s 50% equity interest in Vital Processing Services LLC in March 2005.

Investment Income, Net

The increase in investment income, net in fiscal 2005 primarily reflects the investment gain recorded from the sale of Visa U.S.A.'s 50% interest in Vital Processing Services LLC and higher earnings on fixed-income investment securities, due to larger average investment balances and improving financial markets in fiscal 2005.

Income Taxes

Visa U.S.A.'s effective tax rate increased to 40% in fiscal 2005 compared to 37% from the prior year comparable period. The increase was primarily attributable to the effect of the initial adoption of a state tax filing methodology. As a result of the new state tax filing methodology, existing deferred tax assets were revalued. This resulted in a reduction to deferred tax assets and higher income tax expense in fiscal 2005.

The components impacting the effective tax rate are:

	2005		2004	
	Dollars	Percent	Dollars	Percent
	(in millions, except percentages)			
Income before income taxes, cumulative effect of accounting change and minority interest	\$ 606		\$ 344	
Cumulative effect of accounting change, gross	(150)		11	
Income before income taxes and minority interest	\$ 456		\$ 355	
Minority interest expense	8		7	
U.S. federal statutory tax	160	35%	124	35%
State tax effect, net of federal benefit	21	5	16	5
Non-deductible expenses and other differences	7	2	(5)	(2)
Tax-exempt income	(2)	(1)		
	\$ 186	41%	\$ 135	38%
Minority interest not subject to tax	(3)	(1)	(2)	(1)
Income Tax Expense	\$ 183	40%	\$ 133	37%

Liquidity and Capital Resources

Visa U.S.A. maintained comprehensive cash flow budgets and forecasts to project Visa U.S.A.'s short-term and long-term liquidity needs, and maintain controls and governance over spending and investment decisions. Visa U.S.A.'s corporate investment policy was approved by its board of directors and Visa U.S.A.'s Asset and Liability Committee oversees Visa U.S.A.'s treasury activity. Visa U.S.A. requires capital resources and liquidity to:

enable uninterrupted settlement of debit transactions;

fund development of new technology, payment products and services;

fund payment obligations under volume and support agreements;

finance capital expenditures and future investments;

service the payments of principal and interest on outstanding debt; and

pay the costs of litigation, including settlements.

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Settlement of certain debit transactions due from and due to members represents Visa U.S.A.'s most consistent liquidity requirement. These settlement receivables and payables generally remain outstanding for one to two business days. Visa U.S.A. maintains a liquidity position sufficient to enable uninterrupted daily net debit settlement. Visa International is Visa U.S.A.'s settlement agent for credit and all other debit transactions.

Sources of Liquidity

Visa U.S.A.'s primary sources of liquidity were cash on hand, cash provided by operating activities and a fixed-income investment portfolio. Funds from operations are maintained in cash and cash equivalents, short-term available-for-sale investments, or long-term available-for-sale investments based on Visa U.S.A.'s estimates of when those funds will be needed. At June 30, 2007, September 30, 2006, September 30, 2005 and September 30, 2004, Visa U.S.A.'s total liquid assets were \$1.9 billion, \$1.4 billion, \$1.1 billion and \$708 million, respectively, as reflected in the following table:

	June 30, 2007	September 30, 2006	September 30, 2005	September 30, 2004
	(in millions)			
Cash and cash equivalents	\$ 590	\$ 270	\$ 135	\$ 174
Short-term investments securities, available-for-sale	728	660	681	156
Long-term investments securities, available-for-sale	569	515	319	378
Total current assets	1,997	1,594	1,478	920
Total current liabilities	1,193	1,393	1,325	1,070
Long-term debt	30	41	74	106
Long-term portion of accrued litigation	826	784	1,010	1,019
Total equity (deficit)	1,192	583	126	(230)
Working capital	804	201	153	(150)

Visa U.S.A.'s debt-to-equity ratio, inclusive of accrued litigation, decreased from 0.9 to 1.0 at June 30, 2007 from 1.8 to 1.0 at September 30, 2006, and from 10.5 to 1.0 at September 30, 2005. Between fiscal 2006 and the period ended June 30, 2007, the ratio improved as Visa U.S.A.'s equity position improved to \$1.2 billion at June 30, 2007 from \$583 million at September 30, 2006, reflecting continued growth in net income and ongoing quarterly payments on outstanding indebtedness.

In July 2006, Visa U.S.A.'s board of directors approved a plan to build a new data center on the east coast of the United States at an estimated cost of \$397 million, which Visa U.S.A. plans to fund with its existing liquid assets and projected cash flows. Visa U.S.A. expects to complete the land purchase in fiscal 2007 and anticipates that construction will begin shortly thereafter and continue through fiscal 2010. Upon completion, Visa U.S.A. will migrate its current east coast data center to this new facility. Visa U.S.A. assesses the estimated cost to build the new data center on a regular basis and the corresponding liquidity required during each stage of the building process. In March 2007, Visa U.S.A. executed two performance bond agreements with the county in which the east coast data center will be constructed to provide assurance that land development and construction will be completed as planned. The bonds have a total value of \$2 million and become due in the event that land development and construction are not completed as planned. At June 30, 2007, Visa U.S.A. had executed construction agreements related to this project totaling \$239 million of the \$397 million estimated to complete the new data center.

Visa U.S.A. believes its existing liquid assets and projected cash flows will be sufficient to fund its operations, working capital requirements, capital expenditures and future strategic developments during the remainder of fiscal 2007. Visa U.S.A. anticipates that future increases in its operating cash flows from new acceptance fees initiated in April 2007 will be offset by obligations assumed in connection with the retirement of two restricted liability programs. See Note 11 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A. Visa U.S.A. may choose to raise additional funds via new or increased fees or additional financing. Visa U.S.A.'s ability to maintain these levels of liquidity could be adversely affected by several factors described

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under *Risk Factors* including the adverse outcome of any of the legal or regulatory proceedings to which Visa U.S.A. is a party. Visa U.S.A. will continue to assess its liquidity position and potential sources of liquidity in view of its operating performance and other relevant circumstances.

Visa U.S.A. has certain off-balance sheet commitments and contingencies that may have significant future cash requirements. See the discussion in *Off-Balance Sheet Arrangements and Contractual Obligations* below and Notes 13, 14, 17 and 18 to the fiscal 2006 consolidated financial statements of Visa U.S.A. and in Note 11 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A.

Cash Flow Data

	Nine Months Ended June 30		2006	Fiscal 2005	2004
	2007 (unaudited)	2006			
	(in millions)				
Net cash provided by operating activities	\$ 543	\$ 518	\$ 434	\$ 481	\$ 433
Net cash used in investing activities	(196)	(391)	(263)	(473)	(306)
Net cash used in financing activities	(27)	(27)	(36)	(46)	(39)
Increase (Decrease) in Cash and Cash Equivalents	\$ 320	\$ 100	\$ 135	\$ (38)	\$ 88

Operating Activities

Net cash provided by operating activities increased \$25 million for the nine months ended June 30, 2007 compared to the same prior year period. The increase primarily reflected increases in operating net income and the absence of a substantial program payment in connection with Visa U.S.A.'s Visa Check card program in the prior year. See Note 11 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A. for a description of this program. These increases were offset by the impact of lower non-cash items over the previous year such as amortization for volume and support agreements and accrued litigation obligation.

Net cash provided by operating activities decreased \$47 million during fiscal 2006, primarily due to payments on litigation matters largely accrued for in fiscal 2005 but settled and paid for in fiscal 2006. In addition, lower levels of accounts payable and accrued liabilities in fiscal 2006 compared to fiscal 2005 contributed to the decrease in cash provided by operating activities. These decreases were offset by increases in the liability position of volume and support agreements, and higher net income, adjusted for non-cash items.

Net cash provided by operating activities increased \$48 million during fiscal 2005. Excluding the impact of member deposits on cash provided by operating activities in fiscal 2004, net cash provided by operating activities increased \$204 million in fiscal 2005, fueled primarily by fiscal 2005 net income, non-cash charges including the litigation provision, and higher levels of accounts payable and accrued liabilities at the end of fiscal 2005. Cash generated from operating activities in fiscal 2004 primarily reflects member deposits, which increased \$156 million, under the member deposit program where members could choose to advance a deposit against their quarterly member service fees at a discount. See Note 17 of the fiscal 2006 consolidated financial statements of Visa U.S.A.

Net cash used by operating activities will be impacted by judgments in, or settlements of, pending and future legal and regulatory proceedings. Visa U.S.A. and Visa International are parties to such proceedings with respect to a variety of matters, including certain litigation that we refer to as the covered litigation. We have a retrospective responsibility plan to address settlements of, or judgments in, the covered litigation. As part of the plan, we intend to deposit \$ _____ of the net proceeds of this offering, representing _____ % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), into an escrow account from which settlements of, or judgments in, the covered litigation will be payable. The amount deposited in the escrow account will cause the class B conversion rate to adjust to _____ shares of class A common stock per share of class B common stock. After the closing of this offering, we may conduct future sales of class A common stock in order to increase the escrow amount, in which case the conversion rate of the class B common stock will be subject to additional dilutive adjustments to the extent of the net proceeds from those sales. See *Business Retrospective Responsibility Plan*.

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We, Visa U.S.A. and Visa International entered into an agreement with American Express that become effective on November 9, 2007 to settle previously disclosed litigation, *American Express Travel Related Services Co., Inc. v. Visa U.S.A. Inc. et al*, that had been pending since 2004. The settlement ends all current litigation between American Express and Visa U.S.A. and Visa International as well as five co-defendant banks. Under the settlement agreement, American Express will receive maximum payments of \$2.25 billion, including up to \$2.07 billion from us and \$185 million from the five co-defendant banks. An initial payment of \$1.13 billion will be made on or before March 31, 2008, including \$945 million from us and \$185 million from the five co-defendant banks. Beginning March 31, 2008, we will pay American Express an additional amount of up to \$70 million each quarter for 16 quarters, for a maximum total of \$1.12 billion.

Investing Activities

The decrease in net cash used in investing activities for the nine months ended June 30, 2007 primarily reflects more investment sales and maturities over investment purchases during the nine months ended June 30, 2007 compared to the same prior year period. Excess proceeds generated from operating activities and investing activities were primarily used to procure commercial paper and other highly liquid investments classified in cash equivalents.

The decrease in net cash used in investing activities in fiscal 2006 from fiscal 2005 primarily reflects fewer funds available for the purchase of investment securities as a result of one-time litigation settlements, including the multi-currency matter.

The increase in net cash used in investing activities in fiscal 2005 from fiscal 2004 primarily reflects more investment of operating cash flows in income-generating investment securities during the year.

Financing Activities

Net cash used in financing activities was substantially unchanged in the nine months ended June 30, 2007 compared to the same prior year period, and primarily reflected scheduled quarterly payments on Visa U.S.A.'s series A senior secured notes due 2007 and series B senior secured notes due 2012.

Net cash used in financing activities during fiscal 2006, 2005 and 2004 primarily reflects scheduled quarterly payments on Visa U.S.A.'s series A senior secured notes due 2007 and series B senior secured notes due 2012. See Note 14 of the fiscal 2006 consolidated financial statements of Visa U.S.A. Cash requirements remained stable as the outstanding debt decreased during fiscal 2006, 2005 and 2004.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Arrangements

Under Visa U.S.A.'s bylaws in effect prior to the reorganization, Visa U.S.A. indemnified issuing and acquiring members for settlement losses suffered by reason of the failure of any other member to honor drafts, travelers checks, or other instruments processed in accordance with its operating regulations. Visa International is Visa U.S.A.'s settlement agent. Visa U.S.A. partially indemnifies Visa International from losses due to the failure of a member. The term of the indemnity is not limited. Visa U.S.A. is responsible for losses up to \$1.0 million plus 0.003% of Visa U.S.A.'s sales volume for the year preceding the loss, or approximately \$37 million in fiscal 2006. Currently settlement

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is guaranteed by members through the indemnification provisions in the bylaws of Visa U.S.A. and Visa International and through separate membership agreements with the individual members. Upon the closing of this offering, members will no longer indemnify Visa for settlement obligations other than their own settlement obligations and those of certain other participants in the system sponsored by the member. Visa Inc. will set aside an amount from the proceeds from this offering for capital adequacy purposes, including proceeds necessary to cover settlement risk.

In conjunction with Visa U.S.A.'s purchase of Inovant, Inc. from Visa International on January 1, 2003, Visa U.S.A. agreed to indemnify Visa International in the event of future tax liability in connection with an adverse determination by a taxing authority resulting from the sale of stock of Inovant, Inc. The indemnification is effective for 10 years and extends through 30 years or the statute of limitation in the event of a tax extension for the year of the stock repurchase. The maximum probability-weighted liability is considered immaterial and no liability has been accrued for this obligation.

Visa U.S.A. has no special purpose entities or off-balance sheet debt, other than operating leases and purchase order commitments entered into in the ordinary course of business and reflected in the contractual obligations table below.

Contractual Obligations

The contractual obligations identified in the table below include both on-and off-balance sheet transactions that represent material expected or contractually committed future obligations at the end of fiscal 2006. Visa U.S.A. believes that it will be able to fund these obligations through cash generated from operations and its existing cash balances.

Payments Due by Period	Less than	1-3	3-5	More than	Total
	1 Year	Years	Years	5 Years	
	(in millions)				
Purchase orders ⁽¹⁾	\$ 357	\$ 16	\$ 1	\$	\$ 374
Operating leases ⁽²⁾	11	13	10	1	35
Equipment and licenses ⁽²⁾	20	17			37
Capital leases ⁽³⁾	4	4			8
Volume and support agreements ⁽⁴⁾					
Member	400	811	507	118	1,836
Other	155	175	132	81	543
Litigation payments ⁽⁵⁾	231	421	410	200	1,262
Debt ⁽⁶⁾	33	20	14	9	76
Total	\$ 1,211	\$ 1,477	\$ 1,074	\$ 409	\$ 4,171

(1) Purchase obligations include agreements to purchase goods and services that are enforceable and legally binding and that specify significant terms, including: fixed or minimum quantities to be purchased and fixed, minimum or variable price provisions; and the approximate timing of the transaction.

(2) Visa U.S.A. leases certain premises such as its data centers, certain regional offices and equipment under non-cancelable operating leases with varying expiration dates. During the quarter ended June 30, 2007, Visa U.S.A. entered into an operating lease for computer equipment which is effective beginning June 30, 2007 and ends October 31, 2010. The total obligation over the term of the lease including equipment maintenance costs is \$34 million. See Note 11 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A.

(3) Visa U.S.A. entered into a capital lease for certain computer equipment in fiscal 2005. Visa U.S.A. is financing the acquisition of the underlying assets through the leases and accordingly they are recorded on Visa U.S.A.'s consolidated balance sheets.

(4) Visa U.S.A. generally has non-cancelable agreements with members and merchants for various programs designed to build sales volume and increase payment acceptance. These agreements, which range in term from one to thirteen years, provide card issuance, marketing and program support based on specific performance requirements.

(5) Represents amounts due in accordance with settlement agreements in the retailers' litigation and other litigation settlements.

(6) Represents maturities on Visa U.S.A.'s series A and series B senior secured notes.

See Notes 14, 17 and 18 of the fiscal 2006 consolidated financial statements and Note 11 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A.

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Visa U.S.A. also has obligations with respect to its pension and postretirement benefit plans, and other incentive plans. See Note 13 of the fiscal 2006 consolidated financial statements of Visa U.S.A.

Related Parties

Prior to the reorganization, Visa U.S.A. conducted business as a non-stock, non-assessable membership corporation. The principal members of Visa U.S.A. were approximately 1,700 financial institutions that participated directly in Visa U.S.A.'s payment programs. In addition, there were approximately 11,700 associate and participant members that participate in Visa U.S.A.'s payment programs through one or more principal members.

Visa U.S.A.'s board of directors was comprised of ex-officio directors, individuals who were also officers of various member financial institutions that are also Visa U.S.A.'s customers and independent directors. Visa U.S.A. generated total operating revenues of approximately \$808.1 million, \$884.4 million and \$634.0 million from financial institutions with officers that also serve on its board of directors in fiscal 2006, 2005 and 2004, respectively. During fiscal 2006, 2005 and 2004, a significant portion of Visa U.S.A.'s operating revenues were generated from one customer with an officer that also serves on the board of directors. Operating revenues from this customer were approximately \$408 million or 14%, \$345 million or 13% and \$219 million or 9% of Visa U.S.A.'s total operating revenues in fiscal 2006, 2005 and 2004, respectively. No other customer accounted for 10% or more of Visa U.S.A.'s total operating revenues in fiscal 2006, 2005, or 2004. During the nine months ended June 30, 2007, JP Morgan Chase Bank and Bank of America, N.A. each individually accounted for 10% or more of Visa U.S.A.'s total operating revenues. For further information see Note 10 to the June 30, 2007 unaudited consolidated financial statements of Visa U.S.A. The loss of these customers could adversely impact Visa U.S.A.'s operating revenues and operating income.

Seasonality

Visa U.S.A. does not experience a pronounced seasonality in its business. No individual quarter of fiscal 2006, fiscal 2005, or fiscal 2004 has historically accounted for more than 30% of annual revenues.

Critical Accounting Estimates

Visa U.S.A.'s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires management to make judgments, assumptions and estimates that affect the amounts reported. Note 2 to the fiscal 2006 consolidated financial statements of Visa U.S.A., describes the significant accounting policies and methods used in the preparation of Visa U.S.A.'s consolidated financial statements. Visa U.S.A. has established policies and control procedures to make estimates and assumptions that are appropriately governed and are applied consistently from period to period. The following is a brief description of Visa U.S.A.'s current accounting policies involving significant management judgment. These estimates require difficult and subjective judgments, including whether estimates are required to be made about matters that are inherently uncertain, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably likely to occur could materially impact the financial statements.

Management believes that the following accounting estimates are the most critical to fully understand and evaluate Visa U.S.A.'s reported financial results, as they require management's most subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

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Critical Estimates	Assumptions and Judgment	Impact if Actual Results Differ from Assumptions
Revenue Recognition	<p>Certain contractual discounts and incentives to Visa U.S.A.'s customers are recorded based on an estimate of the customers' future performance. Differences are adjusted in the period Visa U.S.A.'s customer reports its results or in the period when updated customer performance information is available. Customers' future performance is estimated by using member reported information, transactional information accumulated from Visa U.S.A.'s systems, historical information, and discussions with Visa U.S.A.'s customers.</p>	<p>If the customers' actual performance is not consistent with Visa U.S.A.'s estimates, revenue discounts and incentives, which are recorded as a reduction of revenue, including volume and support agreements, may be materially different than initially recorded. For the nine months ended June 30, 2007, performance adjustments to Visa U.S.A.'s volume and support accruals increased operating revenues by 3.0% due to consumer spending patterns and slower growth in payments volume by Visa U.S.A. members. For fiscal 2006, 2005 and 2004, performance adjustments increased operating revenues by 1.2% and 0.2% and decreased operating revenues by 0.5%, respectively.</p>
Pension	<p>Certain assumptions are used in the determination of Visa U.S.A.'s annual pension costs and the disclosure of the funded position of Visa U.S.A.'s pension plan. Visa U.S.A. evaluates these critical assumptions at least annually.</p>	<p>Visa U.S.A. utilized a pension discount rate of 6.23% in measuring the projected benefit obligation in fiscal 2006 and in calculating the net periodic pension cost.</p>
<p>Key assumptions include the discount rate used to measure the plan's projected benefit obligation and the expected rate of return on plan assets.</p>	<p>The expected rate of return on plan assets in fiscal 2006 is 7.50%.</p>	<p>Actual results may differ from actuarial assumptions because of economic and other factors. The impact of these differences are accumulated and amortized over future periods.</p>
<p>Visa U.S.A.'s discount rate is based on matching the duration of corporate bond pools to the expected pension payment stream. The discount rate enables Visa U.S.A. to state the present value of the expected future cash flows on the measurement date. A lower discount rate increases the present value of benefit obligations and increases pension expense.</p>		<p>A quarter of a percentage point decrease in the discount rate would increase pension expense by \$4.5 million in fiscal 2006. An equal, but opposite effect would be experienced for a quarter of a point increase in the discount rate.</p>
		<p>A quarter of a point increase or decrease in expected rate of return on plan assets would decrease or increase pension cost, respectively, by \$1.0 million in fiscal 2006.</p>

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		Impact if Actual Results
Critical Estimates	Assumptions and Judgment	Differ from Assumptions
<p>The expected rate of return on plan assets is based on current and expected asset allocation, as well as the long-term historical risks and returns associated with each asset class within the plan portfolio. A lower expected rate of return on plan assets increases pension cost while a higher expected rate of return has the opposite effect.</p>		
Postretirement		
<p>Certain assumptions are used in the determination of Visa U.S.A.'s annual postretirement costs. Key assumptions include the discount rate used to measure the plan's projected benefit obligation and projected increase in future healthcare costs.</p>	<p>Visa U.S.A. utilized a postretirement discount rate of 6.16% in measuring the projected benefit obligation in fiscal 2006 and in calculating the postretirement benefit cost.</p>	<p>A quarter of a percentage point decrease in the discount rate would increase postretirement expense by \$0.2 million in fiscal 2006. An equal, but opposite effect would be experienced for a quarter of a point increase in the discount rate.</p>
	<p>The annual rate of future increases in per capita cost of health benefits for postretirement was 7% in fiscal 2006. The rate is then assumed to decrease 1% over the next year.</p>	<p>Increasing the health care cost trend by 1% would increase the postretirement accumulated plan benefit obligation by \$1.1 million and service and interest cost by \$0.4 million in fiscal 2006.</p>
		<p>Decreasing the health care cost trend by 1% would decrease the postretirement accumulated plan benefit obligation by \$1.0 million and service and interest cost by \$0.3 million in fiscal 2006.</p>
Legal Matters		
<p>Visa U.S.A. is a party to legal proceedings with respect to a variety of matters. Except as described in Note 18 of the fiscal 2006 consolidated financial statements of Visa U.S.A., Visa U.S.A. does not believe that any legal proceeding to which Visa U.S.A. is a party would have a material adverse impact on Visa U.S.A.'s business.</p>	<p>Visa U.S.A. evaluates the likelihood of an unfavorable outcome of legal proceedings to which Visa U.S.A. is party in accordance with SFAS No. 5, <i>Accounting for Contingencies</i> (SFAS 5). Visa U.S.A. records a liability in its consolidated financial statements for legal and regulatory actions when a loss is known or considered probable and the amount can be reasonably estimated. Visa U.S.A.'s judgments are subjective based on the status of the legal or regulatory proceedings, the merits of Visa U.S.A.'s defenses, and consultation with in-house and outside legal counsel.</p>	<p>Due to the inherent uncertainties of the legal and regulatory process in the multiple jurisdictions in which Visa U.S.A. operates, its judgments may be materially different than the actual outcomes.</p>

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Critical Estimates <i>Discount Rate for</i>	Assumptions and Judgment	Impact if Actual Results Differ from Assumptions
<p><i>Litigation Settlement</i></p> <p>For litigation settlements to be paid over periods longer than one year, Visa U.S.A. discounts the projected payments when recording its litigation in the consolidated balance sheets.</p> <p>Note 18 of the fiscal 2006 consolidated financial statements of Visa U.S.A. contains a complete discussion of Legal Matters.</p>	<p>Visa U.S.A. estimates the discount rates it uses to calculate the present value of its long-term litigation. The discount rates used are a matter of management judgment at the time of settlement, which considers Visa U.S.A.'s estimated post-settlement incremental borrowing rate for sources of credit that could be used to finance the payment of such obligations with similar terms. The discount rate used for the retailers' litigation settlements in fiscal 2003 through fiscal 2005 is 7.25%. The discount rate used for other litigation matters settled in fiscal 2006 is 5.87%.</p>	<p>A quarter of a percentage point reduction or increase in the discount rate would increase or decrease annual interest expense, respectively, by \$2.1 million in fiscal 2006, and by declining amounts thereafter.</p> <p>In addition, a quarter of a percentage point change in the discount rate would have impacted the amount Visa U.S.A. recorded as litigation provision for fiscal 2006 by \$6.2 million.</p>
<p><i>Credit and Debit</i></p> <p><i>Settlement Guarantee</i></p> <p>Subject to Visa U.S.A.'s bylaws and operating regulations, Visa U.S.A. indemnifies issuing and acquiring members for settlement losses suffered by reason of the failure of any other member to honor drafts, travelers cheques, or other instruments processed in accordance with Visa U.S.A.'s operating regulations.</p> <p>Note 17 to the fiscal 2006 consolidated financial statements of Visa U.S.A. describes the methodology Visa U.S.A. uses to estimate Visa U.S.A.'s liability for this guarantee.</p>	<p>Management estimates on a quarterly basis the value of the guarantee by applying the following formula:</p> $\text{Settlement Risk Guarantee} = \text{Total Exposure} * \text{Failure Probability} * \text{Loss upon Failure}$ <p>Total exposure represents the average number of days to settle multiplied by the average daily transaction volume. Failure probability represents the probability of failure by individual members based on assessed credit ratings. Loss upon failure represents the actual loss expected to be incurred in the event that a member fails.</p> <p>For the quarter ended June 30, 2007, management's internal estimates used in the above calculation were:</p> <p>Total exposure = \$13.4 billion</p>	<p>Visa U.S.A.'s estimate of total exposure changes period to period as a result of movement in overall payments volume. Visa U.S.A.'s estimate of the weighted average failure probability changes as a result of changes in its assessment of the creditworthiness of Visa U.S.A. members. Visa U.S.A.'s estimate of loss upon failure changes based on the actual results Visa U.S.A. incurs in the preceding 10 year period.</p> <p>A 25% increase in any of the assumptions used in the calculation of the settlement risk guarantee will have an immaterial impact on the liability recorded. However, if significant losses occur in the future under this guarantee the impact to the estimated loss upon failure assumption could result in an increase to the obligation under the settlement risk guarantee that could be material to the financial statements.</p>

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Critical Estimates	Assumptions and Judgment	Impact if Actual Results Differ from Assumptions
	Weighted Average Failure Probability = 0.007%	An increase in the estimate of loss in the event of default to 100% would increase Visa U.S.A.'s estimated liability by \$0.4 million at the end of fiscal 2006.
	Loss upon Failure = 45%	
Capitalized Internally-Developed Software		
<p>Visa U.S.A.'s capitalized software, which includes internal and external costs incurred in developing computer software for internal use, is included in facilities, equipment and software, net on Visa U.S.A.'s consolidated balance sheets.</p> <p>Note 2 to the fiscal 2006 consolidated financial statements of Visa U.S.A. contains a discussion of Visa U.S.A.'s accounting policies for internally developed software.</p>	<p>Visa U.S.A. is required to make judgments as to the timing of stages of development and future economic useful life for internally developed software.</p> <p>On an ongoing basis, Visa U.S.A. performs impairment analyses of various technologies. If the carrying value of internally developed software exceeds the fair value, impairment charges are recorded.</p>	<p>Note 9 of the fiscal 2006 consolidated financial statements of Visa U.S.A. contains a discussion of impairment to internally developed software in fiscal 2006.</p> <p>The net carrying value of internally developed software on Visa U.S.A.'s consolidated balance sheets at the end of fiscal 2006 is \$37.1 million.</p>
Income Taxes		
<p>In calculating its effective tax rate Visa U.S.A. makes decisions regarding certain tax positions, including the timing and amount of deductions and allocations of income among various tax jurisdictions. Visa U.S.A. records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized.</p>	<p>Visa U.S.A. has various tax filing positions, including the timing and amount of deductions and credits, the establishment of reserves for audit matters, and the allocation of income among various tax jurisdictions.</p> <p>Visa U.S.A. considered projected future taxable income and ongoing tax planning strategies in assessing the need for the valuation allowance.</p>	<p>Although Visa U.S.A. believes that its estimates and judgments are reasonable, actual results may differ from these estimates. If Visa U.S.A. realizes a deferred tax asset in excess of the net deferred tax asset or Visa U.S.A. were unable to realize a net deferred tax asset, an adjustment to the deferred tax asset would increase or decrease earnings, respectively, in the period the difference is recognized.</p>
Impact of Recent Accounting Pronouncements		
<p>In June 2006, the FASB issued FASB Interpretation No. 48, <i>Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement 109</i> (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or to be taken in a tax return. FIN 48 is effective for years beginning after December 15, 2006. Visa U.S.A. is in the process of determining the effect, if any, of adopting FIN 48 on its consolidated financial statements.</p>		
<p>In September 2006, the FASB issued SFAS No. 157, <i>Fair Value Measurements</i> (SFAS 157), which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure requirements about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Visa U.S.A. is in the process of determining the effect, if any, of adopting SFAS 157 on its consolidated financial statements.</p>		

