



Visa Inc. Fiscal Second Quarter 2009 Financial Results

April 29, 2009

Safe Harbor Reminder



- Certain statements contained in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the “safe harbor” created by those sections. These statements can be identified by the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will” and similar expressions which are intended to identify forward-looking statements. In addition, any underlying assumptions are forward-looking statements. Such forward-looking statements include but are not limited to statements regarding certain of Visa’s goals and expectations with respect to adjusted earnings per share, revenue, adjusted operating margin, and free cash flow, and the growth rate in those items, as well as other measures of economic performance.
- By their nature, forward-looking statements: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as a result of a variety of factors, including all the risks discussed in Part 1, Item 1A – “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2008. You are cautioned not to place undue reliance on such statements, which speak only as of the date of this presentation. Unless 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.

Solid Fiscal Second Quarter Results



- Adjusted quarterly net income of \$553 million or adjusted diluted earnings of \$0.73 per share
- Strong operating revenues of \$1.6 billion for the second quarter, up 13%
- Continued positive secular trends
- Business model resilience despite economic slowdown

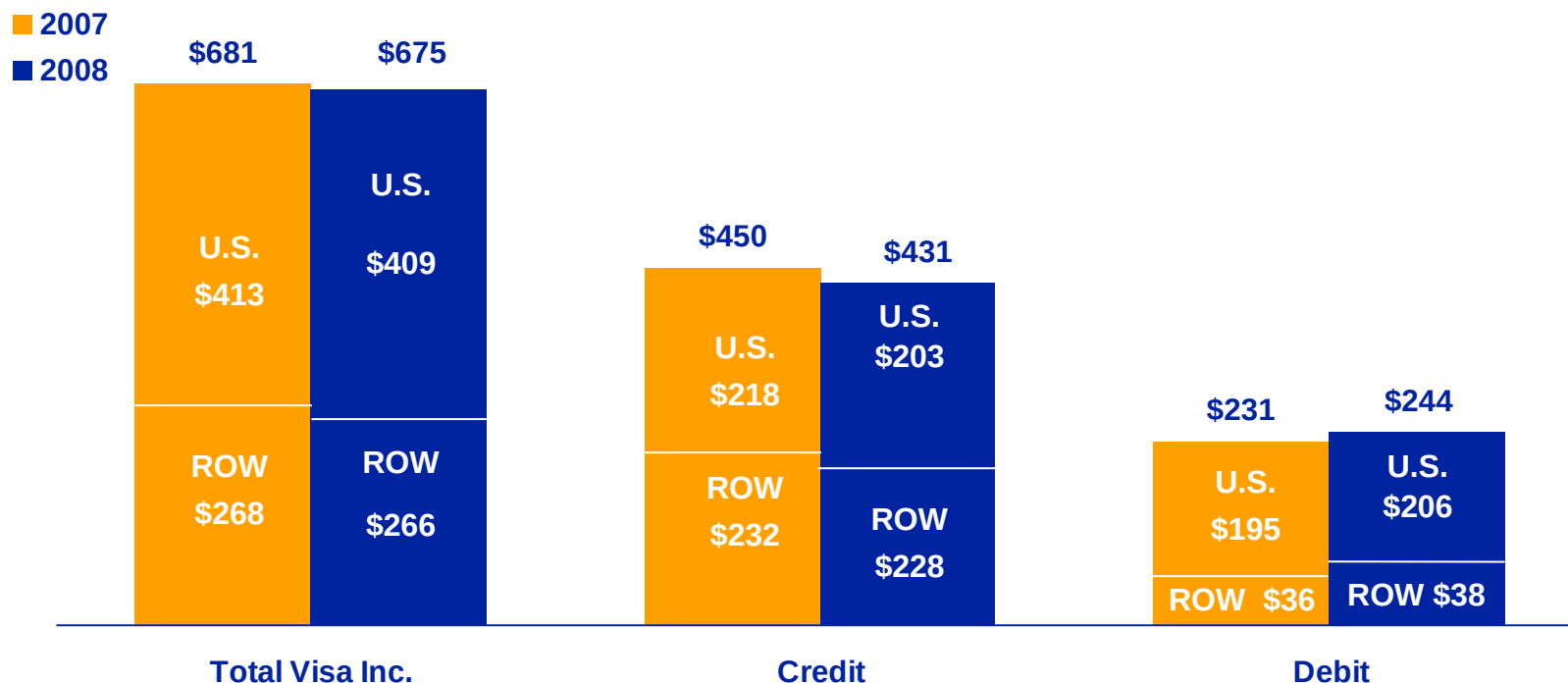
Note: See appendix for reconciliation of adjusted non-GAAP measures to the closest comparable GAAP measures.

