



Visa Inc. Posts Strong Fiscal Fourth Quarter and Full-Year 2008 Earnings Results on Higher Global Volumes and Strength of U.S. Debit

- Adjusted quarterly net income of \$448 million or \$0.58 per diluted Class A common share
- Adjusted full-year 2008 net income of \$1.7 billion or \$2.25 per diluted Class A common share
- Inclusive of FAS 5 litigation reserves of \$1.1 billion covered under the Company's Retrospective Responsibility Plan, GAAP quarterly net loss of \$356 million or \$(0.45) per diluted Class A common share
- Inclusive of FAS 5 litigation reserves, full-year 2008 GAAP net income of \$804 million or \$0.96 per diluted Class A common share
- Fiscal fourth quarter payments volume growth of 15% over the prior year to \$699 billion
- Full-year 2008 payments volume growth of 17% over the prior year to \$2.7 trillion

SAN FRANCISCO, CA, October 29, 2008 – Visa Inc. (NYSE: V) today announced financial results for the Company's fiscal fourth quarter and full-year 2008. For the fourth quarter ending September 30, 2008, on an adjusted basis (reflective of a normalized tax rate and excluding certain litigation reserves, restructuring charges and purchase amortization), net income for the quarter was \$448 million, or \$0.58 per diluted Class A common share. Adjusted diluted Class A common shares outstanding were 776 million. The Company's adjusted net income and adjusted diluted net income per Class A common share are non-GAAP financial measures that are reconciled to their most directly comparable GAAP measures in the accompanying financial tables.

On a GAAP basis, the Company reported a net loss of \$356 million, or \$(0.45) per diluted Class A common share, inclusive of a FAS 5 litigation reserve of approximately \$1.1 billion related to the previously announced settlement of the Discover litigation. Since this litigation is covered by the Company's Retrospective Responsibility Plan, responsibility for the settlement is allocated to the Company's U.S. financial institution holders via an escrow account and other mechanisms previously established under the Plan.

Net operating revenue in the fiscal fourth quarter of 2008 was \$1.7 billion, driven by strong contributions from service fees, data processing fees, and international transaction fees. Payments volume and processed transactions remained strong across all regions worldwide.

“Visa capped an historic fiscal 2008 with a strong fourth quarter. Despite increasing economic turbulence worldwide, Visa posted strong revenue and earnings gains while diligently taking steps to capitalize on the continuing secular trend toward electronic payments,” said Joe Saunders. “Although no company is immune to the challenges of this economic environment, we believe Visa’s network business model, the continuing secular shift to electronic payments and diversity across both products and geographies offer a degree of resilience to our organization.”

“Visa’s evolution from our credit roots into a multi-product payments company continues to benefit our business. Debit – which now represents more than 53% of Visa’s payments transactions worldwide – is particularly important to our results in the current environment, as that product is rooted in ‘everyday spend’ behavior which has proven to be less susceptible to economic fluctuations and continues to grow.”

“We remain intensely focused on helping our financial institution and retail clients through this difficult period, providing them with products and services that build deeper cardholder relationships and boost their own bottom line,” added Saunders.

Fiscal Fourth Quarter 2008 Financial Highlights:

Visa Inc.’s operational performance highlights for the fiscal fourth quarter, as measured by June 30, 2008 statistical data, include:

- Payments volume grew 15% over the prior year to \$699 billion;
- Total volume, inclusive of cash volume was \$1.1 trillion, an increase of 19% over the prior year;
- Total cards carrying the Visa brands rose over 12% worldwide over the prior year to 1.6 billion; and
- Total payment transactions increased by 14% over the prior year to 11.5 billion.

Total processed transactions, which represent fiscal fourth quarter transactions processed by VisaNet, were 9.6 billion, an 11% increase over the prior year.

For the fiscal fourth quarter 2008, service fees were \$788 million, up 8% over the prior year on a pro forma basis, and are recognized based on payment volume in the prior quarter. All other fee categories are recognized based on current quarter activity and are compared on a pro forma basis. Data processing fees rose 18% over the prior year on a pro forma basis to \$548 million. International transaction fees, which are driven by cross-border payments volume, grew 45% over the prior year on a pro forma basis to \$512 million, as we continued to benefit from higher multi-currency payments volumes across all regions during the fiscal fourth quarter. Other revenue, which includes the Visa Europe licensing fee, was \$160 million, up 20% over the prior year on a pro forma basis. Volume and support incentives, which are a contra revenue item, were \$299 million.

