



Visa Inc. Reports Fiscal Third Quarter 2014 Net Income of \$1.4 billion or \$2.17 per Diluted Share

Foster City, CA, July 24, 2014 – Visa Inc. (NYSE: V) today announced financial results for the Company's fiscal third quarter 2014. Net income for the quarter was \$1.4 billion, an increase of 11% over the prior year, or \$2.17 per share, an increase of 15% over the prior year. All references to earnings per share assume fully-diluted class A share count unless otherwise noted.

Net operating revenue in the fiscal third quarter of 2014 was \$3.2 billion, an increase of 5% nominally or 7% on a constant dollar basis over the prior year, driven by solid growth in service revenue and data processing revenues. The strengthening of the U.S. dollar versus the prior year quarter negatively impacted net operating revenue growth by 2 percentage points.

"We are pleased to report 15% earnings per share growth in the face of a continued, subdued global economy," said Charlie Scharf, Chief Executive Officer of Visa Inc. "As expected, revenue growth was affected by a strong U.S. dollar and tepid growth from cross-border transactions. More importantly, global payments volume and processed transactions remained healthy and strong. While some of the headwinds will likely continue in the short-term, we are confident our investments in products such as Visa Checkout, new technologies like tokenization, and new relationships with financial institutions and merchants will continue to drive double-digit revenue growth over the long-term."

Fiscal Third Quarter 2014 Financial Highlights:

Payments volume growth, on a constant dollar basis, for the three months ended March 31, 2014, on which fiscal third quarter service revenue is recognized, was 12% over the prior year at \$1.1 trillion.

Payments volume growth, on a constant dollar basis, for the three months ended June 30, 2014, was 11% over the prior year at \$1.2 trillion.

Cross-border volume growth, on a constant dollar basis, was 7% for the three months ended June 30, 2014.

Total processed transactions, which represent transactions processed by VisaNet, for the three months ended June 30, 2014, were 16.7 billion, an 11% increase over the prior year.

Fiscal third quarter 2014 service revenues were \$1.4 billion, an increase of 9% over the prior year, and are recognized based on payments volume in the prior quarter. All other revenue categories are recognized based on current quarter activity. Data processing revenues rose 11% over the prior year to \$1.3 billion. International transaction revenues grew 1% over the prior year to \$860 million. Other revenues, which include the Visa Europe licensing fee, were \$195 million, an increase of 9% over the

prior year. Client incentives, which are a contra revenue item, were \$638 million and represent 16.8% of gross revenues.

Total operating expenses were \$1.1 billion for the quarter, a 3% decrease over the prior year, primarily related to a reduction in personnel, marketing expense and professional fees.

The effective tax rate was 33.0% for the quarter ended June 30, 2014.

Cash, cash equivalents, and available-for-sale investment securities were \$6.8 billion at June 30, 2014.

The weighted-average number of diluted shares of class A common stock outstanding was 628 million for the quarter ended June 30, 2014.

Notable Events:

During the three months ended June 30, 2014, the Company repurchased 5.6 million shares of class A common stock, at an average price of \$207.13 per share, using \$1.2 billion of cash on hand. At June 30, 2014, the Company had \$1.9 billion of remaining funds, authorized by the board of directors, available for share repurchase under the current program.

On July 23, 2014, the board of directors declared a quarterly cash dividend of \$0.40 per share of class A common stock (determined in the case of class B and class C common stock on an as-converted basis) payable on September 3, 2014, to all holders of record of the Company's class A, class B and class C common stock as of August 15, 2014.

Financial Outlook:

Visa Inc. affirms its financial outlook for the following metrics for fiscal full-year 2014:

- Annual operating margin: Low to mid 60s; and
- Annual free cash flow: About \$5 billion.