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In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (an amendment of FASB Statements No. 87, 88, 106, and 132(R))* (SFAS 158), which amends FASB issued Statement No. 87, *Employers Accounting for Pensions* (SFAS 87) and FASB issued Statement No. 106, *Employers Accounting for Postretirement Benefits Other Than Pensions* (SFAS 106) to require recognition of the over-funded or under-funded status of pension and other postretirement benefit plans on the balance sheet. Under SFAS 158, gains and losses, prior service costs and credits, and any remaining transition amounts under SFAS 87 and SFAS 106 that have not yet been recognized through net periodic benefit cost will be recognized in accumulated other comprehensive income, net of tax effects, until they are amortized as a component of net periodic cost. In addition, the measurement date, the date at which the benefit obligation and plan assets are measured, is required to be the company's fiscal year end. Visa U.S.A. currently uses a measurement date of June 30. SFAS 158 is effective for non-public companies for fiscal years ending after June 15, 2007 (December 15, 2006 for public companies), except for the measurement date provisions, which are effective for fiscal years ending after December 15, 2008. Visa U.S.A. intends to early adopt the provision to conform the plan's measurement date to its fiscal year end, and accordingly will record a charge of approximately \$11 million, after tax to equity in the last quarter of fiscal 2007. Visa U.S.A. will also adopt the balance sheet recognition provisions of SFAS No. 158 at September 30, 2007. The adoption of SFAS No. 158 would increase pension liability and reduce equity, after tax by approximately \$13 million, based on the updated plan design as described in Note 13 of Visa U.S.A.'s consolidated financial statements at and for the periods ended June 30, 2007. These estimates are actuarially calculated based on current assumptions. Actual results will likely differ from these estimates.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment to SFAS 115* (SFAS 159). SFAS 159 allows the measurement of many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis under a fair value option. SFAS 159 is effective for fiscal years that begin after November 15, 2007. Visa U.S.A. is in the process of determining the effect, if any, of adopting SFAS 159 on its consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the potential loss arising from changes in market rates and market prices. Visa U.S.A. is exposed to two significant market risks that could affect its business including: changes in interest rates and equity prices. Visa U.S.A. does not hold or enter into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

A significant portion of Visa U.S.A.'s investment portfolio assets is held in fixed-income securities. These assets are reflected as cash equivalents, short-term available-for-sale investments, and long-term available-for-sale investments. Visa U.S.A. does not consider its cash and cash equivalents or its auction rate securities to be subject to significant market risks, as amounts consist of liquid investments with original maturities or repricing characteristics of three months or less. The fair value balances of Visa U.S.A.'s interest rate sensitive assets at June 30, 2007, September 30, 2006 and September 30, 2005 include:

	June 30, 2007	September 30, 2006	September 30, 2005
	(in millions, except percentages)		
Government-sponsored entities	\$ 1,175	\$ 895	\$ 750
Tax-Exempt municipal bonds	15	249	217
Total	\$ 1,190	\$ 1,144	\$ 967
Percentage of total assets	35%	39%	35%

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Visa U.S.A. manages its exposure to interest rate risk by investing primarily in rate-adjustable, government-issued securities of high credit quality. However, Visa U.S.A.'s efforts do not provide complete assurance that it will be protected from interest rate fluctuations. A sharp rise in interest rates could have a significant impact on the fair value of Visa U.S.A.'s investment portfolio.

The following tables present the hypothetical changes in fair value in Visa U.S.A.'s investment portfolio at June 30, 2007, September 30, 2006 and September 30, 2005 due to potential changes in interest rates.

	Fair Value Given Interest Rate Decrease of:		Fair Value at June 30, 2007	Fair Value Given Interest Rate Increase of:	
	1%	0.5%		0.5%	1%
	(in millions, except percentages)				
U.S. Government agency notes	\$ 1,180	\$ 1,178	\$ 1,175	\$ 1,166	\$ 1,155
Tax-Exempt municipal bonds	16	16	15	15	15
Total	\$ 1,196	\$ 1,194	\$ 1,190	\$ 1,181	\$ 1,170

	Fair Value Given Interest Rate Decrease of:		Fair Value at September 30, 2006	Fair Value Given Interest Rate Increase of:	
	1%	0.5%		0.5%	1%
	(in millions, except percentages)				
U.S. Government agency notes	\$ 899	\$ 897	\$ 895	\$ 892	\$ 885
Tax-Exempt municipal bonds	251	250	249	248	247
Total	\$ 1,150	\$ 1,147	\$ 1,144	\$ 1,140	\$ 1,132

	Fair Value Given Interest Rate Decrease of:		Fair Value at September 30, 2005	Fair Value Given Interest Rate Increase of:	
	1%	0.5%		0.5%	1%
	(in millions, except percentages)				
U.S. Government agency notes	\$ 755	\$ 753	\$ 750	\$ 747	\$ 744
Tax-Exempt municipal bonds	219	218	217	216	216
Total	\$ 974	\$ 971	\$ 967	\$ 963	\$ 960

Equity Price Risk

Visa U.S.A. owns equity securities which are selected to offset obligations in connection with Visa U.S.A.'s long-term incentive and deferred compensation plans. Equity securities primarily consist of mutual fund investments related to various employee compensation plans. For these plans, employees bear the risk of market fluctuations. Gains and losses experienced on these equity investments are offset by increases or reductions in personnel expense, respectively. The effect of a hypothetical 10% change in market value would have increased or decreased unrealized losses and personnel expense, respectively, by \$6 million at June 30, 2007, and by \$3 million at September 30, 2006 and September 30, 2005.

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THE GLOBAL PAYMENTS INDUSTRY

Visa operates in the global payments industry, which is undergoing a major shift from paper-based payments, such as cash and checks, to card-based and other electronic payments. For more than 30 years, Visa has played a central role in driving this migration by providing payment products and services that we believe deliver significant benefits to consumers, businesses, governments and merchants. We believe that consumers are increasingly attracted to the convenience, security, enhanced services and rewards associated with electronic payment forms. We also believe that corporations and governments are shifting to electronic payments to improve efficiency, control and security, and that a growing number of merchants are accepting electronic payments to improve sales and customer convenience.

The global payments industry consists of all forms of payment and value transfer, including:

paper-based payments: cash, personal checks, money orders, government checks, travelers cheques, official checks and other paper-based means of transferring value;

card-based payments: credit cards, charge cards, debit cards, deferred debit cards, ATM cards, prepaid cards, private label cards and other types of general-purpose and limited-use cards; and

other electronic payments: wire transfers, electronic benefits transfers, automated clearing house payments and other forms of electronic payment not typically tied to a payment card or similar access device.

We believe that the shift to electronic payment forms is a worldwide phenomenon; however, in many developing countries, it is at an early stage and will be accelerated by rising incomes, globalization of commerce and increased travel. Recent innovations such as contactless cards and mobile payments are also increasing the attractiveness of electronic payments. We believe these trends create a substantial growth opportunity for the global payments industry. According to The Nilson Report, global card purchase transactions grew at a CAGR of 14% over the period from 2000 to 2006. The Nilson Report forecasts global card purchase transactions to increase at a CAGR of 11% from 2006 to 2012, with particularly strong growth in Asia/Pacific, Latin America and the Middle East/Africa:

Source: The Nilson Report, issue 866 (October 2006) and issue 885 (August 2007).

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The most common card-based forms of payment are general-purpose cards, which are payment cards that permit widespread usage. General purpose cards are typically categorized as:

pay now cards, such as debit cards, which enable the cardholder to purchase goods and services by an automatic debit to a checking, demand deposit or other current account;

pay later cards, which typically permit a cardholder to carry a balance in a revolving credit account (a credit card or deferred debit card) or require payment of the full balance within a specified period (a charge card); and

pay before cards, such as prepaid cards, which are prefunded up to a certain monetary value.

The primary global general purpose card brands include Visa, MasterCard, American Express, Discover, JCB and Diners Club. While these brands including Visa were historically associated primarily with credit or charge cards in the United States and other major international markets, Visa and others have over time broadened their offerings to include debit, ATM, prepaid and commercial cards.

In addition to general purpose cards, a number of retailers and other entities issue limited-purpose credit, charge and prepaid cards that can be used for payment only at the issuing entity. These cards are generally referred to as private label cards. Private label cards are sometimes issued by a financial institution under a contractual agreement with the retailer.

Open-Loop Versus Closed-Loop Payments Networks

General purpose and limited-purpose payments networks primarily operate under two different business models. Open-loop payments networks, such as Visa and MasterCard, are multi-party and operate through a system that connects two financial institutions—one that issues the card to the cardholder, known as the issuing financial institution or issuer, and one that has the banking relationship with the merchant, known as the acquiring financial institution or acquirer—and manages information and the flow of value between them. In a typical closed-loop payments network, the payment services are provided directly to merchants and cardholders by the owner of the network without involving third-party financial institution intermediaries. Closed-loop networks can range in size from networks such as American Express and Discover, which issue cards directly to consumers and serve merchants directly, to an individual merchant that issues limited-purpose private-label credit cards to its customers for use only in that merchant's stores. In recent years, the major closed-loop networks have begun to develop relationships with financial institution issuers and acquirers, thereby emulating certain aspects of the open-loop networks.

Operators of open-loop networks such as Visa generally do not issue cards, set fees or determine interest rates that cardholders are charged for use of their cards. Issuers have the responsibility for determining these and many other card features. In addition, such networks generally do not solicit merchants directly or establish the fees that merchants are charged for card acceptance, including the merchant discount rate. Both of these functions are generally the responsibility of acquirers. The following table outlines the major functions of each of the three major participants in the payments network.

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	Issuer (Cardholder s Financial Institution)	Payments network (e.g., Visa)	Acquirer (Merchant s Financial Institution)
<i>Primary Customers</i>	Cardholders	Issuers and acquirers	Merchants
<i>Products and Services</i>	Issues cards to its cardholders based on payments network product platforms (e.g., credit, debit)	Offers broad range of product platforms (e.g., credit, debit) to financial institutions	Establishes and maintains account with merchant to:
	Establishes and maintains accounts with cardholders (either consumers or businesses)	Operates data processing network that transfers transaction data and manages payment flow between issuers and acquirers	Provide connectivity to a payments network
			Acquire receivables from merchant
			Guarantee payment to merchant for receivables
<i>Branding</i>	Issues cards that feature its own brand and that of a payments network	Establishes and maintains payments network brand for payment products and acceptance locations	Delivers payments network acceptance services under its own brand
<i>Rules and Terms</i>	Establishes applicable cardholder terms, including fees, interest rates and payment schedules for cardholders independently of the payments network and in contract with its cardholders	Establishes rules and standards for its product platforms and payments network including:	Establishes any applicable merchant fees and/or discount rates independently of the payments network and in contract with its merchants
		Eligibility for participation in network	
		Authorization and clearing of transactions	
		Financial settlement	
		Product platform features and functionality	

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	Issuer (Cardholder's Financial Institution)	Payments Network (e.g., Visa)	Acquirer (Merchant's Financial Institution)
<i>Functions Performed in Connection with Payment Transaction⁽¹⁾</i>	Authorizes cardholder transactions	Transfers authorization and clearing data and settles funds between issuer and acquirer	Receives settlement funds from issuers
	Funds settlement obligations for its cardholders' purchases	Performs payments network risk management and related functions	Credits merchant for value of payment transactions
	Collects payment from cardholder		Assumes risk of merchant non-fulfillment of transaction obligation
	Assumes risk of cardholder non-payment or late payment		Assumes responsibility for merchant compliance with network security and other rules

(1) In many instances, an issuer or acquirer may enter into an agreement with a third party processor to perform some of these functions on its behalf.

Largest Operators of Open-Loop and Closed-Loop Retail Electronic Payments Networks

The largest operators of open-loop and closed-loop retail electronic payments networks are Visa, MasterCard, American Express, Discover, JCB and Diners Club. With the exception of Discover, which primarily operates in the United States, all of the other network operators can be considered multi-national or global providers of payments network services. Based on payments volume, total volume, number of transactions and number of cards in circulation, Visa is the largest retail electronic payments network in the world. The following chart compares our network with those of our major competitors for calendar year 2006:

Company	Payments Volume (billions)	Total Volume (billions)	Transactions (billions)	Cards (millions)
Visa Inc. ⁽¹⁾	\$ 2,127	\$ 3,230	44.0	1,254
MasterCard	1,417	1,922	23.4	817
American Express	556	562	4.5	78
Discover	96	114	1.4	57
JCB	63	70	0.7	59
Diners Club	22	22	0.1	7

(1) Reported global figures from The Nilson Report. Excludes Visa Europe based on internal Visa data. Source: The Nilson Report, issue 874 (February 2007) and issue 877 (April 2007).

Note: MasterCard figures include PIN-based debit card transactions on MasterCard cards, but not Maestro (MasterCard's global online debit program). Domestic China figures on Visa cards and some domestic China figures on MasterCard cards have been excluded. Visa and MasterCard figures exclude proprietary PLUS and Cirrus. American Express and Discover figures include business from third-party issuers. JCB figures are for October 2005 through September 2006 (fiscal year). JCB transaction figures are estimates.

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BUSINESS

Overview

Visa operates the world's largest retail electronic payments network and manages the world's most recognized global financial services brand. We have more branded credit and debit cards in circulation, more transactions and greater total volume than any of our competitors. We facilitate global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities. We provide financial institutions, our primary customers, with product platforms encompassing consumer credit, debit, prepaid and commercial payments. VisaNet, our secure, centralized, global processing platform, enables us to provide financial institutions and merchants with a wide range of product platforms, transaction processing and related value-added services. Based on the size of our network, the strength of the Visa brand and the breadth and depth of our products and services, we believe we are the leading electronic payments company in the world.

Our business primarily consists of the following:

we own a family of well known, widely accepted payment brands, including Visa, Visa Electron, PLUS and Interlink, which we license to our customers for use in their payment programs;

we manage and promote our brands for the benefit of our customers through advertising, promotional and sponsorship initiatives and by encouraging card usage and merchant acceptance;

we offer a wide range of branded payments product platforms, which our customers use to develop and offer credit, debit, prepaid and cash access programs for cardholders (individuals, businesses and government entities);

we provide transaction processing services (primarily authorization, clearing and settlement) to our customers through VisaNet, our secure, centralized, global processing platform;

we provide various other value-added services to our customers, including risk management, debit issuer processing, loyalty services, dispute management and value-added information services;

we develop new products and services to enable our customers to offer efficient and effective payment methods to their cardholders and merchants; and

we adopt and enforce a common set of rules adhered to by our customers to ensure the efficient and secure functioning of our payments network and the maintenance and promotion of our brands.

We derive revenues primarily from fees paid by our customers based on payments volume, transactions that we process and certain other related services that we provide. Payments volume is the total monetary value of transactions for goods and services purchased with our cards, as reported by our customers. Cash volume generally includes cash access transactions, balance transfers and convenience check transactions associated with our products. Total volume, which we consider to be an important measure of the scale of our business, is the sum of payments volume and cash volume. An increasing portion of our revenues come from outside the United States, including AP and LAC, where macroeconomic and electronic payments trends provide attractive growth prospects. The table below shows our product performance for the 12 months ended March 31, 2007, according to data reported to us by our customers:

Table of Contents**Visa Inc. Product Performance**

Twelve Months Ended March 31, 2007

All numbers in billions, except as noted

	U.S.A.	Canada	AP	LAC	CEMEA	Visa Inc.
Payments Volume						
Consumer credit	\$ 615	\$ 120	\$ 393	\$ 73	\$ 17	\$ 1,219
Consumer debit ⁽¹⁾	618	0	21	38	27	704
Commercial and other	181	15	63	5	2	266
Total Payments Volume	\$ 1,413	\$ 135	\$ 478	\$ 116	\$ 46	\$ 2,188
Cash volume	377	17	236	278	250	1,158
Total Volume	\$ 1,790	\$ 151	\$ 714	\$ 395	\$ 296	\$ 3,346
Total transactions (millions) ⁽²⁾	28,105	1,340	7,600	6,002	2,439	45,486

(1) Includes prepaid volume.

(2) Total transactions represents transactions involving our cards as reported by our customers and includes transactions that are not processed on our VisaNet processing system.

Note: Numbers do not sum due to rounding.

Our Reorganization

We believe that our recently completed reorganization provides us with several significant strategic benefits. It allows us to increase our operational efficiency and enhances our ability to deliver more innovative products and services to financial institutions, merchants and cardholders on a global basis. The reorganization allows us to centralize and streamline our strategy and decision making. At the same time, we believe that the reorganization preserves and reinforces the advantages that have made Visa the largest retail electronic payments network in the world, such as our leading brand, scalable and secure network, unique processing capabilities, comprehensive product and service offerings and strong customer relationships.

Our Competitive Strengths***World's Largest Payments Network***

We operate the world's largest retail electronic payments network. Visa-branded cards are accepted in more than 170 countries around the world. We have more branded credit and debit cards in circulation, more transactions and greater total volume than any of our competitors. We believe that merchants, cardholders and our financial institution customers benefit from the Visa cardholder base, which is the largest in the world, and our merchant acceptance network, which is unsurpassed globally.

Leading Global Brand

Visa is the world's most recognized global financial services brand. We believe merchants, consumers and our financial institution customers associate our brand with trust, security, reliability, efficiency, convenience and empowerment. Our deep base of local market knowledge enables us to tailor our product and marketing programs to the particular needs of specific geographies. We believe that the strength of our brand enables us to increase card usage in existing and new market segments, develop and offer innovative payment products and services and enhance the utility of our payments network for all participants.

Scalable and Unique Global Payments Processing Platform

We own and operate VisaNet, our secure, centralized, global processing platform. Unlike the processing platforms of some of our primary competitors, VisaNet is built on a centralized architecture rather than a distributed architecture, which enables us to provide real-time,

value-added information to our customers. In

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addition, our centralized processing platform provides us the flexibility to develop, modify and enhance our products and services efficiently. VisaNet is highly reliable and processed more than 74 billion authorization, clearing and settlement requests in the 12 months ended March 31, 2007. We believe that the operating efficiencies that result from the scale of our processing network provide us with a significant cost advantage over our competitors.

Comprehensive Payment Products and Services

We provide our financial institution customers with a comprehensive suite of electronic payment products and services. Our product platforms encompass credit, debit, cash access and prepaid products for consumers, businesses and governments. These product platforms enable our customers to develop and customize their own payment programs to meet the needs of their cardholders and merchants. We also offer our customers issuer processing to support our debit and prepaid platforms, and we are the largest issuer processor of Visa debit transactions in the world. Additionally, we offer a broad range of value-added services such as risk management, loyalty services, dispute management and value-added information services, which are enabled by our secure, centralized, global processing platform.

Established and Long-Standing Customer Relationships

We have long-standing relationships with the majority of our customers and long-term contracts with many of our major customers, which provide us with a significant level of business stability. More than two-thirds of our financial institution customers have been our customers for longer than 10 years. We believe that our many years of close cooperation with our customers in developing new products, processing capabilities and value-added services have enabled us to establish strong relationships. By virtue of these relationships, we believe that we are well-positioned to continue developing new products and services that anticipate the evolving needs of our customers.

Our Strategy

We seek revenue and profit growth by expanding our core payments business in new and established geographies and market segments, as well as by broadening our processing capabilities and value-added service offerings for payments and related opportunities. The key components of our strategy include:

Expand Our Network

We intend to continue to expand the size of our payments network in order to drive the issuance, acceptance and usage of our products globally. We intend to do this in several ways including:

Expand existing and build new relationships with financial institution customers. We will continue to use an integrated product strategy to increase our share of business with our existing financial institution customers and to build relationships with new customers. We believe that delivering world-class service reinforces the value that Visa brings to our customers' payments businesses and increases the issuance, acceptance and usage of our products. Our customer-driven service model includes integrated global account services coupled with local account support staff in each geography in which we operate. We provide marketing, processing, risk and other consultative services, which enhance our customers' business and support delivery of new Visa products and services.

Enhance the value of our products for merchants and cardholders. We continually enhance our products and services to meet the evolving needs of merchants and cardholders. Merchants are important to the growth of our business, and we seek to increase the value we bring to them in order to increase merchant acceptance and preference for Visa. We also seek to grow our network by encouraging active cardholder preference for Visa through continual improvement of the convenience, value and security of our products. By focusing on expanding the number of merchants and cardholders in our network, we increase the value we provide to our financial institution customers.

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Expand into New and High Growth Geographies and Market Segments

We will continue to globalize our product and service offerings and to expand acceptance of our core products in key geographies and market segments.

Expand our presence in new geographies. As the largest retail electronic payments network, we are uniquely positioned to expand our global processing platform and the acceptance of our products and services in targeted geographies. We believe there is a significant opportunity to expand the usage of our products and services in high growth geographies in which we currently have a presence, such as AP, LAC and CEMEA. We intend to seek to expand the number of countries in which we provide value-added services, including risk management, debit issuer processing, loyalty services, dispute management and value-added information services.

Continue penetrating new consumer and merchant segments. We will continue to target and penetrate new consumer and merchant segments across all of our geographic markets, including the United States. We have introduced a full suite of product platforms and value-added services, which enable our customers to drive Visa products to the fast growing mass-market debit, affluent and small business segments. We will also continue to expand Visa acceptance in merchant segments that have traditionally not accepted electronic payments, such as quick-service restaurants and bill payment merchants.

Develop and Offer Innovative Products and Services

We will continue to provide new products and services and increase the functionality, utility and cost effectiveness of our existing products and services. VisaNet provides flexibility to quickly customize current offerings and rapidly develop, deploy and drive adoption of new products and services.

Modify existing products. We will continue to upgrade or modify existing products to take advantage of market opportunities and generate growth. For example, modifying our rules to eliminate the signature requirements on small-value transactions in certain merchant segments has enabled us to rapidly increase acceptance and usage of current products at merchants where speed at the point-of-sale is a high priority. We will continue to seek such opportunities to expand acceptance and usage of products carrying our brands.

Develop new products. We believe there is also a significant opportunity to develop and offer new products. During the past two years, we have introduced several new varieties of prepaid cards and have enhanced our product offerings for the affluent consumer segment. We also intend to continue making significant investments in new technologies to strengthen our position in emerging forms of payment, including contactless and mobile devices.

Introduce new processing services. We intend to continue to introduce value-added processing services. We believe that by integrating enhanced capabilities, such as Visa Advanced Authorization (real-time transaction risk scoring), data reporting tools for commercial cards, loyalty applications and Visa ReadyLink, into our core offerings we can increase utility to customers and cardholders, capture additional revenues and differentiate ourselves from our competitors.

Strengthen and Grow Visa's Brand Leadership

We will continue to invest in order to maintain Visa's position as the world's most recognized global financial services brand.

Focus on integrated brand investment. We make a combination of integrated global and local investments, using award-winning advertising campaigns, unique sponsorships, selected co-brand relationships and other promotional activities to increase consumer and business brand awareness and build active cardholder preference for Visa by reinforcing our core attributes of security,

convenience, acceptance and differentiated products.

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Maximize return on our brand investments. We seek to optimize the level and mix of spending across our media channels, sponsorships, co-brand relationships and other marketing properties to realize the maximum value from these arrangements.

Invest in and enhance our co-brand relationships and unique sponsorships. We work closely with our co-brand partners in airlines, hospitality, retail and other segments to create specific products and programs that complement our brand promise and deliver unique value propositions to cardholders. In addition, we maintain a unique portfolio of local and international sponsorships that create opportunities to deliver our brand message to consumers across the world.

Our Primary Operations

There are three core aspects of our business operations: transaction processing services, product platforms and payments network management.

Transaction Processing Services

Core Processing Services

Our core processing services involve the routing of payment information and related data to facilitate the authorization, clearing and settlement of transactions between Visa issuers, which are the financial institutions that issue Visa cards to cardholders, and acquirers, which are the financial institutions that offer Visa network connectivity and payments acceptance services to merchants. In addition, we offer a range of value-added processing services to support our customers' Visa programs and to promote the growth and security of the Visa payments network.

Authorization is the process of approving or declining a transaction before a purchase is finalized or cash is disbursed. Clearing is the process of delivering final transaction data from an acquirer to an issuer for posting to the cardholder's account, the calculation of certain fees and charges that apply to the issuer and acquirer involved in the transaction, and the conversion of transaction amounts to the appropriate settlement currencies. Settlement is the process of calculating, determining and reporting the net financial position of our issuers and acquirers for all transactions that are cleared.

Visa transactions can be authorized, cleared and settled either as dual-message transactions or as single-message transactions. The choice of processing method may vary depending upon the issuer, the type of card or the region in which the transaction takes place.

In a single-message transaction, the acquirer submits a single electronic message containing all data required for the authorization, clearing and settlement of the transaction. Actual financial settlement occurs at a later time.

In a dual-message transaction, the acquirer submits an electronic message at the time of purchase containing the information required for an authorization decision and a second message at a later point in time containing additional data required for clearing and settlement.

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Authorization

A typical Visa transaction begins when the cardholder presents his or her Visa card to a merchant as payment for goods or services. The transaction information is then transmitted electronically to the issuer for authorization. In certain cases, we may authorize the transaction on behalf of the issuer through a service known as stand-in processing, based on parameters established by the issuer. The following diagram illustrates the processing steps involved in a typical transaction authorized through our network. In a typical Visa transaction, the authorization process by Visa occurs in approximately one second.

1. The cardholder presents the merchant with a Visa card for payment. The merchant point of sale terminal reads the account number and other data encoded on the card's magnetic stripe or chip.
2. The merchant terminal transmits the card information and transaction amount to the acquirer.
3. The acquiring financial institution or its third party processor combines the transaction information into an authorization request message and transmits it to Visa.
4. Visa routes the authorization request to the issuer for review. In certain circumstances, such as when the issuer's systems are unavailable, Visa may perform stand-in processing and review and authorize or deny the transaction.
5. The issuing financial institution or its third party processor returns an authorization response message, either approving or denying the transaction to Visa.
6. Visa routes the authorization response to the acquirer.
7. The acquirer transmits the result of the authorization request to the merchant terminal.

Clearing and Settlement

Clearing occurs at the time of the authorization, for single-message transactions, or in a single daily batch message containing all transactions reported by the acquirer, for dual-message transactions. Settlement occurs on each business day and is conducted on a net basis for all transactions submitted during the previous settlement cycle. The following diagram illustrates the clearing and settlement process between the issuer and acquirer for a typical transaction processed through our system.

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Clearing

1. The merchant transmits sales draft information for the transaction, including account numbers and transaction amounts, to the acquirer.
2. The acquiring financial institution or its third party processor formats this information into a clearing message, which it transmits to Visa.
3. Visa routes the clearing message to the card issuer and calculates the settlement obligation of the issuer and the amount due to the acquirer, net of certain applicable fees and charges.