Payments Volume – Q2 2009

US\$ in billions, nominal



Quarter ended December



**YOY
Change**

-1%

-4%

6%

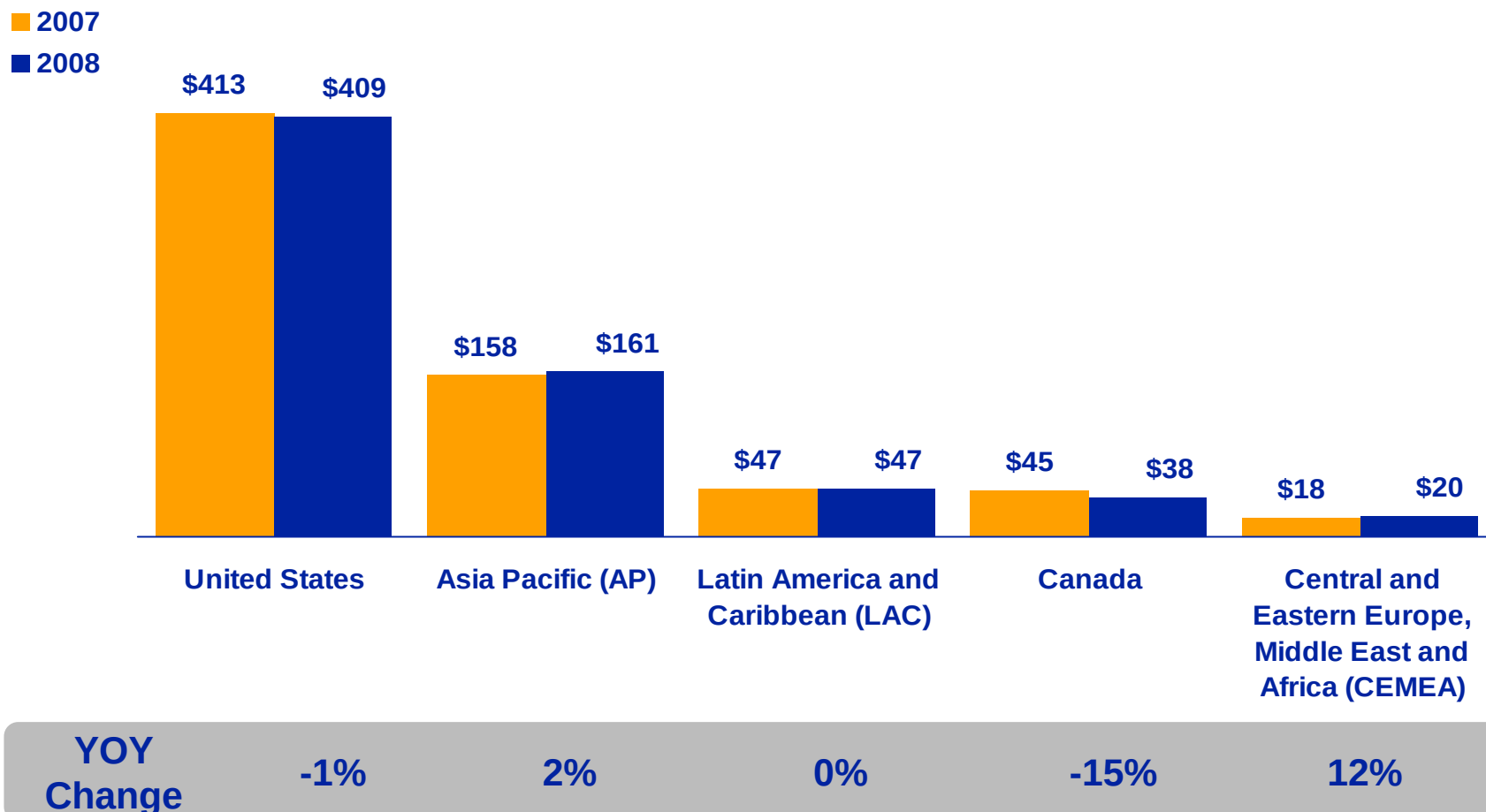
Note: Figures may not sum due to rounding. Growth rates calculated based on whole numbers, not rounded numbers. From time to time, previously submitted volume information may be updated. Prior year volume information presented have not been updated, as changes made are not material.

