



Visa Inc. Fiscal Third Quarter 2008 Financial Results

July 30, 2008



Safe Harbor Reminder



- The following materials and management's discussion of them may contain "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. 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 under the heading "*Risk Factors*" in our Prospectus dated March 18, 2008, filed with the U.S. Securities and Exchange Commission pursuant to Rule 424(b)(4) on March 19, 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 Third Quarter Results



- Adjusted quarterly net income of \$457 million or adjusted diluted earnings of \$0.59 per share
- Strong operating revenues of \$1.6 billion, up 18% yearly on a pro forma basis
- Continued positive secular trends
- Business model resilience despite economic slowdown

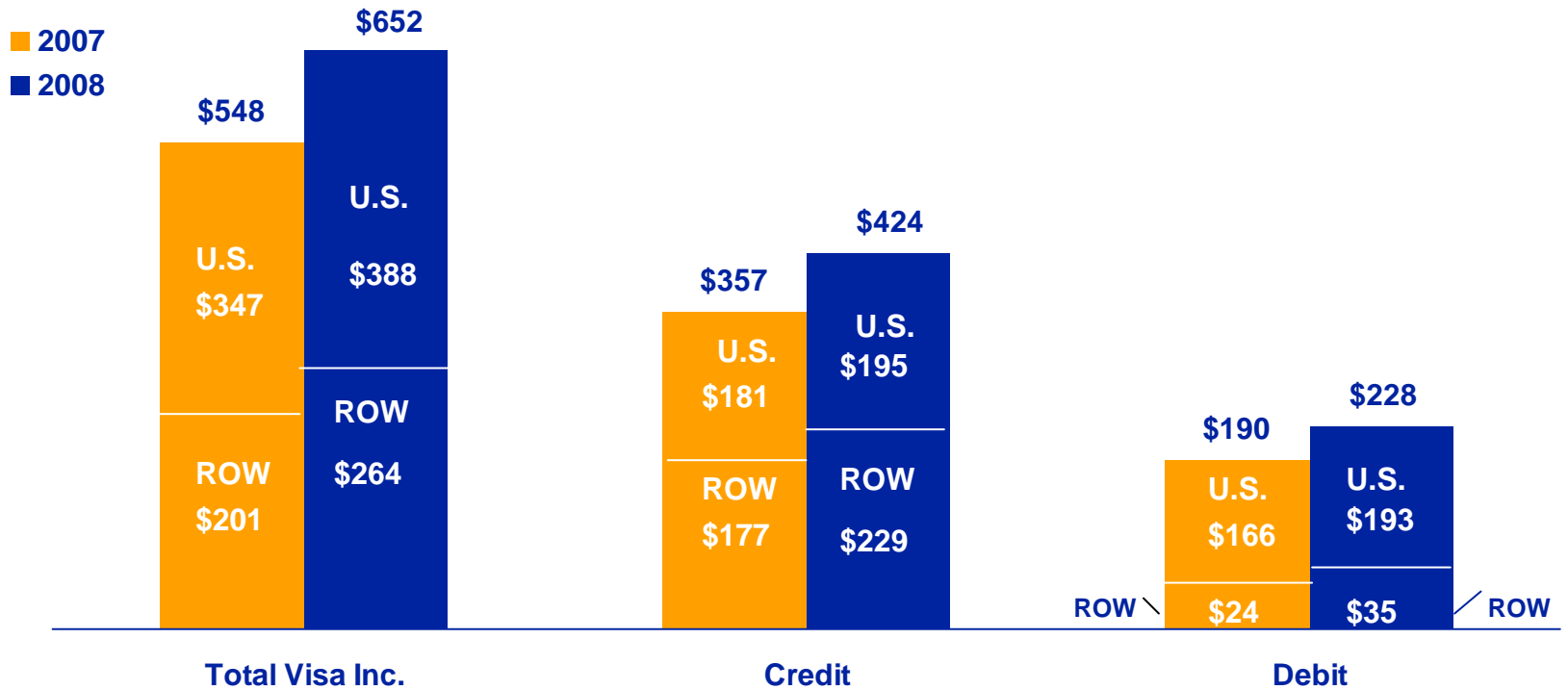
Note: See appendix for reconciliation of adjusted non-GAAP measures to the closest comparable GAAP measures.