Adjusted operating expenses were \$943 million for the fiscal fourth quarter, a 20% decrease from the prior year on a pro forma basis. Operating expenses on a GAAP basis were \$2.2 billion for the fiscal fourth quarter, a 44% decrease from the prior year on a pro forma basis.

Cash, cash equivalents, restricted cash, and available-for-sale investment securities were \$7.5 billion at September 30, 2008. This amount does not include short-term investments of approximately \$953 million which are classified as short-term other assets.

Fiscal Year 2008 Results:

On an adjusted basis (reflective of a normalized tax rate and excluding litigation reserves, restructuring charges and purchase amortization), net income for the full-year ended September 30, 2008, was \$1.7 billion, or \$2.25 per diluted Class A common share. Adjusted diluted Class A common shares outstanding were 776 million.

Reported GAAP net income of \$804 million, or \$0.96 per diluted Class A common share, inclusive of a FAS 5 litigation reserve of \$1.4 billion, which is covered under the Company's Retrospective Responsibility Plan.

Net operating revenue for the full year was \$6.3 billion, an increase of 21% over the prior year on a pro forma basis. Currency fluctuations contributed 2% of the increase in net operating revenues for the full-year.

Adjusted operating expenses were \$3.4 billion for the full-year, a 4% decrease from the prior year on a pro forma basis. Operating expenses on a GAAP basis were \$5.0 billion for the full year, a 20% decrease from the prior year on a pro forma basis.

Visa's GAAP effective tax rate was 40% for the twelve months ended September 30, 2008.

Management believes the presentation of adjusted operating income, adjusted operating expenses and adjusted net income provides a clearer understanding of the one-time items related to the Company's reorganization and initial public offering. These measures also adjust for expenses related to covered litigation that will be funded by the litigation escrow account through the Retrospective Responsibility Plan and a \$19 million and \$51 million after-tax charge taken in the fourth quarter and full-year 2008 related to non-recurring legacy litigation items that were not 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 based on adjusted net income and the adjusted diluted weighted average number of shares outstanding in the periods presented.

Subsequent Events:

On October 10, 2008, as planned, the Company completed the redemption of 79,748,857 shares of its Class C (Series II) Common Stock and 35,263,585 shares of its Class C (Series III) Common Stock held by Visa Europe Limited. The net cash amount that the Company paid to Visa Europe Limited in connection with the redemption of all its outstanding shares of Class C (Series II) Common Stock and 35,263,585 shares of its Class C (Series III) Common Stock was \$2.65 billion. As planned, the Company used a portion of the net proceeds from its March 2008 initial public offering to fund these redemptions. In addition, immediately after the completion of the partial redemption of the Class C (Series III) Common Stock, each outstanding share of Class C (Series III) Common Stock and Class C (Series IV) Common Stock automatically and without further action converted into one share of Class C (Series I) Common Stock.

Financial Outlook:

Visa Inc. clarifies its financial outlook for the following metrics through 2010 with the caveat that revenue growth may be somewhat challenged in 2010 given the current economic environment in the U.S. and around the globe:

- Annual net revenue growth at the lower end of the 11% to 15% range;
- Annual adjusted operating margin in the mid-to-high 40% range;
- Annual adjusted diluted Class A common earnings per share growth of 20% or greater;
- Annual free cash flow in excess of \$1 billion; and
- Capital expenditures in the range of \$300 to \$350 million in 2009 and representing 3 to 4% of gross revenues in 2010.

This outlook reflects an assumed 40% percent GAAP tax rate for fiscal year 2009. The Company's intent is to reduce this rate to a level around 35-36% over the next four years.

Fiscal Fourth Quarter and Full-Year 2008 Earnings Results Conference Call Details:

Visa's executive management team will host a live audio webcast beginning at 5:00 p.m. EDT (2:00 p.m. PDT) 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>

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About Visa Inc.

Visa Inc. operates the world's largest retail electronic payments network providing processing services and payment product platforms. This includes consumer credit, debit, prepaid and commercial payments, which are offered under the Visa, Visa Electron, Interlink and PLUS brands. Visa enjoys unsurpassed acceptance around the world, and Visa/PLUS is one of the world's largest global ATM networks, offering cash access in local currency in more than 170 countries. For more information, visit www.corporate.visa.com.