Payments Volume – Q2 2009 Regional

US\$ in billions, nominal



Quarter ended December



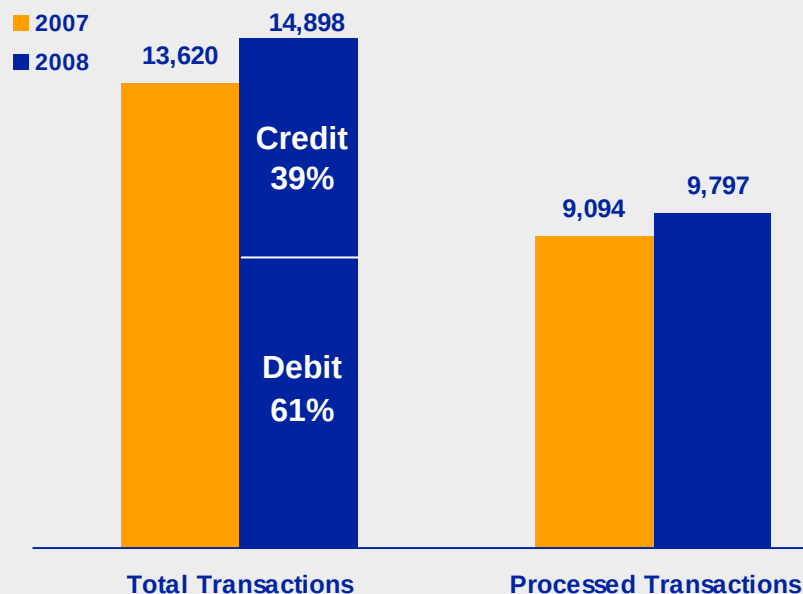
Note: Growth rates calculated based on whole numbers, not rounded numbers. From time to time, previously submitted volume information may be updated. Prior year volume information presented have not been updated, as changes made are not material.

Transactions – Q2 2009

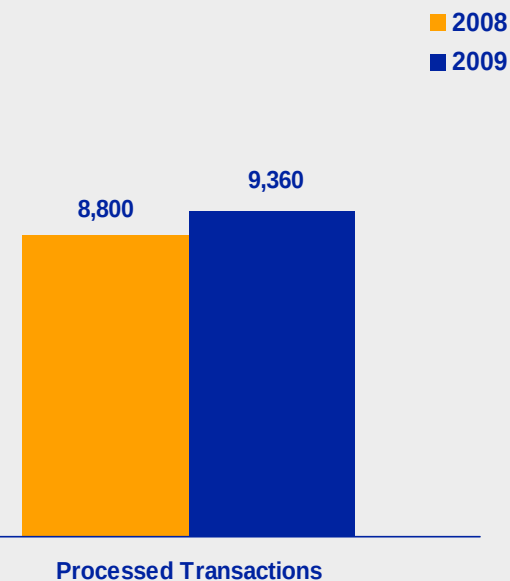
in millions



Quarter ended December



Quarter ended March



**YOY
Change**

9%

8%

6%

Note: Processed transactions represent transactions involving Visa, Visa Electron, Interlink and Plus cards processed on Visa's networks. Total transactions represent payments and cash transactions as reported by Visa members on their operating certificates.