Settlement

4. The issuer sends funds to Visa's designated settlement bank in the amount of its settlement obligation.

5. The settlement bank, at the direction of Visa, transfers funds due to the acquirer.

The issuer and acquirer involved in a typical Visa transaction perform additional functions that we do not generally perform or monitor. For example, the acquirer credits the merchant's account for the amount of the transaction less any fees the acquirer charges in accordance with the contractual agreement between the merchant and the acquirer. In addition, the issuer sends a statement to the cardholder and collects payment, in the case of a credit or deferred debit card, or collects payment directly from the cardholder's deposit account, in the case of a debit card.

We process virtually all transactions within the United States, as well as all cross-border transactions, involving products carrying our brands. Outside of the United States and certain other countries, we do not process the majority of the domestic transactions (i.e., transactions where the issuer and the merchant are located in the same country) on products carrying our brands. Such transactions are generally processed by government-operated payments networks, our financial institution customers, independent companies or joint ventures owned in whole or in part by our financial institution customers.

We perform clearing and settlement through our VisaNet system for transactions involving an issuer that is located in Visa Europe's region and an acquirer that is located in the rest of the world, or vice versa. In addition, we currently provide clearing and settlement services for Visa transactions occurring entirely within Visa Europe's region and will continue to provide such services until completion of deployment of Visa Europe's own processing system. Visa Europe authorizes transactions for its members through its own processing system.

Other Value-Added Processing Services

The size of our network and our processing capabilities allow us to offer a range of other value-added services in certain countries. These services include risk management, debit issuer processing, loyalty services, dispute management and value-added information services.

Risk Management Services. Our centralized and integrated network architecture allows us to monitor, on a real-time basis, all transactions that we process for authorization. As a result, we provide customers in certain countries with a number of value-added risk-management services, which complement our core authorization services. Our risk management services provide preventive, monitoring, investigative and predictive tools, which are intended to mitigate and help eliminate fraud at the cardholder and merchant level. For example, Visa Advanced Authorization, which we introduced in 2005, enables us to monitor and evaluate VisaNet authorization requests in real-time and deliver enhanced transaction risk scores to issuers as part of the authorization message. It is the first system of its kind to deliver risk indicators in real-time by assessing transaction data on both an account level and a transaction level.

Debit Issuer Processing Services. Visa Debit Processing Services provides comprehensive processing services for participating United States issuers of Visa debit, prepaid and ATM payment products. In addition to

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core issuer authorization processing, Visa Debit Processing Services offers card management services, exception processing, PIN and ATM network gateways, call center services, fraud detection services and ATM terminal driving. Visa Debit Processing Services processes more Visa transactions than any other issuer processor in the world.

Loyalty Services. We offer loyalty services that allow our customers to enhance the attractiveness of their Visa payment programs and to strengthen their relationships with cardholders and merchants. These services are designed to allow our customers to differentiate their Visa program offerings, to support increased card usage and to increase the importance of Visa payments to merchants.

Visa Extras is a service that participating issuers may offer to their cardholders to increase card usage, enhance the value of their Visa programs and create stronger cardholder relationships. Visa Extras is a points-based program that rewards cardholders for using their enrolled Visa cards to make qualifying purchases. Cardholders can redeem points for rewards in the Visa Extras rewards catalog for everyday items such as movie tickets, retail gift certificates, merchandise, travel certificates, dining and other rewards.

The Visa Incentive Network enables merchants and financial institution customers to deliver tailored merchant offers to targeted groups of cardholders. Visa Incentive Network offers benefits traditionally associated with a closed-loop system. Visa Incentive Network was launched in April 2005 and allows us to deliver merchant promotions to affluent and high-spending Visa cardholders on behalf of participating issuers. Based on merchant-specific cardholder spending and location criteria for each promotion, we can analyze the spending patterns of Visa credit card holders in the United States about which information is provided to us by participating card issuers. We then deliver the promotion to the appropriate cardholders on behalf of these issuers. In order to protect cardholder privacy, the merchant does not gain access to cardholder information or underlying transaction data. The Visa Incentive Network database contains nearly 74 million accounts. Visa Incentive Network is enabled through account level processing, which allows transactions to be processed and afforded customized treatment at the account level i.e., by identifying each transaction by the entire 16-digit account number rather than by the six-digit bank identification number, or BIN, as is the more typical industry practice. We are able to implement account level processing as a result of our reengineered Visa Integrated Payment platform, as described below.

Dispute Management Services. We manage Visa Resolve Online, an automated web-based service that allows our customers' back-office analysts and customer service representatives to manage and resolve Visa transaction disputes more efficiently than with previous paper-based processes. Transaction disputes between issuers and acquirers sometimes arise from suspected fraud, merchant non-fulfillment of transaction requirements or other events. Visa Resolve Online, which is mandatory for all Visa customers, provides real-time access to Visa transaction data, electronic transfer of substantiating documents and automated management of communications between issuers and acquirers.

Value-Added Information Services. We provide our customers with a range of additional information-based business analytics and applications, as well as the transaction data and associated infrastructure required to support them. Through these services, we support and enhance our customers' business intelligence capabilities, loyalty applications, operational and management performance metrics, transaction research and commercial card reporting.

Processing Infrastructure

We own and operate VisaNet, our secure, centralized, global processing platform, which consists of three synchronized processing centers. As of March 31, 2007, we owned or leased approximately 2.1 million square feet of office and processing center space in 30 countries around the world, of which approximately 1.4 million square feet are owned and the remaining 700,000 square feet are leased. In addition, Visa Europe operates one processing center in the United Kingdom, which is part of our synchronized system in accordance with the terms

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of the framework agreement. See *Material Contracts The Framework Agreement*. In addition, we are building a new data center on the east coast of the United States. These centers are linked by a global telecommunications network, which is engineered for redundancy. Intelligent access points around the world complete our global processing infrastructure and enable merchants and financial institutions worldwide to access our core processing and value-added services.

In September 2006, we completed a five-year reengineering program, in which we, among other things, consolidated the authorization functions for our credit, debit, prepaid and ATM transactions into one technology platform called Visa Integrated Payment, or VIP. VIP is a modular processing platform, which is flexible and secure and combines global reach with the processing power to support our future growth and product innovation.

The following is a summary of critical attributes of our processing infrastructure:

Centralized Architecture. Unlike the processing platforms of some of our primary competitors, VisaNet is built on a centralized architecture rather than a distributed architecture. As a result, we are able to view and analyze each authorization transaction we process in real-time and can provide value-added information, such as risk scoring or loyalty applications, to the issuer while the transaction data is being routed through our system.

Redundancy. Our global telecommunications network and processing centers are designed for redundancy and fail-over. Our newest processing center houses multiple authorization engines, each supported by redundant power and telecommunications circuits. This new architecture complements our multiple processing center architecture, provides improved fail-over technology and helps to ensure that our VisaNet system is always available and has enough processing power to meet the growing demand for electronic payments.

Modular Architecture. In the VIP reengineering project that we completed in September 2006, we replaced a complex web of legacy code with a streamlined, layered, modular architecture. We believe that this new architecture significantly reduces the time, complexity and cost involved in adding functions or modifying the system to support emerging forms of payments, such as contactless and mobile payments. We also believe that this streamlined architecture was instrumental in our ability to implement account level processing on our systems in less than 12 months.

Processing Scale. During the 12 months ended March 31, 2007, we processed more than 74 billion authorization, clearing and settlement requests. Based on tests that we conducted with IBM in July 2005, we estimate that VisaNet is capable of processing more than 12,000 transaction messages per second. We believe that the scale of our processing network provides us with a significant cost advantage over our competitors.

Payment Product Platforms

We offer a broad range of product platforms to enable our customers to build differentiated, competitive payment programs for their consumer, business, government and merchant clients. Our principal payment platforms enable credit, charge, deferred debit, debit and prepaid payments, as well as cash access, for consumers, businesses and government entities. Our payment platforms are offered under our Visa, Visa Electron, Interlink and PLUS brands.

Consumer Credit

Our consumer credit product platforms allow our issuers to offer deferred payment and financing products that can be customized to meet the needs of all consumer segments. Our baseline consumer credit platform is marketed to our issuers as Visa Traditional in the United States and Visa Classic in the rest of the world. We require issuers offering credit products based on this platform to meet minimum requirements for product functionality and to offer certain services, such as a reporting service for lost or stolen cards.

In addition, we offer premium credit platforms, which enable our issuers to tailor programs to consumers requiring higher credit lines or enhanced benefits, such as loyalty programs. Our premium consumer credit

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platforms are marketed to issuers, and in some cases, to cardholders, as Visa Gold, Visa Platinum, Visa Signature and Visa Infinite. Issuers offering these credit products are required to provide certain functionality and enhanced cardholder services that may vary by product and region. For example, we require that issuers provide a minimum level of cardholder rewards value and that they not impose a preset spending limit on Visa Signature cards.

We provide a number of additional services that many issuers choose to offer in conjunction with their Visa credit programs, even where we do not require the inclusion of such services. Certain of these services, such as emergency card replacement, travel assistance services and rental car insurance, are provided by third parties under contract with us.

Consumer Deposit Access

Our deposit access product platforms enable our issuers to offer consumer payment and cash access products that draw upon consumer deposit accounts, such as checking, demand deposit, asset or other pre-funded accounts. For the 12 months ended March 31, 2007, consumer debit and cash access products accounted for the majority of Visa transactions worldwide.

Consumer Debit

Visa Debit. Our primary consumer debit platform uses the Visa brand mark. Through our rules and product platform requirements, we further segment our Visa debit product platform into Visa Classic, Visa Gold, Visa Platinum and Visa Infinite, which allows our issuers to customize their Visa debit programs and offer a range of benefits to their debit cardholders.

Interlink Debit. We provide the Interlink debit product platform in the United States and certain countries in the AP region. Interlink is a single-message point-of-sale debit network. It generally requires a cardholder to enter a personal identification number, or PIN, for authentication. Interlink allows our issuers to provide a full range of debit card offerings to their deposit account customers. Interlink acceptance marks may be included on Visa debit cards or issued as standalone debit cards.

Visa Electron Debit. Visa Electron is a payment product platform that permits issuers to require all transactions initiated from the card to be authorized electronically. It is primarily used by issuers offering payment programs to higher risk customer segments or in countries where electronic authorization is less prevalent, such as certain markets in the AP, LAC and CEMEA regions. Visa Electron is primarily issued as a consumer debit product, but Visa Electron can also be issued as a credit or prepaid product for consumers or businesses.

POS Check Service. The Visa POS Check Service enables merchants to convert the account information on a consumer's check into an electronic Visa transaction message at the point of sale if the check is drawn on a demand deposit account held at a participating Visa customer. This service, which is currently offered only in the United States, reduces the cost and time involved in merchant and financial institution processing of checks by taking advantage of Visa's efficient electronic payments processing.

Cash Access

Our customers can provide global cash access to their cardholders by issuing products accepted at Visa and PLUS branded ATMs. Most Visa and Visa Electron branded cards offer customers cash access at ATMs, as well as at branches of our participating financial institution customers. The PLUS brand may also be included on issuers' non-Visa branded cards to offer international cash access as a complement to domestic cash access services. We believe that more than one million Visa and PLUS branded ATMs are available in more than 170 countries. Payment cards may contain multiple cash access brand marks, in addition to Visa and PLUS, and transactions involving Visa and PLUS branded cards will generally be processed through our systems only if there is no regional or domestic ATM brand that is capable of processing the transaction.

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Prepaid

Our prepaid product platform enables issuers to offer products that access a designated pool of funds, allowing cardholders to enjoy the convenience and security of a payment card in lieu of cash or checks. Our prepaid platform includes gift, travel, youth, payroll, money transfer, voucher replacement, corporate incentive, insurance reimbursement and government benefits cards. Our prepaid platforms are also used to pay highway tolls and to top up prepaid mobile phones in some regions. Prepaid products can be issued as either reloadable or disposable. Reloadable cards enable consumers or third parties such as employers to add additional funds to the pool. Consumers may reload cards through various channels, including merchants and participating financial institution customers. Disposable cards cannot be reloaded in this manner. Our prepaid cards can be distributed through a number of channels, including financial institution branches, Internet sites, merchants and employers.

Commercial

Our commercial product platforms enable multi-national, large, medium and small companies and government organizations to streamline payment processes, manage information and their supply chain, and reduce administrative costs. Our commercial platforms include Visa Business Credit, Visa Business Check Card, Visa Business Debit, Visa Signature Business, Visa Business Electron, Visa Corporate, Visa Purchasing, Visa Fleet, Visa Distribution, Visa Commercial One Card and Visa Commerce.

Large and Medium Companies and Government Organizations. The Visa Corporate product platform offers payment options for travel and entertainment charges, including cash advances, and provides detailed transaction data, which allows companies to track policy compliance and supplier management. Visa Purchasing provides corporate clients with a payment product to easily acquire the goods and services needed to conduct their business by streamlining time- and paper-intensive purchase order and invoice processing, and by providing flexible transaction authorization and verification statements for each cardholder. A sub-product of Visa Purchasing, Visa Fleet, provides specialized authorization controls that fleet operators need to monitor and manage spending for company-provided vehicles. Visa Distribution provides an accounts receivable service for suppliers with dispersed operations. The Visa Commercial One Card allows organizations to combine procurement, travel and entertainment, and fleet functionality into a single payment solution. Visa Commerce is a business-to-business electronic platform providing accounts payable and accounts receivable payment services to facilitate large transactions between contracted buyers and sellers.

Small Businesses. The Visa Business credit and debit platforms provide small businesses with cash flow tools, purchasing savings, rewards and management reporting. Visa Business Electron is an electronic authorization platform used in many countries outside North America and has authorization controls that are similar to those of the consumer Visa Electron products described above.

Core to all Visa Commercial payment platforms are information management, reconciliation and reporting, which integrate payment data into company financial systems. Visa Information Management is a web-based tool that provides access to a suite of reporting and information tools in multiple languages to companies using any of the Visa Commercial platforms.

Product Platform Innovation

We invest in the development and enhancement of payment product platforms with the goal of increasing the migration of consumer and business spending to electronic payments. We believe that innovation results in more secure and versatile payment program options for customers, merchants and consumers. We focus on new payment channels, card technologies, payment account access devices and authentication methods, and have recently made significant investments in the development of contactless payment cards and devices, mobile payments, chip cards, magnetic stripe and unembossed card enhancements, and money transfer.

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Contactless Payment Cards and Devices. We support customer issuance and merchant acceptance of EMV-compliant contactless payment cards and devices, including contactless-enabled cards, minicards and microtags. A contactless device contains a computer chip that securely stores account information and transmits it to merchant terminals via secure radio-frequency technology that operates over short distances. Contactless devices can increase speed and convenience at the point of sale by allowing a consumer to complete a transaction without the need to swipe a card manually or insert it into a point-of-sale device. We believe that contactless technology is particularly appealing to merchants in segments with high point-of-sale throughput and a large proportion of small-value transactions.

Mobile Payments. We support payment origination and acceptance by mobile devices, such as mobile telephones and wireless data devices. In 2007, we introduced the Visa Mobile Platform, a global initiative that provides a comprehensive suite of technology tools and applications designed to promote product development and commercialization of mobile payment services. The Visa Mobile Platform is designed to provide consumers with a consistent experience for all types of payments, regardless of phone type or geography, and is designed to work within the existing infrastructure established by mobile carriers and financial institutions. In addition to supporting the development of mobile payment solutions, such as contactless payments, mobile Internet payments and person-to-person payment, the platform also supports the development of payment-related services, such as account management services to enable consumers to monitor account activity through a mobile device, and mobile coupons that can be redeemed at the point of sale.

Chip Cards. In certain regions and countries, we support customer issuance of Visa and Visa Electron chip cards, which are compliant with the EMV Integrated Circuit Card Specifications for Payment Systems. In addition to a traditional magnetic stripe, chip cards carry encrypted account data on an embedded computer chip that is read by a point-of-sale terminal. Chip cards can offer increased data security over traditional magnetic-stripe-only cards and can reduce the incidence of certain types of fraud.

Magnetic Stripe and Unembossed Card Enhancements. Beginning in October 2003, we introduced a series of rules and standards that allow our customers in certain regions to issue magnetic-stripe Visa cards with enhanced authorization requirements and risk controls that increase their ability to offer Visa cards to high-risk consumer segments. These standards include codes on the magnetic stripe that instruct point-of-sale terminals to request real-time transaction authorizations from the card issuer, providing an increased level of control over transaction authorization as compared to magnetic-stripe cards that lack such codes. These standards also permit issuers in certain countries to issue magnetic stripe Visa cards with the cardholder name and account number printed on the card, rather than embossed with raised lettering. These unembossed cards reduce the risk of fraudulent card use at merchants that do not have electronic point of sale terminals that are capable of seeking transaction authorizations from the card issuer.

Money Transfer. Visa Money Transfer is a remittance platform that our customers use to allow their cardholders to send funds to other Visa cardholders with accounts at participating financial institutions. The funds are credited directly to the individual's Visa credit, debit or prepaid account. Our customers can deploy our standard Visa Money Transfer service, which includes sophisticated anti-money laundering, fraud and risk controls, or they can develop their own customized services. Our customers also offer domestic and cross-border money transfer services using Visa prepaid cards in LAC, CEMEA and AP regions.

Payments Network Management

We devote significant resources to ensure that Visa is the payments network of choice for customers, merchants and cardholders. We seek to accomplish this by promoting our brand through marketing and sponsorship activities, increasing acceptance of Visa-branded cards around the world and ensuring that the system operates in a reliable and secure manner for all of our network participants.

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Brand Management and Promotion

We engage in a variety of activities designed to maintain and enhance the value of our brand. Our integrated approach to brand management and promotion combines advertising, sponsorships, promotions and public relations to create programs that build active preference for products carrying our brand, promote product usage, increase product acceptance and support cardholder acquisition and retention. For merchants, we work to ensure that the Visa brand represents timely and guaranteed payment, as well as a way to increase their business profitably. For our customers, our marketing is designed to support their card issuance, activation and usage efforts while complementing and enhancing the value of their own brands. For cardholders, we work to ensure that Visa is a symbol of security, convenience and acceptance. By emphasizing these core attributes of our brand, we aim to reinforce the recognition that Visa is the World's Best Way to Pay.

Advertising plays a critical role in building brand awareness and equity, as well as communicating the benefits of our brand and Visa-branded payment products. Through our advertising campaigns, we strive to provide a consistent, recognizable and compelling message that supports our brand positioning. During 2006, we launched our "Life Takes Visa" brand campaign in the United States, reinforcing our brand promise to deliver innovative products and services that empower our cardholders to experience life and business their way and on their terms. In other regions, we promote these same brand messages through tailored regional and country-specific advertising campaigns, such as our "All It Takes" campaign in AP and our "La Vida es Ahora" campaign in LAC.

We establish global marketing relationships to promote the Visa brand and to allow customers to conduct marketing programs in conjunction with major sporting and entertainment events. Through these marketing relationships, our customers may develop marketing programs that include the Visa brand and mention our sponsorship status. In addition, we engage in marketing and sponsorship activities around other national and local events or with associations and companies to provide customized marketing platforms to customers in certain countries and regions.

Our customer and business partner marketing consulting services provide customized advice and support to improve our customers' cardholder acquisition, cardholder retention and product usage efforts. We conduct strategic reviews of our customers' marketing activities and portfolio management practices, help them develop acquisition and retention programs, develop marketing for new products, conduct market segmentation analysis and perform other consultative services. In addition to customized consulting projects, we offer training to provide our customers with an understanding of best practices for managing their payments business.

We also provide marketing support to our customers through our support of Visa co-branded and affinity card programs. Co-branded cards are payment cards bearing the brand marks of an issuer and a marketing partner, usually a merchant, while affinity cards generally bear the marks or logos of charitable, professional, educational or civic organizations.

Our merchant marketing activities bring added value to our merchant partners through the development of marketing programs customized for specific merchants and industry segments. These programs, which we develop in conjunction with merchants, generate awareness for new acceptance channels and locations and increase cardholder spending and merchant sales revenue through special offers and promotions.

Merchant Acceptance Initiatives

Merchants play a vital role in our payments network, and we work continuously to build our merchant acceptance and enhance our relationships with merchants that accept Visa-branded cards. As of March 31, 2007, our customers reported that our cards were accepted at more than 27 million merchant outlets around the world.

We aim to maintain and expand our merchant base by focusing on the needs of merchants and consumers and enhancing our programs to increase acceptance in attractive and fast-growing segments, such as bill

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payment. Our efforts to address these needs include supporting the development of technological innovations, delivering value-added information services, such as the Visa Incentive Network, and evaluating potential modifications to our operating rules and interchange rates to enhance the value of our payments network compared to other forms of payment. In the United States, for example, the Visa Small Ticket Payment Service provides a special interchange rate category and No Signature Required programs eliminate the requirement for a cardholder signature for certain small-value transactions in a number of everyday spend categories, including quick-service restaurants, movie theatres and public transit. Under this program, the merchant will be protected against no signature chargebacks. We believe these initiatives have resulted in a faster check-out process, a reduction in merchants' operating expenses, increased merchant acceptance and greater transaction volume in these categories.

We enter into arrangements with certain merchants under which they receive monetary incentives and rebates for acceptance of products carrying our brands and increasing their payments volume of products carrying our brands or indicating a preference for our cards.

We continue to respond to the needs of merchants in order to enhance the efficiency of the Visa payments network for the benefit of all network participants. For example, in 2006, we enabled merchants in the United States to obtain copies of key provisions of our U.S. operating regulations, thereby increasing access to the rules and procedures that govern merchant participation in our system. We also published our U.S. interchange rate schedule and made our U.S. interchange rate qualification guide available to merchants in an effort to educate merchants about the structure of our customer interchange rates and the criteria that determine the specific rate for which a given transaction qualifies.

Customer Standards

Our financial institution customers participate in the Visa payments network through one of two ways. Financial institution customers that were members of either Visa U.S.A. or Visa International prior to the closing of our reorganization have remained members of those two entities, which continue to operate as non-stock subsidiaries of Visa Inc. Those financial institutions have non-equity membership interests in the applicable subsidiary, which represent the commercial and other rights and obligations with regard to participation in the Visa payments system. Our financial institution customers that were members of Visa Canada prior to the closing of our reorganization have entered into a series of agreements, which govern their commercial rights and obligations with respect to the Visa payments system.

Our customers are generally required to be financial institutions or other deposit-taking institutions organized under local banking laws or wholly-owned by such institutions. Certain of our customers participate in the full range of functions, such as soliciting cardholders and issuing cards, soliciting and signing merchants and acquiring merchant transactions. These financial institutions may also sponsor other financial institutions for more limited participation in our network.

Rulemaking and Enforcement

In general, our customers are granted licenses to use our brands and to access our transaction processing systems. Our customers are obligated to honor our rules and standards, which govern their use of our branded programs and their participation in our transaction processing system. Variations on such rules and standards may exist throughout the world in order to meet the needs of specific geographies. We require our customers to comply with these rules, which relate to such matters as the use of our brands and trademarks, the standards, design and features of payment cards and programs, merchant acquiring activities, including acceptance standards applicable to merchants, use of agents, disputes between members, risk management, guaranteed settlement, customer financial failures and allocation of losses among customers.

We establish dispute management procedures between customers relating to specific transactions. For example, after a transaction is presented to an issuer, the issuer may determine that the transaction is invalid for a

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variety of reasons, including fraud. If the issuer believes there is a defect in a transaction, the issuer may return, or charge back, the transaction to the acquirer. We enforce rules relating to chargebacks and act as an arbitrator of last resort with respect to chargeback disputes.

Customer Risk Management

We indemnify our customers for any loss suffered due to the failure of a customer to fund its daily settlement obligations because of technical problems, liquidity shortfall, insolvency or other reasons. In certain instances we indemnify customers even in situations in which a transaction is not processed by our system. No material loss related to settlement risk has been incurred in recent years.

To manage our exposure in the event our customers fail to fund their settlement obligations, we have a customer risk policy with a formalized set of credit standards and risk control measures. Customers with significant settlement exposure are evaluated regularly to assess risk. In certain instances, we may require a customer to post collateral, typically in cash equivalents, government securities, letters of credit or guarantees in order to ensure their performance of settlement obligations. If a customer becomes unable or unwilling to meet its obligations, we are able to draw upon such customer's collateral in order to minimize any potential loss. We may also apply other risk control measures, such as blocking the authorization and settlement of transactions, limiting the use of certain types of agents, prohibiting initiation of acquiring relationships with certain high risk merchants or suspending or terminating a customer's rights to participate in our payments network. The exposure to settlement losses not covered by customer collateral is accounted for as a settlement risk guarantee. The fair value of the settlement risk guarantee is estimated using a proprietary model. Key inputs to the model include statistically derived loss factors based on historical experience, estimated settlement exposures at period end and a standardized grading process for customers and country exposures.

Payment System Integrity

The integrity of our payments system is affected by fraudulent activity and other illegal uses of our products. Fraud is most often committed in connection with lost, stolen or counterfeit cards or stolen account information resulting from security breaches of systems that store cardholder or account data, including systems operated by merchants, financial institutions and other third-party data processors. Fraud is also more likely to occur in association with transactions where the card is not present at the point of sale, such as electronic commerce, mail order and telephone order transactions. Security and cardholder authentication for these remote channels are particularly critical issues facing our customers and merchants that engage in these forms of commerce, where a signed cardholder sales receipt is generally unavailable.

Our fraud detection and prevention offerings include Verified by Visa, a global Internet authentication product, which permits cardholders to authenticate themselves to their issuing financial institution using a unique personal code; Visa Advanced Authorization, which adds additional fraud detection capability by adding real-time risk scores to authorization messages; and chip and PIN programs that have been demonstrated to reduce the incidence of certain types of fraud at physical point of sale locations. We have also implemented rules that require the use of more secure PIN encryption standards for ATMs and point-of-sale PIN entry devices installed after 2002 and 2003, and we have recently mandated that all PINs transmitted through VisaNet to the issuer be encrypted by the Triple DES, or Data Encryption Standard, by July 1, 2010.

In a 2006 cooperative industry effort, we co-founded the Payment Card Industry (PCI) Data Security Standards Council, an independent counsel that established security standards to protect cardholder data and to prevent fraud. In late 2006, we introduced a PCI compliance program with both incentives and fines targeted at our largest acquirers in order to improve compliance with the PCI standards by our largest U.S.-based merchants, which we refer to as Level I and Level II merchants. The initiative's goal is to eradicate the storage of prohibited account data, such as magnetic stripe (also known as track data), CVV2 (the three-digit security code on the back of the card) and PIN data full-track data, and to improve PCI compliance among this group of merchants. As of

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September 30, 2007, 99% of Level I and Level II merchants had confirmed that they were not storing prohibited account data, and approximately two-thirds of the Level I merchants and almost 45% of the Level II merchants had certified their compliance with the PCI standards.

In 2006, we began upgrading all connections to VisaNet with encryption capabilities to protect data that is transferred to and from VisaNet, and began performing data content analysis to ensure proper data safe-keeping and purging of obsolete data. In 2006, we also began developing a web-based tool that will replace our legacy risk-identification system to better assist customers in their identification and monitoring of high-risk relationships.

Interchange

Interchange represents a transfer of value between the financial institutions participating in an open-loop payments network such as ours. On purchase transactions, interchange fees are typically paid to issuers by acquirers in connection with transactions initiated with cards in our payments system. We set default interchange rates in the United States and some other regions, although our customers may choose to establish different bilateral or multilateral interchange rates. In certain jurisdictions, default interchange rates are set by the government and not by us. Although we administer the collection and remittance of interchange fees through the settlement process, we generally do not receive any portion of the interchange fees. Interchange fees are often the largest component of the costs that acquirers charge merchants in connection with the acceptance of payment cards. We believe that interchange fees are an important driver of system volume.