Forward Looking Statements

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 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 press release. 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.

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Visa Inc.
Selected Consolidated Statements of Operations
(unaudited)

	For the three months ended September 30,		For the twelve months ended September 30,	
	2008	2007 Pro forma (in millions except per share data)	2008	2007 Pro forma
Operating Revenues				
Service fees	\$ 788	\$ 730	\$ 3,061	\$ 2,582
Data processing fees	548	463	2,073	1,659
International transaction fees	512	354	1,721	1,193
Other revenues	160	133	569	473
Volume and support incentives	(299)	(216)	(1,161)	(714)
Total operating revenues	<u>1,709</u>	<u>1,464</u>	<u>6,263</u>	<u>5,193</u>
Operating Expenses				
Personnel	317	324	1,199	1,159
Network, EDP and communications	94	84	339	308
Advertising, marketing and promotion	320	444	1,016	1,075
Professional and consulting fees	136	156	438	552
Depreciation and amortization	59	64	237	228
Administrative and other	98	101	332	334
Litigation provision	1,128	2,638	1,470	2,653
Total operating expenses	<u>2,152</u>	<u>3,811</u>	<u>5,031</u>	<u>6,309</u>
Operating (loss) income	<u>(443)</u>	<u>(2,347)</u>	<u>1,232</u>	<u>(1,116)</u>
Other Income (Expense)				
Equity in earnings of unconsolidated affiliates	-	-	1	-
Interest expense	(27)	(24)	(143)	(96)
Investment income, net	39	65	211	197
Other	-	-	35	8
Total other income	<u>12</u>	<u>41</u>	<u>104</u>	<u>109</u>
(Loss) income before income taxes	(431)	(2,306)	1,336	(1,007)
Income tax (benefit) expense	(75)	(651)	532	(146)
Net (loss) income	<u>\$ (356)</u>	<u>\$ (1,655)</u>	<u>\$ 804</u>	<u>\$ (861)</u>
Basic net (loss) income per share ⁽¹⁾				
Class A common stock	<u>\$ (0.45)</u>		<u>\$ 0.96</u>	
Class B common stock	<u>\$ (0.32)</u>		<u>\$ 0.85</u>	
Class C (series I) common stock	<u>\$ (0.45)</u>		<u>\$ 0.96</u>	
Class C (series II) common stock	<u>\$ 0.12</u>		<u>\$ 0.79</u>	
Class C (series III and IV) common stock	<u>\$ (0.45)</u>		<u>\$ 0.96</u>	
Basic weighted average shares outstanding, in thousands ⁽¹⁾				
Class A common stock	<u>446,600</u>		<u>239,163</u>	
Class B common stock	<u>245,513</u>		<u>333,190</u>	
Class C (series I) common stock	<u>124,212</u>		<u>190,516</u>	
Class C (series II) common stock	<u>79,749</u>		<u>55,668</u>	
Class C (series III and IV) common stock	<u>27,499</u>		<u>43,878</u>	
Diluted net (loss) income per share ⁽¹⁾				
Class A common stock	<u>\$ (0.45)</u>		<u>\$ 0.96</u>	
Class B common stock	<u>\$ (0.32)</u>		<u>\$ 0.85</u>	
Class C (series I) common stock	<u>\$ (0.45)</u>		<u>\$ 0.96</u>	
Class C (series II) common stock	<u>\$ 0.12</u>		<u>\$ 0.79</u>	
Class C (series III and IV) common stock	<u>\$ (0.45)</u>		<u>\$ 0.96</u>	
Diluted weighted average shares outstanding, in thousands ⁽¹⁾				
Class A common stock	<u>773,679</u>		<u>769,195</u>	
Class B common stock	<u>245,513</u>		<u>333,190</u>	
Class C (series I) common stock	<u>124,212</u>		<u>190,518</u>	
Class C (series II) common stock	<u>79,749</u>		<u>55,668</u>	
Class C (series III and IV) common stock	<u>27,499</u>		<u>43,878</u>	

(1) There is no comparable earnings per share measure for 2007 as we were a non-stock company.

