

Visa Inc.  
Form S-1/A  
February 25, 2008  
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As filed with the Securities and Exchange Commission on February 25, 2008

Registration No. 333-147296

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**AMENDMENT NO. 4**  
**TO**  
**FORM S-1**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

**VISA INC.**

(Exact name of Registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>7389</b> (Primary Standard Industrial Classification Code Number) <b>P.O. Box 8999</b>	<b>26-0267673</b> (I.R.S. Employer Identification Number)
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**San Francisco, California 94128-8999**

**(415) 932-2100**

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Joseph W. Saunders**

**Chief Executive Officer and Chairman of the Board of Directors**

**Visa Inc.**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered <sup>(1)</sup>	Proposed Maximum	Proposed Maximum	Amount of Registration Fee <sup>(3)</sup>
		Offering Price Per Share	Aggregate Offering Price <sup>(1)(2)</sup>	
Class A common stock, par value \$0.0001 per share	446,600,000 shares	\$42.00	\$18,757,200,000	\$651,158

(1) Includes 40,600,000 shares subject to underwriters' option to purchase additional shares.

(2) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(a) promulgated under the Securities Act.

(3) Includes a \$307,000 registration fee previously paid with the initial filing of this Form S-1 on November 9, 2007.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

Subject to Completion

Preliminary Prospectus dated February 25, 2008

**406,000,000 Shares**

**VISA INC.**

**Class A Common Stock**

This is Visa Inc.'s initial public offering. We are offering 406,000,000 shares of our class A common stock. We expect the initial public offering price to be between \$37.00 and \$42.00 per share.

Currently, no public market exists for our class A common stock. We have applied to list our class A common stock on the New York Stock Exchange under the symbol "V". Our shares of class B and class C common stock are held by our financial institution customers, generally carry no voting rights, will not be listed and are subject to transfer restrictions. See *Description of Capital Stock*.

**Investing in our class A common stock involves risks that are described in the Risk Factors section beginning on page 18 of this prospectus.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to Visa	\$	\$

To the extent that the underwriters sell more than 406,000,000 shares of class A common stock, the underwriters have the option to purchase up to an additional 40,600,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about \_\_\_\_\_, 2008.

**JPMorgan**  
**Banc of America Securities LLC**    **Citi**    **HSBC**    **Merrill Lynch & Co.**    **Goldman, Sachs & Co.**  
**UBS Investment Bank**    **Wachovia Securities**

**CIBC World Markets Corp.**    **Daiwa Securities America Inc.**    **Mitsubishi UFJ Securities International plc**

**Piper Jaffray**    **RBC Capital Markets**    **SunTrust Robinson Humphrey**    **Wells Fargo Securities**

The date of this prospectus is \_\_\_\_\_, 2008.

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on our behalf. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Through and including (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This obligation is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.



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Unless the context requires otherwise, reference to Company, Visa, we, us or our refers to Visa Inc. and its subsidiaries.

The registered trademarks of Visa Inc. and its subsidiaries include: All It Takes; Bands Design Blue, White & Gold; Dove Design; Interlink; Takes Visa; PLUS; Verified by Visa; Visa; Visa Classic; Visa Corporate; Porque La Vida es Ahora; The World's Best Way to Pay; Electron; Visa Europe; Visa Fleet; Visa Infinite; Visa Mobile; VisaNet; Visa Platinum; Visa Purchasing; Visa Resolve OnLine; Visa Signature; Visa Signature Business; Visa Vale; and Winged V Design. Other trademarks used in this prospectus are the property of their respective owners.

**All shares of class A common stock acquired by a Visa member, an affiliate of a Visa member or any person that is an operator, member or licensee of any general purpose payment card system that competes with us, or any affiliate of such a person, in each case to the extent acting as a principal investor, will be converted automatically into class C common stock. Under the terms of our amended and restated certificate of incorporation, class C common stock is not transferable until the third anniversary of the closing of this offering (subject to limited exceptions, including transfers to other class C shareholders) unless our board makes an exception to this transfer restriction. After this date, the class C common stock will be convertible into class A common stock only if transferred to a person that was not, immediately after our October 2007 reorganization, a Visa member, an affiliate of a Visa member or any person that is an operator, member or licensee of any general purpose payment card system that competes with us, or any affiliate of such a person. Upon such transfer, each share of class C common stock will convert into one share of class A common stock.**

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**PROSPECTUS SUMMARY**

*You should read the following summary together with the rest of this prospectus, including the more detailed information in the financial statements and the unaudited pro forma condensed combined statement of operations and related notes, and the section entitled Risk Factors, before you decide to invest.*

**The Company**

Visa operates the world's largest retail electronic payments network and manages the world's most recognized global financial services brand. We have more branded credit and debit cards in circulation, more transactions and greater total volume than any of our competitors. We facilitate global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities. We provide financial institutions, our primary customers, with product platforms encompassing consumer credit, debit, prepaid and commercial payments. VisaNet, our secure, centralized, global processing platform, enables us to provide financial institutions and merchants with a wide range of product platforms, transaction processing and related value-added services. Based on the size of our network, the strength of the Visa brand and the breadth and depth of our products and services, we believe we are the leading electronic payments company in the world.

Our business primarily consists of the following:

we own a family of well known, widely accepted payment brands, including Visa, Visa Electron, PLUS and Interlink, which we license to our customers for use in their payment programs;

we manage and promote our brands for the benefit of our customers through advertising, promotional and sponsorship initiatives and by encouraging card usage and merchant acceptance;

we offer a wide range of branded payments product platforms, which our customers use to develop and offer credit, debit, prepaid and cash access programs for cardholders (individuals, businesses and government entities);

we provide transaction processing services (primarily authorization, clearing and settlement) to our customers through VisaNet, our secure, centralized, global processing platform;

we provide various other value-added services to our customers, including risk management, debit issuer processing, loyalty services, dispute management and value-added information services;

we develop new products and services to enable our customers to offer efficient and effective payment methods to their cardholders and merchants; and

we adopt and enforce a common set of rules adhered to by our customers to ensure the efficient and secure functioning of our payments network and the maintenance and promotion of our brands.