We believe the default interchange rates that we use promote the efficient operation of our payments network by enabling both the issuer and acquirer to understand the economics of a given transaction before entering into it, and by eliminating the need for each of our customers to negotiate transfer pricing with each other. By establishing and modifying default interchange rates in response to marketplace conditions and strategic demands, we seek to ensure a competitive value proposition for transactions using our cards in order to encourage electronic transactions and to maximize participation in the Visa payments system by issuers and acquirers and, ultimately, consumers and merchants. We believe that proper management of interchange rates benefits consumers, merchants, our customers and us by promoting the overall growth of our payments network in competition with other payment card systems and other forms of payment, and creating incentives for innovation, enhanced data quality and security.

Interchange fees and related practices also have been or are being reviewed by regulatory authorities and/or central banks in a number of other jurisdictions, including the European Union, Australia, Brazil, Colombia, Germany, Hungary, Mexico, New Zealand, Norway, Poland, Portugal, Romania, South Africa, Spain, Sweden, Switzerland and the United Kingdom. In certain countries, such as Australia, New Zealand and Mexico, interchange rates have been adjusted in advance of, or in response to, government regulation. We are currently devoting substantial management and financial resources to explain the importance of and defend interchange fees and other legal and regulatory challenges we face relating to interchange fees. See *Legal and Regulatory Proceedings Global Interchange Proceedings* and *Risk Factors Interchange fees are subject to significant legal and regulatory scrutiny worldwide, which may have a material adverse impact on our revenues, our prospects for future growth and our overall business.*

Merchant Discount Rates. Acquirers generally charge merchants a fee for each transaction, called a merchant discount. This fee would typically cover costs they incur for participation in four-party payments networks, including those relating to interchange, and compensate them for various other services they provide to merchants. Merchant discount rates and other merchant fees are set by our acquirers without our involvement and by agreement with their merchant customers and are established in competition with other acquirers, other payment card systems and other forms of payment. We do not establish or regulate merchant discount rates or any other fees charged by our acquirers.

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Intellectual Property

We rely on a combination of patent, trademark, copyright and trade secret laws in the United States and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our proprietary technology.

We own a number of valuable trademarks and designs, which are essential to our business, including Visa, Interlink, PLUS, Visa Electron, the Winged V design, the Dove design and the Bands Design Blue, White & Gold design. We also own numerous other valuable trademarks and designs covering various brands, products, programs and services. Through agreements with our customers, we authorize and monitor the use of our trademarks in connection with their participation in our payments network.

In addition, we own a number of patents and patent applications relating to payments solutions, transaction processing, security systems and other matters.

Competition

We compete in the global payment marketplace against all forms of payment, including paper-based forms (principally cash and checks), card-based payments (including credit, charge, debit, ATM, prepaid, private-label and other types of general purpose and limited use cards) and other electronic payments (including wire transfers, electronic benefits transfers, ACH payments and electronic data interchange).

Within the general purpose payment card industry, we face substantial and intense competition worldwide. The leading global card brands in the general purpose payment card industry are Visa, MasterCard, American Express and Diners Club. Other general purpose card brands are more concentrated in specific geographic regions, such as JCB in AP and Discover in the United States. In certain countries, our competitors have leading positions, such as JCB in Japan and China UnionPay in China, which is the sole domestic payment processor and operates the sole domestic acceptance mark in China due to local regulation. We also compete against private-label cards, which can generally be used to make purchases solely at the sponsoring retail store, gasoline retailer or other merchant.

In the debit card market segment, Visa and MasterCard are the primary global brands. In addition, our Interlink and Visa Electron brands compete with Maestro, owned by MasterCard, and various regional and country-specific debit network brands, such as STAR, owned by First Data Corporation, PULSE, owned by Discover, NYCE, owned by Metavante Corporation, and others in the United States, Interac in Canada, and EFTPOS in Australia. In addition to our PLUS brand, the primary cash access card brands are Cirrus, owned by MasterCard, and many of the online debit network brands referenced above. In many countries, local debit brands are the primary brands, and our brands are used primarily to enable cross-border transactions, which typically constitute a small portion of overall transaction volume.

Some of our major competitors, including American Express and Discover, operate closed-loop systems. Closed-loop systems can benefit from direct access to consumer and merchant information, and they tend to have greater control over cardholder service than do operators of open-loop payments networks, like Visa, which depend on their financial institution customers to provide products and services directly to the cardholder. In recent years, the major closed-loop systems, American Express and Discover, have begun working directly with issuing and acquiring financial institutions, thus emulating certain aspects of the open-loop system, including setting transfer pricing.

In addition, we compete against companies that are developing and implementing alternative payments networks. Among other things, these competitors provide Internet currencies, which can be used to buy and sell goods online, virtual checking programs, which permit the direct debit of consumer checking accounts for both online and point-of-sale transactions and services that support payments to and from proprietary accounts for

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Internet, mobile commerce and other applications. A number of these new entrants rely principally on the Internet to support their services and may enjoy lower costs than we do. In mobile commerce, we also face competition from established network operators that may be in a position to enable mobile devices to process electronic payments or transfer money, and to use their existing billing systems to process these payments and transfers between their customers and third parties without our involvement.

Our Visa Debit Processing Service is the largest provider of issuer processing services for United States issuers of Visa debit, prepaid and ATM products, and thus also competes with third party processors, such as First Data Corporation and TSYS.

We believe that the primary factors affecting our competitive position in the payments industry include:

our ability to maintain the quality and integrity of our transaction processing systems;

our relationships with our customers;

our relationships with merchants;

the impact of existing litigation, legislation and government regulation;

pricing to our customers;

the impact of globalization and consolidation of financial institutions and merchants; and

our ability to develop and implement new payment programs, systems and technologies.

Litigation has and may continue to affect our ability to compete in the global payments industry. For example, as a result of the June 2003 settlement of a U.S. merchant lawsuit against Visa U.S.A. and MasterCard, merchants may choose not to accept U.S.-issued Visa debit cards in the United States while still accepting Visa-branded credit cards, and vice versa. In addition, following the final judgment in our DOJ litigation, members of Visa U.S.A. may issue certain payment cards that compete with Visa-branded cards, such as American Express or Discover, while remaining Visa members. Since this final judgment, several members of Visa U.S.A., including, but not limited to, Bank of America, Citibank, HSBC/Metris, U.S.A.A., Barclaycard U.S., GE Consumer Finance, Inc., First Bank & Trust, Central National Bank & Trust and Brenham National Bank, have begun to issue, or have announced that they will issue, American Express or Discover-branded cards. Outside of the United States, our customers have historically been permitted to issue American Express cards, as well as the cards of other competing general purpose card networks.

The banking industry has undergone consolidation, and we expect this trend to continue. A major financial institution customer may be acquired by an institution that has a strong relationship with a competitor, resulting in a substantial loss of business. Because continued consolidation in the banking industry results in fewer financial institutions of increased size, the bargaining power of the remaining financial institutions increases.

Government Regulation

Government regulation impacts key aspects of our business. We are subject to government regulation of the payments industry in the many countries in which our cards are used. Our customers are also subject to numerous regulations applicable to banks and other financial institutions in the United States and elsewhere, and as a consequence our business is affected by such regulations. In recent years our business has come under increasing regulatory scrutiny. In particular, interchange fees associated with open-loop payments systems such as ours are being reviewed or challenged in various jurisdictions in which our cards are used.

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As the volume of card-based payments has increased in recent years, interchange fees, including our default interchange rates, have become subject to increased regulatory scrutiny worldwide. We believe that regulators are increasingly adopting a similar approach to interchange fees, and, as a result, developments in any one

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jurisdiction may influence regulatory approaches in other jurisdictions. Interchange fees have been the topic of recent committee hearings in the U.S. House of Representatives and the U.S. Senate, as well as conferences held by a number of U.S. federal reserve banks. In addition, the U.S. House of Representatives has passed a bill that would commission a study by the Federal Trade Commission of the role of interchange fees in alleged price gouging at gas stations. Individual state legislatures in the United States are also reviewing interchange fees, and legislators in a number of states have proposed bills that purport to limit interchange fees or merchant discount rates or to prohibit their application to portions of a transaction. In addition, the Merchants Payments Coalition, a coalition of trade associations representing businesses that accept credit and debit cards, is mounting a challenge to interchange fees in the United States by seeking legislative and regulatory intervention.

Interchange fees and related practices also have been or are being reviewed by regulatory authorities and/or central banks in a number of jurisdictions, including the European Union, Australia, Brazil, Colombia, Germany, Hungary, Mexico, New Zealand, Norway, Poland, Portugal, Romania, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom. In certain countries, such as Australia, New Zealand and Mexico, interchange rates have been adjusted in anticipation of, or in response to, government regulation.

Most jurisdictions in which we and our customers operate have implemented, amended or have pending anti-money laundering regulations. In 2002, we and our customers became subject to the provisions of the U.S.A. PATRIOT Act, which requires the creation and implementation of comprehensive anti-money laundering programs. Our anti-money laundering program must be reasonably designed to prevent our payments system from being used to facilitate money laundering and the financing of terrorist activities. Our program must, at a minimum, include the designation of a compliance officer, provide for the training of employees regarding anti-money laundering responsibilities, provide internal policies, procedures and controls to mitigate money laundering risks and be independently audited.

We are subject to regulations imposed by OFAC. OFAC restricts financial dealings with Cuba, Iran, Myanmar and Sudan, as well as financial dealings with certain restricted third parties, such as identified money laundering fronts for terrorists or narcotics traffickers. While we prohibit financial institutions that are domiciled in those countries or are restricted parties from being Visa members, many Visa International members are non-U.S. financial institutions, and thus are not subject to OFAC restrictions. Accordingly, our payments network may be used with respect to transactions in or involving countries or parties subject to OFAC-administered sanctions.

In recent years, a number of regulations relating to the price of credit have been implemented in some jurisdictions in which our cards are used. In the United States, regulators and the U.S. Congress have increased their scrutiny of our customers' pricing and underwriting standards relating to credit. For example, a number of regulations have been issued to implement the U.S. Fair and Accurate Credit Transactions Act, and other regulations are expected to be issued in 2007. One such regulation pertaining to risk-based pricing could have a significant impact on the application process for credit cards and result in increased costs of issuance and/or a decrease in the flexibility of card issuers to set the price of credit. Another such regulation is a significant proposal to amend Regulation Z, which implements the Truth-in-Lending Act, and will change the substance and format of consumer disclosures made by financial institutions. In addition, the U.S. Senate Permanent Subcommittee on Investigations and other Committees and Subcommittees may continue to consider the methods used to calculate finance charges and allocate payments received from cardholders and the methods by which default interest rates, late fees and over-the-credit-limit fees are determined, imposed and disclosed. Any regulation in this regard could impact our customers' ability to issue cards profitably in certain segments and impact our payments volume and revenues.

We and our customers and we are subject to regulations related to privacy, data use and security in the jurisdictions in which we do business. For example, in the United States, our customers and we are respectively subject to the banking regulators' information safeguard rules and the Federal Trade Commission's rules under the Gramm-Leach-Bliley Act, respectively. These rules require that our customers and we develop, implement

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and maintain written, comprehensive information security programs containing safeguards that are appropriate to our size and complexity, the nature and scope of our activities and the sensitivity of any customer information at issue.

In recent years, there has been a heightened legislative and regulatory focus on data security, including requiring consumer notification in the event of a data breach. In the United States, a number of bills have been introduced in Congress and there have been several Congressional hearings to address these issues. Congress is considering data security/data breach legislation which, if implemented, could affect our customers and us. In addition, a number of U.S. states have enacted security breach legislation, requiring varying levels of consumer notification in the event of a security breach, and several other states are considering similar legislation.

Governments in certain countries have acted, or could act, to provide resources or protection to selected national payment card providers or national payment processing providers to support domestic competitors or to displace us from, prevent us from entering into, or substantially restrict us from participating in, particular geographies. For example, our customers in China are not permitted to issue cards carrying our brands for domestic use in China. Governments in certain countries that were formerly part of the Soviet Union have considered similar restrictions from time to time.

Many jurisdictions in which our customers and we operate are considering, or are expected to consider, legislation with regard to Internet transactions, and in particular with regard to choice of law, the legality of certain e-commerce transactions, the collection of applicable taxes and copyright and trademark infringement. If implemented, these initiatives could require our customers and us to monitor, filter, restrict or otherwise oversee various categories of payment card transactions or to take other actions. For example, draft regulations were proposed on October 1, 2007 pursuant to recently enacted U.S. legislation regarding Internet gambling, which will require our customers and us to code and block certain types of Internet gambling transactions. Comments on these draft regulations are due December 12, 2007. Various U.S. regulatory agencies are also considering additional regulation covering capital requirements, privacy, disclosure rules, security and marketing, which could impact our customers and us directly. Increases in fraud or other illegal activity involving our cards could also lead to regulatory intervention, such as mandatory card re-issuance.

Certain of our operations in the United States are periodically reviewed by the Federal Financial Institution Examination Council to ensure our compliance with applicable data integrity and security requirements. In recent years, the federal banking regulators in the United States have adopted a series of regulatory measures intended to require more conservative accounting, greater risk management and higher capital requirements for bank credit card activities, particularly in the case of banks that focus on subprime cardholders. Government regulators may determine that we are a systemically important payments system and impose settlement risk management requirements on us, including new settlement procedures or other operational rules to address credit and operational risks or new criteria for customer participation and merchant access to our payments system. In addition, outside of the United States, a number of jurisdictions have implemented legal frameworks to regulate their domestic payments systems. For example, regulators in Australia, Mexico, Colombia, Singapore and Malaysia have been given statutory authority to regulate certain aspects of the payments systems in those countries.

Properties

As of March 31, 2007, we owned and leased approximately 2.1 million square feet of office and processing center space in 30 countries around the world, of which approximately 1.4 million square feet are owned and the remaining 700,000 square feet are leased. Our corporate headquarters is located in the San Francisco Bay Area and consists of four buildings that we own, totaling 940,000 square feet. We also own a 168,000 square foot office building in Miami, which serves as our LAC regional headquarters.

In addition, we operate three processing centers: a processing center and an office facility in Colorado totaling 268,000 square feet, which we own, a processing center and office facility in Virginia, totaling 137,500

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square feet, which we lease, and an 11,000 square foot leased facility in Japan. In July 2006, we approved a plan to replace our leased processing center in the eastern United States by building a new 140,000 square foot processing center and a new 113,000 square foot office building.

We believe that these facilities are suitable and adequate to support our business needs.

Employees

As of March 31, 2007, we employed 5,581 persons worldwide. We consider our relationships with our employees to be good.

Customers

As of March 31, 2007, we had approximately 16,400 financial institution customers. Operating revenues recognized as a result of fees paid, net of incentives, from our largest customer, JPMorgan Chase and its affiliates, were approximately \$408.5 million in fiscal 2006 and \$367.6 million in the nine months ended June 30, 2007, representing 10% of our pro forma operating revenues in each such period. No other customer represented more than 10% of our pro forma operating revenues.

Retrospective Responsibility Plan

Visa U.S.A. and Visa International are parties to certain legal proceedings that we refer to as the covered litigation. The retrospective responsibility plan is designed to address potential liability under the covered litigation. Covered litigation means:

The Discover Litigation. Discover Financial Services Inc. v. Visa U.S.A. Inc., Case No. 04-CV-07844 (S.D.N.Y.), which we refer to as the Discover litigation;

The American Express Litigation. American Express Travel Related Services Co., Inc. v. Visa U.S.A. Inc. et al., No. 04-CV-0897 (S.D.N.Y.), which we refer to as the American Express litigation;

The Attridge Litigation. Attridge v. Visa U.S.A. Inc. et al., Case No. CGC-04-436920 (Cal. Super.), which we refer to as the Attridge litigation;

The Interchange Litigation. In re Payment Card Interchange Fee and Merchant Discount Antitrust Litigation, 1:05-md-01720-JG-JO (E.D.N.Y.) or MDL 1720, including all cases currently included in MDL 1720, any other case that includes claims for damages relating to the period prior to this offering that is transferred for coordinated or consolidated pre-trial proceedings at any time to MDL 1720 by the Judicial Panel on Multidistrict Litigation or otherwise included at any time in MDL 1720 by order of any court of competent jurisdiction and Kendall v. Visa U.S.A., Inc. et al., Case No. CO4-4276 JSW (N.D. Cal.), which we refer to collectively as the interchange litigation; and

any claim that challenges the reorganization or the consummation thereof; provided that such claim is transferred for coordinated or consolidated pre-trial proceedings at any time to MDL 1720 by the Judicial Panel on Multidistrict Litigation or otherwise included at any time in MDL 1720 by order of any court of competent jurisdiction.

Upon the closing of this offering, we intend to deposit \$ _____, representing _____ % of the net proceeds of this offering (based on the midpoint of the range set forth on the cover of this prospectus), in an escrow account from which settlements of, or judgments in, the covered litigation will be payable. We intend to use the funds in the escrow account to satisfy the settlement obligations of Visa U.S.A. in the American Express litigation and, as described below, to make payments relating to obligations of Visa U.S.A., Visa International and, in certain instances, Visa Inc., in connection with future settlement of, or judgments in, covered litigation.

The class B common stock that is retained by Visa U.S.A. members and that is not redeemed out of the proceeds of this offering will be subject to dilution to the extent of the initial amount of the escrow account. This

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dilution of the class B common stock will be accomplished through an initial adjustment to the conversion rate such that the conversion rate applicable to each share of class B common stock will be _____ shares of class A common stock per share of class B common stock. The class B common stock will not, subject to limited exceptions, be convertible into class A common stock or be transferable until the later of the third anniversary of this offering or the final resolution of the covered litigation, although our board of directors may make exceptions to this transfer restriction after resolution of all covered litigation. The class C common stock will not be subject to this dilutive adjustment.

After the completion of this offering and if the litigation committee so requests in order to increase the escrow account, we will conduct follow-on offerings of our class A common stock, which we refer to as loss shares. The proceeds from the sale of loss shares would then be deposited in the escrow account, and the class B common stock would be subject to additional dilution to the extent of the loss shares through a concurrent adjustment to the conversion rate of the class B common stock. Unless we or our affiliates have actually incurred a liability in respect of the covered litigation and there are insufficient funds on deposit in the escrow account at such time to fund such liability, the litigation committee may not request that we sell loss shares in an underwritten offering more than twice in any 12-month period, and the proceeds from the requested offering must reasonably be expected to be at least \$100,000,000. We will not offer loss shares in an amount that exceeds the number of shares of our class A common stock into which our issued and outstanding class B common stock is then convertible immediately prior to the offering.

Any amounts remaining in the escrow account on the date on which all of the covered litigation has been resolved will be released back to us, and the conversion rate of the class B common stock then outstanding will be adjusted in the holders' favor through a formula based on the released escrow amount and the market price of our class A common stock. See *Description of Capital Stock Conversion*.

The litigation committee has been established pursuant to a litigation management agreement among Visa Inc., Visa International, Visa U.S.A. and Robert R. Hackney, Bruce L. Hammonds, Peter E. Raskind, Charles W. Scharf and John G. Stumpf, all of whom are affiliated with, or acting for, certain Visa U.S.A. members. The litigation committee: (i) will determine the amount of the proceeds of this offering to be deposited in the escrow account; (ii) may request the sale of loss shares as described above, subject to our right to delay the filing or effectiveness of a registration statement under certain circumstances; and (iii) may recommend or refer the cash payment portion of a proposed settlement of any covered litigation to the Visa U.S.A. board of directors.

The board of directors of Visa U.S.A. will not be permitted to authorize any portion of a settlement of any of the covered litigation that would or might require payments out of the escrow account, the sale of loss shares, or the payment of cash by principal, acquirer, administrative, cheque issuer, administrative, group, or associate members of Visa U.S.A., which we refer to collectively as specified settlement members, unless such settlement has been approved by or is subject to the approval of specified settlement members. We refer to such settlements as specified settlements. Approval of a specified settlement requires the approval of two-thirds of the votes of the specified settlement members.

Interchange Judgment Sharing Agreement

On July 1, 2007, we entered into an interchange judgment sharing agreement with Visa U.S.A., Visa International and certain member financial institutions of Visa U.S.A. in connection with the interchange litigation.

Under the interchange judgment sharing agreement, in the event that a final judgment in the interchange litigation is enforced against a signatory or there is a global settlement involving all signatories, each signatory other than Visa U.S.A. and Visa International will pay its membership proportion (as defined in the Visa U.S.A. certificate of incorporation) of the amount of any such final judgment that is not allocated to the conduct of MasterCard under the terms of the agreement. Visa U.S.A. will pay the amount of such final judgment that is not

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allocated to the conduct of MasterCard and that is not accounted for by the other signatories, although it will obtain reimbursement for such payments out of the escrow account. Visa International has no obligation under the interchange judgment sharing agreement to share in a judgment enforced against another signatory or in a global settlement. The agreement provides that Visa U.S.A. and Visa International will be reimbursed by the bank signatories for the full amount of any final judgment allocated to the conduct of MasterCard, but the bank signatories have no obligation to the other signatories with respect to the MasterCard portion of a final judgment.

If we are named as a defendant in a case in the interchange litigation, we have the right to join the judgment sharing agreement on the terms applicable to Visa International unless a claim relates to our conduct after the reorganization (other than the reorganization or this offering) or our conduct that is not the mere continuation of conduct being challenged in the interchange litigation as of the closing of the reorganization.

Loss Sharing Agreement

We have entered into a loss sharing agreement with Visa U.S.A., Visa International and Visa U.S.A. members. The loss sharing agreement provides for the indemnification of Visa U.S.A., Visa International and, in certain circumstances, Visa Inc. with respect to: (i) the amount of a final judgment paid by Visa U.S.A. or Visa International in the covered litigation after the operation of the interchange judgment sharing agreement, plus any amounts reimbursable to the interchange judgment sharing agreement signatories; or (ii) the damages portion of a settlement of a covered litigation that is approved as required under Visa U.S.A.'s certificate of incorporation by the vote of Visa U.S.A.'s members. The several obligation of each bank that is a party to the loss sharing agreement will equal the amount of any final judgment enforceable against Visa U.S.A., Visa International or any other signatory to the interchange judgment sharing agreement, or the amount of any approved settlement of a covered litigation, multiplied by such bank's then-current membership proportion as calculated in accordance with Visa U.S.A.'s certificate of incorporation.

Visa U.S.A. will be responsible for the remainder of any amounts under (i) and (ii) above after taking into account the total amounts owed by the Visa U.S.A. members that are parties to the loss sharing agreement and any funds it recovers pursuant to a judgment sharing agreement. Such remainder amounts are subject to indemnification by Visa U.S.A. members that are not parties to the loss sharing agreement, as described below.

We contemplate that payments due under any covered litigation that are subject to the loss sharing agreement will be paid out of the escrow account, including any additional proceeds from the sale of loss shares. If funds in the escrow account are insufficient to satisfy such obligations, then each Visa U.S.A. member that is a party to the loss sharing agreement is required to contribute an amount equal to the unsatisfied obligation multiplied by such party's then current membership proportion.

In order to avoid a double payment as a result of the dilutive adjustment in the conversion rate of the class B common stock upon the establishment of the escrow account, we will reimburse Visa U.S.A. members from the escrow account for payments made: (i) pursuant to the interchange judgment sharing agreement in respect of covered litigation to a claimant or another party to the loss sharing agreement (other than payments allocated in a final judgment or approved settlement to MasterCard's conduct); or (ii) pursuant to the interchange judgment sharing agreement or the loss sharing agreement for certain payments made prior to this offering relating to the items described in the immediately preceding paragraph. In the event that the escrow account contains insufficient funds to make such reimbursements, all reimbursements will be made pro rata.

Indemnification by Visa U.S.A. Members

The members of Visa U.S.A. have indemnification obligations with respect to the covered litigation pursuant to Visa U.S.A.'s certificate of incorporation and bylaws and in accordance with their membership agreements, although we currently intend to use the escrow amount, including any additional proceeds from the sale of loss shares, to satisfy obligations under the covered litigation before seeking to enforce these indemnification obligations.

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To the extent that the initial escrow amount and any additional sale of loss shares is insufficient to fully satisfy obligations under the covered litigation and reimburse judgment sharing and loss sharing payments by Visa U.S.A.'s members, we will use commercially reasonable efforts to enforce the indemnification obligations of Visa U.S.A.'s members for such excess amount, including but not limited to enforcing indemnification obligations pursuant to the loss sharing agreement, Visa U.S.A.'s certificate of incorporation and bylaws and in accordance with their membership agreements.

Covered Litigation

The Discover Litigation

On October 4, 2004, Discover Financial Services, Inc. filed a complaint against Visa U.S.A., Visa International and MasterCard. The complaint was filed in the U.S. District Court for the Southern District of New York and was designated as a related case to the DOJ litigation, and was assigned to the same judge who issued the DOJ decision described under *Other Legal and Regulatory Proceedings Department of Justice Antitrust Litigation and Related Litigation*. The complaint alleged that the implementation and enforcement of Visa's bylaw 2.10(e) and MasterCard's Competitive Programs Policy, or CPP (which prohibited their respective members from issuing American Express or Discover cards), as well as Visa's Honor All Cards rule (which required merchants that accept Visa cards to accept for payment every validly presented Visa card) and a similar MasterCard rule violated Sections 1 and 2 of the Sherman Act as well as California's Unfair Competition Act in an alleged market for general purpose card network services and an alleged market for debit card network services. The complaint also challenged Visa's no surcharge rule and a similar MasterCard rule, under the same statutes. On December 10, 2004, Visa U.S.A. and Visa International moved to dismiss the complaint in its entirety for failure to state a claim. In lieu of filing its opposition papers to this motion, Discover filed an amended complaint on January 7, 2005. In the amended complaint, Discover dropped some of its claims, including its challenge against the no surcharge rule and its claims under California's Unfair Competition Law, but continued to allege that the implementation and enforcement of Visa U.S.A.'s bylaw 2.10(e), MasterCard's CPP, and the Honor All Cards rule violated Sections 1 and 2 of the Sherman Act. On June 7, 2007, Discover filed a Second Amended Complaint, which eliminated allegations related to the Honor All Cards rule, dropped attempted monopolization and monopolization claims against MasterCard and Visa International to conform to the court's rulings on motions to dismiss, and made technical changes to the names of the plaintiffs.

Specifically, Discover claims that Visa U.S.A.'s bylaw 2.10(e) unreasonably restrained trade by prohibiting financial institutions that were members of Visa U.S.A. from issuing payment cards on the Discover network in the United States. Discover requests that the District Court apply collateral estoppel with respect to the court's final judgment in the DOJ litigation and enter an order that bylaw 2.10(e) and the CPP have injured competition and caused injury to Discover. Discover seeks treble damages in an amount to be proved at trial, along with attorneys' fees and costs. On February 7, 2005, Visa U.S.A. and Visa International moved to dismiss Discover's amended complaint in its entirety for failure to state a claim. On April 14, 2005, the District Court denied, at this stage in the litigation, Discover's request to give collateral estoppel effect to the findings in the DOJ litigation. However, the District Court indicated that Discover may refile a motion for collateral estoppel after discovery. Under the doctrine of collateral estoppel, a court has the discretion to preclude one or more issues from being relitigated in a subsequent action if: (1) the same issues were actually litigated and determined in the prior action; (2) proof of those issues was necessary to reach the prior judgment; and (3) the party to be estopped had a full and fair opportunity to litigate those issues in the prior action. Accordingly, if the District Court were to give effect to collateral estoppel on one or more issues in the future, then significant elements of plaintiffs' claims would be established, thereby making it more likely that Visa U.S.A. and Visa International would be found liable and making the possibility of an award of damages more likely. In the event all issues are subsequently decided against Visa U.S.A. and Visa International in dispositive motions during the course of the litigation, then there is the possibility that the sole issue remaining will be whether a damage award is appropriate and, if so, what the amount of damages should be.