Payments Volume

US\$ in billions, nominal



Quarter ended March



YOY Growth 19%

19%

20%

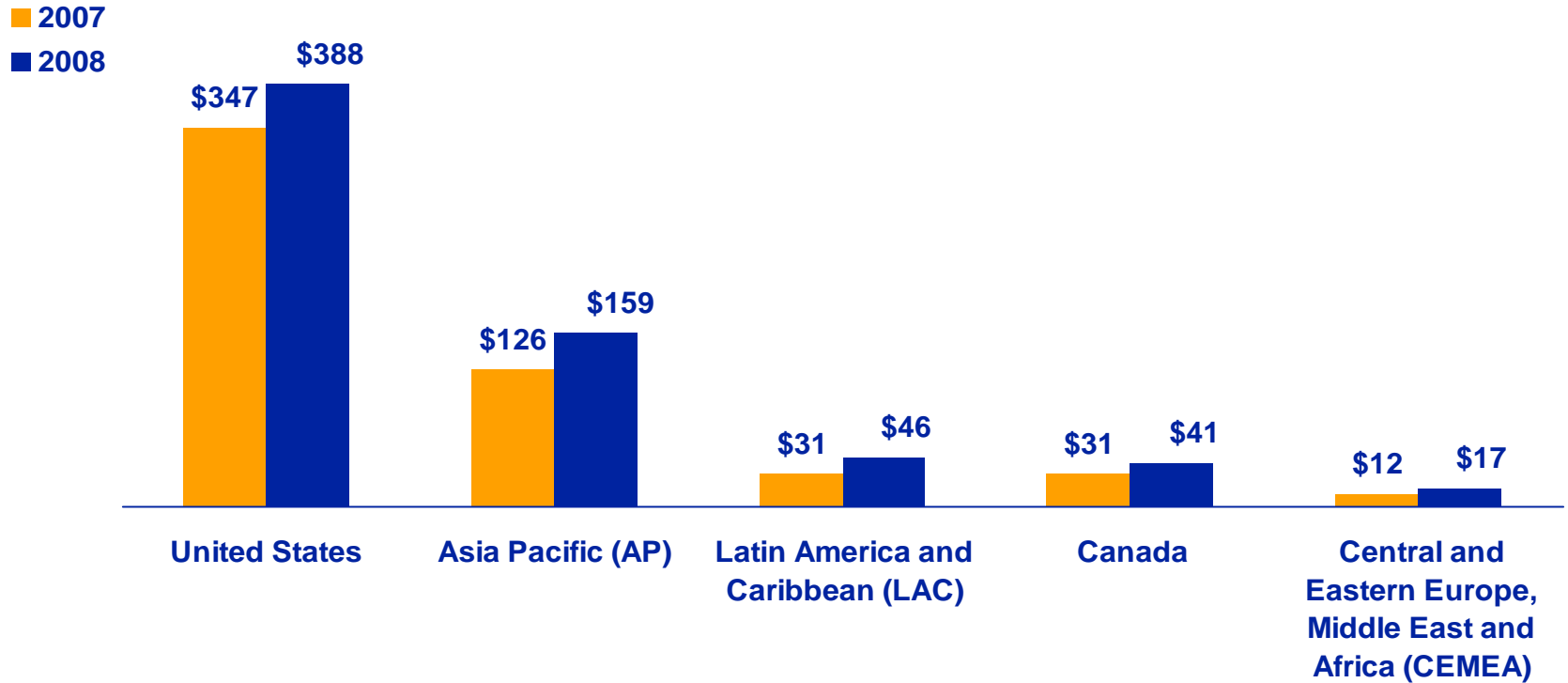
Note: Figures may not sum due to rounding.

