



## Visa Inc. Reports Fiscal Second Quarter 2018 Results

San Francisco, CA, April 25, 2018 - Visa Inc. (NYSE: V)

- **GAAP Net Income of \$2.6B or \$1.11 per share**
- **Net Operating Revenues of \$5.1B, an increase of 13%**
- **Double-digit growth in payments volume, cross-border volume and processed transactions**
- **Increased Fiscal Full-Year 2018 Outlook based on strong performance in the first half**
- **Returned \$2.5B of capital to shareholders in the form of share repurchases and dividends**

### Q2 2018 Results

(Ending March 31, 2018)

*in billions, except percentages and per share data*

	USD (\$)	YoY Change (%)
<b>Net Operating Revenues</b>	\$5.1	13%
<b>GAAP Net Income</b>	\$2.6	505%
<b>Adjusted Net Income<sup>(1)</sup></b>	\$2.6	26%
<b>GAAP Earnings Per Share</b>	\$1.11	523%
<b>Adjusted Earnings Per Share<sup>(1)</sup></b>	\$1.11	30%

(1) Adjusted Net Income and Adjusted Earnings Per Share excludes special items in the prior year.

Alfred F. Kelly, Jr., Chief Executive Officer, Visa Inc., commented on the results:

"Visa had a terrific second quarter. Revenue growth was better than anticipated and many of our key business drivers accelerated compared to the first quarter, including strong growth in cross-border and payments volume. The fundamentals of our core business remain robust around the world and our team continues to execute against the company's long-term growth strategy. Based on our first half results, we are raising our revenue and profit outlook for the year."

### Q2 2018 Key Business Drivers

(Volume in constant dollars)

**Payments volume growth**

+11%

**Cross-border volume growth**

+11%

**Processed transactions**

+12%

## Fiscal Second Quarter 2018 — Financial Highlights

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GAAP net income in the fiscal second quarter was \$2.6 billion or \$1.11 per share, increases of 505% and 523%, respectively, over prior year's results. Prior year's results included two special items related to the legal entity reorganization of Visa Europe and the formation of the Visa Foundation. Excluding these special items, adjusted net income and adjusted earnings per share increased 26% and 30%, respectively, over prior year's adjusted results. Exchange rate shifts versus the prior year positively impacted earnings per share growth by approximately 2 percentage points. All references to earnings per share assume fully-diluted class A share count.

Net operating revenues in the fiscal second quarter were \$5.1 billion, an increase of 13%, driven by continued growth in payments volume, cross-border volume and processed transactions. Exchange rate shifts versus the prior year positively impacted reported net operating revenue growth by approximately 1.5 percentage points.

Payments volume for the three months ended December 31, 2017, on which fiscal second quarter service revenue is recognized, grew 10% over the prior year on a constant-dollar basis.

Payments volume for the three months ended March 31, 2018, grew 11% over the prior year on a constant-dollar basis.

Cross-border volume growth, on a constant-dollar basis, was 11% for the three months ended March 31, 2018.

Total processed transactions, which represent transactions processed by Visa, for the three months ended March 31, 2018, were 29.3 billion, a 12% increase over the prior year.

Fiscal second quarter service revenues were \$2.3 billion, an increase of 13% 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 15% over the prior year to \$2.1 billion. International transaction revenues grew 19% over the prior year to \$1.8 billion. Other revenues of \$230 million rose 13% over the prior year. Client incentives, which are a contra revenue item, were \$1.3 billion and represent 20.3% of gross revenues.

Operating expenses were \$1.7 billion for the fiscal second quarter, a 4% increase over the prior year's results, including the special item related to the charitable donation to the Visa Foundation. Excluding the special item, operating expenses grew 18% over the prior year, primarily driven by personnel and marketing expenses.

Effective income tax rate was 19.0% for the quarter ended March 31, 2018.

Cash, cash equivalents, and available-for-sale investment securities were \$14.2 billion at March 31, 2018.

The weighted-average number of diluted shares of class A common stock outstanding was 2.34 billion for the quarter ended March 31, 2018.