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Also on April 14, 2005, and in subsequent rulings, with respect to the alleged market for general purpose card network services, the District Court denied Visa U.S.A.'s motion to dismiss Discover's Section 1 conspiracy to restrain trade claims and Section 2 monopolization, attempted monopolization and conspiracy to monopolize claims that were based upon the conduct described above. On October 24, 2005, the court granted Visa International's motion to dismiss Discover's attempted monopolization and monopolization claims against it, because plaintiffs did not allege that Visa International individually had sufficient market share to maintain these claims. On November 9, 2005, the court denied Visa U.S.A. and Visa International's motion to dismiss Discover's claims based upon effects in an alleged debit market. Visa U.S.A. and Visa International answered the amended complaint on November 30, 2005. Fact discovery is complete.

At a hearing on April 25, 2007, the District Court set a trial date of September 9, 2008. The court also established deadlines and procedures for motions practice and expert discovery. On July 24, 2007, Discover served its expert's report purporting to demonstrate that it had incurred substantial damages. Expert reports were served jointly by Visa U.S.A. and Visa International on October 9, 2007.

The American Express Litigation

On November 15, 2004, American Express filed a complaint against Visa U.S.A., Visa International, MasterCard and eight Visa U.S.A. and Visa International member financial institutions (JPMorgan Chase & Co., Bank of America Corporation, Capital One Financial Corp., U.S. Bancorp, Household International Inc., Wells Fargo & Company, Provident Financial Corp., and U.S.A.A. Federal Savings Bank). Subsequently, U.S.A.A. Federal Savings Bank, Bank of America Corp. and Household International Inc. announced settlements with American Express and were dismissed from the case. The complaint, which was filed in the U.S. District Court for the Southern District of New York, was designated as a related case to the DOJ litigation and was assigned to the same judge. See *Department of Justice Antitrust Case and Related Litigation*. The complaint alleged that the implementation and enforcement of Visa U.S.A.'s bylaw 2.10(e) and MasterCard's CPP violated Sections 1 and 2 of the Sherman Act in an alleged market for general purpose card network services and an alleged market for debit card network services.

We, Visa U.S.A. and Visa International entered into a settlement agreement with American Express that became effective on November 9, 2007. Under the settlement agreement, American Express will receive maximum payments of \$2.25 billion, including up to \$2.07 billion from us and \$185 million from five co-defendant banks. An initial payment of \$1.13 billion will be made on or before March 31, 2008, including \$945 million from us and \$185 million from the five co-defendant banks. Beginning March 31, 2008, we will pay American Express an additional amount of up to \$70 million each quarter for 16 quarters, for a maximum total of \$1.12 billion. The quarterly payments are contingent upon the performance of American Express's United States global network services (GNS) business and will be in an amount equal to 5% of American Express's United States GNS billings during the quarter up to a maximum of \$70 million per quarter; provided, however, that if the payment for any quarter is less than \$70 million, the maximum payment for a future quarter or quarters shall be increased by the difference between \$70 million and such lesser amount as was actually paid. The settlement will be covered by the retrospective responsibility plan. See also *Overview of Financial Condition and Results of Visa Inc. Liquidity and Capital Resources Uses of Liquidity Litigation*.

The Attridge Litigation

On December 8, 2004, a complaint was filed in California state court on behalf of a putative class of consumers asserting claims against Visa U.S.A., Visa International and MasterCard under California's Cartwright Act and Unfair Competition Law. The claims in this action, *Attridge v. Visa U.S.A. Inc., et al.*, seek to piggyback on the portion of the DOJ antitrust litigation in which the U.S. District Court for the Southern District of New York found that Visa's bylaw 2.10(e) and MasterCard's Competitive Programs Policy constitute unlawful restraints of trade under the federal antitrust laws. See *Department of Justice Antitrust Case and*

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Related Litigation. After the plaintiff twice amended his complaint, Visa U.S.A., Visa International and MasterCard demurred to (moved to dismiss) the complaint and, at a hearing on November 2, 2005, the court dismissed plaintiff's claims with leave to amend. On December 2, 2005, the plaintiff filed a third amended complaint. The defendants again demurred to (moved to dismiss) that complaint. On May 19, 2006, the court entered an order dismissing plaintiff's Cartwright Act claims with prejudice but allowing the plaintiff to proceed with his Unfair Competition Law claims. On June 19, 2006, Visa U.S.A. and Visa International answered the third amended complaint. The parties are now moving forward with discovery.

The Interchange Litigation

On October 8, 2004, a purported class action lawsuit was filed by a group of merchants in the U.S. District Court for the Northern District of California against Visa U.S.A. Inc., MasterCard and several Visa U.S.A. member financial institutions alleging, among other things, that Visa U.S.A.'s and MasterCard's interchange fees contravene the Sherman Act and the Clayton Act, *Kendall v. Visa U.S.A. Inc., et al.* The plaintiffs seek treble damages in an unspecified amount, attorneys' fees and an injunction against Visa U.S.A. and MasterCard from setting interchange and engaging in joint marketing activities, which plaintiffs allege include the purported negotiation of merchant discount rates with certain merchants. On November 19, 2004, Visa U.S.A. filed an answer to the complaint. The plaintiffs filed an amended complaint on April 25, 2005. Visa U.S.A. moved to dismiss the complaint for failure to state a claim and, in the alternative, also moved for summary judgment with respect to certain of the claims. On July 25, 2005, the court issued an order granting Visa U.S.A.'s motion to dismiss and dismissed the complaint with prejudice. On August 10, 2005, the plaintiffs filed a notice of appeal. Plaintiffs' opening appeal brief was filed on November 28, 2005. Visa filed its opposition brief to plaintiffs' appeal on January 26, 2006 and plaintiffs filed their reply on February 23, 2006. The Ninth Circuit heard oral argument on the plaintiffs' appeal on June 11, 2007. No ruling has been issued.

On May 6, 2005, a purported class action lawsuit was filed by a merchant, Animal Land, Inc., against Visa U.S.A. in the U.S. District Court for the Northern District of Georgia, alleging that Visa U.S.A.'s no-surcharge rule violates Sections 1 and 2 of the Sherman Act. Plaintiff alleges that under the no-surcharge rule, merchants are not permitted to pass along to cardholders a discrete surcharge to account for the fees that the merchant pays in connection with Visa-branded payment card transactions. Plaintiff alleges that this rule causes the fees paid by merchants to be supracompetitive. The suit seeks treble damages in an unspecified amount, attorneys' fees and injunctive relief. The *Animal Land* case has been transferred to the multidistrict litigation proceedings and is included in the First Amended Class Action Complaint discussed below.

On June 22, 2005, a purported class action lawsuit was filed by a group of merchants in the U.S. District Court of Connecticut against MasterCard, Visa U.S.A., Visa International and a number of Visa U.S.A. and Visa International member financial institutions alleging, among other things, that Visa's and MasterCard's purported setting of interchange fees violates Section 1 of the Sherman Act. In addition, the complaint alleges Visa's and MasterCard's purported tying and bundling of transaction fees also constitutes a violation of Section 1 of the Sherman Act. Since the filing of this complaint, there have been approximately 48 similar complaints, the majority styled as class actions, although 10 complaints are on behalf of individual plaintiffs, filed on behalf of merchants against Visa U.S.A. and MasterCard, and in some cases, certain Visa U.S.A. and Visa International member financial institutions, in federal courts in California, Connecticut, Kentucky, New Jersey, New York, Ohio, Pennsylvania, South Carolina and Wisconsin. Visa International was named as a defendant in more than 30 of these complaints. On October 19, 2005, the Judicial Panel on Multidistrict Litigation issued an order transferring these cases to the U.S. District Court for the Eastern District of New York for coordination of pre-trial proceedings. On April 24, 2006, the group of purported class plaintiffs filed a First Amended Class Action Complaint. Taken together, the claims in the First Amended Class Action Complaint and in the 10 complaints brought on behalf of individual merchants are generally brought under Sections 1 and 2 of the Sherman Act. Specifically, the complaints contain some or all of the following claims: (i) that Visa's and MasterCard's setting of interchange fees (for both credit and offline debit transactions) violates Section 1 of the

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Sherman Act; (ii) that Visa and MasterCard have enacted and enforced various rules, including the no surcharge rule and purported anti-steering rules, in violation of Section 1 or 2 of the Sherman Act; (iii) that Visa's and MasterCard's purported bundling of the acceptance of premium credit cards to standard credit cards constitutes an unlawful tying arrangement; and (iv) that Visa and MasterCard have unlawfully tied and bundled transaction fees. In addition to the claims brought under federal antitrust law, some of these complaints contain certain state unfair competition law claims based upon the same conduct described above. These interchange-related litigations also seek treble damages in an unspecified amount (although several of the complaints allege that the plaintiffs expect that damages will range in the tens of billions of dollars), as well as attorneys' fees and injunctive relief.

Visa U.S.A. and Visa International answered the First Consolidated Amended Class Action Complaint and the individual merchant complaints on June 9, 2006. The court has ordered that new fact discovery may proceed and such fact discovery is scheduled to be completed by November 30, 2007. Expert discovery is scheduled to be completed by July 18, 2008. Summary judgment and other pretrial motions are scheduled to be completed by November 24, 2008. On July 10, 2007, pursuant to a joint request by the parties, the court entered an amended scheduling order extending the deadline for fact discovery to June 30, 2008, expert discovery to February 20, 2009, and the deadline for completion of all summary judgment and other pretrial motions to March 27, 2009.

On September 7, 2007, the Magistrate Judge issued a Report and Recommendation to the District Court recommending that the District Court grant the defendants' motion to dismiss the class plaintiffs' claims for damages incurred prior to January 1, 2004. On October 12, 2007, the Magistrate Judge granted putative class plaintiffs' request to brief the issue of whether the Report and Recommendation would affect the claims of non-party members of the putative class that opted out of the *In re Visa Check/MasterMoney Antitrust Litigation* class action. Following the submissions, the Magistrate Judge declined plaintiffs' request to advise on that issue and set a November 14, 2007 deadline for filing objections to the Report and Recommendation.

Other Legal and Regulatory Proceedings

In addition to the matters described above, we are a party to legal and regulatory proceedings with respect to a variety of matters in the ordinary course of business. Some of these proceedings involve complex claims that are subject to substantial uncertainties and unspecified damages. Therefore, the probability of loss and an estimation of damages are not possible to ascertain at present. Accordingly, we have not established reserves for any of these proceedings, including the matters described above, other than for the Currency Conversion Litigation and the GMRI, Inc. case. See *Retailers Litigation* and *Currency Conversion Litigation*. Except for those matters described above under *Retrospective Responsibility Plan* and below, we do not believe that any legal or regulatory proceedings to which we are a party would have a material impact on our results of operations, financial position, or cash flows. Although we believe that we have strong defenses for the litigations and regulatory proceedings described above under *Retrospective Responsibility Plan* and below, we could in the future incur judgments or fines or enter into settlements of claims that could have a material adverse effect on our results of operations, financial position or cash flows.

Notwithstanding our belief, if we are found liable in a large class action lawsuit or on the basis of a claim entitling the plaintiff to treble damages or under which we were jointly and severally liable, charges we may be required to record could be significant and could materially and adversely affect our results of operations, cash flow and financial condition, or, in certain circumstances, even cause us to become insolvent, and result in a significant reduction in the value, or the complete loss, of your investment. Moreover, an adverse outcome in a regulatory proceeding could lead to the filing of civil damage claims and possibly result in damage awards in amounts that could be significant and could materially and adversely affect our results of operation, cash flow and financial condition or lead to the other results set forth above. For a discussion of certain risks related to legal and regulatory matters, see *Risk Factors Risks Related to Our Business Legal and Regulatory Risks*.

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Retailers Litigation

Commencing in October 1996, several class action suits were brought by a number of U.S. merchants against Visa U.S.A. and MasterCard challenging certain aspects of the payment card industry under U.S. federal antitrust laws. Those suits were later consolidated in the U.S. District Court for the Eastern District of New York, *In re Visa Check/MasterMoney Antitrust Litigation*. The plaintiffs claimed that Visa U.S.A.'s Honor All Cards rule, which required merchants that accepted Visa cards to accept for payment every validly presented Visa card, and a similar MasterCard rule, constituted an illegal tying arrangement in violation of Section 1 of the Sherman Act. The plaintiffs claimed that Visa U.S.A. and MasterCard unlawfully tied acceptance of debit cards to acceptance of credit cards. The plaintiffs also claimed that Visa U.S.A. and MasterCard conspired to monopolize what the plaintiffs characterized as the alleged point-of-sale debit card market, thereby suppressing the growth of regional networks such as ATM payments systems. On June 4, 2003, Visa U.S.A. signed a settlement agreement to settle the claims brought by the plaintiffs in this matter, which the court approved on December 19, 2003. Pursuant to the settlement agreement, Visa agreed to modify its Honor All Cards rule such that, effective January 1, 2004, a merchant may accept only Visa check cards, only Visa credit cards, or both. Visa also agreed to pay approximately \$2.0 billion to the merchant class over 10 years, among other things. A number of class members appealed the District Court's approval of the settlement. These appeals largely focused on the court's attorneys' fees award as well on the court's ruling on the scope of the release set forth in the settlement agreement. On January 4, 2005, the Second Circuit Court of Appeals issued an order affirming the District Court's approval of the settlement agreement. A petition for certiorari by two objectors was denied by the United States Supreme Court on May 16, 2005. Accordingly, the settlement is now final.

Several lawsuits were commenced by merchants that opted not to participate in the plaintiff class in *In re Visa Check/MasterMoney Antitrust Litigation*, including Best Buy Stores, CVS, Giant Eagle, Inc., The Home Depot U.S.A. Inc., Toys R Us and GMRI, Inc. The majority of these cases were filed in the U.S. District Court for the Eastern District of New York. Visa U.S.A. has entered into separate settlement agreements with all but one of these plaintiffs resolving their claims, and the District Court has entered orders dismissing with prejudice each of those plaintiffs' complaints against Visa U.S.A. Only the action brought by GMRI, Inc. against Visa U.S.A. remains pending. On May 14, 2007, the plaintiff in the GMRI, Inc. case sought to amend its complaint and consolidate the case with Multidistrict Litigation 1720. See *Retrospective Responsibility Plan Covered Litigation Interchange Litigation*. Visa U.S.A., Visa International and several of their member financial institutions named as defendants in Multidistrict Litigation 1720 opposed the plaintiff's motion. On June 1, 2007, the plaintiff withdrew its request. On June 22, 2007, GMRI, Inc. filed suit against Visa International and various member financial institutions of Visa U.S.A. and/or Visa International, alleging both the merchant opt-out claims at issue in GMRI's suit against Visa U.S.A. and a number of the claims set forth in the class complaint filed in Multidistrict Litigation 1720 relating to interchange and Visa rules.

In addition, complaints have been filed in 19 different states and the District of Columbia alleging state antitrust, consumer protection and common law claims against Visa U.S.A. and MasterCard (and, in one state, against Visa International) on behalf of putative classes of consumers. The claims in these actions largely mirror the allegations made in the U.S. merchant lawsuit and assert that merchants, faced with excessive merchant discount fees, have passed on some portion those fees to consumers in the form of higher prices on goods and services sold. Visa U.S.A. has been successful in the majority of these cases, as courts have granted Visa U.S.A.'s motions to dismiss for failure to state a claim or plaintiffs have voluntarily dismissed their complaints. Specifically, courts in Arizona, the District of Columbia, Florida, Iowa, Kansas, Maine, Michigan, Minnesota, Nebraska, Nevada, New York, North Carolina, North Dakota, South Dakota, Tennessee, Vermont and Wisconsin have granted Visa U.S.A.'s motions and dismissed the complaints. The parties are awaiting a decision on Visa U.S.A.'s motion to dismiss in New Mexico. In California, the court granted Visa U.S.A. and Visa International's demurrer, or motion to dismiss, with respect to claims brought under the Cartwright Act, but denied a similar motion with respect to Unfair Competition Law claims for unlawful, unfair, and/or fraudulent business practices. Visa U.S.A. and Visa International subsequently filed a motion for judgment on the pleadings seeking dismissal of those latter claims in light of the Proposition 64 amendments to the Unfair Competition Law. After oral

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argument, the court denied this motion on March 6, 2007. The California Court of Appeal rejected a petition seeking immediate review of that decision on June 7, 2007. On July 24, 2007, a case management conference was held at which the court permitted certain further discovery and agreed to address plaintiffs' proposed motion for collateral estoppel with respect to certain elements of a tying claim based on statements in the decision on cross-motions for summary judgment in *In re Visa Check/MasterMoney Antitrust Litigation*, No. 96-5238 (E.D.N.Y.). At a case management conference on October 31, 2007, the court denied the plaintiffs' collateral estoppel motion and set a new case management conference for January 18, 2008. In West Virginia, the action was brought against Visa U.S.A. by West Virginia's attorney general as *parens patriae* for West Virginia consumers. The court denied Visa U.S.A.'s motion for summary judgment on October 14, 2005. On February 14, 2006, Visa U.S.A. answered the West Virginia complaint and the parties began discovery. On April 10, 2007, the court issued a stay of discovery pending its ruling on an antitrust standing issue. On April 27, 2007, Visa U.S.A. and the State of West Virginia reached an agreement in principle to settle all claims against Visa U.S.A. A provision was recorded in Visa U.S.A.'s consolidated statements of operations in connection with this settlement.

On February 17, 2005, plaintiffs filed a complaint in Ohio state court on behalf of a putative class of consumers asserting claims under Ohio state antitrust and common laws. The claims in that action mirror those in the consumer actions described above but also name as co-defendants a purported class of merchants that were class members in *In re Visa Check/MasterMoney Antitrust Litigation*. Plaintiffs allege that Visa U.S.A., MasterCard and the class members in the U.S. merchant lawsuit conspired to attempt to monopolize an alleged debit card market by tying debit card acceptance to credit card acceptance. On October 7, 2005, plaintiffs filed a voluntary notice of dismissal of the Ohio complaint. Two similar actions also were filed in Tennessee state and federal court on February 17, 2005, but Visa U.S.A. and MasterCard were not named as defendants in those actions. The Tennessee state court action was refiled in federal court and both actions were transferred to the federal court for the Eastern District of New York on September 29, 2006. On September 25, 2007, the court granted the defendants' motion to dismiss the claims in those actions except for those asserted under Tennessee state law, and asked the parties to show cause why the cases should not be transferred back to the Tennessee federal court. Both plaintiffs and defendants oppose the transfer.

In 2003, Visa U.S.A. established a litigation provision for the GMRI, Inc. case based on a calculation of what GMRI, Inc. would have received under the settlement of *In re Visa Check/MasterMoney Antitrust Litigation* if GMRI, Inc. had not opted out of that settlement.

Department of Justice Antitrust Case and Related Litigation

In October 1998, the U.S. Department of Justice, or DOJ, filed suit against Visa U.S.A., Visa International and MasterCard in the U.S. District Court for the Southern District of New York alleging that both Visa U.S.A.'s and MasterCard's governance structures and policies violated U.S. federal antitrust laws. First, the DOJ claimed that dual governance—the situation where an employee of a member financial institution also serves on the board of directors of Visa U.S.A. or MasterCard while a portion of its card portfolio is issued under the brand of the other association—was anti-competitive and acted to limit innovation within the payment card industry. Second, the DOJ challenged Visa U.S.A.'s bylaw 2.10(e), which prohibited Visa members from issuing American Express or Discover cards, and challenged a similar MasterCard rule known as the Competitive Programs Policy, or CPP. The DOJ alleged that Visa U.S.A.'s bylaw 2.10(e) and MasterCard's CPP acted to restrain competition.

On October 9, 2001, the District Court issued an opinion upholding the legality and pro-competitive nature of dual governance. However, the court also held that Visa U.S.A.'s bylaw 2.10(e) and MasterCard's CPP constituted unlawful restraints of trade under the federal antitrust laws.

On November 26, 2001, the court issued a final judgment that ordered Visa U.S.A. to repeal bylaw 2.10(e) and enjoined Visa U.S.A. and Visa International from enacting or enforcing any bylaw, rule, policy or practice that prohibits its issuers from issuing general purpose credit or debit cards in the United States on any other general purpose card network. The final judgment also provided that from the effective date of the final judgment

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(October 15, 2004) until October 15, 2006, Visa U.S.A. and Visa International were required to permit any issuer with which they had entered into an agreement prior to the effective date of the final judgment, pursuant to which agreement the issuer committed to maintain a certain percentage of its general purpose card volume, new card issuance, or total number of cards in force in the United States on the Visa network, to terminate that agreement without penalty, provided that the reason for the termination was to permit the issuer to enter into an agreement with American Express or Discover. The final judgment imposed parallel requirements on MasterCard.

Visa U.S.A. and Visa International appealed the judge's ruling with respect to bylaw 2.10(e). On September 17, 2003, a three-judge panel of the Second Circuit issued its decision upholding the District Court's decision. On October 4, 2004, the Supreme Court denied Visa U.S.A. and Visa International's petition for certiorari, thereby exhausting all avenues for further appeal in this case. The final judgment became effective by court order on October 15, 2004.

Discover filed suit against Visa U.S.A. and Visa International in the U.S. District Court for the Southern District of New York alleging, among other things, that Visa bylaw 2.10(e) and MasterCard's CPP caused it injury under the U.S. federal antitrust laws. In connection with its claim, Discover requested that the District Court give collateral estoppel effect to the District Court's findings in the judgment of the 1998 DOJ litigation. See *Retrospective Responsibility Plan Covered Litigation The Discover Litigation*.

American Express filed a suit similar to the Discover litigation against Visa U.S.A., Visa International and certain Visa U.S.A. member financial institutions. We, Visa U.S.A. and Visa International entered into a settlement agreement with American Express that became effective on November 9, 2007. The settlement agreement in the American Express litigation will be funded through our retrospective responsibility plan. See *Business Retrospective Responsibility Plan Covered Litigation The American Express Litigation*.

On January 10, 2005, MasterCard filed a motion in the U.S. District Court for the Southern District of New York in connection with the DOJ litigation, renewing an earlier challenge to a Visa U.S.A. bylaw that provides for a settlement service fee. To ensure payment of Visa U.S.A.'s settlement obligation in the *In re Visa Check/MasterMoney Antitrust Litigation* case, see *Retailers Litigation*, Visa U.S.A. adopted the settlement service fee bylaw in June 2003. The bylaw provided that the settlement service fee is to be paid by certain Visa U.S.A. members that shift a substantial portion of their offline debit volume to another debit brand unless that shift is to the American Express or Discover brands. MasterCard contended that the settlement service fee violated the final judgment in the DOJ litigation by effectively prohibiting Visa U.S.A. members from issuing MasterCard debit cards.

On August 18, 2005, the court issued an order appointing a special master to hear evidence regarding MasterCard's challenge. An evidentiary hearing before the Special Master occurred in December 2005. In July 2006, the Special Master submitted his Findings of Fact and Conclusions of Law to the court, in which he concluded that Visa U.S.A. did not violate the final judgment in the DOJ action before October 15, 2004—the effective date of the Final Judgment—but that Visa U.S.A. did violate the final judgment by continuing to enforce the settlement service fee after October 15, 2004. Visa U.S.A. filed objections to the Special Master's report and MasterCard asked the court to adopt the Special Master's findings and conclusions. The court heard oral argument with respect to the proper scope of any remedy on April 23, 2007.

On June 7, 2007, the court issued an Opinion and Order holding that the settlement service fee violated the final judgment in the DOJ case as of October 15, 2004. On June 15, 2007, the court issued an Amended Opinion and Order, clarifying the remedy in the ruling. First, the court ordered Visa U.S.A. to repeal the settlement service fee bylaw. Second, the court gave any Visa U.S.A. debit issuer subject to the settlement service fee prior to its repeal that entered into an agreement that includes offline debit issuance with Visa U.S.A. on or after

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June 20, 2003 the right to terminate its agreement, provided that the issuer has entered into an agreement to issue MasterCard branded debit cards and the issuer repays to Visa U.S.A. any unearned benefits or financial incentives under its Visa U.S.A. agreement. On June 13, 2007, the parties entered into an agreement to toll the statute of limitations on certain potential claims MasterCard may have against Visa U.S.A. in connection with the settlement service fee.

Pursuant to the court's order, the settlement service fee bylaw was rescinded as of the effective date of the order. On June 29, 2007, Visa U.S.A. filed a notice of appeal to the Second Circuit Court of Appeals. Visa U.S.A. also sought a stay pending appeal as to the contract termination portion of the court's remedy, which the District Court denied.

On August 17, 2007, Discover moved the District Court to intervene in the settlement service fee matter. Discover also sought to have the District Court modify its June 15, 2007 order to (1) extend the contract termination remedy to issuers entering into agreements with Discover; and (2) void certain provisions of Visa U.S.A.'s debit agreements. The court denied Discover's motion on October 12, 2007.

On September 11, 2007, Discover filed a motion to intervene in the settlement service fee case in the Second Circuit and asked the Second Circuit to remand the case to the District Court. Visa U.S.A. opposed Discover's motion. Briefing is complete but no decision has been issued by the Second Circuit.

Global Interchange Proceedings

Interchange represents a transfer of value between the financial institutions participating in an open-loop payments network such as ours. On purchase transactions, interchange passes from acquirers to issuers, reflecting the costs issuers bear and the value they provide to the Visa system by bringing cardholders into the Visa system, guaranteeing payments, servicing accounts and performing other activities that support cardholder spending. In ATM transactions, the situation is typically reversed and interchange fees pass from issuers to acquirers to offset the acquirers' costs of ATM deployment and the value they provide in establishing ATM networks of attractive geographic scale and functionality. We establish default interchange rates, and our customers may choose to establish different rates for transactions among themselves. Although we administer the collection and remittance of interchange fees through the settlement process, we generally do not receive any portion of the interchange fees. As described more fully below, our interchange rates and those of our customers are subject to regulatory or legal review and/or challenges in a number of jurisdictions. The increasing legal and regulatory scrutiny of interchange fees worldwide may have a material adverse impact on our revenues, our prospects for future growth and our overall business. See *Risk Factors Risks Related to Our Business Legal and Regulatory Risks*.

United States. Approximately 50 class action and individual complaints have been filed on behalf of merchants against Visa U.S.A., Visa International and certain Visa U.S.A. member financial institutions alleging that their setting of interchange rates violates federal and state antitrust laws, among other antitrust allegations. The lawsuits have been transferred to a multidistrict litigation in the Eastern District of New York. See *Retrospective Responsibility Plan Covered Litigation Interchange Litigation*.

New Zealand. The Commerce Commission, New Zealand's competition regulator, filed a civil Statement of Claim in the High Court in Wellington on November 9, 2006, alleging that, among other things, the fixing of default interchange rates by Cards NZ Limited, Visa International, MasterCard and certain Visa International member financial institutions contravenes the New Zealand Commerce Act. On November 27, 2006, a group of New Zealand retailers filed a nearly identical claim against the same parties before the same tribunal. Both the Commerce Commission and the retailers seek declaratory, injunctive and monetary relief. On March 2, 2007, Visa International filed statements of defense in both cases, denying liability for any cause of action. Both cases were transferred to the commercial list at the High Court in Auckland in April 2007, where the court is expected to set a timetable for further proceedings.