Visa Inc.
Selected Consolidated Balance Sheets
(unaudited)

	September 30, 2008	October 1, 2007
	(in millions)	
Assets		
Cash and cash equivalents	\$ 4,979	\$ 1,278
Restricted cash - litigation escrow	1,298	-
Investment securities, available-for-sale	355	842
Settlement receivable	1,131	587
Accounts receivable	342	318
Customer collateral	679	389
Current portion of volume and support incentives	256	135
Current portion of deferred tax assets	944	771
Prepaid and other current assets	1,190	381
Total current assets	<u>11,174</u>	<u>4,701</u>
Restricted cash - litigation escrow	630	-
Investment securities, available-for-sale	244	743
Volume and support incentives	123	72
Property, equipment and technology, net	1,080	906
Other assets	634	625
Intangible assets	10,883	10,883
Goodwill	10,213	9,139
Total assets	<u>\$ 34,981</u>	<u>\$ 27,069</u>
Liabilities		
Accounts payable	\$ 159	\$ 164
Settlement payable	1,095	644
Customer collateral	679	389
Accrued compensation and benefits	420	479
Volume and support incentives	249	294
Accrued liabilities	306	496
Current portion of long-term debt	51	84
Current portion of accrued litigation	2,698	2,236
Redeemable class C (series III) common stock, 35,263,585 shares outstanding at September 30, 2008	1,508	-
Total current liabilities	<u>7,165</u>	<u>4,786</u>
Long-term debt	55	40
Accrued litigation	1,060	1,446
Deferred tax liabilities	3,811	3,758
Other liabilities	613	754
Total liabilities	<u>12,704</u>	<u>10,784</u>
Temporary Equity		
Class C (series II) common stock, \$0.0001 par value, 218,582,801 shares authorized, 79,748,857 shares issued and outstanding at September 30, 2008, net of subscription receivable	1,136	-
Total temporary equity	<u>1,136</u>	<u>-</u>
Stockholders' Equity		
Preferred stock, \$0.0001 par value, 25,000,000 shares authorized and none issued	-	-
Class A common stock, \$0.0001 par value, 2,001,622,245,209 shares authorized, 447,746,261 issued and outstanding	-	-
Class B common stock, \$0.0001 par value, 622,245,209 shares authorized, 245,513,385 issued and outstanding	-	-
Class C (series I) common stock, \$0.0001 par value, 813,582,801 shares authorized, 124,622,548 issued and 124,097,105 outstanding	-	-
Class C (series III) common stock, \$0.0001 par value, 64,000,000 shares authorized, 26,949,616 issued and outstanding	-	-
Class C (series IV) common stock, \$0.0001 par value, 1,000,000 shares authorized, 549,587 issued and outstanding	-	-
Additional paid-in capital	21,060	16,785
Class C (series I) treasury stock, 525,443 shares	(35)	-
Accumulated income (deficit)	186	(500)
Accumulated other comprehensive loss, net	(70)	-
Total stockholders' equity and accumulated net income (deficit)	<u>21,141</u>	<u>16,285</u>
Total liabilities, temporary equity, and stockholders' equity	<u>\$ 34,981</u>	<u>\$ 27,069</u>

Visa Inc.
Consolidated Statements Of Cash Flows
(unaudited)