Visa Inc. updates its financial outlook for the following metrics for fiscal full-year 2014:

- Annual net revenue growth: Constant revenue growth in the 9-10% range, with an expectation of two percentage points of negative foreign currency impact;
- Client incentives as a percent of gross revenues: Around 17%;
- Tax rate: 30-31% range; and
- Annual diluted class A common stock earnings per share growth: 17.5-18.5% range.

Fiscal Third Quarter 2014 Earnings Results Conference Call Details:

Visa's executive management team will host a live audio webcast beginning at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) today to discuss the financial results and business highlights. All interested parties are invited to listen to the live webcast at <http://investor.visa.com>. A replay of the webcast will be available on the Visa Investor Relations website for 30 days. Investor information, including supplemental financial information, is available on Visa Inc.'s Investor Relations website at <http://investor.visa.com>.

About Visa

Visa is a global payments technology company that connects consumers, businesses, financial institutions, and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. We operate one of the world's most advanced processing networks — VisaNet — that is capable of handling more than 47,000 transaction messages a second, with fraud protection for consumers and assured payment for merchants. Visa is not a bank and does not issue cards, extend credit or set rates and fees for consumers. Visa's innovations, however, enable its financial institution customers to offer consumers more choices: pay now with debit, ahead of time with prepaid or later with credit products. For more information, visit usa.visa.com/about-visa, visacorporate.tumblr.com and @VisaNews.

Forward-Looking Statements:

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are identified by words such as "believes," "estimates," "expects," "intends," "may," "projects," "could," "should," "will," "will continue" and other similar expressions. Examples of forward-looking statements include, but are not limited to, statements we make about our revenue, client incentives, operating margin, earnings per share, free cash flow, tax rate and the growth of those items.

By their nature, forward-looking statements: (i) speak only as of the date they are made; (ii) are not statements of historical fact or guarantees of future performance; and (iii) are subject to risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from our forward-looking statements due to a variety of factors, including the following:

- the impact of laws, regulations and marketplace barriers, including:
 - rules capping debit interchange reimbursement rates and expanding financial institutions' and merchants' choices among debit payment networks promulgated under the Dodd-Frank Wall Street Reform and Consumer Protection Act;
 - increased regulation in jurisdictions outside of the United States and in other product categories;
 - increased government support of national payment networks outside the United States; and
 - increased regulation on consumer privacy, data use and security;

- developments in litigation and government enforcement, including those affecting interchange reimbursement fees, antitrust and tax;
- new lawsuits, investigations or proceedings, or changes to our potential exposure in connection with pending lawsuits, investigations or proceedings;
- economic factors, such as:
 - economic fragility in the Eurozone and in the United States;
 - general economic, political and social conditions in mature and emerging markets globally;
 - material changes in cross-border activity, foreign exchange controls and fluctuations in currency exchange rates; and
 - material changes in our financial institution clients' performance compared to our estimates;
- industry developments, such as competitive pressure, rapid technological developments, and disintermediation from our payments network;
- system developments, such as:
 - disruption of our transaction processing systems or the inability to process transactions efficiently;
 - account data breaches or increased fraudulent or other illegal activities involving Visa-branded cards or payment products; and
 - failure to maintain systems interoperability with Visa Europe;
- costs arising if Visa Europe were to exercise its right to require us to acquire all of its outstanding stock;
- the loss of organizational effectiveness or key employees;
- the failure to integrate acquisitions successfully or to effectively develop new products and businesses;
- natural disasters, terrorist attacks, military or political conflicts, and public health emergencies; and

various other factors, including those contained in our Annual Report on Form 10-K for the year ended September 30, 2013 and our other filings with the U.S. Securities and Exchange Commission. You should not place undue reliance on such statements. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future developments or otherwise.