Total Cards

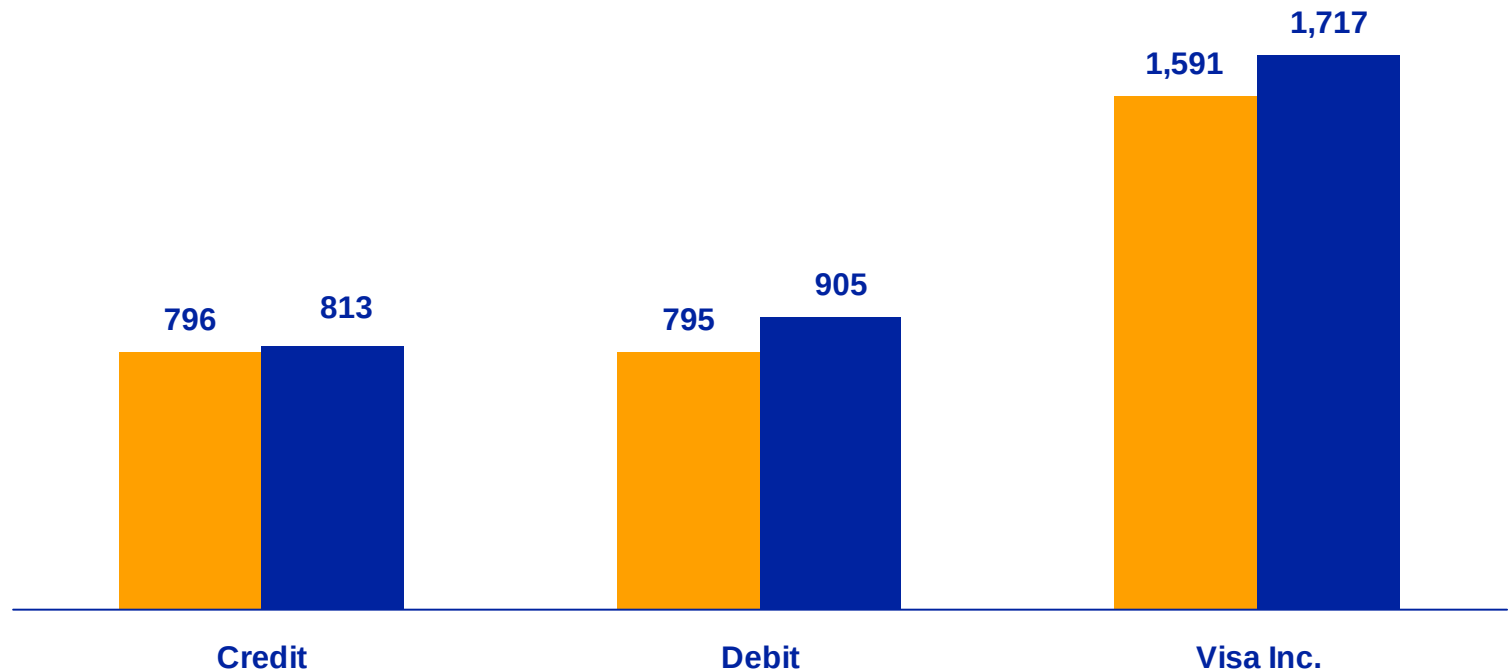
in millions



Quarter ended December

■ 2007

■ 2008



YOY
Change

2%

14%

8%

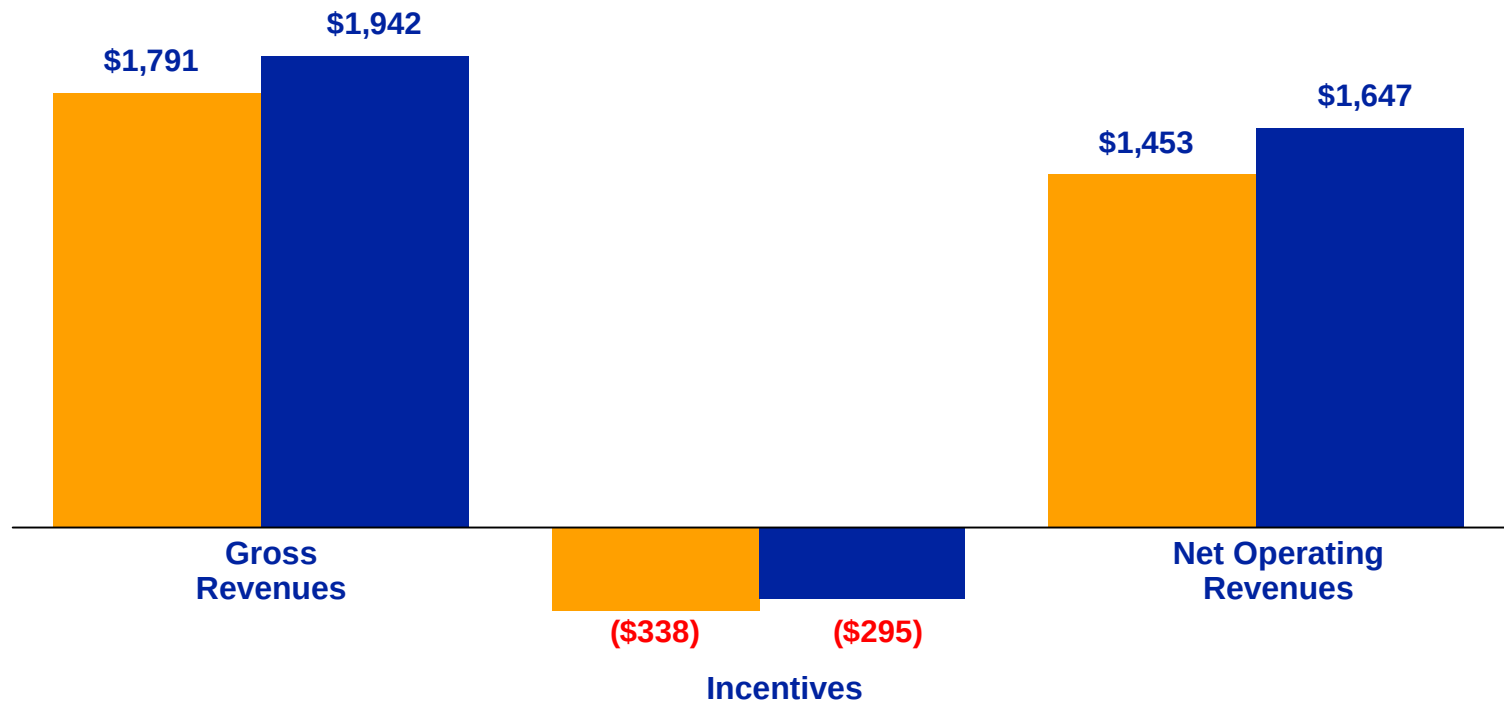
Revenue Detail – Q2 2009

US\$ in millions



■ 2008

■ 2009



YOY
Change

8%

-13%

13%

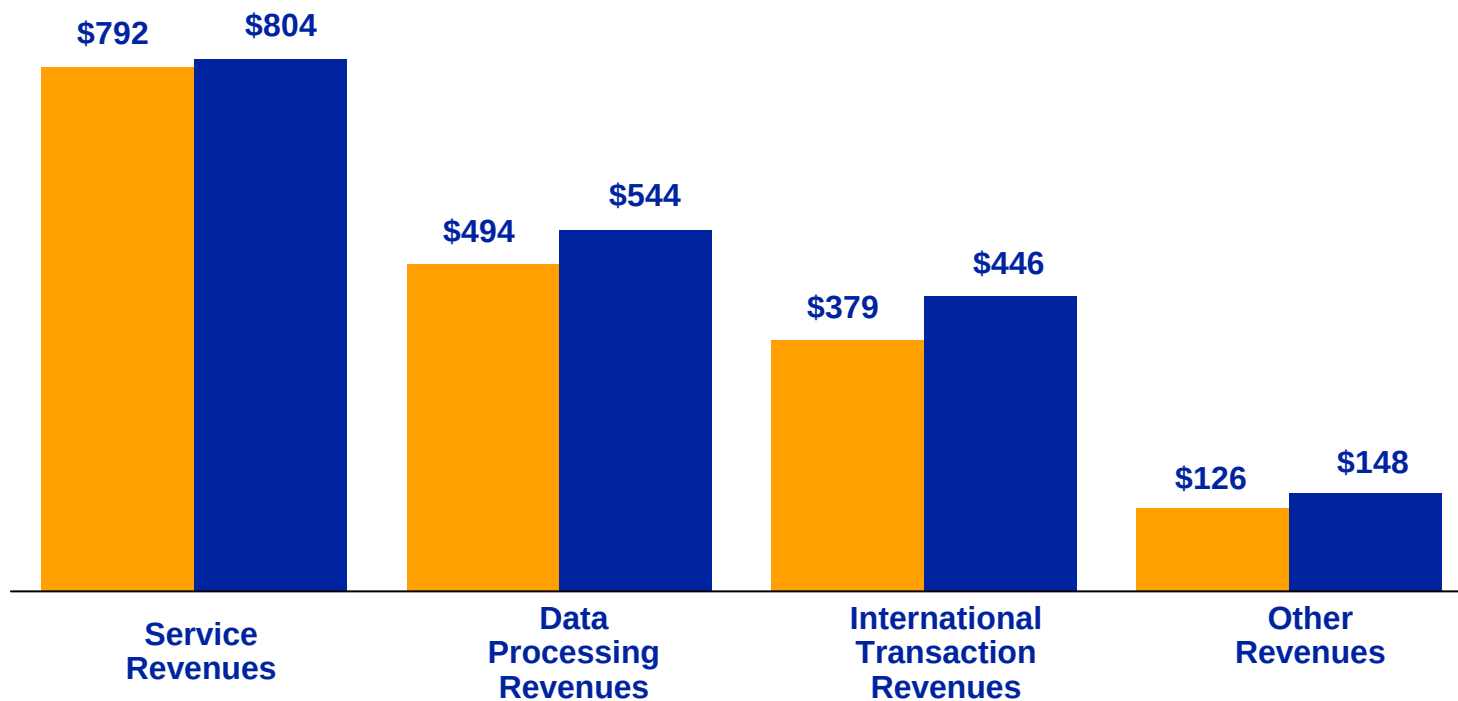
Revenue Detail – Q2 2009

US\$ in millions



■ 2008

■ 2009



**YOY
Change**

2%

10%

18%

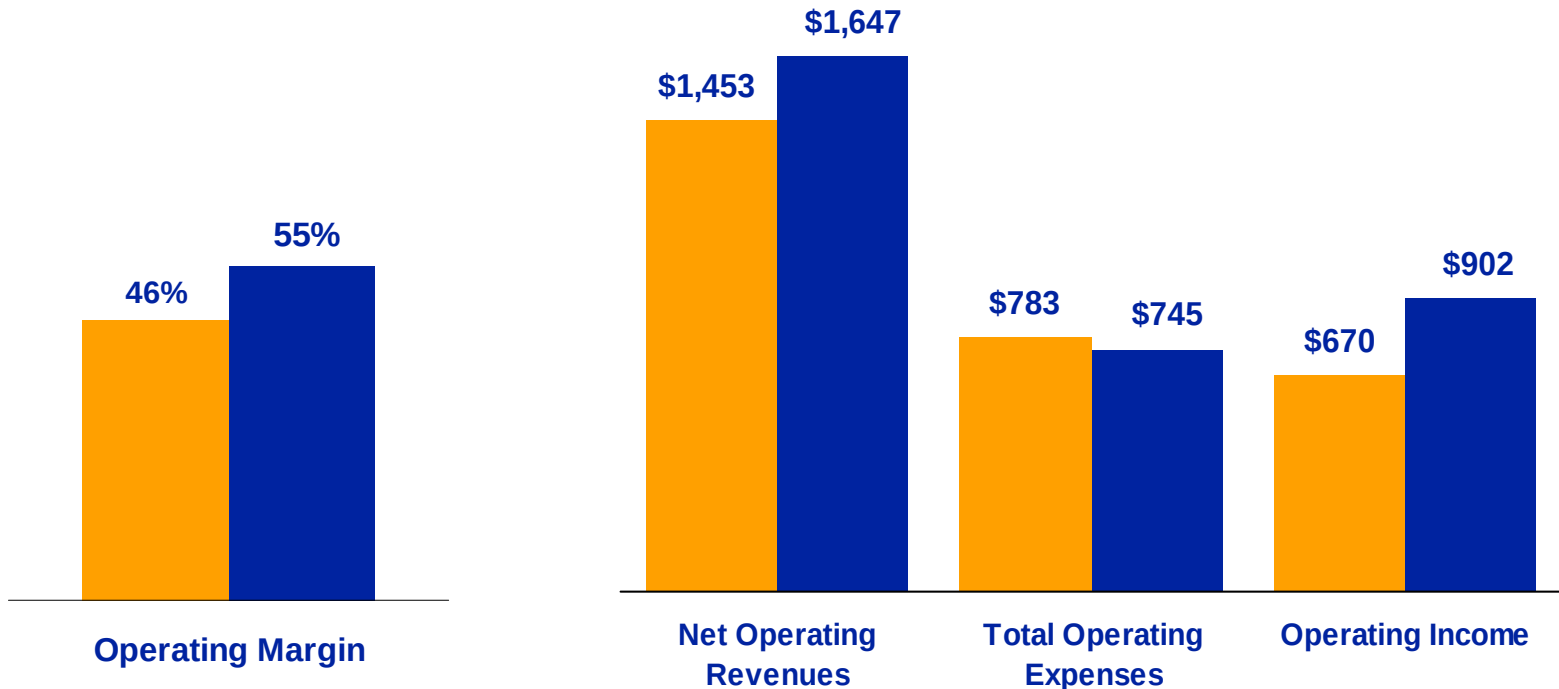
17%

Adjusted Operating Margin – Q2 2009

US\$ in millions



■ 2008
■ 2009



YOY
Change

9 pts

13%

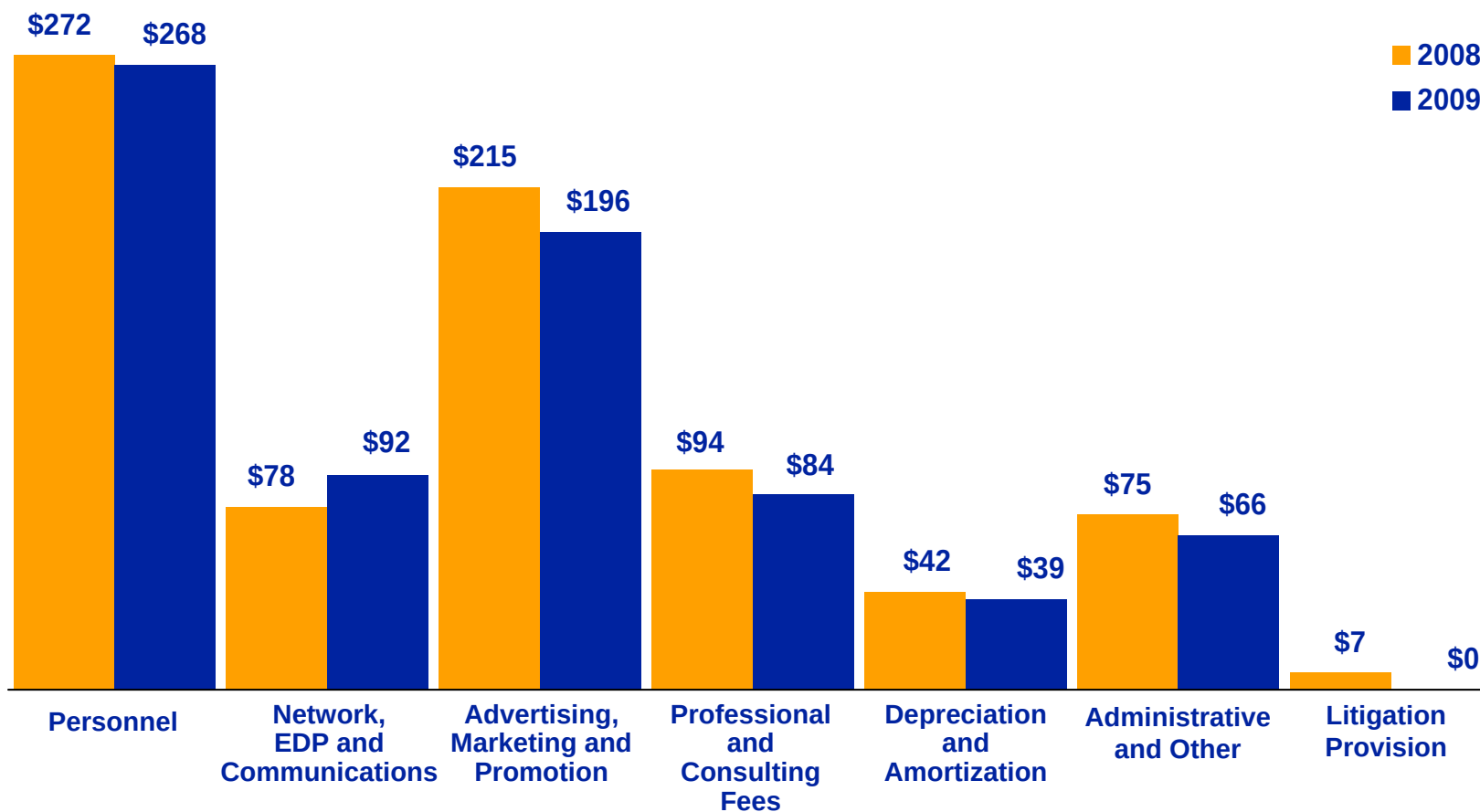
-5%

35%

Adjusted Operating Expenses – Q2 2009



US\$ in millions



YOY Change	-1%	18%	-9%	-11%	-7%	-12%	-100%
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Other Financial Results



- **Capital expenditures during the fiscal second quarter were \$68 million**
- **Cash, cash equivalents, restricted cash and investment securities of \$5.8 billion at the end of the second quarter**