## Fiscal Second Quarter 2018 — Other Notable Items

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On March 7, 2018, the Company acquired Fraedom, a Software-as-a-Service technology company providing payments and transaction management solutions for financial institutions and their corporate customers. The acquisition will strengthen and expand Visa's business solutions to meet the evolving needs of the Business-to-Business payments industry.

During the three months ended March 31, 2018, the Company repurchased 16.9 million shares of class A common stock, at an average price of \$120.39 per share, using \$2.0 billion of cash on hand. In the six months ended March 31, 2018, the Company repurchased a total of 32.4 million shares of class A common stock, at an average price of \$115.73 per share, using \$3.75 billion of cash on hand. The Company has \$7.5 billion of funds available for share repurchase as of March 31, 2018.

On April 17, 2018, the board of directors declared a quarterly cash dividend of \$0.21 per share of class A common stock (determined in the case of class B and C common stock and series B and C convertible participating preferred stock on an as-converted basis) payable on June 5, 2018, to all holders of record as of May 18, 2018.

## Financial Outlook for Fiscal Full-Year 2018

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### Visa Inc. updates its financial outlook for fiscal full-year 2018:

- Annual net revenue growth: Low double-digits on a nominal basis, with approximately 1 percentage point of positive foreign currency impact;
- Client incentives as a percentage of gross revenues: 21.5% to 22.0% range;
- Annual operating expense growth: Low double-digits adjusted for special items in fiscal 2017 (see note below);
- Annual operating margin: High 60s;
- GAAP and adjusted effective tax rate: 21% to 22% range, which includes a 6 percentage point reduction resulting from U.S. tax reform; and
- Annual diluted class A common stock earnings per share growth including the impact of U.S. tax reform: Low-60's on a GAAP nominal dollar basis and high-20's on an adjusted, non-GAAP nominal dollar basis (see note below). Both include approximately 9 to 10 percentage points driven by U.S. tax reform and approximately 1.5 percentage points of positive foreign currency impact.

*Note: The financial outlook for fiscal full-year 2018 includes Visa Europe integration expenses of approximately \$60 million for the full-year. Annual operating expense growth is derived from adjusted full-year 2017 operating expenses of \$6.0 billion. Annual adjusted diluted class A common stock earnings per share growth is derived from adjusted full-year 2017 earnings per share results of \$3.48. Refer to the accompanying financial tables for further details and a reconciliation of the adjusted fiscal full-year 2017 results.*

## Fiscal Second Quarter 2018 Earnings Results Conference Call Details

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**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>.

# Forward-Looking Statements

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This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, our future operations, prospects, developments, strategies, business growth and financial outlook for fiscal full-year 2018. Forward-looking statements generally are identified by words such as “believes,” “estimates,” “expects,” “intends,” “may,” “projects,” “outlook”, “could,” “should,” “will,” “continue” and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict.

Actual results could differ materially from those expressed in, or implied by, our forward-looking statements due to a variety of factors, including, but not limited to:

- increased oversight and regulation of the global payments industry and our business;
- impact of government-imposed restrictions on payment systems;
- outcome of tax, litigation and governmental investigation matters;
- increasingly intense competition in the payments industry, including competition for our clients and merchants;
- proliferation and continuous evolution of new technologies and business models;
- our ability to maintain relationships with our clients, merchants and other third parties;
- brand or reputational damage;
- management changes;
- impact of global economic, political, market and social events or conditions;
- exposure to loss or illiquidity due to settlement guarantees;
- uncertainty surrounding the impact of the United Kingdom’s withdrawal from the European Union;
- cyber security attacks, breaches or failure of our networks;
- failure to maintain interoperability with Visa Europe’s systems and to migrate European activity onto VisaNet successfully;
- our ability to successfully integrate and manage our acquisitions and other strategic investments; and
- other factors described in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended September 30, 2017, and our subsequent reports on Forms 10-Q and 8-K.

Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

## About Visa Inc.

Visa Inc. (NYSE: V) is the world’s leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network - enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. Our relentless focus on innovation is a catalyst for the rapid growth of connected commerce on any device, and a driving force behind the dream of a cashless future for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information, visit [usa.visa.com/about-visa.html](http://usa.visa.com/about-visa.html), [visacorporate.tumblr.com](http://visacorporate.tumblr.com) and [@VisaNews](https://twitter.com/VisaNews).

### Contacts

#### Investor Relations

Mike Milotich, 650-432-7644,  
[ir@visa.com](mailto:ir@visa.com)

#### Media Relations

Will Stickney, 415-805-4892,  
[globalmedia@visa.com](mailto:globalmedia@visa.com)

# Fiscal Second Quarter 2018 — Financial Summary

## Q2 FISCAL 2018 INCOME STATEMENT SUMMARY

<i>(in millions, except percentages and per share data)</i>	Three Months Ended March 31, 2018	YoY Change	
		GAAP	Adjusted
<b>Operating Revenues</b>			
Service revenues	\$ 2,253	13%	13%
Data processing revenues	2,127	15%	15%
International transaction revenues	1,752	19%	19%
Other revenues	230	13%	13%
Client incentives	(1,289)	25%	25%
<b>Net operating revenues</b>	<b>5,073</b>	<b>13%</b>	<b>13%</b>
<b>Operating Expenses</b>			
Personnel	824	17 %	17 %
Marketing	261	35 %	35 %
Network and processing	169	13 %	13 %
Professional fees	108	30 %	30 %
Depreciation and amortization	153	17 %	17 %
General and administrative	222	(45%)	4 %
Litigation provision	—	(100%)	(100%)
<b>Total operating expenses</b>	<b>1,737</b>	<b>4%</b>	<b>18%</b>
<b>Operating income</b>	<b>3,336</b>	<b>19%</b>	<b>11%</b>
Non-operating income (expense)	(119)	13%	13%
Effective Tax Rate	19.0%	(65 pts)	(10 pts)
<b>Net income</b>	<b>2,605</b>	<b>505%</b>	<b>26%</b>
<b>Earnings Per Share</b>	<b>\$ 1.11</b>	<b>523%</b>	<b>30%</b>

## Q2 FISCAL 2018 KEY BUSINESS DRIVERS

	YoY Change	
	Constant	Nominal
Payments volume	11%	15%
Cross-border volume	11%	21%
Processed Transactions	12%	12%

# Visa Inc. Consolidated Balance Sheets (unaudited)

	March 31, 2018	September 30, 2017
(in millions, except par value data)		
<b>Assets</b>		
Cash and cash equivalents	\$ 8,142	\$ 9,874
Restricted cash—U.S. litigation escrow	884	1,031
Investment securities:		
Trading	94	82
Available-for-sale	3,483	3,482
Settlement receivable	2,501	1,422
Accounts receivable	1,259	1,132
Customer collateral	1,250	1,106
Current portion of client incentives	331	344
Prepaid expenses and other current assets	592	550
Total current assets	18,536	19,023
Investment securities, available-for-sale	2,602	1,926
Client incentives	566	591
Property, equipment and technology, net	2,366	2,253
Other assets	1,063	1,226
Intangible assets, net	28,537	27,848
Goodwill	15,372	15,110
Total assets	\$ 69,042	\$ 67,977
<b>Liabilities</b>		
Accounts payable	\$ 136	\$ 179
Settlement payable	3,052	2,003
Customer collateral	1,250	1,106
Accrued compensation and benefits	530	757
Client incentives	2,512	2,089
Accrued liabilities	1,241	1,129
Current maturities of long-term debt	—	1,749
Accrued litigation	830	982
Total current liabilities	9,551	9,994
Long-term debt	16,624	16,618
Deferred tax liabilities	5,110	5,980
Deferred purchase consideration	1,367	1,304
Other liabilities	2,287	1,321
Total liabilities	34,939	35,217
<b>Equity</b>		
Preferred stock, \$0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:		
Series A convertible participating preferred stock, none issued	—	—
Series B convertible participating preferred stock, 2 shares issued and outstanding at March 31, 2018 and September 30, 2017 (the "UK&I preferred stock")	2,295	2,326
Series C convertible participating preferred stock, 3 shares issued and outstanding at March 31, 2018 and September 30, 2017 (the "Europe preferred stock")	3,181	3,200
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 1,790 and 1,818 shares issued and outstanding at March 31, 2018 and September 30, 2017, respectively	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at March 31, 2018 and September 30, 2017	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 12 and 13 shares issued and outstanding at March 31, 2018 and September 30, 2017, respectively	—	—
Right to recover for covered losses	(6)	(52)
Additional paid-in capital	16,713	16,900
Accumulated income	10,192	9,508
Accumulated other comprehensive income (loss), net:		
Investment securities, available-for-sale	93	73
Defined benefit pension and other postretirement plans	(77)	(76)
Derivative instruments classified as cash flow hedges	(51)	(36)
Foreign currency translation adjustments	1,763	917
Total accumulated other comprehensive income, net	1,728	878
Total equity	34,103	32,760
Total liabilities and equity	\$ 69,042	\$ 67,977