For the Twelve Months Ended September 30,

	2008	2007 ⁽¹⁾
	(in millions)	
Operating Activities		
Net income (loss)	\$ 804	\$ (1,076)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization of property, equipment and technology	237	126
Amortization of intangibles, investments, debt issuance cost, and accretion of member deposits	-	11
Share-based compensation	74	-
Fair value adjustment for liability under the framework agreement	(35)	-
Interest earned on litigation escrow, net of tax	(13)	-
Net recognized loss (gain) on investment securities, including other-than-temporary impairment	34	(4)
Asset impairment	34	-
Loss on disposal of property, equipment and technology	-	2
Minority interest	-	5
Amortization of volume and support incentives	1,161	489
Accrued litigation and accretion	1,601	2,913
Equity in earnings of unconsolidated affiliates	(1)	(40)
Deferred income taxes	(27)	(874)
Change in operating assets and liabilities:		
Accounts receivable	(24)	(29)
Settlement receivable	(543)	32
Volume and support incentives	(1,378)	(507)
Other assets	(158)	(172)
Accounts payable	(10)	(20)
Settlement payable	451	(39)
Accrued compensation and benefits	(115)	65
Accrued and other liabilities	(33)	(3)
Accrued litigation	(1,525)	(231)
Member deposits	(3)	(143)
Net cash provided by operating activities	<u>531</u>	<u>505</u>
Investing Activities		
Investment securities, available-for-sale:		
Purchases	(1,509)	(3,070)
Proceeds from sales and maturities	2,458	2,769
Reclassification of money market investment	(983)	-
Cash acquired through reorganization	1,002	-
Contributions to joint ventures	-	(3)
Purchases of/contributions to other investments	(25)	-
Distributions from other investments	22	1
Purchases of property, equipment and technology	(415)	(160)
Proceeds from sale of property, equipment and technology	4	-
Net cash provided by (used in) investing activities	<u>554</u>	<u>(463)</u>
Financing Activities		
Proceeds from short-term borrowing	2	-
Payments on short-term borrowing	(2)	-
Proceeds from sale of common stock, net of issuance costs of \$550	19,100	-
Funding of litigation escrow account - Retrospective Responsibility Plan	(3,000)	-
Funding from litigation escrow account - Retrospective Responsibility Plan	1,085	-
Funding of tax escrow account for income tax withheld on stock proceeds	(116)	-
Funding from tax escrow account	116	-
Payment for redemption of stock	(13,446)	-
Dividends paid	(93)	-
Principal payments on debt	(18)	(33)
Principal payments on capital lease obligations	(4)	(4)
Net cash provided by (used in) financing activities	<u>3,624</u>	<u>(37)</u>
Effect of exchange rate changes on cash and cash equivalents	(5)	-
Increase in cash and cash equivalents	4,704	5
Cash and cash equivalents at beginning of year	275	270
Cash and cash equivalents at end of year	<u>\$ 4,979</u>	<u>\$ 275</u>
Supplemental Disclosure of Cash Flow Information		
Income taxes paid, net of refunds	\$ 678	\$ 413
Amounts included in accounts payable and accrued and other liabilities related to purchases of property, equipment and technology	\$ 32	\$ 6
Interest payments on debt	\$ 8	\$ 4
Common stock issued in reorganization	\$ 17,935	-

(1) Historical balances for periods prior to October 1, 2007 represent balances for Visa U.S.A. Inc., deemed the accounting acquirer in the business combination.

Pro Forma Fiscal 2007 Quarterly Results of Operations

US\$ in millions

	Pro Forma Fiscal 2007 Quarter Ended ⁽¹⁾				Pro Forma Fiscal 2007 ⁽¹⁾⁽²⁾
	December 31, 2006	March 31, 2007	June 30, 2007 ⁽²⁾	September 30, 2007 ⁽²⁾	
Operating Revenues					
Service fees	\$ 577	\$ 614	\$ 661	\$ 730	\$ 2,582
Data processing fees	377	370	449	463	1,659
International transaction fees	247	281	311	354	1,193
Other revenues	108	113	119	133	473
Volume and support incentives	(136)	(187)	(175)	(216)	(714)
Total operating revenues	<u>1,173</u>	<u>1,191</u>	<u>1,365</u>	<u>1,464</u>	<u>5,193</u>
Operating Expenses					
Personnel	273	269	293	324	1,159
Network, EDP and communications	68	69	87	84	308
Advertising, marketing and promotion	205	182	244	444	1,075
Professional and consulting fees	101	136	159	156	552
Depreciation and amortization	55	54	55	64	228
Administrative and other	76	74	83	101	334
Litigation provision	2	13	-	2,638	2,653
Total operating expenses	<u>780</u>	<u>797</u>	<u>921</u>	<u>3,811</u>	<u>6,309</u>
Operating income (loss)	<u>393</u>	<u>394</u>	<u>444</u>	<u>(2,347)</u>	<u>(1,116)</u>
Other Income (Expense)					
Interest expense	(23)	(24)	(25)	(24)	(96)
Investment income, net	40	36	56	65	197
Other	-	-	8	-	8
Total other income	<u>17</u>	<u>12</u>	<u>39</u>	<u>41</u>	<u>109</u>
Income (loss) before income taxes	410	406	483	(2,306)	(1,007)
Income tax expense/(benefit)	161	160	184	(651)	(146)
Net income (loss)	<u>\$ 249</u>	<u>\$ 246</u>	<u>\$ 299</u>	<u>\$ (1,655)</u>	<u>\$ (861)</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.