Payments Volume

US\$ in billions, nominal



Quarter ended March



YOY Growth 12%

27%

48%

31%

40%

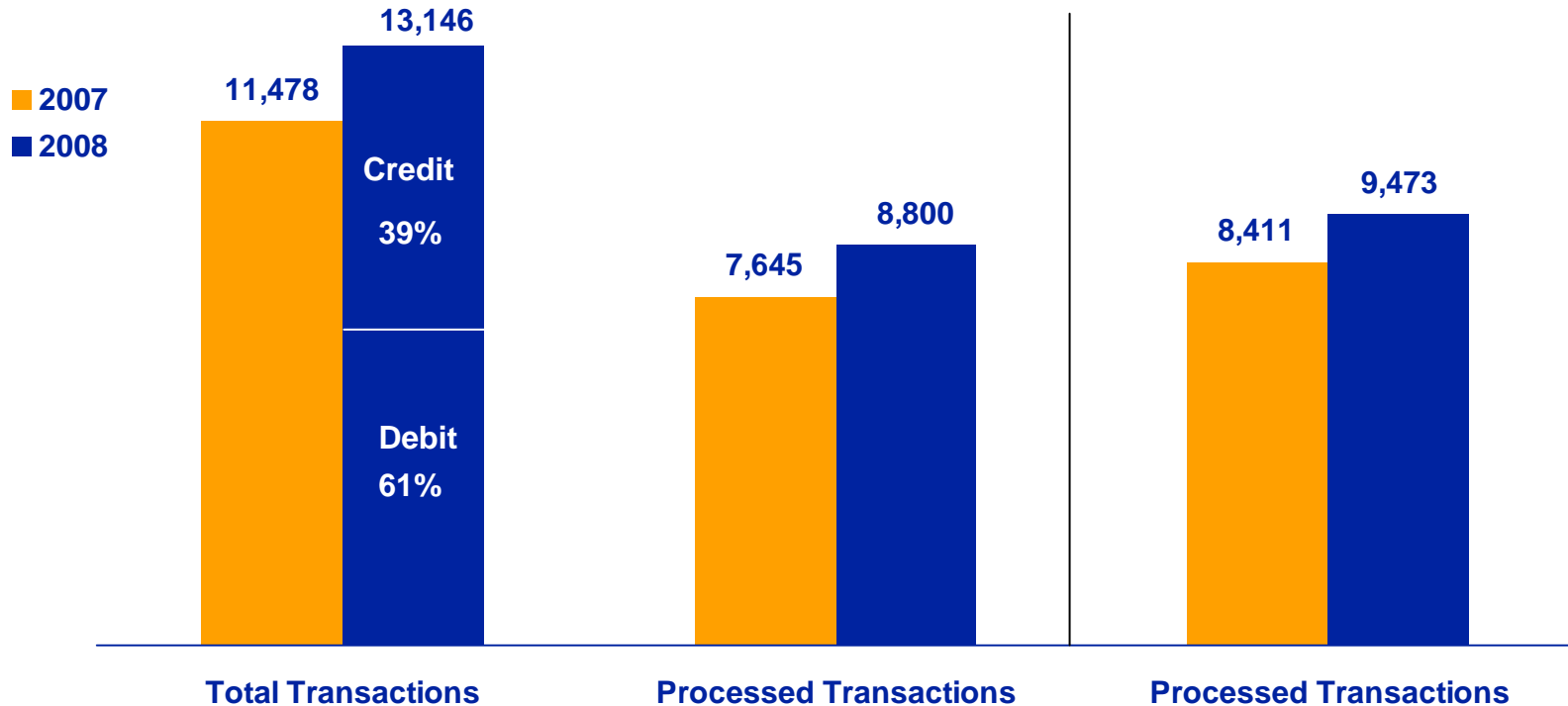
Transactions

in millions



Quarter ended March

Quarter ended June



YOY Growth 15%

15%

13%

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.