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VISA INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2014	September 30, 2013
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	\$ 2,058	\$ 2,186
Restricted cash—litigation escrow	1,105	49
Investment securities:		
Trading	86	75
Available-for-sale	1,920	1,994
Income tax receivable	26	142
Settlement receivable	775	799
Accounts receivable	824	761
Customer collateral	936	866
Current portion of client incentives	221	282
Deferred tax assets	830	481
Prepaid expenses and other current assets	244	187
Total current assets	<u>9,025</u>	<u>7,822</u>
Investment securities, available-for-sale	2,798	2,760
Client incentives	84	89
Property, equipment and technology, net	1,772	1,732
Other assets	828	521
Intangible assets, net	11,427	11,351
Goodwill	11,741	11,681
Total assets	<u>\$ 37,675</u>	<u>\$ 35,956</u>
Liabilities		
Accounts payable	\$ 101	\$ 184
Settlement payable	1,307	1,225
Customer collateral	936	866
Accrued compensation and benefits	398	523
Client incentives	902	919
Accrued liabilities	610	613
Accrued litigation	1,060	5
Total current liabilities	<u>5,314</u>	<u>4,335</u>
Deferred tax liabilities	4,170	4,149
Other liabilities	905	602
Total liabilities	<u>10,389</u>	<u>9,086</u>
Equity		
Preferred stock, \$0.0001 par value, 25 shares authorized and none issued	—	—
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 496 and 508 shares issued and outstanding at June 30, 2014 and September 30, 2013, respectively	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at June 30, 2014 and September 30, 2013	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 25 and 27 shares issued and outstanding at June 30, 2014 and September 30, 2013, respectively	—	—
Additional paid-in capital	18,393	18,875
Accumulated income	8,909	7,974
Accumulated other comprehensive income (loss), net:		
Investment securities, available-for-sale	58	59
Defined benefit pension and other postretirement plans	(68)	(60)
Derivative instruments classified as cash flow hedges	(5)	23
Foreign currency translation adjustments	(1)	(1)
Total accumulated other comprehensive (loss) income, net	<u>(16)</u>	<u>21</u>
Total equity	<u>27,286</u>	<u>26,870</u>
Total liabilities and equity	<u>\$ 37,675</u>	<u>\$ 35,956</u>

VISA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2014	2013	2014	2013
	(in millions, except per share data)			
Operating Revenues				
Service revenues	\$ 1,417	\$ 1,298	\$ 4,298	\$ 3,967
Data processing revenues	1,321	1,191	3,819	3,456
International transaction revenues	860	854	2,622	2,490
Other revenues	195	179	558	533
Client incentives	(638)	(521)	(1,824)	(1,641)
Total operating revenues	3,155	3,001	9,473	8,805
Operating Expenses				
Personnel	463	493	1,379	1,433
Marketing	228	252	659	640
Network and processing	127	117	379	346
Professional fees	82	103	234	282
Depreciation and amortization	109	101	323	291
General and administrative	126	108	354	322
Litigation provision	—	(1)	—	3
Total operating expenses	1,135	1,173	3,328	3,317
Operating income	2,020	1,828	6,145	5,488
Non-operating income	10	5	29	3
Income before income taxes	2,030	1,833	6,174	5,491
Income tax provision	670	608	1,809	1,703
Net income	\$ 1,360	\$ 1,225	\$ 4,365	\$ 3,788
Basic earnings per share				
Class A common stock	\$ 2.17	\$ 1.89	\$ 6.91	\$ 5.76
Class B common stock	\$ 0.91	\$ 0.79	\$ 2.91	\$ 2.42
Class C common stock	\$ 2.17	\$ 1.89	\$ 6.91	\$ 5.76
Basic weighted-average shares outstanding				
Class A common stock	496	515	500	524
Class B common stock	245	245	245	245
Class C common stock	26	28	26	29
Diluted earnings per share				
Class A common stock	\$ 2.17	\$ 1.88	\$ 6.89	\$ 5.74
Class B common stock	\$ 0.91	\$ 0.79	\$ 2.90	\$ 2.41
Class C common stock	\$ 2.17	\$ 1.88	\$ 6.89	\$ 5.74
Diluted weighted-average shares outstanding				
Class A common stock	628	651	633	660
Class B common stock	245	245	245	245
Class C common stock	26	28	26	29