Reconciliation of Non-GAAP Adjusted Operating Income and Net Income

US\$ in millions

	For the Three Months Ended September 30, 2008	For the Twelve Months Ended September 30, 2008	Pro Forma For the Three Months ended September 30, 2007	Pro Forma For the Twelve Months ended September 30, 2007
Net (loss) income (as reported)	\$ (356)	\$ 804	\$ (1,655)	\$ (861)
Addback: Income tax (benefit) expense (as reported)	(75)	532	(651)	(146)
Net (loss) income before taxes (as reported)	\$ (431)	\$ 1,336	\$ (2,306)	\$ (1,007)
Adjustments:				
Litigation reserve (1)	1,122	1,457	2,576	2,576
Restructuring (2)	70	140	46	145
Asset step-up amortization (3)	17	68	17	68
<i>Adjustments to operating income</i>	<u>1,209</u>	<u>1,665</u>	<u>2,639</u>	<u>2,789</u>
Interest accretion on American Express settlement (4)	11	68	-	-
Investment income on Litigation Escrow and EU proceeds (5)	(30)	(70)	-	-
Underwater contract (LIBOR adjustment) (6)	-	(35)	-	-
<i>Adjustments to non-operating income</i>	<u>(19)</u>	<u>(37)</u>	<u>-</u>	<u>-</u>
Total adjustments	1,190	1,628	2,639	2,789
Adjusted net income before tax	759	2,964	333	1,782
Adjusted income tax expense (7)	(311)	(1,215)	(137)	(731)
Adjusted net income	<u>\$ 448</u>	<u>\$ 1,749</u>	<u>\$ 196</u>	<u>\$ 1,051</u>
Operating (loss) income (as reported)	\$ (443)	\$ 1,232	\$ (2,347)	\$ (1,116)
Addback: Adjustments to operating (loss) income	1,209	1,665	2,639	2,789
Adjusted operating income	<u>\$ 766</u>	<u>\$ 2,897</u>	<u>\$ 292</u>	<u>\$ 1,673</u>
Operating revenues (as reported)	\$ 1,709	\$ 6,263	\$ 1,464	\$ 5,193
Adjusted operating margin	45%	46%	20%	32%
Total operating expenses (as reported)	\$ 2,152	\$ 5,031	\$ 3,811	\$ 6,309
Less: Adjustments to operating expenses	(1,209)	(1,665)	(2,639)	(2,789)
Adjusted operating expenses	<u>\$ 943</u>	<u>\$ 3,366</u>	<u>\$ 1,172</u>	<u>\$ 3,520</u>

- (1) Litigation expense primarily related to covered litigation. Settlements of, or judgments in, covered litigation will be paid from the litigation escrow account. There is \$30 million and \$80 million of non-recurring legacy litigation expense for the quarter and year ended September 30, 2008, respectively, that management believes is not indicative of Visa's future anticipated expenses. This expense is not covered under the Retrospective Responsibility Plan and will not 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%.

Reconciliation of Non-GAAP Adjusted Operating Expenses

US\$ in millions

	For the Three Months Ended September 30, 2008			Pro Forma For the Three Months Ended September 30, 2007		
	Actual	Adjustments	As Adjusted	Actual	Adjustments	As Adjusted
Personnel	\$ 317	\$ (64) (2)	\$ 253	\$ 324	\$ (13) (2)	\$ 311
Network, EDP and communications	94	(1) (2)	93	84	-	84
Advertising, marketing and promotions	320	-	320	444	-	444
Professional and consulting fees	136	(1) (2)	135	156	(32) (2)	124
Depreciation and amortization	59	(17) (3)	42	64	(17) (3)	47
Administrative and other	98	(4) (2)	94	101	(1) (2)	100
Litigation provision	1,128	(1,122) (1)	6	2,638	(2,576) (1)	62
Total operating expenses	\$ 2,152	\$ (1,209)	\$ 943	\$ 3,811	\$ (2,639)	\$ 1,172

	For the Twelve Months Ended September 30, 2008			Pro Forma For the Twelve Months Ended September 30, 2007		
	Actual	Adjustments	As Adjusted	Actual	Adjustments	As Adjusted
Personnel	\$ 1,199	\$ (121) (2)	\$ 1,078	\$ 1,159	\$ (13) (2)	\$ 1,146
Network, EDP and communications	339	(1) (2)	338	308	-	308
Advertising, marketing and promotions	1,016	-	1,016	1,075	-	1,075
Professional and consulting fees	438	(14) (2)	424	552	(127) (2)	425
Depreciation and amortization	237	(68) (3)	169	228	(68) (3)	160
Administrative and other	332	(4) (2)	328	334	(5) (2)	329
Litigation provision	1,470	(1,457) (1)	13	2,653	(2,576) (1)	77
Total operating expenses	\$ 5,031	\$ (1,665)	\$ 3,366	\$ 6,309	\$ (2,789)	\$ 3,520