 - \$2.1 billion of restricted cash for litigation escrow
- **Free cash flow of \$1.2 billion generated in the year-to-date**

Financial Metrics through Fiscal Year 2010



Annual net revenue growth

FY 2009: high single digits
FY 2010: 11-15%

Annual adjusted operating margin

FY 2009: Low 50% range
FY 2010: High 40% / Low 50% range

Annual adjusted diluted class A common earnings per share growth

20% +

Annual free cash flow

\$1 billion +

Capital Expenditures

FY 2009: \$300-350 M
FY 2010: 3 - 4% of gross revenue



Appendix –

**Reconciliation of Non-GAAP
Measures**

Adjusted Operating Income and Net Income

US\$ in millions



	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Net income (as reported)	\$ 536	\$ 314
Addback: Income tax expense (as reported)	352	56
Less: Minority interest (as reported)	(1)	-
Net income before taxes and minority interest (as reported)	\$ 887	\$ 370
Adjustments:		
Litigation reserve ⁽¹⁾	-	285
Restructuring ⁽²⁾	4	19
Asset step-up amortization ⁽³⁾	17	17
Adjustments to operating income	21	321
Interest accretion on American Express settlement ⁽⁴⁾	9	23
Interest expense on Discover settlement ⁽⁵⁾	2	-
Investment income on Litigation Escrow and EU proceeds ⁽⁶⁾	(6)	(7)
Underwater contract (LIBOR adjustment) ⁽⁷⁾	-	(28)
Adjustments to non-operating (expense) income	5	(12)
Total adjustments	26	309
Adjusted net income before tax	913	679
Adjusted income tax expense ⁽⁸⁾	(361)	(278)
Addback: Minority interest (as reported)	1	-
Adjusted net income	\$ 553	\$ 401
Operating income (as reported)	\$ 881	\$ 349
Addback: Adjustments to operating income	21	321
Adjusted operating income	\$ 902	\$ 670
Operating revenues (as reported)	\$ 1,647	\$ 1,453
Adjusted operating margin	55%	46%
Total operating expenses (as reported)	\$ 766	\$ 1,104
Less: Adjustments to operating expenses	(21)	(321)
Adjusted operating expenses	\$ 745	\$ 783

⁽¹⁾ Litigation reserve related to the covered litigation. Settlement of, or judgments in, covered litigation will be paid from the litigation escrow account.

⁽²⁾ Restructuring costs associated with workforce consolidation and elimination of overlapping functions.

⁽³⁾ Non-cash amortization and depreciation of the incremental basis in technology and building assets acquired in the reorganization.

⁽⁴⁾ Non-cash interest expense recorded on future payments to be made under the settlement agreement with American Express. These payments will be paid from the litigation escrow account.

⁽⁵⁾ Interest expense recorded on future payments to be made under the settlement agreement with Discover. These payments will be paid from the litigation escrow account.

⁽⁶⁾ Investment income earned during the period on all IPO proceeds held, including amounts held in the litigation escrow and amounts the Company used in October 2008 to redeem all class C (series II) common stock and a portion of the class C (series III) common stock held by Visa Europe.