# Visa Inc. Consolidated Statements of Operations (unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2018	2017	2018	2017
(in millions, except per share data)				
<b>Operating Revenues</b>				
Service revenues	\$ 2,253	\$ 1,993	\$ 4,399	\$ 3,911
Data processing revenues	2,127	1,843	4,274	3,735
International transaction revenues	1,752	1,469	3,418	2,958
Other revenues	230	203	459	406
Client incentives	(1,289)	(1,031)	(2,615)	(2,072)
<b>Net operating revenues</b>	<b>5,073</b>	<b>4,477</b>	<b>9,935</b>	<b>8,938</b>
<b>Operating Expenses</b>				
Personnel	824	704	1,503	1,275
Marketing	261	193	484	411
Network and processing	169	150	329	295
Professional fees	108	83	200	163
Depreciation and amortization	153	131	298	277
General and administrative	222	406	458	592
Litigation provision	—	2	—	17
<b>Total operating expenses</b>	<b>1,737</b>	<b>1,669</b>	<b>3,272</b>	<b>3,030</b>
<b>Operating income</b>	<b>3,336</b>	<b>2,808</b>	<b>6,663</b>	<b>5,908</b>
<b>Non-operating Income (Expense)</b>				
Interest expense	(153)	(135)	(307)	(275)
Other	34	29	100	48
<b>Total non-operating expense</b>	<b>(119)</b>	<b>(106)</b>	<b>(207)</b>	<b>(227)</b>
Income before income taxes	3,217	2,702	6,456	5,681
Income tax provision	612	2,272	1,329	3,181
<b>Net income</b>	<b>\$ 2,605</b>	<b>\$ 430</b>	<b>\$ 5,127</b>	<b>\$ 2,500</b>
<b>Basic earnings per share</b>				
Class A common stock	\$ 1.12	\$ 0.18	\$ 2.19	\$ 1.04
Class B common stock	\$ 1.84	\$ 0.30	\$ 3.61	\$ 1.71
Class C common stock	\$ 4.46	\$ 0.72	\$ 8.76	\$ 4.15
<b>Basic weighted-average shares outstanding</b>				
Class A common stock	1,798	1,854	1,805	1,857
Class B common stock	245	245	245	245
Class C common stock	12	15	13	16
<b>Diluted earnings per share</b>				
Class A common stock	\$ 1.11	\$ 0.18	\$ 2.19	\$ 1.04
Class B common stock	\$ 1.84	\$ 0.29	\$ 3.60	\$ 1.71
Class C common stock	\$ 4.46	\$ 0.72	\$ 8.74	\$ 4.14
<b>Diluted weighted-average shares outstanding</b>				
Class A common stock	2,337	2,406	2,345	2,413
Class B common stock	245	245	245	245
Class C common stock	12	15	13	16