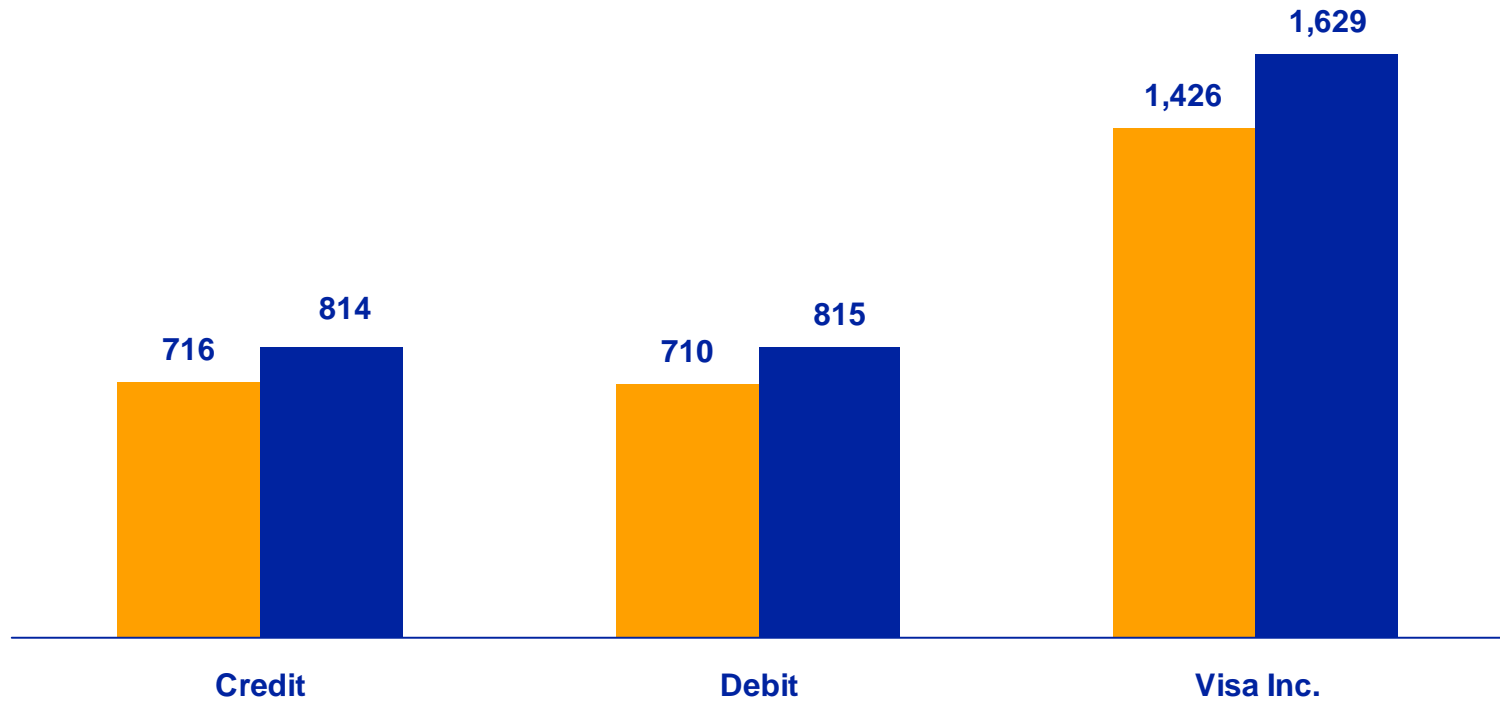
Total Cards

in millions



Quarter ended March

■ 2007
■ 2008



YOY Growth

14%

15%

14%

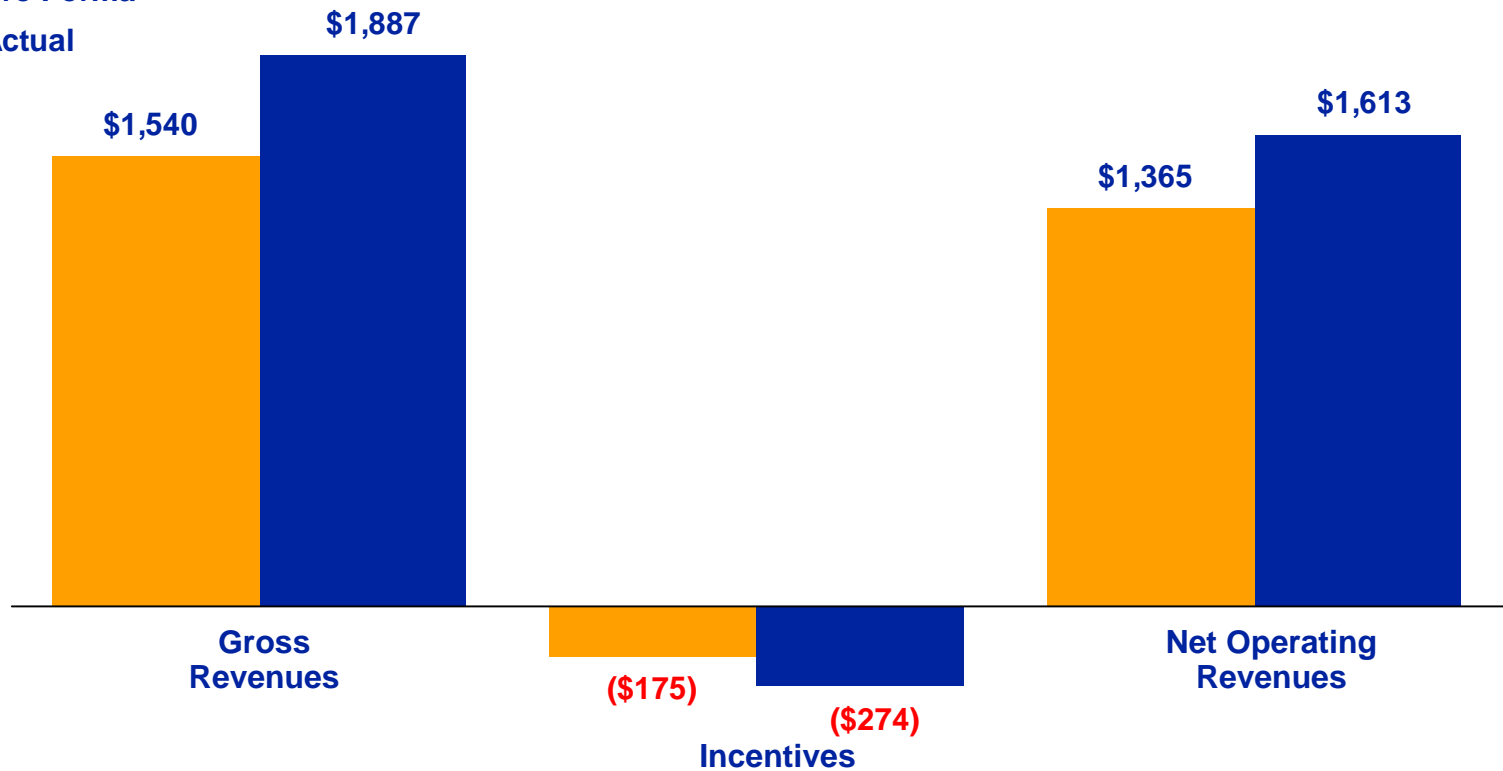
Revenue Detail

US\$ in millions



■ Q3 FY 2007 Pro Forma

■ Q3 FY 2008 Actual



YOY Growth

23%

57%

18%

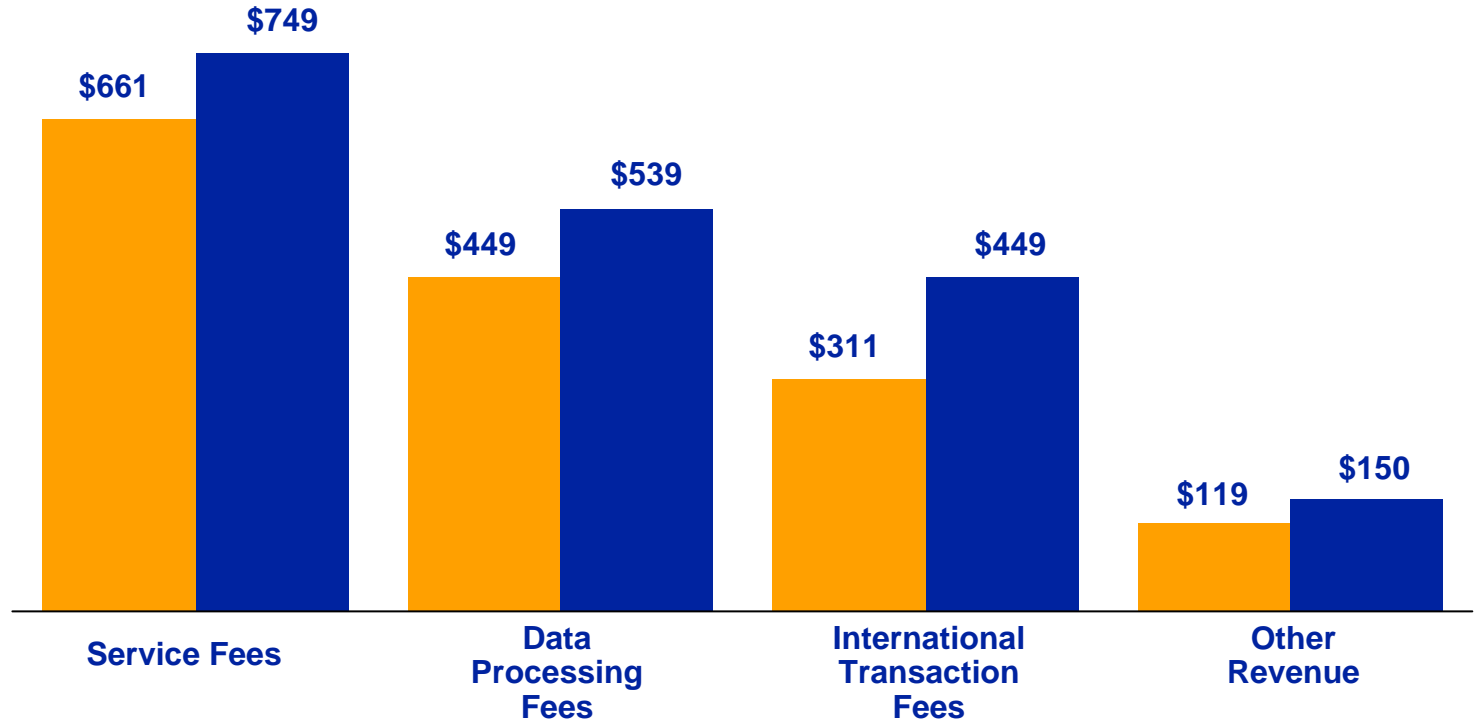
Revenue Detail

US\$ in millions



■ Q3 FY 2007 Pro Forma

■ Q3 FY 2008 Actual



YOY Growth

13%

20%

44%

26%

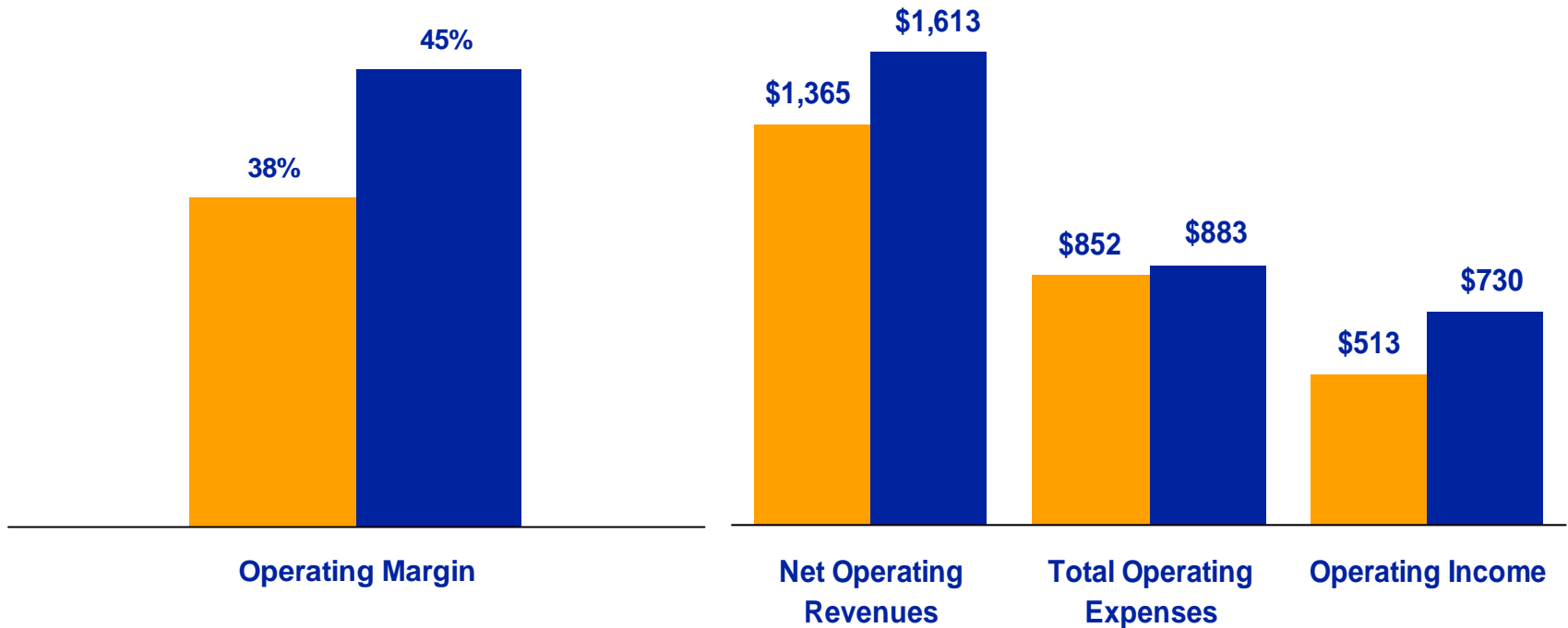
Adjusted Operating Margin

US\$ in millions



■ Q3 FY 2007 Pro Forma

■ Q3 FY 2008 Actual



YOY Growth 7 pts

18%