⁽⁷⁾ Other expense (income) recorded in the periods presented as a result of changes in the Company's estimated liability under the Framework Agreement, which governs its relationship with Visa Europe. The changes were primarily due to movement in the LIBOR rates in the periods presented. This liability terminated after the October 2008 redemptions described above.

⁽⁸⁾ Reflects a normalized tax rate of 39.5% and 41% for fiscal 2009 and 2008, respectively.

Reconciliation of Non-GAAP Adjusted Operating Expenses

US\$ in millions



Three Months Ended March 31, 2009

	Actual	Adjustments		As Adjusted
Personnel	\$ 272	\$ (4)	(1)	\$ 268
Network, EDP and communications	92	-		92
Advertising, marketing and promotion	196	-		196
Professional and consulting fees	84	-		84
Depreciation and amortization	56	(17)	(2)	39
Administrative and other	66	-		66
Litigation provision	-	-		-
Total operating expenses	<u>\$ 766</u>	<u>\$ (21)</u>		<u>\$ 745</u>

(1) Restructuring

(2) Asset step-up amortization

(3) Litigation Reserve

Three Months Ended March 31, 2008

	Actual	Adjustments		As Adjusted
	\$ 289	\$ (17)	(1)	\$ 272
	78	-		78
	215	-		215
	96	(2)	(1)	94
	59	(17)	(2)	42
	75	-		75
	292	(285)	(3)	7
	<u>\$ 1,104</u>	<u>\$ (321)</u>		<u>\$ 783</u>

Reconciliation of Non-GAAP Adjusted Non-operating (Expense) Income



US\$ in millions

	Three Months Ended March 31, 2009			Three Months Ended March 31, 2008		
	Actual	Adjustments	As Adjusted	Actual	Adjustments	As Adjusted
Equity in earnings of unconsolidated affiliates	\$ 1	-	\$ 1	\$ -	-	\$ -
Interest expense	(30)	11 ⁽¹⁾	(19)	(41)	23 ⁽¹⁾	(18)
Investment income, net	34	(6) ⁽²⁾	28	34	(7) ⁽²⁾	27
Other	1	-	1	28	(28) ⁽³⁾	-
Total other income	<u>\$ 6</u>	<u>\$ 5</u>	<u>\$ 11</u>	<u>\$ 21</u>	<u>(12)</u>	<u>\$ 9</u>

⁽¹⁾ Interest accretion on American Express Settlement and interest expense on Discover Settlement

⁽²⁾ Investment income on Litigation Escrow funds and funds used in October 2008 for the repurchase of shares from Visa Europe

⁽³⁾ Underwater contract (LIBOR adjustment)

Class A Common Stock

Adjusted Diluted Earnings per Share



- Management believes the presentation of adjusted operating income and adjusted net income provides a clearer understanding of the one-time items related to the Company's reorganization, initial public offering and other non-recurring events. These measures also adjust for expenses related to covered litigation that will be funded by the litigation escrow account. These items have an impact on our financial results but are either non-recurring or have no operating cash impact.
- Recognizing that we have a very complex equity structure incorporating multiple classes and series of common stock, the Company has also presented adjusted diluted class A earnings per share calculated below based on adjusted net income and the weighted average number of diluted class A shares outstanding in the periods presented (adjusted in the prior period presented). This non-GAAP financial measure has been presented to illustrate our per share results reflecting our capital structure after the redemption of all class C (series II) common stock and a portion of class C (series III) common stock, which the Company redeemed in October 2008. Management believes this non-GAAP presentation provides the reader with a clearer understanding of our per share results by excluding these redeemed shares and allocating adjusted net income only to permanent equity.

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
	<i>(in millions, except per share data)</i>	
Adjusted net income	\$ 553	\$ 401
Weighted average number of diluted shares outstanding	753	779
Adjusted diluted earnings per share	<u>\$ 0.73</u>	<u>\$ 0.52</u>

Calculation of Free Cash Flow



US\$ in millions

	Additions (+) / Reductions (-) to Net income		For the Six Months Ended March 31, 2009
		Net income (as reported)	\$ 1,110
Recurring Items:			
Capital Assets	+	Depreciation and amortization	108
	-	Capital expenditures	(136)
Share-based compensation	+	Share-based compensation	64
Litigation	+	Litigation provision	-
	+	Accretion expense	49
	-	Settlement payments	(1,095)
Pension	+	Pension expense	28
	-	Pension contribution	(4)
Taxes	+	Income tax expense	731
	-	Income taxes paid	(324)
Non-recurring Items⁽¹⁾:			
Covered Litigation	+	Settlement payments funded by litigation escrow	939
	-	Tax benefit on settlement payments	(342)
	+	Settlement payments funded by Morgan Stanley	33
Total Free Cash Flow			\$ 1,161

(1) - Adjustments to eliminate the cash impact of non-recurring items.