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European Union. On September 29, 2000, the European Commission issued a statement of objections challenging Visa International's cross-border EU default interchange rates under European Community competition rules. On July 24, 2002, the European Commission announced its decision to exempt Visa International's default EU intra-regional/cross-border interchange rates from these rules based on certain changes to those rates proposed by Visa Europe. Among other things, in connection with the exemption decision, Visa Europe agreed to set a cap on these default interchange rates using a benchmark cost-based methodology that considers certain issuer costs. Visa Europe also agreed to reduce its default interchange rates for debit and credit transactions to amounts at or below certain specified levels. This exemption expires on December 31, 2007.

On June 13, 2005, the European Commission announced a sector inquiry into the financial services industry, which includes an examination of a number of aspects of payment systems, including interchange fees. On January 31, 2007, the European Commission released its final report on its sector inquiry into the payment card industry. In the report, the European Commission expresses concern about a large number of practices, including interchange fees and payment system rules, of a multiplicity of industry participants, and warns of possible regulatory proceedings or legislative action to address the concerns identified. However, the report does not indicate against which industry participants any such regulatory action might be taken or what legislative changes might be sought.

United Kingdom Office of Fair Trading. On October 19, 2005, the Office of Fair Trading of the United Kingdom, or the OFT, issued a statement of objections against Visa International, Visa Europe, Visa UK and certain member financial institutions challenging the default interchange rates applicable to consumer credit card, charge card and deferred debit card transactions in the United Kingdom. The statement of objections set out the OFT's view that the default interchange fee may infringe the U.K.'s Competition Act and Article 81 of the E.C. Treaty. In June 2006, the statement of objections was withdrawn. The OFT has begun a new investigation into the Visa entities' U.K. domestic default interchange rates, among other things, although no formal proceedings have been initiated.

Other Jurisdictions. We are aware that regulatory authorities and/or central banks in certain other jurisdictions, including Brazil and Colombia, are reviewing Visa International's and/or its members' interchange fees and/or related practices and may seek to regulate the establishment of such fees and/or such practices.

Currency Conversion Litigation

Visa U.S.A. and Visa International are defendants in a series of actions, described in more detail below, that challenge how the price of using Visa-branded credit and/or debit/ATM cards to make transactions in a foreign currency or foreign country was set and disclosed. These actions include claims relating to the 1% fee that Visa U.S.A. and Visa International formerly assessed on members on transactions in foreign currencies, and claims relating to how Visa U.S.A. and Visa International set their base exchange rate. These cases are described in more detail below. These matters have been settled, although the settlement approval process is still proceeding.

The MDL Action

Visa U.S.A., Visa International, MasterCard, Citicorp Diners Club, Inc., or Diners Club, and several Visa U.S.A. and Visa International member financial institutions, and in some cases their affiliates and parents, are defendants in a number of federal class actions that allege, among other things, violations of federal antitrust laws based on an asserted 1% currency conversion fee assessed on members by the payment card networks on transactions involving the purchase of goods or services in a foreign currency. Pursuant to orders of the Judicial Panel on Multidistrict Litigation, the federal complaints have been consolidated or coordinated in MDL 1409 (*In re Currency Conversion Fee Antitrust Litigation*), which we refer to as the MDL Action, before Judge William H. Pauley III in the U.S. District Court for the Southern District of New York.

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The operative pre-settlement complaint in the MDL Action alleges two theories of antitrust conspiracy under Section 1 of the Sherman Act: (i) an alleged inter-association conspiracy among MasterCard, together with its members, Visa U.S.A. and Visa International, together with their members, and Diners Club to fix currency conversion fees allegedly charged to cardholders of no less than 1% of the transaction amount and frequently more; and (ii) two alleged intra-association conspiracies, whereby each of Visa U.S.A./Visa International and MasterCard is claimed separately to have conspired with its members to fix currency conversion fees allegedly charged to cardholders of no less than 1% of the transaction amount and to facilitate and encourage institution and collection of second tier currency conversion surcharges. Visa U.S.A. and Visa International deny the allegations in the complaint. The complaint also asserts claims against some of the non-Visa defendants for violation of the federal Truth in Lending Act and/or violation of the South Dakota Consumer Protection Statutes.

Fact and expert discovery in this matter have closed. On November 12, 2003 plaintiffs filed a motion for class certification, which was granted on October 15, 2004. On March 9, 2005, Judge Pauley issued a decision on defendants' motion to reconsider the class certification decision. The Judge ruled that the arbitration provisions in the cardholder agreements of several member bank defendants are valid as to all of the defendants and stayed those cardholders' claims pending arbitration. Plaintiffs moved for further reconsideration, which was denied by Judge Pauley on June 16, 2005. In addition, Judge Pauley ruled that some cardholders of Citibank, JPMorgan Chase & Co., and, in a ruling dated December 7, 2005, Diners Club, would not be required to arbitrate their claims. The 2005 rulings on class certification and arbitration were appealed, but the appeals are not currently under consideration.

On July 20, 2006, the parties entered into the settlement agreement discussed below under *The Currency Conversion Settlement Agreements*.

The Schwartz Action

Visa U.S.A., Visa International and MasterCard are defendants in *Schwartz v. Visa International Corp. (sic), et al.*, Superior Court of the State of California, Alameda County, Case No. 822404-4, which we refer to as the Schwartz Action, in which the plaintiff purports to be acting on behalf of the general public. The lawsuit alleges that Visa U.S.A., Visa International and MasterCard wrongfully imposed an asserted 1% currency conversion fee on every credit card transaction by U.S. MasterCard and Visa cardholders involving the purchase of goods or services in a foreign currency, and that such alleged fee is supposedly unfair, unlawful, unconscionable and deceptive. Plaintiff contends that defendants alleged acts violate California's Unfair Competition Law, California Business and Professions Code §§ 17200 et seq. The Schwartz Action claims that the alleged fee grossly exceeds any costs the defendants might incur in connection with currency conversions relating to credit card purchase transactions made in foreign countries and is not properly disclosed to cardholders. Visa U.S.A. and Visa International deny these allegations.

Trial of the Schwartz Action commenced on May 20, 2002 and concluded on November 27, 2002. On April 8, 2003, the trial court judge issued a final decision, finding that Visa U.S.A.'s and Visa International's currency conversion process does not violate the Truth in Lending Act or regulations, nor is it unconscionably priced under California law. However, the judge found that the practice is deceptive under California law, and ordered that Visa U.S.A. and Visa International mandate that members disclose the currency conversion process to cardholders in cardholder agreements, applications, solicitations and monthly billing statements. The judge also ordered restitution to U.S. cardholders. The judge issued a decision on restitution on September 19, 2003, which requires a traditional notice and claims process in which consumers have approximately six months to submit their claims. The court issued its final judgment on October 31, 2003. Visa U.S.A. and Visa International appealed the judgment. The final judgment and restitution process were stayed pending this appeal. On August 6, 2004, the court awarded plaintiffs attorneys fees in the amount of \$28.2 million, half to be paid by MasterCard and half by Visa U.S.A. and Visa International. Visa U.S.A. and Visa International subsequently filed a notice of appeal on the attorneys' fee award. In February 2005, Visa U.S.A. and Visa International filed additional

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appellate briefing regarding the applicability of Proposition 64, which amended sections of California's Unfair Competition Law dealing with standing to bring claims on behalf of others, to this action. On September 28, 2005, the appellate court reversed the trial court, finding that the plaintiff lacked standing to pursue the action in light of Proposition 64. Plaintiff filed a petition for review with the California Supreme Court on November 7, 2005, which was granted on December 14, 2005.

On July 20, 2006, the parties entered into the settlement agreement discussed below under *The Currency Conversion Settlement Agreements*. On March 21, 2007, the California Supreme Court dismissed plaintiff's petition for review of the Court of Appeal decision reversing the trial court's judgment in favor of plaintiff. On March 22, 2007, the California Court of Appeal remanded the action to the trial court. On April 30, 2007, the California Court of Appeal dismissed the appeal and cross-appeals of the trial court's award of attorneys' fees in this matter, and remanded these matters to the trial court. On May 8, 2007, the trial court dismissed the Schwartz action in its entirety without prejudice.

The Shrieve Action

Visa U.S.A., Visa International and MasterCard are defendants in a putative nationwide class action (statewide as to MasterCard) in California state court, *Shrieve v. Visa U.S.A. Inc., et al.*, Superior Court for the State of California, Alameda County, Case No. RG04155097, which we refer to as the Shrieve Action. Plaintiffs allege that defendants impose a hidden transaction fee of 1% on debit card transactions and ATM withdrawals in foreign countries, and that defendants therefore violated California's Unfair Competition Law. Visa U.S.A. and Visa International deny the allegations in plaintiff's complaint.

Following the passage of Proposition 64, which limited standing to bring Unfair Competition Law claims, Visa U.S.A. and Visa International moved for judgment on the pleadings. The court denied this motion. In January 2006, Visa U.S.A. and Visa International filed a writ petition with the court of Appeal seeking review of this denial. In February 2006, plaintiffs moved in the trial court for certification of their action as a class. Defendants have opposed this motion. While this writ petition and motion were pending, plaintiffs entered into the settlement agreement discussed below under *The Currency Conversion Settlement Agreements*, and further consideration of this action has been deferred until after the March 31, 2008 Final Fairness Hearing.

The Mattingly Action

Visa U.S.A., Visa International and MasterCard are defendants in a putative nationwide class action (statewide as to MasterCard), *Mattingly v. Visa U.S.A. Inc., et al.*, Superior Court for the State of California, Alameda County, Case No. RG05198142, the Mattingly Action. Plaintiffs allege that defendants impose a hidden transaction fee of 1% on credit card transactions in foreign countries, and that defendants therefore violated California's Unfair Competition Law. Visa U.S.A. and Visa International deny the allegations in plaintiff's complaint.

In January 2006, plaintiffs moved to amend their complaint to change the start of their putative class period to February 14, 2001 instead of October 23, 2002. While this motion was pending, the parties entered into the MDL Settlement Agreement, and further consideration of this action has been deferred until after the March 31, 2008 Final Fairness Hearing discussed below under *The Currency Conversion Settlement Agreements*.

The Baker Action

Visa U.S.A. and Visa International are defendants in *Baker v. Visa International Corp. (sic), et al.*, 06-CV-15447 (S.D.N.Y.), coordinated or consolidated with MDL 1409; formerly 06-CV-376 (S.D. Cal.), originally filed in the Superior Court for the State of California, San Diego County, Case No. GIC 839908, the Baker Action. Plaintiffs in the Baker Action allege that Visa U.S.A. and Visa International impose a hidden

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mark-up included in the base exchange rate used to convert credit card transactions in foreign currencies. Plaintiffs further allege that Visa U.S.A. and Visa International's actions violate California's Unfair Competition Law and the Consumer Legal Remedies Act and breached a fiduciary duty owed by Visa U.S.A. and Visa International to the members of plaintiffs' putative world-wide class. Visa U.S.A. and Visa International deny the allegations in plaintiffs' complaint.

Following the settlement of the Baker Action, discussed below under *The Currency Conversion Settlement Agreements*, the matter was transferred from the Southern District of California to the Southern District of New York, where it has been coordinated or consolidated with the MDL Action.

The Currency Conversion Settlement Agreements

On July 20, 2006, Visa U.S.A. and Visa International entered into a settlement in the MDL Action. Under the terms of that settlement, the defendants, which include Visa U.S.A., Visa International, MasterCard, Citicorp Diners Club Inc. and several banks, will pay \$336.0 million to settle monetary claims by eligible cardholders, the costs of administering the settlement and notice to cardholders, and any court-approved fees and expenses to attorneys for the class and awards to the class representatives. Visa U.S.A. and Visa International's portion of the settlement payment, which has already been funded, is approximately \$100.1 million. In addition, Visa U.S.A. and Visa International agreed that for five years they would separately identify or itemize any fees added to transactions because they occurred in a foreign country or involved a foreign currency. Visa U.S.A. and Visa International further agreed that if, within five years, they materially modify their current practices with regard to calculating the base exchange rate they use for foreign currency transactions and the new practices include the systematic use of rates outside of a wholesale or government-mandated/managed rate, Visa U.S.A. and Visa International will require their issuing members in the United States to change their disclosures regarding base exchange rates to conform with the changed practices. As part of this settlement, plaintiffs in the Shrieve Action and the Mattingly Action agreed that they would ask the court to dismiss their actions with prejudice as to Visa U.S.A. and Visa International once the MDL settlement receives court approval.

As part of this settlement, Visa U.S.A., Visa International and MasterCard also agreed to pay \$32.0 million in attorneys' fees to resolve the Schwartz Action. Visa U.S.A. and Visa International's portion of this payment is approximately \$18.6 million, funded in September 2007.

Finally, Visa U.S.A. and Visa International entered into a settlement in the Baker Action. Under the terms of this settlement agreement, the parties agreed to undertake their best efforts to secure certain changes to the notice of settlement to be provided to class members in the MDL Action, and plaintiffs agreed not to object or otherwise oppose approval of the MDL Settlement Agreement. Upon final approval of the MDL Settlement Agreement, plaintiffs shall seek to dismiss the Baker Action. If the Baker Action is dismissed, Visa U.S.A. and Visa International shall pay \$1 million plus interest from September 14, 2006 as attorneys' fees and costs. If, however, within 60 days of final approval of the MDL Settlement Agreement, the Baker Action has still not been dismissed, Visa U.S.A. and Visa International shall pay \$500,000 plus interest from September 14, 2006 as attorneys' fees and costs.

On November 8, 2006, the court in the MDL Action issued an order preliminarily approving the MDL Settlement Agreement. Among other things, this order created, for settlement purposes only, a Settlement Damages Class consisting of holders of U.S. issued Visa- or MasterCard-branded credit and debit cards or Diners Club-branded credit cards who used their cards to make a foreign payment transaction between February 10, 1996 and November 8, 2006, the Settlement Damages Class. The court also approved, for settlement purposes only, the Settlement Injunctive Class, which contains all persons who held a U.S. issued Visa- or MasterCard-branded credit or debit card or Diners Club-branded credit card as of November 8, 2006. Charge cards are included in the definition of credit cards. On November 14, 2006, Bernd Bildstein, plaintiff in *Bildstein v. MasterCard International Incorporated*, No. 03 Civ. 9826 (S.D.N.Y.), a case coordinated with the MDL Action, filed a Notice of Appeal from the grant of preliminary approval.

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Notice of the settlement began in 2007. In view of concerns raised by putative class members, the court appointed a special master to work with the parties to review and amend, as appropriate, the plan for class notice and distribution of the settlement fund and to determine whether the proposed settlement agreement is fair, adequate and reasonable with respect to all class members. The special master submitted his report on or about July 10, 2007, and recommended that the plan for notice and distribution of the fund be modified. On August 13, 2007, the court issued an order approving the claims procedure recommended by the special master. On September 24, 2007, the court issued an order approving the revised notices, claim forms and settlement schedule submitted by the parties. Revised notices and claim forms will be mailed to identified class members in late November, and a revised publication notice will run in late November and early December. Class members will have until February 14, 2008 to object to or opt-out of the settlement. The Court moved the hearing on entry of Final Judgment and Order of Dismissal to March 31, 2008.

Based upon the court's preliminary approval of the settlement of the MDL Action and other developments, approximately \$100.1 million has been paid into a settlement fund to resolve these claims against Visa U.S.A. and Visa International, and legal provision of approximately \$20.0 million has been made for the remainder of the settlement in connection with these currency conversion cases.

Should the MDL Settlement Agreement not receive final court approval, or otherwise terminate, we anticipate that the parties in all of the Currency Conversion Litigation actions would return to the *status quo ante* in their respective actions.

Morgan Stanley Dean Witter/Discover

In August 2004, the European Commission in Brussels issued a Statement of Objections against Visa International and Visa Europe alleging a breach of European competition law. The allegation arises from the Visa International and Visa Europe Rule (bylaw 2.12(b)) that makes certain designated competitors, including Morgan Stanley Dean Witter/Discover, ineligible for membership. On October 3, 2007, the European Commission fined Visa International and Visa Europe 10.2 million (\$14.5 million) for infringing European Union rules on restrictive business practices (Article 81 of the EC Treaty and Article 53 of the EEA Agreement). Pursuant to existing agreements, Visa Europe has acknowledged full responsibility for the defense of this action, including any fines that may be payable.

Parke

On June 27, 2005, a purported consumer and merchant class action was filed in California state court against Visa U.S.A., Visa International, MasterCard, Merrick Bank and CardSystems Solutions, Inc. The complaint stems from a data-security breach at CardSystems, a payment card processor that handled Visa and other payment brand transactions. The complaint alleges that Visa U.S.A. and Visa International's failure to inform cardholders of the CardSystems breach in a timely manner constitutes an unlawful and/or unfair business practice under California's Unfair Competition Law and violates California's statutory privacy-notice law. In August 2005, the court denied the plaintiffs' application for a temporary restraining order, except with respect to the defendants' retention of affected account-identifying information, and in September 2005 denied plaintiffs' motion for a preliminary injunction. Also in September 2005, the court dismissed the claims brought by the merchant class. On November 18, 2005, the defendants answered the remaining claims. Limited discovery occurred.

CardSystems filed for bankruptcy in U.S. District Court for the District of Arizona in May 2006, staying the litigation as to it. The plaintiffs removed the case to U.S. District Court for the Northern District of California on August 10, 2006, and then sought to transfer the case to federal court in Arizona. Visa U.S.A., Visa International and MasterCard moved for remand to state court. On October 11, 2006, the court granted the defendants' motion for remand and denied the plaintiffs' motion to transfer the case. Proceedings involving CardSystems continue in

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the bankruptcy court in Arizona, and the California state court plaintiffs appear to be pursuing claims against CardSystems in that forum. The state court in California has not set discovery deadlines or a trial date. The parties are currently engaged in settlement negotiations. The potential settlement amount is not considered material to Visa U.S.A.'s financial statements.

The ATM Exchange

On November 14, 2005, The ATM Exchange filed a complaint for money damages against Visa U.S.A. and Visa International in the U.S. District Court for the Southern District of Ohio. The plaintiff asserts claims of promissory estoppel, negligent misrepresentation and fraudulent misrepresentation, alleging that Visa's deferment of a July 1, 2004 member deadline that required newly deployed ATMs to be certified by a Visa-recognized laboratory as meeting certain PIN-entry device testing requirements harmed the plaintiff by reducing demand for its ATM upgrade solution. The parties engaged in written discovery, party and third-party depositions and expert discovery. On June 29, 2007, Visa U.S.A. and Visa International filed motions for summary judgment on liability and damages. On July 30, 2007, the court vacated the tentative September 2007 trial date. The court indicated that it would set another trial date, if necessary, in its forthcoming ruling on the motions for summary judgment.

District of Columbia Civil Investigative Demand

On January 5, 2007, the Office of the Attorney General for the District of Columbia issued a Civil Investigative Demand, or CID, to Visa U.S.A. seeking information regarding a potential violation of Section 28-4502 of the District of Columbia Antitrust Act. The D.C. Attorney General's office is coordinating parallel investigations by the Attorneys General of New York and Ohio. The CID seeks documents and narrative responses to several interrogatories and document requests, which focus on PIN debit. Visa U.S.A. continues to cooperate with the Attorneys General in connection with the CID.

U.S. Department of Justice Civil Investigative Demands

On September 26, 2007, the Antitrust Division of the United States Department of Justice (the Division) issued a Civil Investigative Demand, or CID, to Visa U.S.A. seeking information regarding a potential violation of Section 1 or 2 of the Sherman Act, 15 U.S.C. §§ 1, 2. The CID seeks documents, data and narrative responses to several interrogatories and document requests, which focus on PIN debit and Visa's No Signature Required program.

On September 27, 2007, the Division issued a second CID to Visa U.S.A., also seeking information regarding a potential violation of Section 1 or 2 of the Sherman Act, 15 U.S.C. §§ 1, 2. The CID seeks documents in response to several requests, which focus on Visa U.S.A.'s agreements with banks that issue Visa debit cards. Visa U.S.A. is cooperating with the Division in connection with both CIDs.

Intellectual Property Litigation

Starpay

On May 8, 2003, Starpay.com, LLC and VIMachine, Inc., which we refer to collectively as Starpay, sued Visa U.S.A. and Visa International in the U.S. District Court for the Northern District of Texas. Starpay alleged that Visa U.S.A. and Visa International used information provided to it by Starpay in 2000 to create Verified by Visa and to file a Visa patent application on the technology underlying Verified by Visa, and that Verified by Visa infringed U.S. Patent 5,903,878, entitled Method and Apparatus for Electronic Commerce, or the 878 patent.

The original Complaint alleged four causes of action: (1) infringement of the 878 patent; (2) breach of implied and written nondisclosure agreements covering Starpay's discussions with Visa U.S.A. and Visa International; (3) fraud on the Patent Office through the filing of a patent application for an invention that Visa U.S.A. and Visa International allegedly took from Starpay; and (4) a claim under 35 U.S.C. § 291 that the Visa

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patent application interfered with the '878 patent. On July 25, 2003, Starpay filed an Amended Complaint, dropping the third and fourth causes of action, but raising two new ones in their place: unfair competition under California's Business and Professions Code §§ 17200 et seq. and misappropriation of trade secrets under California's Uniform Trade Secrets Act. On August 25, 2003, Visa U.S.A. and Visa International moved to dismiss three of Starpay's causes of action. On February 10, 2004, the District Court Judge dismissed the second claim under the statute of limitations and the third claim as preempted by federal patent law.

On February 23, 2004, Visa U.S.A. and Visa International answered Starpay's remaining causes of action: infringement of the '878 patent and misappropriation of trade secrets and filed a counterclaim for a declaratory judgment that Visa U.S.A. and Visa International are not infringing the '878 patent and/or that the '878 patent is invalid. On March 16, 2004, Starpay filed its answer to Visa U.S.A. and Visa International's counterclaim.

The Magistrate Judge held hearings on the issue of the construction of various claims of the '878 patent in October and November 2004 and in November 2005. On January 19, 2006, the Magistrate Judge issued a Report and Recommendation making findings and recommendations. In February 2006, the parties filed their respective objections to the Report with the District Court Judge. On September 10, 2007, the District Court issued an order resolving the parties' various objections and finalized the claim construction. Pursuant to an earlier order of the court, a schedule will now be set for the remainder of discovery, dispositive motions and trial.

Cryptography Research

Visa International is a defendant in litigation filed in the North District of California by Cryptography Research, Inc., or CRI. CRI has asserted causes of action against Visa International for breach of contract, misrepresentation, breach of fiduciary duties, infringement of eight U.S. patents and violation of U.S. and California competition laws. These causes of action are based upon CRI's allegations that Visa International has improperly used, or induced others to use, technology allegedly developed by CRI for securing Smart Cards against attacks designed to discover secret information, such as the secret key for performing cryptographic operations. In particular, CRI alleges that Visa International is and, at least since 1998, has been improperly using countermeasures to Differential Power Analysis, or DPA, attacks that were developed by CRI and which CRI claims to own exclusively.

CRI's original complaint was filed on September 29, 2004, asserting claims for breach of contract, misrepresentation and for infringement of U.S. patent nos. 6,298,442, 6,304,658, 6,654,884, 6,327,661, 6,510,518, 6,381,699, 6,278,783 and 6,539,092, the Patents in Suit. In response to Visa International's motion to dismiss, the court ordered CRI to file an amended complaint more specifically identifying its claims and the bases therefor.

On March 7, 2005, CRI filed an amended complaint identifying claims for breach of contract, misrepresentation, fraud in the inducement and infringement of the eight Patents in Suit. The breach of contract, misrepresentation and fraud in the inducement claims stem from a September 2, 1998 Intellectual Property License Agreement between CRI and Visa International. The license agreement granted Visa International worldwide rights to CRI's patent applications that ultimately matured into the Patents in Suit. The primary issue in both the breach of contract and misrepresentation claims is whether Visa International was able to track, and in fact properly tracked, all issued Visa-branded cards subject to the license and paid the resulting royalties.

Discovery in this matter is currently ongoing. A patent claims construction hearing was held on November 8 and 9, 2005. On October 19, 2006, the parties received the first of the eight pending claim construction orders, which construed the disputed terms in U.S. Patent No. 6,327,661. The court issued its Second Claims Construction order on May 4, 2007, which construed disputed terms of U.S. Patent No. 6,278,783 and modified one term construed by the First Claims Construction order. CRI filed a motion for reconsideration of the Second order, and a hearing on that motion was held September 10, 2007. No ruling on CRI's motion has been issued. In

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the meantime, the court filed its Third Claim Construction order on May 22, 2007, which construed disputed terms in U.S. Patent No. 6,298,442, and its Fourth Claim Construction order on September 28, 2007, construing the terms of U.S. Patent No. 6,539,092. Although we expect the court to rule on the remaining claims shortly, there is no deadline for the court to issue its ruling. The court's orders will be critical to determining which of Visa products will continue to be relevant in this litigation.

On March 22, 2007, CRI filed its Second Amended Complaint, adding claims for breach of fiduciary duty and violation of Section 1 of the Sherman Act and California's Unfair Competition Law. In particular, CRI alleges that Visa International and MasterCard entered into three conspiracies in violation of Section 1 of the Sherman Act: (1) to refrain from competing with respect to the security from DPA attacks of their Smart Cards, which conspiracy allegedly began in 1998; (2) to boycott (jointly refuse to license) CRI's Countermeasure patents; and (3) to boycott by removing CRI's DPA-Resistant Session Key Derivation System technology from the Visa, MasterCard and EMVCo. specifications, the latter two of which conspiracies allegedly began in 2005 following this lawsuit. In addition, CRI alleges that Visa International has conspired with its Smart Card chip and card vendors to boycott CRI's Countermeasure Patents. CRI further alleges that Visa International is liable under California's Cartwright Act, Bus. & Prof. Code Sections 16720-70, and the California Business & Professions Code §§ 17200 et seq. Visa International filed its answer to the Second Amended Complaint and related counterclaims on April 23, 2007.

Vale Canjeable

On November 21, 2006, Vale Canjeable Ticketven, C.A., filed an action in the Fifth Municipal Court of Caracas, Venezuela against Todoticket 2004, C.A., and Visa International seeking a preliminary injunction preventing use of the Visa Vale mark in Venezuela. In December 2006, Vale Canjeable Ticketven, C.A. also filed a claim with the Fourth Commercial Court of First Instance of Caracas, alleging that the defendants infringed the plaintiff's rights as the holder of the trademark registries and requesting that the court: (i) declare that the plaintiff is the only person authorized to use the expression "Vale" in the Venezuelan market of food vouchers; (ii) prohibit the defendants from using the expression "Vale" in the Venezuelan market of food vouchers; (iii) order the defendants to pay VEB 50 billion (\$23.3 million) in non-pecuniary (moral) damages; and (iv) order the defendants to indemnify the pecuniary damages caused to the plaintiff. The plaintiff also requested that the court order the defendants to pay the legal costs and expenses related to the judicial process.

On November 29, 2006, the Fifth Municipal Court of Caracas granted a preliminary injunction prohibiting use of the "Vale" in the Venezuelan market of food vouchers. On December 6, 2006, Visa International filed a constitutional objection to the court's ruling. The objection was dismissed on December 19, 2006 by the Fourth Commercial Court of First Instance of Caracas. Visa International appealed this decision, which was denied in March 2007. On March 21, 2007, defendants filed a motion with the Fourth Commercial Court of First Instance of Caracas, seeking revocation of the preliminary injunction granted by the Fifth Municipal Court of Caracas. This motion was denied on July 11, 2007. Visa International immediately filed an appeal of this decision with the Superior Court.

On July 26, 2007, Visa International made a request for the removal of the First Instance Judge from the case and such request was granted on September 25, 2007. A new judge was assigned to finalize the discovery phase of the case. On November 1, 2007, Visa International filed its written conclusions explaining how the evidence collected during discovery supports its arguments. Each party has eight days to contest the other parties' written conclusions and the judge must issue a decision on the merits of the case by January 2008.