# Visa Inc. Consolidated Statements of Cash Flows (unaudited)

	Six Months Ended March 31,	
	2018	2017
	(in millions)	
<b>Operating Activities</b>		
Net income	\$ 5,127	\$ 2,500
Adjustments to reconcile net income to net cash provided by operating activities:		
Client incentives	2,615	2,072
Share-based compensation	153	116
Depreciation and amortization of property, equipment, technology and intangible assets	298	277
Deferred income taxes	(945)	1,700
Right to recover for covered losses recorded in equity	(4)	(163)
Charitable contribution of Visa Inc. shares	—	192
Other	(13)	23
Change in operating assets and liabilities:		
Settlement receivable	(1,039)	(1,946)
Accounts receivable	(113)	(40)
Client incentives	(2,177)	(2,306)
Other assets	(103)	(301)
Accounts payable	(26)	(83)
Settlement payable	986	883
Accrued and other liabilities	975	(35)
Accrued litigation	(152)	15
Net cash provided by operating activities	<u>5,582</u>	<u>2,904</u>
<b>Investing Activities</b>		
Purchases of property, equipment, technology and intangible assets	(354)	(317)
Investment securities, available-for-sale:		
Purchases	(2,342)	(1,083)
Proceeds from maturities and sales	1,771	3,972
Acquisition of business, net of cash received	(196)	(302)
Purchases of / contributions to other investments	(16)	(2)
Net cash (used in) provided by investing activities	<u>(1,137)</u>	<u>2,268</u>
<b>Financing Activities</b>		
Repurchase of class A common stock	(3,850)	(3,469)
Repayments of long-term debt	(1,750)	—
Dividends paid	(948)	(795)
Payments from litigation escrow account—U.S. retrospective responsibility plan	150	—
Cash proceeds from issuance of common stock under employee equity plans	103	87
Restricted stock and performance-based shares settled in cash for taxes	(88)	(66)
Net cash used in financing activities	<u>(6,383)</u>	<u>(4,243)</u>
Effect of exchange rate changes on cash and cash equivalents	206	(121)
(Decrease) increase in cash and cash equivalents	(1,732)	808
Cash and cash equivalents at beginning of period	9,874	5,619
Cash and cash equivalents at end of period	<u>\$ 8,142</u>	<u>\$ 6,427</u>
<b>Supplemental Disclosure</b>		
Income taxes paid, net of refunds	\$ 1,197	\$ 1,611
Interest payments on debt	\$ 276	\$ 244
Accruals related to purchases of property, equipment, technology and intangible assets	\$ 21	\$ 37

# Visa Inc. Fiscal 2018 and 2017 Quarterly Results of Operations (unaudited)

	Fiscal 2018 Quarter Ended		Fiscal 2017 Quarter Ended		
	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
	(in millions)				
<b>Operating Revenues</b>					
Service revenues	\$ 2,253	\$ 2,146	\$ 2,116	\$ 1,948	\$ 1,993
Data processing revenues	2,127	2,147	2,067	1,984	1,843
International transaction revenues	1,752	1,666	1,792	1,571	1,469
Other revenues	230	229	226	209	203
Client incentives	(1,289)	(1,326)	(1,346)	(1,147)	(1,031)
<b>Net operating revenues</b>	<b>5,073</b>	<b>4,862</b>	<b>4,855</b>	<b>4,565</b>	<b>4,477</b>
<b>Operating Expenses</b>					
Personnel	824	679	655	698	704
Marketing	261	223	290	221	193
Network and processing	169	160	167	158	150
Professional fees	108	92	144	102	83
Depreciation and amortization	153	145	147	132	131
General and administrative	222	236	238	230	406
Litigation provision	—	—	2	—	2
<b>Total operating expenses</b>	<b>1,737</b>	<b>1,535</b>	<b>1,643</b>	<b>1,541</b>	<b>1,669</b>
<b>Operating income</b>	<b>3,336</b>	<b>3,327</b>	<b>3,212</b>	<b>3,024</b>	<b>2,808</b>
<b>Non-operating Income (Expense)</b>					
Interest expense	(153)	(154)	(148)	(140)	(135)
Other	34	66	35	30	29
<b>Total non-operating expense</b>	<b>(119)</b>	<b>(88)</b>	<b>(113)</b>	<b>(110)</b>	<b>(106)</b>
Income before income taxes	3,217	3,239	3,099	2,914	2,702
Income tax provision	612	717	959	855	2,272
<b>Net income</b>	<b>\$ 2,605</b>	<b>\$ 2,522</b>	<b>\$ 2,140</b>	<b>\$ 2,059</b>	<b>\$ 430</b>