4%

42%

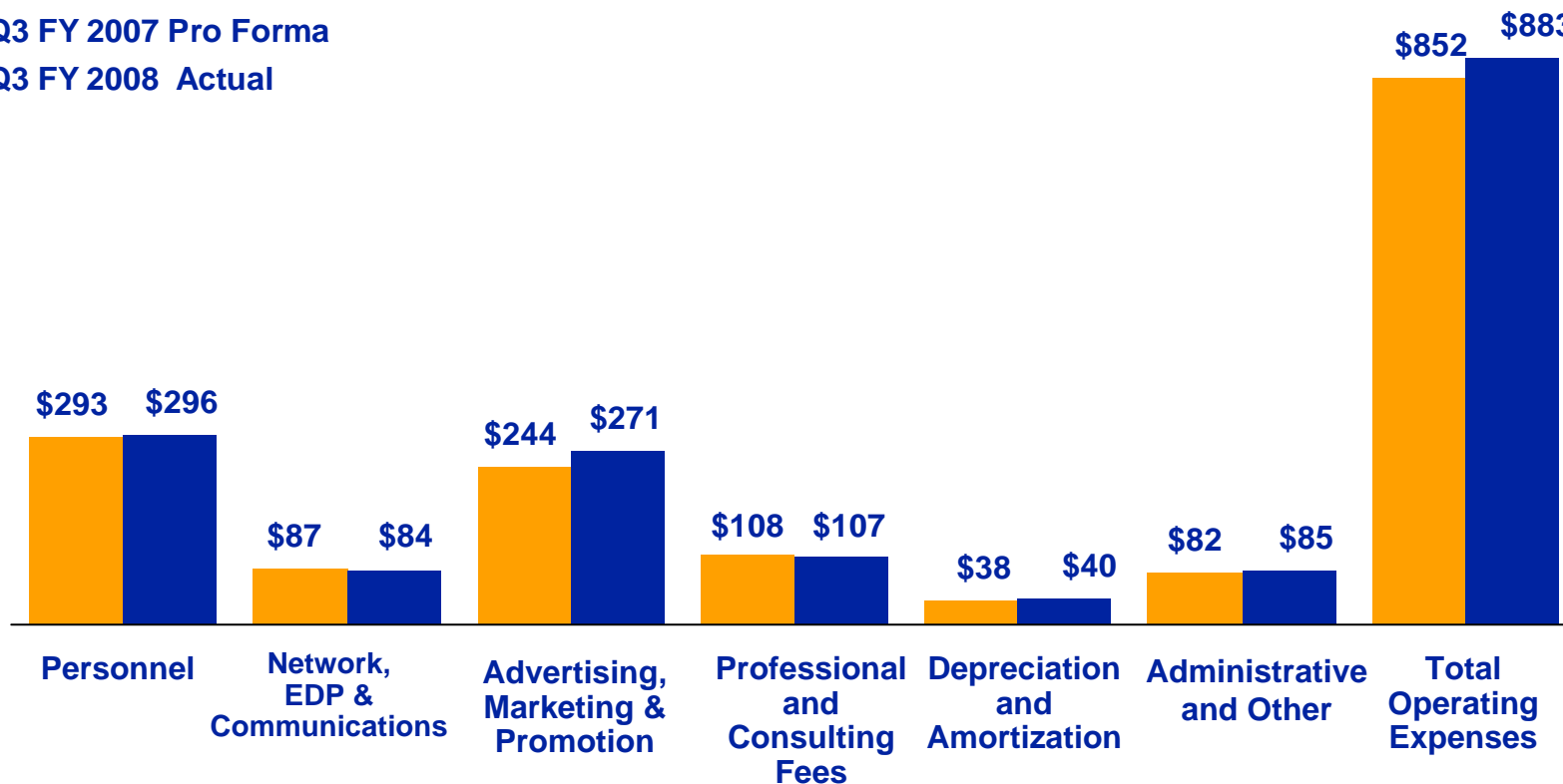
Adjusted Operating Expenses

US\$ in millions



■ Q3 FY 2007 Pro Forma

■ Q3 FY 2008 Actual



YOY Growth

1%

(3%)

11%

(1%)

5%

4%

4%

Note: Restructuring contains Personnel, Professional fees and Administrative and Other expenses associated with organizational changes. See appendix for reconciliation of adjusted non-GAAP measures to the closest comparable GAAP measures.

Other Financial Results



- Capital expenditures during the fiscal third quarter were \$86 million and over half are attributable to the build-out of our new data center
- Cash, cash equivalents, restricted cash and investment securities available-for-sale of \$8.4 billion during the fiscal third quarter
 - \$2.0 billion of restricted cash for litigation escrow
 - \$2.7 billion for October redemption of European Class C shares

Financial Metrics through Fiscal Year 2010



Annual net revenue growth

11-15%

Annual adjusted operating margin

**Mid-to-High
40% Range**

Annual adjusted diluted class A common earnings per share growth

20% +

Annual free cash flow (cash flow from operations plus cash reimbursements from litigation escrow less capital spending)