(1) Litigation reserve

(2) Restructuring

(3) Asset step-up amortization

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

US\$ in millions

	For the Three Months Ended September 30, 2008			Pro Forma For the Three Months Ended September 30, 2007		
	Actual	Adjustments	As Adjusted	Actual	Adjustments	As Adjusted
Equity in earnings of unconsolidated affiliates	\$ -	-	\$ -	\$ -	-	\$ -
Interest expense	(27)	11 (1)	(16)	(24)	-	(24)
Investment income, net	39	(30) (2)	9	65	-	65
Other	-	-	-	-	-	-
Total other income (expenses)	\$ 12	(19)	\$ (7)	\$ 41	-	\$ 41

	For the Twelve Months Ended September 30, 2008			Pro Forma For the Twelve Months Ended September 30, 2007		
	Actual	Adjustments	As Adjusted	Actual	Adjustments	As Adjusted
Equity in earnings of unconsolidated affiliates	\$ 1	-	\$ 1	\$ -	-	\$ -
Interest expense	(143)	68 (1)	(75)	(96)	-	(96)
Investment income, net	211	(70) (2)	141	197	-	197
Other	35	(35) (3)	-	8	-	8
Total other income (expenses)	\$ 104	(37)	\$ 67	\$ 109	-	\$ 109

(1) Interest accretion on American Express Settlement

(2) Investment income on Litigation Escrow and EU proceeds

(3) Underwater contract (LIBOR adjustment)

Reconciliation of Non-GAAP Weighted Average Class A Common Stock Outstanding Used in the Calculation of Adjusted Diluted Class A Earnings Per Share

US\$ in millions

	For the Three Months Ended September 30, 2008	For the Twelve Months Ended September 30, 2008
Weighted Average Shares Outstanding - GAAP	774	769
Class A Shares ⁽¹⁾	-	206
Class B Shares ⁽²⁾	-	(119)
Class C Shares ⁽³⁾	-	(83)
Class A Share Equivalents ⁽⁴⁾	2	3
<i>Share Adjustments</i>	2	7
Adjusted Weighted Average Shares Outstanding - Non GAAP	776	776

(1) For the twelve months ended September 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 October 1, 2007 for the twelve months ended September 30, 2008.

(2) For the twelve months ended September 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 October 1, 2007 for the twelve months ended September 30, 2008.

(3) For the twelve months ended September 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 October 1, 2007 for the twelve months ended September 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 subsequent periods, by applying the treasury stock method. For the twelve months ended September 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 \$19 million after-tax charge in the fourth quarter and a \$51 million after-tax charge for the year ended September 30, 2008 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 redeemed 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 September 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.

	For the Three Months Ended September 30, 2008	For the Twelve Months Ended September 30, 2008
	<i>(in millions, except per share data)</i>	
Adjusted net income	\$ 448	\$ 1,749
Adjusted weighted average number of diluted shares outstanding	776	776
Adjusted diluted earnings per share	<u>\$ 0.58</u>	<u>\$ 2.25</u>

Calculation of Free Cash Flow

US\$ in millions

	For the Twelve Months Ended September 30, 2008	
Net income (as reported)	\$	804
Addback: Depreciation and amortization		237
Equity compensation		74
Cash impact of litigation (1)		1,193
Less: Capital expenditure		(415)
Annual pension contribution		(186)
Total free cash flow	\$	1,707

(1) Adjustment represents the net cash impact of all litigation matters, both covered and uncovered, during the fiscal year. This adjustment reflects (i) the cash benefit received resulting from tax deductions taken on actual payments made for both covered and uncovered matters; (ii) the use of cash to make payments for uncovered litigation matters, which will not be funded by the litigation escrow account; (iii) the add back of accretion, net of tax, recorded on all settled claims, both covered and uncovered; and (iv) the add back of litigation provision, net of tax, recorded for covered matters, which will be funded by the litigation escrow account, during the fiscal year.