# Visa Inc. Reconciliation of Non-GAAP Financial Results

## Fiscal Second Quarter of 2018 (unaudited)

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Our financial results for the six months ended March 31, 2018 and the three and six months ended March 31, 2017 reflect the impact of certain significant items that we believe were not indicative of our operating performance in these or future periods, as they were either non-recurring or had no cash impact. As such, we believe the presentation of adjusted financial results excluding the following items provides a clearer understanding of our operating performance for the periods presented. There were no comparable adjustments recorded for the three months ended March 31, 2018.

- *Remeasurement of deferred tax balances.* During the six months ended March 31, 2018, in connection with the Tax Cuts and Jobs Act's reduction of the corporate income tax rate, we remeasured our net deferred tax liabilities as of the enactment date, resulting in the recognition of a non-recurring, non-cash income tax benefit estimated to be approximately \$1.1 billion.
- *Transition tax on foreign earnings.* During the six months ended March 31, 2018, in connection with the Tax Cuts and Jobs Act's requirement that we include certain untaxed foreign earnings of non-U.S. subsidiaries in our fiscal 2018 taxable income, we recorded a one-time transition tax estimated to be approximately \$1.1 billion.
- *Elimination of deferred tax balances.* During the three and six months ended March 31, 2017, in connection with our legal entity reorganization, we eliminated deferred tax balances originally recognized upon the acquisition of Visa Europe, resulting in the recognition of a non-recurring, non-cash income tax provision of \$1.5 billion.
- *Charitable contribution.* During the three and six months ended March 31, 2017, associated with our legal entity reorganization, we recognized a non-recurring, non-cash general and administrative expense of \$192 million, before tax, related to the charitable donation of Visa Inc. shares that were acquired as part of the Visa Europe acquisition and held as treasury stock. Net of the related cash tax benefit of \$71 million, determined by applying applicable tax rates, adjusted net income increased by \$121 million.

# Visa Inc. Reconciliation of Non-GAAP Financial Results – continued

## Fiscal Second Quarter of 2018 (unaudited)

Adjusted financial results are non-GAAP financial measures and should not be relied upon as substitutes for measures calculated in accordance with U.S. GAAP. The following table reconciles our as-reported financial measures calculated in accordance with U.S. GAAP, to our respective non-GAAP adjusted financial measures for the six months ended March 31, 2018 and the three and six months ended March 31, 2017. There were no comparable adjustments recorded for the three months ended March 31, 2018.

Six Months Ended March 31, 2018							
(in millions, except percentages and per share data)	Operating Expenses	Operating Margin (1)(2)	Income Before Income Taxes	Income Tax Provision	Effective Income Tax Rate <sup>(1)</sup>	Net Income	Diluted Earnings Per Share <sup>(1)</sup>
As reported	\$ 3,272	67 %	\$ 6,456	\$ 1,329	20.6 %	\$ 5,127	\$ 2.19
Remeasurement of deferred tax balances	—	— %	—	1,133		(1,133)	(0.48)
Transition tax on foreign earnings	—	— %	—	(1,147)		1,147	0.49
As adjusted	\$ 3,272	67 %	\$ 6,456	\$ 1,315	20.4 %	\$ 5,141	\$ 2.19

Three Months Ended March 31, 2017							
(in millions, except percentages and per share data)	Operating Expenses	Operating Margin (1)(2)	Income Before Income Taxes	Income Tax Provision	Effective Income Tax Rate <sup>(1)</sup>	Net Income	Diluted Earnings Per Share <sup>(1)</sup>
As reported	\$ 1,669	63 %	\$ 2,702	\$ 2,272	84.1 %	\$ 430	\$ 0.18
Elimination of deferred tax balances	—	— %	—	(1,515)		1,515	0.63
Charitable contribution	(192)	4 %	192	71		121	0.05
As adjusted	\$ 1,477	67 %	\$ 2,894	\$ 828	28.6 %	\$ 2,066	\$ 0.86