VISA INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

	Nine Months Ended	
	June 30,	
	2014	2013
	(in millions)	
Operating Activities		
Net income	\$ 4,365	\$ 3,788
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Amortization of client incentives	1,824	1,641
Share-based compensation	130	139
Excess tax benefit for share-based compensation	(82)	(64)
Depreciation and amortization of property, equipment, technology and intangible assets	323	291
Deferred income taxes	(358)	1,562
Other	10	42
Change in operating assets and liabilities:		
Income tax receivable	116	(421)
Settlement receivable	24	(5)
Accounts receivable	(55)	(56)
Client incentives	(1,775)	(1,700)
Other assets	(434)	(310)
Accounts payable	(86)	5
Settlement payable	82	98
Accrued and other liabilities	273	351
Accrued litigation	1,055	(4,384)
Net cash provided by operating activities	<u>5,412</u>	<u>977</u>
Investing Activities		
Purchases of property, equipment, technology and intangible assets	(326)	(333)
Investment securities, available-for-sale:		
Purchases	(1,842)	(2,789)
Proceeds from sales and maturities	1,863	1,767
Acquisition, net of cash received of \$25	(134)	-
Purchases of / contributions to other investments	(3)	(3)
Proceeds / distributions from other investments	-	4
Net cash used in investing activities	<u>(442)</u>	<u>(1,354)</u>
Financing Activities		
Repurchase of class A common stock	(3,362)	(4,054)
Dividends paid	(758)	(653)
(Return to) payments from litigation escrow account—retrospective responsibility plan	(1,056)	4,383
Cash proceeds from exercise of stock options	81	98
Restricted stock and performance-based shares settled in cash for taxes	(85)	(64)
Excess tax benefit for share-based compensation	82	64
Payment for earn-out related to PlaySpan acquisition	-	(12)
Principal payments on capital lease obligations	-	(6)
Net cash used in financing activities	<u>(5,098)</u>	<u>(244)</u>
Decrease in cash and cash equivalents	(128)	(621)
Cash and cash equivalents at beginning of year	2,186	2,074
Cash and cash equivalents at end of period	<u>\$ 2,058</u>	<u>\$ 1,453</u>
Supplemental Disclosure		
Income taxes paid, net of refunds	\$ 1,943	\$ 478
Non-cash accruals related to purchases of property, equipment, technology and intangible assets	\$ 42	\$ 27

VISA INC.
**FISCAL 2014 AND 2013 QUARTERLY RESULTS OF OPERATIONS
(UNAUDITED)**

	Fiscal 2014 Quarter Ended			Fiscal 2013 Quarter Ended	
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
	(in millions)				
Operating Revenues					
Service revenues	\$ 1,417	\$ 1,462	\$ 1,419	\$ 1,385	\$ 1,298
Data processing revenues	1,321	1,234	1,264	1,186	1,191
International transaction revenues	860	871	891	899	854
Other revenues	195	183	180	183	179
Client incentives	(638)	(587)	(599)	(680)	(521)
Total operating revenues	3,155	3,163	3,155	2,973	3,001
Operating Expenses					
Personnel	463	446	470	499	493
Marketing	228	245	186	236	252
Network and processing	127	120	132	122	117
Professional fees	82	77	75	130	103
Depreciation and amortization	109	107	107	106	101
General and administrative	126	120	108	129	108
Litigation provision	—	—	—	—	(1)
Total operating expenses	1,135	1,115	1,078	1,222	1,173
Operating income	2,020	2,048	2,077	1,751	1,828
Non-operating income	10	13	6	15	5
Income before income taxes	2,030	2,061	2,083	1,766	1,833
Income tax provision	670	463	676	574	608
Net income	\$ 1,360	\$ 1,598	\$ 1,407	\$ 1,192	\$ 1,225