Privasys

On June 20, 2007, Privasys, Inc. filed a complaint in U.S. District Court for the Northern District of California against Visa International and Visa U.S.A for patent infringement. *Privasys* alleges that Visa's contactless payment technology infringes U.S. Patent No. 7,195,154, which we refer to as the "154 patent"), entitled "Method for Generating Customer Secure Card Numbers." Visa U.S.A. and Visa International filed their

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respective answers and counterclaims on August 21, 2007 alleging that Visa did not infringe the 154 patent, that the 154 patent is invalid and that the patent is unenforceable due to inequitable conduct and prosecution laches. On September 28, 2007, PrivaSys filed a motion requesting leave to file an amended complaint adding J.P. Morgan Chase and Wells Fargo as defendants. Visa U.S.A. and Visa International opposed this motion on October 26, 2007 and asked the court, in the alternative, to stay all proceedings against Visa issuing financial institutions pending resolution of the issue of whether the Visa technology infringes the Privasys patent.

Every Penny Counts

On July 17, 2007, Every Penny Counts, Inc. filed a complaint in the U.S. District Court for the Middle District of Florida against Visa U.S.A., MasterCard and American Express for patent infringement. The suit alleges that the defendants' open prepaid card products infringe U.S. Patent No. 6,876,971, entitled Funds Distribution System Connected with Point of Sale Transaction, U.S. Patent No. 5,621,640, entitled Automatic Philanthropic Contribution System, U.S. Patent No. 6,088,682, entitled Funds Distribution System Connected with Point of Sale Transactions, and U.S. Patent No. 6,112,191, entitled Method and System to Create and Distribute Excess Funds from Consumer Spending Transactions. Visa U.S.A. filed a Motion to Dismiss, or in the Alternative for a More Definite Statement, based on the plaintiff's failure to identify which products or services offered by Visa U.S.A. purportedly infringe which of the plaintiff's patents on October 12, 2007. The court denied the motion on October 29, 2007.

Table of Contents**MANAGEMENT****Executive Officers and Directors**

The following table sets forth information about individuals who currently serve as our directors and/or executive officers.

Name	Age	Position
Joseph W. Saunders	61	Chairman and Chief Executive Officer
Byron H. Pollitt	56	Chief Financial Officer
John (Hans) C. Morris	48	President
William M. Sheedy	40	Global Head of Corporate Strategy and Business Development
Joshua R. Floum	49	General Counsel and Corporate Secretary
John M. Partridge	58	Chief Operating Officer
Ellen Richey	58	Chief Enterprise Risk Officer
Elizabeth Buse	46	Global Head of Product
Hani Al-Qadi	44	Director (Regional director from CEMEA)
Thomas Campbell ⁽¹⁾⁽²⁾⁽³⁾	55	Director
Gary Coughlan ⁽³⁾⁽⁴⁾	63	Director
Mary B. Cranston ⁽³⁾⁽⁴⁾	59	Director
Charles T. Doyle	73	Director (Regional director from U.S.A.)
Francisco Javier Fernandez-Carbajal ⁽³⁾⁽⁴⁾	52	Director
Peter Hawkins	53	Director (Regional director from AP)
Suzanne Nora Johnson ⁽¹⁾⁽²⁾⁽³⁾	50	Director
Robert W. Matschullat ⁽³⁾⁽⁴⁾	59	Director
David I. McKay	43	Director (Regional director from Canada)
Cathy Elizabeth Minehan ⁽³⁾⁽⁴⁾	60	Director
David J. Pang ⁽²⁾⁽³⁾	64	Director
Charles W. Scharf	42	Director (Regional director from U.S.A.)
Segismundo Schulin-Zeuthen	62	Director (Regional director from LAC)
William Shanahan ⁽¹⁾⁽²⁾⁽³⁾	67	Director
John A. Swainson ⁽¹⁾⁽³⁾	53	Director
Johannes (Hans) I. van der Velde ⁽⁵⁾	61	Director (Regional director from Europe)

(1) Member of our compensation committee.

(2) Member of our nominating/corporate governance committee.

(3) Independent director.

(4) Member of our audit committee.

(5) Mr. van der Velde will cease to be a director upon the closing of this offering pursuant to the terms of our amended and restated certificate of incorporation. Set forth below is certain biographical information for each of these individuals.

Joseph W. Saunders was named Chairman and Chief Executive Officer of Visa Inc. in May 2007 after having been designated Executive Chairman in February 2007. Prior to this role, he served Visa International as Executive Chairman of the transition governance committee and officially began serving as Chairman and Chief Executive Officer of Visa Inc. upon its formation in May 2007. Prior to joining Visa International, he served as President of Card Services for Washington Mutual, Inc. since the acquisition of Providian Financial Corporation in October 2005. Mr. Saunders was President and Chief Executive Officer of Providian from November 2001, and Chairman of the board of directors from May 2002, until Washington Mutual's acquisition of Providian in 2005. From 1997 until 2001, Mr. Saunders served as Chairman and Chief Executive Officer of Fleet Credit Card Services at FleetBoston Financial Corporation. Mr. Saunders served as a member of the board of directors of

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Visa U.S.A. from October 2002 to February 2007 and Visa International from October 2005 to February 2007, when he resigned from the boards of directors of Visa U.S.A. and Visa International to take the Executive Chairman position of the Visa transition governance committee. From 1993 to 1997, while Mr. Saunders was at Household Finance Corporation, he served as a member of the boards of directors of MasterCard International Inc. and MasterCard U.S.A., and was elected Chairman of MasterCard International's board of directors in 1996. Mr. Saunders is also a director of NewStar Financial, Inc. He holds a Bachelor of Science degree in Business Administration and a Master of Business Administration degree, both from the University of Denver.

Byron H. Pollitt joined Visa Inc. as Chief Financial Officer in September 2007. Prior to joining Visa Inc., he worked at Gap Inc. from January 2003 until September 2007, as Executive Vice President and Chief Financial Officer. Before joining Gap, he worked at The Walt Disney Company from 1990 until January 2003, including most recently as the Executive Vice President and Chief Financial Officer of Walt Disney Parks and Resorts. Mr. Pollitt holds a Bachelor of Science degree in Business Economics from the University of California at Riverside and a Master of Business Administration degree from Harvard University.

John (Hans) C. Morris joined Visa Inc. as President in July 2007. From November 2002 until joining Visa Inc., he served as Chief Financial Officer of Citi Markets & Banking (CMB), the capital markets, banking and transaction services business of Citigroup Inc. In this capacity, he was responsible for finance, operations and technology for CMB. Prior to this role, he served in positions of increasing responsibility with Salomon Smith Barney and its predecessor companies for 22 years, including most recently as Vice Chairman and Chief Operating Officer of the Salomon Smith Barney Investment Banking Division from March 2000 to November 2002. Mr. Morris holds a Bachelor of Arts degree from Dartmouth College.

William M. Sheedy joined Visa U.S.A. in April 1993 and in June 2007 was appointed as Executive Vice President, acting in the capacity of principal financial officer, of Visa Inc. during the transition prior to the completion of the reorganization, and as Global Head of Corporate Strategy and Business Development of Visa Inc. Prior to this role, he served as Executive Vice President of Interchange Strategy and Corporate Restructuring Initiatives at Visa U.S.A. from January 2001. In November 2006, he assumed responsibility for all financial-related matters associated with Visa's reorganization. Prior to joining Visa U.S.A., from 1990 to 1993, he was employed at First Nationwide Bank (currently Citibank) as a Senior Financial Manager in Corporate Finance. Mr. Sheedy holds a Bachelor of Science degree in Finance from West Virginia University and a Master of Business Administration degree from University of Notre Dame.

Joshua R. Floum was appointed as General Counsel and Corporate Secretary of Visa Inc. in July 2007. Prior to that, since January 2004, he served as Executive Vice President, General Counsel and Secretary for Visa U.S.A. Prior to joining Visa U.S.A., he was a partner in the law firms of Holme, Roberts & Owen LLP from 2001 to 2004, Legal Strategies Group from 1996 to 2001 and Heller Ehrman White & McAuliffe LLP from 1985 to 1996. Mr. Floum holds a Bachelor of Arts degree in Economics and Political Science from the University of California at Berkeley and a J.D. degree from Harvard Law School.

John M. Partridge was appointed as Chief Operating Officer of Visa Inc. and Interim President of Visa U.S.A. in July 2007. He joined Visa U.S.A. in October 1999 and has served as President and Chief Executive Officer of Inovant since November 2000. From 1998 until joining Visa, Mr. Partridge served as Senior Vice President and Chief Information Officer of Unum Provident Corp., where he led a corporate restructuring initiative and had direct responsibility for technology and operations. From 1989 to 1998, Mr. Partridge was Executive Vice President for Credicorp Inc., where he was responsible for consumer banking, technology and operations. Prior to joining Credicorp Inc., Mr. Partridge held various management positions with Wells Fargo Bank. Mr. Partridge holds a Bachelor of Science degree in Economics from the University of California at Berkeley.

Ellen Richey joined Visa Inc. as the Chief Enterprise Risk Officer in September 2007. Prior to joining Visa Inc., she most recently worked at Washington Mutual, Inc. as Senior Vice President, Enterprise Risk

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Management and Executive Vice President, Cards Services, from October 2005 until June 2006. From October 1999 until October 2005, she served as Vice Chairman of Provident Financial Corporation. At Provident, she also served as the Vice Chairman, Enterprise Risk Management and Chief Legal Officer from 2003 to 2005, General Counsel from 1999 to 2003, Chief Enterprise Risk Officer from 2004 to 2005 and Corporate Secretary from 1999 to 2005. Ms. Richey holds a Bachelor of Arts degree in Linguistics and Far Eastern Languages from Harvard University and a J.D. degree from Stanford Law School.

Elizabeth Buse has served as Global Head of Product of Visa Inc. since June 2007. Ms. Buse joined Visa U.S.A. in 1998 and served as Executive Vice President of Product Development and Management from January 2002 until June 2007. Prior to joining Visa U.S.A., she served as Vice President of strategic initiatives for the Electronic Funds Division of First Data Corporation from 1996 to 1998. Ms. Buse holds a Bachelor of Arts degree in Spanish Linguistics from the University of California, Los Angeles and a Master of Business Administration degree from the Haas School at the University of California at Berkeley.

Hani Al-Qadi has served as a director of Visa Inc. since October 2007. Mr. Al-Qadi has been General Manager and Vice Chairman of Arab Jordan Investment Bank since February 1997. He also currently serves as Chairman of the board of directors of our affiliate, Visa Jordan Services Company; a director of Salam International Investment Limited, a Middle East conglomerate with diversified operations in technology and communications, construction and development, luxury and consumer products, energy and industry, and investments and real estate; and a director of the Palestine Telecommunications Company Ltd., the national telecommunications provider in the Palestinian Authority. He also has served as Managing Director and a director of Mediterranean Tourism Investment Company since January 1997 and Managing Director and a director of the Palestine Investment Bank since September 1994. He previously served as a director of Visa CEMEA from September 2000 to October 2007. Mr. Al-Qadi holds a Bachelor of Science degree in Civil Engineering from Imperial College of Science and Technology, London and a Master of Business Administration degree from Harvard Business School.

Thomas Campbell has served as a director of Visa Inc. since October 2007. Mr. Campbell has been Bank of America Dean and Professor of Business at the Haas School of Business of the University of California, Berkeley since November 2005, and from August 2002 to December 2004. He was Director of the California Department of Finance from December 2004 to November 2005 and a professor at Stanford Law School from September 1987 to August 2002. Mr. Campbell currently serves on the board of directors of FormFactor, Inc., a manufacturer of wafer probe cards. Mr. Campbell holds a Bachelor of Arts degree and Masters degree in Economics from the University of Chicago, a J.D. degree from Harvard Law School and a Ph.D. in Economics from the University of Chicago.

Gary Coughlan has served as a director of Visa Inc. since October 2007. Mr. Coughlan was the Chief Financial Officer and Senior Vice President of Finance of Abbott Laboratories from May 1990 to March 2001. He is currently the Audit Chair of the board of directors of Arthur J. Gallagher & Company, an international insurance brokerage and risk management services firm, and the Audit Chair of the board of directors of The Hershey Company. Mr. Coughlan holds a Bachelor of Arts degree in Economics from St. Mary's College, a Masters degree in Economics from the University of California Los Angeles and a Master of Business Administration degree from Wayne State University.

Mary B. Cranston has served as a director of Visa Inc. since October 2007. Ms. Cranston is currently the Firm Senior Partner of Pillsbury Winthrop Shaw Pittman LLP, an international law firm. She was the Chair and Chief Executive Officer of Pillsbury from January 1999 until April 2006, and continued to serve as Chair of Pillsbury until December 2006. She currently serves as a director of GrafTech International, Ltd., a manufacturer of carbon and graphite products. Ms. Cranston holds an A.B. degree in Political Science from Stanford University, a J.D. degree from Stanford Law School and a Master of Arts degree in Educational Psychology from the University of California at Los Angeles.

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Charles T. Doyle has served as a director of Visa Inc. since October 2007. Mr. Doyle served as a director of Visa U.S.A. from October 1990 to October 2007, a director of Visa International from December 2000 to October 2007 and Chairman of the board of directors of Inovant from September 2007, where he has been a director since November 2000, until October 2007. Mr. Doyle has served as Chairman of the board of directors of Texas First Bank, an independent community bank, since October 1972 and Chairman and Chief Executive Officer of Texas Independent Bankshares, Inc., a financial services holding company, since March 1979. From January 1996 to December 1998, Mr. Doyle served on the Federal Advisory Council to the Board of Governors of the Federal Reserve in Washington, D.C., and from January 1985 to December 1991 as a director of the Federal Reserve Bank in Dallas, Texas. He also served as Mayor of the City of Texas City from May 1990 to May 2000. Mr. Doyle holds a Bachelor of Business Administration degree in Management and Economics from the University of Oklahoma and a Master of Business Administration degree from the University of Houston.

Francisco Javier Fernandez-Carbajal has served as a director of Visa Inc. since October 2007. Mr. Fernandez-Carbajal has been a consultant for public and private investment transactions and a wealth management advisor since January 2002. From July 2000 to January 2002, Mr. Fernandez-Carbajal served as Chief Executive Officer of the Corporate Development Division of Grupo Financiero BBVA Bancomer, a financial institution in Mexico. Prior to this role, he served in other senior executive positions since joining Grupo Financiero BBVA Bancomer in September 1991, including most recently as President from October 1999 to July 2000. Mr. Fernandez-Carbajal currently serves as Chairman of the Board of Primero Fianzas, a surety company in Mexico. He is also a director of Fomento Economico Mexicano, a beverage company in Latin America, Grupo Aeroportuario del Pacifico, a company that operates airports in Mexico, and El Puerto de Liverpool, a company that constructs and operates department stores and commercial centers in Mexico. Mr. Fernandez-Carbajal holds a degree in Mechanical & Electrical Engineering from the Instituto Tecnológico y de Estudios Superiores de Monterrey and a Master of Business Administration degree from the Harvard Business School.

Peter Hawkins has served as a director of Visa Inc. since October 2007. Mr. Hawkins served as a director of Visa International from October 2001 to October 2007 and a director of Inovant from November 2001 to February 2005 and from October 2005 to April 2006. Mr. Hawkins served in positions of increasing responsibility with Australia and New Zealand Banking Group Limited since joining in December 1971, most recently as Group Managing Director, Group Strategic Development from April 2002 to his retirement in December 2005. He is a non-executive director of Mirvac Group, the Treasury Corporation of Victoria, Liberty Financial and St. George Bank Limited. He was also the Chairman of the board of directors of Visa AP from May 2005 to October 2007. Mr. Hawkins holds a Bachelor of Commerce and Administration degree at Victoria University, Wellington, New Zealand.

Suzanne Nora Johnson has served as a director of Visa Inc. since October 2007. Ms. Johnson was a Vice Chairman of The Goldman Sachs Group, Inc. from November 2004 to January 2007. Prior to this role, she served in several senior management positions at Goldman Sachs since joining in December 1985, including as head of the Global Investment Research Division from February 2002 to January 2007, as Chairman of the Global Markets Institute from November 2004 to January 2007 and as a member of the management committee from February 2002 to January 2007. She currently serves on the audit committees of the boards of directors of Pfizer Inc. and Intuit Inc., a provider of business, financial management and tax solutions. Ms. Johnson holds a Bachelor of Arts degree in Economics, Philosophy/Religion and Political Science from the University of Southern California and a J.D. degree from Harvard Law School.

Robert W. Matschullat has served as a director of Visa Inc. since October 2007. Mr. Matschullat is a private equity investor. He served as the interim Chairman and interim Chief Executive Officer of The Clorox Company from March 2006 to October 2006. He also served as the Vice Chairman of the board of directors and as Chief Financial Officer of the Seagram Company Limited, a global company with entertainment and beverage operations, from 1995 until 2000. Previously, he was head of worldwide investment banking at Morgan Stanley & Co. Incorporated from 1991 to 1995 and served on the board of directors of Morgan Stanley from

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1992 to 1995. Mr. Matschullat serves on the board of directors of The Clorox Company and The Walt Disney Company. Mr. Matschullat holds a Bachelor of Arts degree in Sociology from Stanford University and a Master of Business Administration degree from the Stanford Graduate School of Business.

David I. McKay has served as a director of Visa Inc. since October 2007. Mr. McKay served as the Chairman of Visa Canada from May 2006 to October 2007, a director of Visa Canada from March 2005 to October 2007 and a director of Visa International from April 2007 to October 2007. Mr. McKay has served as the Executive Vice President of Personal Financial Services at Royal Bank of Canada since October 2006. Prior to this role, he served in positions of increasing responsibility since joining Royal Bank of Canada in 1988, including most recently as Head of Personal Banking from October 2005 to October 2006 and Senior Vice President of Financing Products from October 2003 to October 2005. Mr. McKay holds a Bachelor of Mathematics degree from the University of Waterloo and a Master of Business Administration degree from the Ivey Business School at University of Western Ontario.

Cathy Elizabeth Minehan has served as a director of Visa Inc. since October 2007. Ms. Minehan retired from the Federal Reserve Bank of Boston in July 2007 after serving 39 years with the Federal Reserve System, including most recently as the President and Chief Executive Officer of the Federal Reserve Bank of Boston from July 1994 to July 2007, a member of the Federal Open Market Committee from July 1994 to July 2007 and First Vice President and Chief Operating Officer of the Federal Reserve Bank of Boston from July 1991 to July 1994. Ms. Minehan has served as Managing Director of Arlington Advisory Partners, an advisory services firm, since July 2007. She also currently serves as a director on several not-for-profit boards of directors, including the board of directors of Massachusetts General Hospital and the University of Rochester. Ms. Minehan holds a Bachelor of Arts degree in Political Science from the University of Rochester and a Master of Business Administration degree from New York University.

David J. Pang has served as a director of Visa Inc. since October 2007. Mr. Pang has been an adjunct Professor in the Faculty of Business Administration of The Chinese University of Hong Kong since 2002 and the Faculty of Business of City University of Hong Kong since 2004. He served as Chief Executive Officer of the Airport Authority of Hong Kong from January 2001 to February 2007. He was Corporate Vice President of E.I. DuPont de Nemours and Company and the Chairman of DuPont Greater China from 1995 to 2000. He holds a Masters degree in Engineering from the University of Rhode Island and a Ph.D. in Engineering from the University of Kentucky.

Charles W. Scharf has served as a director of Visa Inc. since October 2007. Mr. Scharf served as a director of Visa U.S.A. from May 2003 to October 2007. Mr. Scharf has served as Chief Executive Officer of Retail Financial Services at JP Morgan Chase & Co. since July 2004 and Chief Executive Officer of the retail division of Bank One Corporation from May 2002 to July 2004. Prior to this, he was Chief Financial Officer/Executive Vice President at Bank One Corporation from 2000 to 2002, Chief Financial Officer of the Corporate and Investment Bank division at Citigroup, Inc. from 1999 to 2000 and Chief Financial Officer at Salomon Smith Barney and its predecessor company from 1995 to 1999. Mr. Scharf was also a director of Travelers Property Casualty Corporation from September 2002 to September 2005. He holds a Bachelor of Arts degree from The John Hopkins University and a Master of Business Administration degree from New York University.

Segismundo Schulín-Zeuthen has served as a director of Visa Inc. since October 2007. Mr. Schulín-Zeuthen served a director of Visa International from July 2003 to October 2007 and a director of Inovant from February 2004 to October 2007. Mr. Schulín-Zeuthen served as a member of the board of directors of Banco de Chile from May 1999 to March 2007 and was Chairman of the board of directors from May 1999 to March 2004. Previously, he was President and Chief Executive Officer of Banco de Chile from 1987 to May 1999. He also is Chairman of the board of directors of COMBANC S.A. He served as the Chairman of the board of directors of Visa LAC from March 2003 to October 2007. Mr. Schulín-Zeuthen holds a Bachelor of Science degree in Commercial Engineering from the Universidad de Chile.

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William Shanahan has served as a director of Visa Inc. since October 2007. Mr. Shanahan was the President of Colgate-Palmolive Company from 1992 to September 2005. He is currently on the board of directors and audit committee of Diageo PLC, a premium drinks business with a collection of international brands. He holds a Bachelor of Arts degree in Geography from Dartmouth College.

John A. Swainson has served as a director of Visa Inc. since October 2007. Mr. Swainson served as a director of Visa U.S.A. from April 2006 to October 2007. Since February 2005, Mr. Swainson has served as Chief Executive Officer of CA, Inc., an information technology management software company, and he has served as President and a director of the company since November 2004. Prior to his joining CA, Mr. Swainson served as Vice President of Worldwide Sales for IBM's Software Group from July 2004 to November 2004. Previously, he was General Manager of the Application Integration Middleware division of IBM from 1997 to 2004. He also serves as a director of Cadence Design Systems, an electronic design automation technologies and engineering services company. Mr. Swainson holds a Bachelor of Applied Science degree in Engineering from the University of British Columbia.

Johannes (Hans) I. van der Velde has served as a director of Visa Inc. since October 2007. Mr. van der Velde joined the EU region of Visa International in September 1995, prior to its incorporation as Visa Europe, and was appointed as a director and Deputy Chairman of the board of directors of Visa Europe in March 2006, after serving as a member of the board of directors of Visa Europe since 1995. He was also a director of Visa International from July 2004 to October 2007 and a director of Inovant from November 2000 to October 2007. From September 1995 to February 2006, Mr. van der Velde served as President and Chief Executive Officer of the EU region of Visa International and then Visa Europe after its incorporation as a group member of Visa International in July 2004, and has been a director of Gieseke & Devrient since 2000. Mr. van der Velde holds a Bachelor of Arts degree in Economics and a Masters degree in Economics, both from the University of Amsterdam.

Directors

Composition of our Board of Directors

Until the third anniversary of this offering, our board of directors will consist of 17 directors, 10 of whom must be independent directors in accordance with applicable stock exchange and SEC rules, comprised of the following:

two directors will be regional directors from our U.S.A. region;

one director will be a regional director from our Canada region;

one director will be a regional director from our AP region;

one director will be a regional director from our LAC region;

one director will be a regional director from our CEMEA region;

the Chief Executive Officer of Visa Inc.; and

10 additional independent directors.

From and after the third anniversary of the closing of this offering, the number of members of our board of directors will be determined by an affirmative vote of the majority of the board of directors. The board of directors must at all times be comprised of at least 58% independent directors.

Classification of Our Board of Directors

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Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes of directors. The three classes, which are required to be as nearly equal in number as possible, are designated class I, class II and class III, and serve staggered terms.

Class I directors. Each regional director serves as a class I director. The term of the class I directors will expire on the first anniversary of the closing of the reorganization, except that the term of the

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regional director for Visa Europe will expire on the day immediately prior to the closing date of this offering. The individuals appointed as class I directors are Hani Al-Qadi, Charles T. Doyle, Peter Hawkins, David I. McKay, Charles W. Scharf, Segismundo Schulin-Zeuthen and Johannes (Hans) I. van der Velde.

Class II directors. Our Chief Executive Officer and five of the independent directors serve as class II directors. The term of the class II directors will expire on the second anniversary of the closing of the reorganization, or, in the case of our Chief Executive Officer, the earlier of: (i) October 1, 2009, the second anniversary of the closing of the reorganization; and (ii) the date on which he or she ceases to hold the title of Chief Executive Officer. The individuals appointed as class II directors are Joseph W. Saunders, Thomas Campbell, Gary Coughlan, Mary B. Cranston, Francisco Javier Fernandez-Carbajal and Suzanne Nora Johnson.

Class III directors. The remaining independent directors serve as class III directors. The term of the class III directors will expire on the third anniversary of the closing of the reorganization. The individuals appointed as class III directors are Robert W. Matschullat, Cathy Elizabeth Minehan, David J. Pang, William Shanahan and John A. Swainson.

The vacancies resulting from the expiration of the term of the regional class I directors prior to the third anniversary of this offering will be filled with directors nominated by a representative sample of the holders of the applicable class of common stock that was entitled to vote for the election of such regional director, as our board of directors may determine in its sole discretion, which is referred to as the regional nominating committee. If the board of directors does not approve a nominee submitted by the regional nominating committee, the vacancy will be filled by a director elected at a special meeting of our class A stockholders. Except as noted above, successors to each class of directors whose term is expiring shall be elected by the stockholders at the annual meeting of our class A stockholders immediately preceding the applicable expiration date and shall be elected for a term expiring at the next annual meeting of such stockholders.

Committees of the Board of Directors

We have established an audit committee, a compensation committee and a nominating/corporate governance committee.

Audit Committee

Our audit committee, among other things, provides assistance to our board of directors in fulfilling its responsibilities with respect to its oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, our internal control over financial reporting and the performance of our internal audit function and independent auditors. The audit committee is also responsible for the selection, retention, termination, compensation and oversight of the work of our independent registered public accounting firm. The current members of the audit committee are Robert W. Matschullat (chairperson), Gary Coughlan, Mary B. Cranston, Francisco Javier Fernandez-Carbajal and Cathy Elizabeth Minehan, each of whom has been determined by our board to be independent under applicable stock exchange and SEC rules. Each member of the audit committee must be financially literate. Robert W. Matschullat is an audit committee financial expert as that term is defined under the SEC rules. The audit committee meets at least quarterly, or more frequently as circumstances dictate.

Compensation Committee

Our compensation committee provides assistance to our board of directors in fulfilling its responsibilities with respect to its oversight of the compensation programs and the compensation of our executive officers. The compensation committee is responsible for, among other things, establishing and reviewing our overall compensation policy for our Chief Executive Officer and other executive officers, reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and our other executive

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officers, evaluating the performance of our Chief Executive Officer and our other executive officers in light of those goals and objectives and recommending his or her compensation. In addition, the compensation committee is responsible for reviewing, and recommending changes to, our incentive and equity-based compensation plans, and monitoring our employee benefits plans. The compensation committee regularly reports its activities to our board of directors. The current members of the compensation committee are William Shanahan (chairperson), Thomas Campbell, Suzanne Nora Johnson and John A. Swainson, each of whom has been determined to be independent under applicable stock exchange and SEC rules. Additionally, no director may serve unless he or she is a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934 and satisfies the requirements of an outside director for purposes of Section 162(m) of the Internal Revenue Code. The compensation committee meets at least twice annually or more frequently as circumstances dictate.