\$1 billion +



Appendix –

**Reconciliation of Non-GAAP
Measures**



Pro Forma Quarterly Results of Operations



US\$ in millions

	Fiscal 2007 Quarter Ended ⁽¹⁾			
	December 31, 2006	March 31, 2007	June 30, 2007 ⁽²⁾	September 30, 2007 ⁽²⁾
Operating Revenues				
Service fees	\$ 577	\$ 614	\$ 661	\$ 730
Data processing fees	377	370	449	463
Volume and support incentives	(136)	(187)	(175)	(216)
International transaction fees	247	281	311	354
Other revenues	108	113	119	133
Total operating revenues	<u>1,173</u>	<u>1,191</u>	<u>1,365</u>	<u>1,464</u>
Operating Expenses				
Personnel	273	269	293	324
Network, EDP and communications	68	69	87	84
Advertising, marketing and promotion	205	182	244	444
Professional and consulting fees	101	136	159	156
Depreciation and amortization	55	54	55	64
Administrative and other	76	74	83	101
Litigation provision	2	13	-	2,638
Total operating expenses	<u>780</u>	<u>797</u>	<u>921</u>	<u>3,811</u>
Operating income (loss)	<u>393</u>	<u>394</u>	<u>444</u>	<u>(2,347)</u>
Other Income (Expense)				
Interest expense	(23)	(24)	(25)	(24)
Investment income, net	40	36	56	65
Other	-	-	8	-
Total other income	<u>17</u>	<u>12</u>	<u>39</u>	<u>41</u>
Income (loss) before income taxes	410	406	483	(2,306)
Income tax expense/(benefit)	161	160	184	(651)
Net income (loss)	<u>\$ 249</u>	<u>\$ 246</u>	<u>\$ 299</u>	<u>\$ (1,655)</u>

(1) Visa Inc. had no operations prior to the reorganization on October 1, 2007. In order to provide insight into our operating results, the pro forma results of operations for the prior periods have been prepared for comparative purposes assuming that the reorganization had occurred on October 1, 2006. These pro forma statements of operations have been prepared in accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations."

(2) Certain immaterial reclassifications were made to the quarter ended June 30 and September 30, 2007 pro forma financial statements to conform to the current presentation.

Pro Forma Results of Operations⁽¹⁾⁽²⁾

US\$ in millions



	<u>For the Three Months Ended June 30, 2007</u>	<u>For the Nine Months Ended June 30, 2007</u>
Operating Revenues		
Service fees	\$ 661	\$ 1,852
Data processing fees	449	1,196
Volume and support incentives	(175)	(498)
International transaction fees	311	839
Other revenues	119	340
Total operating revenues	<u>1,365</u>	<u>3,729</u>
Operating Expenses		
Personnel	293	835
Network, EDP, and communications	87	224
Advertising, marketing, and promotion	244	631
Professional and consulting fees	159	396
Depreciation and amortization	55	164
Administrative and other	83	233
Litigation provision	-	15
Total operating expenses	<u>921</u>	<u>2,498</u>
Operating income	<u>444</u>	<u>1,231</u>
Other Income (Expense)		
Interest expense	(25)	(72)
Investment income, net	56	132
Other	8	8
Total other income	<u>39</u>	<u>68</u>
Income before income taxes	483	1,299
Income tax expense	<u>184</u>	<u>505</u>
Net income	<u>\$ 299</u>	<u>\$ 794</u>

(1) Visa Inc. had no operations prior to the reorganization on October 1, 2007. In order to provide insight into our operating results, the pro forma results of operations for the prior periods have been prepared for comparative purposes assuming that the reorganization had occurred on October 1, 2006. These pro forma statements of operations have been prepared in accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations."

(2) Certain immaterial reclassifications were made to the three and nine months ended June 30, 2007 pro forma financial statements to conform to the current presentation.

Adjusted Operating Income and Net Income

US\$ in millions



	For the Three Months Ended June 30, 2008	For the Nine Months Ended June 30, 2008	Pro Forma For the Three Months ended June 30, 2007	Pro Forma For the Nine Months ended June 30, 2007	For the Three Months Ended March 31, 2008
Net income (as reported)	\$ 422	\$ 1,160	\$ 299	\$ 794	\$ 314
Addback: Income tax expense (as reported)	292	607	184	505	56
Net income before taxes (as reported)	\$ 714	\$ 1,767	\$ 483	\$ 1,299	\$ 370
Adjustments:					
Litigation reserve ⁽¹⁾	50	335	-	-	285
Restructuring ⁽²⁾	15	70	52	99	19
Asset step-up amortization ⁽³⁾	17	51	17	51	17
<i>Adjustments to operating income</i>	<u>82</u>	<u>456</u>	<u>69</u>	<u>150</u>	<u>321</u>
Interest accretion on American Express settlement ⁽⁴⁾	11	57	-	-	23
Investment income on Litigation Escrow and EU proceeds ⁽⁵⁾	(33)	(40)	-	-	(7)
Underwater contract (LIBOR adjustment) ⁽⁶⁾	1	(35)	-	-	(28)
<i>Adjustments to non-operating income</i>	<u>(21)</u>	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
Total adjustments	61	438	69	150	309
Adjusted net income before tax	775	2,205	552	1,449	679
Adjusted income tax expense ⁽⁷⁾	(318)	(904)	(226)	(594)	(278)
Adjusted net income	<u>\$ 457</u>	<u>\$ 1,301</u>	<u>\$ 326</u>	<u>\$ 855</u>	<u>\$ 401</u>
Operating income (as reported)	\$ 648	\$ 1,675	\$ 444	\$ 1,231	\$ 349
Addback: Adjustments to operating income	82	456	69	150	321
Adjusted operating income	<u>\$ 730</u>	<u>\$ 2,131</u>	<u>\$ 513</u>	<u>\$ 1,381</u>	<u>\$ 670</u>
Operating revenues (as reported)	\$ 1,613	\$ 4,554	\$ 1,365	3,729	\$ 1,453
Adjusted operating margin	45%	47%	38%	37%	46%
Total operating expenses (as reported)	\$ 965	\$ 2,879	\$ 921	\$ 2,498	\$ 1,104
Less: Adjustments to operating expenses	(82)	(456)	(69)	(150)	(321)
Adjusted operating expenses	<u>\$ 883</u>	<u>\$ 2,423</u>	<u>\$ 852</u>	<u>\$ 2,348</u>	<u>\$ 783</u>