Six Months Ended March 31, 2017							
(in millions, except percentages and per share data)	Operating Expenses	Operating Margin (1)(2)	Income Before Income Taxes	Income Tax Provision	Effective Income Tax Rate <sup>(1)</sup>	Net Income	Diluted Earnings Per Share <sup>(1)</sup>
As reported	\$ 3,030	66 %	\$ 5,681	\$ 3,181	56.0 %	\$ 2,500	\$ 1.04
Elimination of deferred tax balances	—	— %	—	(1,515)		1,515	0.63
Charitable contribution	(192)	2 %	192	71		121	0.05
As adjusted	\$ 2,838	68 %	\$ 5,873	\$ 1,737	29.6 %	\$ 4,136	\$ 1.71

<sup>(1)</sup> Figures in the table may not recalculate exactly due to rounding. Operating margin, effective income tax rate, diluted earnings per share and their respective totals are calculated based on unrounded numbers.

<sup>(2)</sup> Operating margin is calculated as operating income divided by net operating revenues.

# Visa Inc. Reconciliation of Non-GAAP Financial Results

## Fiscal Full-Year 2017 (unaudited)

Our fiscal full-year 2018 annual diluted class A common stock earnings per share growth outlook is based on adjusted non-GAAP fiscal full-year 2017 results, which are reconciled to their closest comparable U.S. GAAP financial measure below.

Our financial results during the twelve months ended September 30, 2017 reflected the impact of certain significant items that we do not believe were indicative of our ongoing operating performance in these or future periods, as they were either non-recurring or have no cash impact. As such, we believe the presentation of adjusted financial results excluding the following items provides a clearer understanding of our operating performance for the period presented.

- *Elimination of deferred tax balances.* During the twelve months ended September 30, 2017, in connection with our legal entity reorganization, we eliminated deferred tax balances originally recognized upon the acquisition of Visa Europe, resulting in the recognition of a non-recurring, non-cash income tax provision of \$1.5 billion.
- *Charitable contribution.* During the twelve months ended September 30, 2017, associated with our legal entity reorganization, we recognized a non-recurring, non-cash general and administrative expense of \$192 million, before tax, related to the charitable donation of Visa Inc. shares that were acquired as part of the Visa Europe acquisition and held as treasury stock. Net of the related cash tax benefit of \$71 million, determined by applying applicable tax rates, adjusted net income increased by \$121 million.

Adjusted financial results are non-GAAP financial measures and should not be relied upon as substitutes for measures calculated in accordance with U.S. GAAP. The following table reconciles our as-reported financial measures calculated in accordance with U.S. GAAP, to the respective non-GAAP adjusted financial measures for the twelve months ended September 30, 2017.

(in millions, except percentages and per share data)	Twelve Months Ended September 30, 2017						
	Operating Expenses	Operating Margin <sup>(1),(2)</sup>	Income Before Income Taxes	Income Tax Provision	Effective Income Tax Rate <sup>(1)</sup>	Net Income	Diluted Earnings Per Share <sup>(1)</sup>
As reported	\$ 6,214	66 %	\$ 11,694	\$ 4,995	42.7 %	\$ 6,699	\$ 2.80
Elimination of deferred tax balances	—	— %	—	(1,515)		1,515	0.63
Charitable contribution	(192)	1 %	192	71		121	0.05
As adjusted	\$ 6,022	67 %	\$ 11,886	\$ 3,551	29.9 %	\$ 8,335	\$ 3.48

<sup>(1)</sup> Figures in the table may not recalculate exactly due to rounding. Operating margin, effective income tax rate, diluted earnings per share and their respective totals are calculated based on unrounded numbers.

<sup>(2)</sup> Operating margin is calculated as operating income divided by net operating revenues.