Nominating/Corporate Governance Committee

The nominating/corporate governance committee provides assistance to our board of directors in, among other things, identifying individuals qualified to become our directors and selecting, or recommending that our board of directors select, nominees for our board of directors. The nominating/corporate governance committee also developed a set of corporate governance principles, which has been adopted by our board of directors, and oversees the evaluation of our board of directors and our management. The nominating/corporate governance committee is responsible for board selection, composition and evaluation, committee selection and composition, corporate governance, continuity and succession planning process, and provision of regular reports to our board of directors. The current members of the nominating/corporate governance committee are Thomas Campbell (chairperson), Suzanne Nora Johnson, David J. Pang and William Shanahan, each of whom has been determined to be independent under applicable stock exchange and SEC rules. The nominating/corporate governance committee meets at least twice annually or more frequently as circumstances dictate.

Director Independence

Each of the audit, compensation and nominating/corporate governance committees is comprised of three or more directors, who have been determined by our board of directors to be independent under applicable stock exchange and SEC rules. Currently, the following individuals serve on our board of directors as independent directors within the independence standards of the applicable stock exchange and SEC rules: Thomas Campbell, Gary Coughlan, Mary B. Cranston, Francisco Javier Fernandez-Carbajal, Suzanne Nora Johnson, Robert W. Matschullat, Cathy Elizabeth Minehan, David J. Pang, William Shanahan and John A. Swainson.

Compensation Committee Interlocks and Insider Participation

Prior to the completion of the reorganization, Joseph W. Saunders, our Chairman and Chief Executive Officer, served as our sole director and participated in deliberations concerning executive compensation. Currently, none of the members of the compensation committee, which was constituted after the completion of the reorganization, is or has ever been one of our officers or employees. None of our executive officers serves as a member of the compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Limitation of Liability and Indemnification of Officers and Directors

Section 145 of the Delaware General Corporation Law authorizes and empowers a Delaware corporation to indemnify its directors, officers, employees and agents against liabilities incurred in connection with, and related expenses resulting from, any claim, action or suit brought against any such person as a result of his or her relationship with the corporation, provided that such persons acted in good faith and in a manner such person reasonably believed to be in, and not opposed to, the best interests of the corporation in connection with the acts or events on which such claim, action or suit is based. The finding of either civil or criminal liability on the part of such person in connection with such acts or events is not necessarily determinative of the question of whether such person has met the required standard of conduct and is, accordingly, entitled to be indemnified.

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Our amended and restated certificate of incorporation provides for indemnification of our directors and officers to the fullest extent permitted under Delaware law. In addition, we have entered into separate indemnification agreements with each of our executive officers and directors, which require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service (other than liabilities arising from acts or omissions not in good faith or from willful misconduct). These indemnification provisions and the indemnification agreements between us and our executive officers and directors may be sufficiently broad to permit indemnification of our executive officers and directors for liabilities, including reimbursement of expenses incurred, arising under the Securities Act.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholder for monetary damages for breach of fiduciary duty as a director, except for liability: (1) for any breach of the director's duty of loyalty to the company or its stockholders; (2) for acts or omissions not in good faith or which include intentional misconduct or a knowing violation of law; (3) under Section 174 of the Delaware General Corporation Law (certain unlawful payments of dividend or unlawful stock purchases or redemptions); or (4) for any transaction from which the director derived an improper personal benefit. Our amended and restated certificate of incorporation includes such a provision.

Section 145(g) of the Delaware General Corporation Law provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against the person in any such capacity, or arising out of the person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the law. We maintain standard policies of insurance under which coverage is provided, subject to the terms and conditions of such policies: (1) to our directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act; and (2) to us with respect to payments that may be made by the registrant to such officers and directors pursuant to the above indemnification provisions or otherwise as a matter of law.

At present, there is no pending litigation or proceeding involving any of our directors, officers, employees or agents in which indemnification by us is sought, nor are we aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

Our global total rewards programs have been designed to support a globally consistent philosophy while accommodating regulatory, cultural or practical differences in geographies. We expect this approach will enable us to attract, retain and motivate our employees and emphasize performance-based differentiation of compensation based on corporate and stockholder values. In order to be competitively positioned to attract and retain key executives, we target total compensation for executive officers, including salary, annual incentive target and long-term incentive value, at the 50th percentile of compensation paid to similarly situated executive officers of the companies comprising our compensation peer group, with actual positioning determined by individual, group or company performance, allowing for 75th percentile of our compensation peer group's total compensation to reward key executive officers who demonstrate exceptional experience, skills, competencies and performance. In addition, we expect to increase the performance-based portion of an executive officer's target pay by increasing the percentage of target pay attributable to annual and long-term incentives and decreasing the percentage of target pay attributable to base salary.

Our compensation committee believes that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals and that aligns executive

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officers' interests with those of our stockholders by rewarding performance that meets or exceeds established goals, with the ultimate objective of increasing stockholder value. Our compensation committee will evaluate both performance and compensation to ensure that we maintain our ability to attract and retain superior employees in key positions relative to the compensation paid to similarly situated executives of our peer companies and that compensation paid to our key employees remains competitive. To that end, our compensation committee believes compensation provided to our executive officers should include both cash compensation and equity-based compensation.

Role of Chief Executive Officer in Compensation Decisions

Our Chief Executive Officer will annually review the performance of each executive officer (other than the Chief Executive Officer, whose performance will be reviewed by the compensation committee). The conclusions reached and recommendations based on these reviews, including such items as salary adjustments and annual award amounts, will be presented to the compensation committee. The compensation committee can exercise discretion in modifying any compensation recommendations or awards to executive officers and will approve all compensation decisions for our executive officers.

Setting Executive Compensation

Our compensation committee will structure executive compensation to include an annual cash incentive component and a long-term equity incentive component to motivate our executive officers to achieve their business goals and reward them for achieving such goals.

We have retained Towers Perrin, a global human resources consulting firm, to conduct an annual review of our total compensation program with respect to executive compensation. We will conduct an annual benchmark review of the aggregate level of our executive compensation, as well as the combination of elements used to compensate our executive officers. This review will be based on public information and third party surveys of executive compensation paid by publicly traded peer companies of similar size and focus, including financial services, processing, technology and business services companies, which we refer to, collectively, as the compensation peer group.

Several criteria were used to identify the compensation peer group: (1) industry – we expect that we will compete for talent with financial services, processing, high technology and business services companies; (2) geography – to ensure that the companies identified as peers have broad international presence because we are a company with global operations; and (3) financial scope – management talent should be similar to that in companies that have similar financial characteristics (e.g., revenues, market capitalization and total assets). The companies currently comprising the compensation peer group are:

	Financial Services	Processing	Technology	Business Services
Equivalent Sized Peers	Allianz	ADP	Google	EDS
	American Express	eBay	Oracle	Sabre Holdings
	HSBC	First Data	Sun Microsystems	
		Fiserv		
		MasterCard		
		State Street		
Large Peers	AIG		Cisco	
	General Electric		Intel	
	Merrill Lynch		IBM	
	Morgan Stanley			

The compensation peer group is divided into two groups for purposes of compensation benchmarking. For equivalent sized companies (revenues generally less than \$30 billion), we select benchmark positions that most

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accurately reflect the responsibilities of our executive officers. For large companies (revenues generally greater than \$30 billion), we select benchmark positions at the business unit level where available and positions with reporting levels that are generally one reporting level below comparable positions at Visa and the equivalent sized companies in the compensation peer group.

In addition, our compensation committee will take into account publicly available data relating to the compensation practices and policies of other companies within and outside our industry.

The compensation peer group provides a relevant benchmark of compensation levels from external sources and allows us to assess the compensation practices of our primary competitors for employees. In addition, the compensation peer group indicates the practices of leading organizations of comparable scope and focus and provides a benchmark for establishing corporate performance expectations for incentive programs.

A significant percentage of total compensation will be allocated to incentive-based compensation as a result of the compensation philosophy mentioned above. Although our compensation committee has not adopted any formal guidelines for allocating total compensation between either cash or non-cash, annual or long-term incentive compensation, we intend to implement and maintain compensation plans that tie a substantial portion of our executives' overall compensation to the achievement of our company goals.

We also use sign-on bonuses from time to time when recruiting executive officers. We may agree to pay a sign-on bonus to make our employment offers competitive given that candidates who are currently employed at other companies frequently forfeit potential compensation by accepting employment with us.

Executive Compensation Components

The principal components of compensation of our executive officers are:

base salary;

annual incentive programs;

long-term incentive compensation;

retirement and other benefits;

perquisites and other personal benefits; and

post-termination severance.

Base Salary

The purpose of our base salary program is to reward demonstrated experience, skills and competencies relative to the market value of the job. Our compensation committee approves base salaries of all of our executive officers. Base salaries are targeted at the median of the compensation peer group for comparable skills and experience, but we allow for flexibility in salaries above or below the median based on area of expertise, performance or proficiency.

During its review of base salaries for executive officers, the compensation committee will consider:

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market data provided by our outside consultants;

internal review of the executive officer's compensation, both individually and relative to other executive officers; and

individual performance of the executive officer.

Salary levels are typically considered annually as part of our performance review process, as well as upon a promotion or other change in job responsibilities.

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Annual Incentive Programs

Our annual cash bonus programs consist of: (i) the Visa U.S.A. annual incentive plan, pursuant to which bonuses were awarded in fiscal 2006 and fiscal 2007, but which was terminated at the end of fiscal 2007; and (ii) the Visa Inc. annual incentive plan, which governs cash awards in fiscal 2008 and in the future.

Visa U.S.A. Annual Incentive Plan. Prior to the completion of the reorganization, Visa U.S.A. (and its majority-owned subsidiary, Inovant) maintained annual incentive plans that provided for annual cash bonuses based on the achievement of pre-established performance targets and goals in addition to individual performance. The use of pre-established performance targets and goals assisted in aligning an executive officer's compensation with the entity's operating and financial results. However, Visa U.S.A. recognized that important aspects of executive officers' contributions to Visa's success were not properly evaluated based solely on achievement of performance targets and goals, especially in light of the challenges and uncertainties presented by the reorganization transactions. Accordingly, in fiscal 2007, Visa U.S.A. took into consideration an individual performance component, which allowed the board of directors or committee to differentiate awards.

The aggregate level of awards under the Visa U.S.A. annual incentive plan was determined based on the actual combined performance of Visa U.S.A. and Inovant as compared to pre-established performance goals. Both the performance metrics and actual results were determined on the basis of combining the metrics and results of the two entities. The performance metrics, weighting, target performance level and actual performance results for fiscal 2007 are displayed in the following table:

Metric	Weighting (%)	Target (\$)	Actual	
			Results (\$)	Achievement Relative To Target
Revenue	50	3,316,000,000	3,606,000,000	Between target and maximum
Net Income	50	645,000,000	830,000,000	Maximum

Achievement of corporate and individual performance targets impacted the amount of the bonuses payable to Visa U.S.A. executives under the 2007 Visa U.S.A. Incentive Plan, although the human resources and compensation committee of the Visa U.S.A. board of directors retained discretion in determining any adjustments to these awards based on each executive officer's individual contribution to corporate results.

The funding level of the incentive plan pool was determined by corporate results compared with the corporate targets, as stated above. Messrs. Sheedy's, Floum's and Partridge's, bonus payouts were based on the achievement of these corporate goals and evaluation by the human resources and compensation committee of individual performance against individual goals. The human resources and the compensation committee of the Visa U.S.A. board of directors used discretion in determining bonus payouts relative to plan guidelines.

The committee awarded Mr. Sheedy the maximum annual award of 200% of his target bonus based on his performance as evaluated by the committee relative to his leadership of Interchange Strategy and Merchant Acceptance in the U.S. region for a portion of the year and his performance in managing the finance function during the transition to Visa Inc., including all finance aspects of the reorganization. Mr. Sheedy achieved his individual performance goals.

The committee awarded Mr. Floum an award of 175% of his target bonus in consideration of Mr. Floum's performance relative to his goals related to his role as general counsel for Visa U.S.A. These goals included his general responsibilities of successfully managing the legal and government relations functions for the organization. Mr. Floum's award also was based on the key role he played in carrying out the reorganization, including successful negotiations of the merger agreements with all constituents and the creation of the retrospective responsibility plan relating to the covered litigation. Mr. Floum achieved his individual performance goals.

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The committee awarded Mr. Partridge the maximum annual award of 200% of his target bonus in consideration of Mr. Partridge's performance relative to his goals of managing Inovant for a portion of the year and Inovant's performance against its business goals of system performance, efficiency and customer satisfaction, as well as his added responsibility during the year to manage the organizational transition management team, leading the business negotiation regarding the framework agreement with Visa Europe and serving as Chief Executive Officer of Visa U.S.A. for a portion of the year. Mr. Partridge achieved his individual performance goals. Additionally, the committee used its discretion to award Mr. Partridge an additional annual incentive plan award equal to \$448,000 as described in the footnotes following *Summary Compensation Table*.

Visa Inc. Annual Incentive Plan. The Visa Inc. Incentive Plan, which we refer to as our annual incentive program, has been designed to reward annual performance and achievement of strategic goals, align employee interests with those of our stockholders and provide market-competitive compensation to employees on an individual employee basis. The annual incentive program will be funded based on global corporate performance metrics for the fiscal year. The compensation committee is currently in the process of determining the corporate performance measures. The compensation committee will establish target incentives at the median of our compensation peer group, consistent with local market practice, and allow individual awards to be allocated based on a combination of corporate, group and individual performance measures, which will vary by level and scope of position. Performance is measured and award amounts are determined after the completion of each fiscal year. At the most senior levels in the organization, the measures used to determine awards will be heavily weighted toward corporate performance with a small portion dependent on either group or individual performance goals.

For our Chief Executive Officer, 80% of the annual award will depend on the Visa Inc. corporate performance measures, which will be defined by our compensation committee. The remaining 20% will be determined by the compensation committee based on individual performance measures. The compensation committee determined that the split of 80% corporate measures and 20% individual performance measures for the Chief Executive Officer appropriately reflects his responsibility for the overall management of Visa and correspondingly aligns his goals most closely with Visa's corporate goals. For Mr. Saunders, the individual performance measures are being developed by the compensation committee. More information about Mr. Saunders's employment arrangements can be found under *Executive Compensation and Director Compensation Tables Summary Compensation Table* and *Employment Arrangements*.

For the other executive officers, 70% of the annual award will be determined based on the corporate performance measures. The remaining 30% will be determined by the Chief Executive Officer and approved by the compensation committee based on either group or individual performance measures. The compensation committee determined that the split of 70% corporate and 30% individual/group performance for our other executive officers appropriately reflects that each of these officers shares the primary goals and objectives of the overall corporation, but also recognizes the importance of the goals that relate solely to their area of responsibility.

Under the plan, target incentive opportunities are expressed as a percentage of base salary based on position, market pay levels and our overall compensation philosophy, which emphasizes performance. The 2008 target annual incentive awards for our named executive officers, as defined under *Summary Compensation Table*, expressed as a percentage of base salary are as follows:

Name	2008 Target Award (%)
Joseph W. Saunders	250
Byron H. Pollitt	100
John (Hans) C. Morris	150
William M. Sheedy	75
Joshua R. Floum	100
John M. Partridge	150

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Actual awards can range from 0% to 200% of these target awards based on actual performance results.

Long-Term Incentive Compensation

Prior to the reorganization, cash-based long-term incentive plan, or LTIP, awards were generally provided through plans maintained by Visa U.S.A. (and its majority-owned subsidiary, Inovant). Although no new cash LTIP awards will be made under these long-term cash incentive plans, the plans will remain in effect for the past awards that have not yet vested. Beginning in fiscal 2008, we intend to provide long-term incentive compensation for our employees pursuant to the Visa Inc. 2007 Equity Incentive Compensation Plan.

Visa U.S.A. Long-Term Incentive Plan. This plan is a cash-based plan, in which awards vest at the end of a three-year plan cycle. At the beginning of the plan cycle, each participant is granted a target award which, at the end of the first year, is adjusted by the human resources and compensation committee up or down, from 0% to 220%, based on the combined corporate performance of Visa U.S.A. and Inovant.

For target awards granted at the beginning of fiscal 2007 under this long-term cash incentive plan, the corporate performance metrics, weighting, target performance level and actual performance results are the same as for the Visa U.S.A. annual incentive plan described above. These performance results for fiscal 2007 resulted in a 184% adjustment to target awards for Messrs. Sheedy, Floum and Partridge.

The target award adjusted by this performance-determined ratio will be subject to vesting. This non-vested award will be automatically deferred for the remaining two years in the plan cycle and credited to an individual account that is further credited with gains or losses from certain Fidelity fund investments that the participant may select. At the end of the plan cycle, if the executive is still an employee, the award becomes vested and payable to the participant.

Visa Inc. 2007 Equity Incentive Compensation Plan. The Visa Inc. 2007 Equity Incentive Compensation Plan, which we refer to as the equity incentive plan, was adopted to award long-term compensation following the reorganization. The equity incentive plan is designed to align management interests with those of stockholders, provide opportunities for wealth creation and ownership, and encourage a long-term focus, which we believe promotes retention.

The equity incentive plan is intended to promote our long-term success and increase stockholder value by attracting, motivating and retaining our non-employee directors, officers, employees and consultants and those of our subsidiaries. To achieve this purpose, the equity incentive plan allows the flexibility to grant or award stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance unit awards, performance share awards, cash-based awards and other equity-based awards to eligible persons, covering a total of up to 59,000,000 shares of class A common stock.

The equity incentive plan became effective in October 2007 upon the completion of the reorganization. The equity incentive plan will continue in effect until all of the common stock available under the equity incentive plan is delivered and all restrictions on those shares have lapsed, unless the plan is terminated earlier by our board of directors. No awards may be granted under the plan on or after 10 years from its effective date.

The compensation committee administers the equity incentive plan and determines the non-employee directors, employees and consultants that may be granted awards under the equity incentive plan, the size and types of awards, the terms and conditions of awards, the timing of awards and the form and content of the award agreements.

It is anticipated that the initial grants made under this plan will be made in fiscal 2008.

Special Bonus Program

Although it is not an ongoing element of our compensation plans, we instituted a special broad-based bonus program for all eligible employees at the end of fiscal 2007 to reward performance during the transition to Visa

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Inc. and to encourage all of those employees to focus on the continuing operations of each business unit while at the same time preparing the organization to become a public company and achieve the anticipated benefits of the reorganization. Under this program, Messrs. Saunders, Sheedy, Floum and Partridge each received a special cash bonus at the end of fiscal 2007, which is disclosed in the *Bonus* column of *Summary Compensation Table*. Under this special bonus program, all eligible employees, including these executive officers, are also expected to receive restricted stock with a value equal to the amount of his previous special cash bonus upon the successful completion of this offering, subject to approval by our compensation committee. If the compensation committee does not approve such restricted stock awards, each such eligible employee will receive an additional cash bonus in an amount equal to his or her previous special cash bonus on the earlier of the anniversary of this offering or March 31, 2009.

Retirement and Other Benefits

Our benefits programs are designed to be competitive, cost-effective and compliant with local regulations. We generally target the median of the market, with flexibility to position above or below the median where local conditions dictate. It is our objective to provide core benefits, including medical, retirement, life insurance, paid time off and leaves of absence, to all employees and to allow for supplementary non-core benefits based on local market practice and local culture.

We sponsor a tax-qualified defined benefit pension plan, which we refer to as the retirement plan, and a tax-qualified defined contribution thrift plan, which we refer to as the thrift plan, to provide market driven retirement benefits to all eligible employees in the United States. We have changed the design of the defined benefit plan to a cash-balance plan effective for 2008 to better align our benefits with our peer companies and the overall market. In addition to the tax-qualified retirement plan and the thrift plan, we maintain a non-qualified excess retirement plan and a non-qualified excess thrift plan to make up for the limitations imposed on these tax-qualified plans by the Internal Revenue Code. We sponsor an unfunded non-qualified deferred compensation plan, which we refer to as the deferred compensation plan, which allows executive officers and certain other highly compensated employees to defer a portion of their annual incentive awards and their long-term cash incentive awards or sign-on bonuses to help them with tax planning and to provide competitive benefits. See *Visa Retirement Plan*, *Visa Thrift Plan* and *Nonqualified Deferred Compensation*.

Perquisites and Other Personal Benefits

We may provide executive officers with perquisites and other personal benefits that we believe are reasonable and consistent with our overall compensation program to attract and retain qualified executive officers and to facilitate the performance of executive officers' management responsibilities. As part of our reorganization and review of our overall compensation strategy, we eliminated several perquisites for our executive officers, including car allowances and financial planning, beginning in fiscal 2008. See footnote (8) to *Summary Compensation Table*. For fiscal 2008, we also have instituted a policy that allows the Chief Executive Officer, the President, the Chief Operating Officer and other key employees or their spouses, as approved by the Chief Executive Officer, to use a corporate aircraft for limited personal use. Business priorities will always take precedence over personal usage. These employees will be responsible for all income taxes related to their personal usage.

Tax Implications

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code limits the ability of Visa to deduct for tax purposes compensation over \$1,000,000 to our principal executive officer or any one of our three highest paid executive officers, other than our principal executive officer or principal financial officer, who are employed by us on the last day of our taxable year, unless, in general, the compensation is paid pursuant to a plan that is performance related, non-discretionary and has been approved by Visa's stockholders. No such limitation on deductibility was

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applicable to fiscal 2007. Compensation from awards made before our first annual meeting in 2012 under plans that existed before the closing of this offering will be exempt from the deduction limitations otherwise imposed by Section 162(m), if the plan is not materially modified during this period. The compensation committee will review and consider the deductibility of executive compensation under Section 162(m) and may authorize certain payments that will be in excess of the \$1,000,000 limitation. The compensation committee believes that it needs to balance the benefits of designing awards that are tax-deductible with the need to design awards that attract, retain and reward executives responsible for the success of the company.

Executive Compensation and Director Compensation Tables**Summary Compensation Table**

The following table sets forth the total compensation earned for services rendered during fiscal 2007 and fiscal 2006 by the named executive officers of Visa Inc.: (1) the current principal executive officer and principal financial officer; (2) the principal financial officer prior to the completion of the reorganization; and (3) the three other most highly compensated executive officers during fiscal 2007. For fiscal 2006 and fiscal 2007, this compensation was paid by Visa U.S.A., Visa International or Inovant, as applicable.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Name and Principal Position	Year	Salary (\$)	Bonus ⁽⁵⁾	Stock	Option	Non-Equity	Change in	All Other	Total
			(\$)	Awards	Awards	Incentive Plan	Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁷⁾ (\$)		
				(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Joseph W. Saunders⁽¹⁾	2007	804,519	10,230,514				41,113	71,171	11,147,317
Chairman & Chief Executive Officer	2006								
Byron H. Pollitt⁽²⁾	2007	27,083	250,000						277,083
Chief Financial Officer	2006								
John (Hans) C. Morris⁽³⁾	2007	145,192	3,343,750				5,429		3,494,371
President	2006								
William M. Sheedy	2007	360,430	354,785			1,490,768	155,105	57,551	2,418,639
Global Head of Corporate Strategy and Business Development (former principal financial officer)	2006	350,013	250,000			1,254,106	45,096	66,840	1,966,055
Joshua R. Floum⁽⁴⁾	2007	532,104	445,918			2,132,372	84,029	72,922	3,267,345
General Counsel and Corporate Secretary	2006								
John M. Partridge	2007	635,411	1,170,183			3,169,989	475,512	129,571	5,580,666
Chief Operating Officer	2006	625,025	1,076,320			2,576,690	533,214	117,101	4,928,350

(1) Mr. Saunders joined Visa in February 2007 and therefore earned no compensation during fiscal 2006. See the *Director Compensation* table below for amounts paid to Mr. Saunders during fiscal 2007 while serving as a non-employee director of Visa U.S.A. and Visa International.

(2) Mr. Pollitt joined Visa in mid-September 2007.

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- (3) Mr. Morris joined Visa in July 2007.
- (4) Mr. Floum became a named executive officer of Visa Inc. in fiscal 2007.
- (5) The amount in column (d) for 2007 for Mr. Saunders includes a special cash bonus of \$475,000 under our broad-based 2007 special bonus program, an annual incentive award of \$1,062,500 paid pursuant to his executive chairman letter, an annual incentive award of \$3,951,370 and a long-term incentive award of \$4,741,644 paid pursuant to his letter agreement. Each award to Mr. Saunders was determined by the transition governance committee, which was comprised of directors from each Visa region and Visa International and which led the transition to Visa Inc. The amount in column (d) for fiscal 2007 for Mr. Pollitt reflects a sign-on bonus of \$250,000. The amount in column (d) for fiscal 2007 for Mr. Morris reflects a sign-on bonus of \$2,500,000 and an annual incentive award of \$843,750 payable pursuant to his employment agreement. The amount in column (d) for fiscal 2007 for Mr. Sheedy reflects a special cash bonus of

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\$354,785 under our broad-based 2007 special bonus program. The amount in column (d) for fiscal 2007 for Mr. Floum reflects a special cash bonus of \$445,918 under our broad-based 2007 special bonus program. For a detailed discussion of the special bonus, please refer to *Compensation Discussion and Analysis*. The amount in column (d) for fiscal 2007 for Mr. Partridge includes an additional discretionary annual incentive award of \$448,000 and a special cash bonus of \$722,183 under our broad-based 2007 special bonus program.

- (6) The amounts in column (g) reflect performance-based cash awards earned under the Visa U.S.A. Incentive Plan. Under the plan, Mr. Sheedy received \$350,013, Mr. Floum received \$695,653 and Mr. Partridge received \$937,500. This column also reflects the year-one performance award under the Visa U.S.A. Long-Term Incentive Plan. Under this plan, Mr. Sheedy's performance award was valued at \$920,000, Mr. Floum's performance award was valued at \$1,196,000 and Mr. Partridge's performance award was valued at \$1,472,000. The long-term incentive plan awards for Messrs. Sheedy, Floum and Partridge will vest on September 30, 2009. The amounts in column (g) also reflect the change in market value of the unvested long-term incentive plan awards that are invested in an investment account until the end of each three-year plan cycle (Mr. Sheedy \$220,755, Mr. Floum \$240,719, Mr. Partridge \$760,489).
- (7) The amounts in column (h) reflect the actuarial increase in the present value of benefits under all pension plans. These amounts were determined using interest rate and mortality rate assumptions consistent with those used in Note 8 of Visa U.S.A. Inc.'s consolidated unaudited financial statements for the nine months ended June 30, 2007, which are included elsewhere in this prospectus. There are no above market earnings on non-qualified deferred compensation.
- (8) The following table sets forth certain information with respect to *All Other Compensation* reported in column (i).

(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Auto Allowance	Financial Planning	Thrift Plan Match	Excess Thrift Plan Contribution	Companion Travel	Companion Travel Tax Gross Up	Executive LTD	Total
Name	Year	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Joseph W. Saunders	2007	4,024 ⁽¹⁾		13,063	6,156	26,001	21,927		71,171
Byron H. Pollitt	2007								
John (Hans) C. Morris	2007								
William M. Sheedy	2007	22,800		20,250	11,251			3,250	57,551
Joshua R. Floum	2007	22,800		13,500	18,301	9,683	5,388	3,250	72,922
John M. Partridge	2007	22,800	43,040	13,500	24,001	16,296	6,684	3,250	129,571

- (1) Reflects the cost of personal use (including commuting) of a company provided car and driver. The amount in the table is determined based on the incremental cost to the company of the fuel related to the proportion of time the car was used for non-business trips and also includes the cost of the driver's salary for the proportion of time the driver was utilized for non-business trips.

Grants of Plan-Based Awards

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
			Estimated			Estimated					
			Future Payouts Under Non-Equity Incentive Plan Awards			Future Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares or	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price Of Option Awards (\$/Share)	Grant Date Fair Value of Stock & Option Awards
Name	Grant Date	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)	Stock/Units	Options		
Joseph W. Saunders ⁽¹⁾											