- (1) Litigation expense recorded in the period that is non-recurring and management believes is not indicative of Visa's future anticipated expenses. Litigation expense recorded in the quarter ended June 30, 2008 is related to non-recurring legacy litigation items. This expense is not covered under the retrospective responsibility plan and will not be paid from the litigation escrow account. Amounts recorded in prior quarters relate to covered litigation. Settlements of, or judgments in, covered litigation will be paid from the litigation escrow account.
- (2) Restructuring costs, primarily severance in fiscal 2008, 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) Investment income earned during the period on all IPO proceeds held, including amounts held in the litigation escrow and amounts the Company intends to use 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.
- (6) 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 will not continue after the October 2008 redemptions described above.
- (7) Reflects a normalized tax rate of 41%.

Weighted Avg. Class A Common Stock Outstanding

Used in the Calculation of Adjusted Diluted EPS



	<u>For the Three Months Ended June 30, 2008</u>	<u>For the Nine Months Ended June 30, 2008</u> (in millions)	<u>For the Three Months Ended March 31, 2008</u>
Weighted Average Shares Outstanding - GAAP	776	767	778
Class A Shares ⁽¹⁾	-	277	383
Class B Shares ⁽²⁾	-	(159)	(226)
Class C Shares ⁽³⁾	-	(109)	(161)
Class A Share Equivalents ⁽⁴⁾	<u>3</u>	<u>3</u>	<u>5</u>
<i>Share Adjustments</i>	<u>3</u>	<u>12</u>	<u>1</u>
Adjusted Weighted Average Shares Outstanding - Non GAAP	779	779	779

- (1) For the three months ended March 31, 2008 and nine months ended June 30, 2008, for GAAP purposes, the number of class A common shares outstanding is weighted to reflect the issuance of 446,600,000 shares at the IPO date of March 19, 2008. In the calculation of the adjusted weighted average shares outstanding, these shares are assumed to have been issued at January 1, 2008 for the three months ended March 31, 2008 and October 1, 2007 for the nine months ended June 30, 2008.
- (2) For the three months ended March 31, 2008 and nine months ended June 30, 2008, for GAAP purposes, the number of class B common shares outstanding is weighted to reflect the redemption of 154,738,487 shares on March 28, 2008 and the reduction of the conversion ratio applicable to remaining shares outstanding to 0.71 to 1. In the calculation of the adjusted weighted average shares outstanding, these shares are weighted to assume that the redemption and reduction in conversion ratio had occurred at January 1, 2008 for the three months ended March 31, 2008 and October 1, 2007 for the nine months ended June 30, 2008.
- (3) For the three months ended March 31, 2008 and nine months ended June 30, 2008, for GAAP purposes, the number of class C (series I, II, III & IV) common shares is weighted to reflect the redemption of 159,657,751 shares of class C (series I) common stock on March 28, 2008, and the reclassification of all shares of class C (series II) common stock to temporary equity and 35,263,585 shares of class C (series III) common stock to liabilities on the IPO date of March 19, 2008. Upon reclassification of the class C (series II) and class C (series III) common stock these shares are no longer convertible into shares of class A common stock. In the calculation of adjusted weighted average shares outstanding, these shares are weighted to assume that the redemption and reclassifications occurred at January 1, 2008 for the three months ended March 31, 2008 and October 1, 2007 for the nine months ended June 30, 2008.
- (4) For GAAP purposes, the number of class A common shares outstanding is weighted to reflect the assumed issuance of class A common stock underlying stock options, restricted stock and restricted stock units to employees and directors at the IPO date of March 19, 2008 and during the three months ended June 30, 2008, by applying the treasury stock method. For the three months ended March 31, 2008 and nine months ended June 30, 2008, in the calculation of adjusted weighted shares outstanding, these shares are assumed to have been issued at October 1, 2007 and were outstanding for the entire period. The share adjustments also reflect the estimated number of stock options, restricted stock and restricted stock units estimated to be outstanding in October 2008 after the redemption of the class C (series II and series III) common shares held by Visa Europe.

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 and a \$31 million after-tax charge taken in the third quarter related to non-recurring legacy litigation items that will not be funded by the litigation escrow account. These items have a significant 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 adjusted weighted average number of shares outstanding in the periods 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 intends to redeem in October 2008. The class C (series II) common stock is classified as temporary equity and the redeemable class C (series III) common stock is classified as a liability on the Company's consolidated balance sheet at June 30, 2008. Management believes this non-GAAP presentation provides the reader with a clearer understanding of our per share results by excluding these shares to be redeemed and allocating adjusted net income only to permanent equity.

	<u>For the Three Months Ended June 30, 2008</u>	<u>For the Nine Months Ended June 30, 2008</u>	<u>For the Three Months Ended March 31, 2008</u>
	(in millions, except per share data)		
Adjusted net income	\$ 457	\$ 1,301	\$ 401
Adjusted weighted average number of diluted shares outstanding	779	779	779
Adjusted diluted earnings per share	<u>\$ 0.59</u>	<u>\$ 1.67</u>	<u>\$ 0.52</u>