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The following charts show a comparison of total volume and total transactions relative to our major competitors for the 2006 calendar year:

Source: The Nilson Report, issue 874 (February 2007) and issue 877 (April 2007).

Note: Excludes Visa Europe based on internal Visa data. Total volume is the sum of payments volume and cash volume. Payments volume is the total monetary value of transactions for goods and services that are purchased. Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks. Total transactions for Visa represent transactions involving our cards as reported by our customers and includes transactions that are not processed on our VisaNet processing system.

We derive revenues primarily from card service fees, data processing fees and international transaction fees. We do not issue cards, set fees or determine interest rates that cardholders are charged for use of their cards. Our unaudited operating revenues were \$1.5 billion for the three months ended December 31, 2007 and our unaudited pro forma operating revenues were \$1.2 billion for the three months ended December 31, 2006. Our unaudited net income was \$424 million for the three months ended December 31, 2007 and our unaudited pro forma net income was \$249 million for the three months ended December 31, 2006. Our unaudited non-U.S. operating revenues, based on the location of our financial institution customers, were \$568 million for the three months ended December 31, 2007, representing 38% of our total operating revenues for that period. Our non-U.S. pro forma operating revenues were \$373 million for the three months ended December 31, 2006, representing 32% of our total pro forma operating revenues for that period.

Our unaudited pro forma operating revenues were \$5.2 billion and \$3.9 billion for the fiscal years ended September 30, 2007 and 2006, respectively. Our unaudited pro forma net loss was \$861 million in fiscal 2007 (which included the effect of a \$1.9 billion litigation provision related to settlement of outstanding litigation with American Express and a \$650 million litigation provision related to the Discover litigation) and our unaudited pro forma net income was \$453 million in fiscal 2006. Our pro forma non-U.S. operating revenues, based on the location of our financial institution customers, were \$1.8 billion and \$1.1 billion for fiscal 2007 and 2006, respectively, representing 34% and 29% of our total pro forma operating revenues for those periods.

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**Our Market Opportunity**

Visa operates in the global payments industry, which is undergoing a major shift from paper-based payments, such as cash and checks, to card-based and other electronic payments. This shift has driven significant growth in card-based payments globally. According to The Nilson Report, global card purchase transactions grew at a compound annual growth rate, or CAGR, of 14% over the period from 2000 to 2006. The Nilson Report forecasts global card purchase transactions to increase at a CAGR of 11% from 2006 to 2012, with particularly strong growth in Asia/Pacific, Latin America and Middle East/Africa:

**Total Transactions (billions)**

Source: The Nilson Report, issue 866 (October 2006) and issue 885 (August 2007).

We believe that consumers are increasingly attracted to the convenience, security, enhanced services and rewards associated with electronic payments. We also believe that corporations and governments are shifting to electronic payments to improve efficiency, control and security, and that a growing number of merchants are accepting electronic payments to improve sales and customer convenience. Recent innovations such as contactless cards and mobile payments are also increasing the attractiveness of electronic payments. We believe this shift to electronic payment forms is a worldwide phenomenon; however, in many developing countries, it is at an early stage and will be accelerated by rising incomes, globalization of commerce and increased travel. We believe these trends represent a substantial growth opportunity for the global payments industry.

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**Our Competitive Strengths**

We believe our competitive strengths include the following:

*World's Largest Payments Network.* We operate the world's largest retail electronic payments network. Visa-branded cards are accepted in more than 170 countries around the world. We have more branded credit and debit cards in circulation, more transactions and greater total volume than any of our competitors. We believe that merchants, cardholders and our financial institution customers benefit from the Visa cardholder base, which is the largest in the world, and our merchant acceptance network, which is unsurpassed globally.

*Leading Global Brand.* Visa is the world's most recognized global financial services brand. We believe merchants, consumers and our financial institution customers associate our brand with trust, security, reliability, efficiency, convenience and empowerment. Our deep base of local market knowledge enables us to tailor our product and marketing programs to the particular needs of specific geographies. We believe that the strength of our brand enables us to increase card usage in existing and new market segments, develop and offer innovative payment products and services and enhance the utility of our payments network for all participants.

*Scalable and Unique Global Payments Processing Platform.* We own and operate VisaNet, our secure, centralized, global processing platform. Unlike the processing platforms of some of our primary competitors, VisaNet is built on a centralized architecture rather than a distributed architecture, which enables us to provide real-time, value-added information to our customers. In addition, our centralized processing platform provides us the flexibility to develop, modify and enhance our products and services efficiently. VisaNet is highly reliable and processed more than 81 billion authorization, clearing and settlement requests in the 12 months ended December 31, 2007. We believe that the operating efficiencies that result from the scale of our processing network provide us with a significant cost advantage over our competitors.

*Comprehensive Payment Products and Services.* We provide our financial institution customers with a comprehensive suite of electronic payment products and services. Our product platforms encompass credit, debit, cash access and prepaid products for consumers, businesses and governments. These product platforms enable our customers to develop and customize their own payment programs to meet the needs of their cardholders and merchants. We also offer our customers issuer processing to support our debit and prepaid platforms, and we are the largest issuer processor of Visa debit transactions in the world. Additionally, we offer a broad range of value-added services such as risk management, loyalty services, dispute management and value-added information services, which are enabled by our secure, centralized, global processing platform.

*Established and Long-Standing Customer Relationships.* We have long-standing relationships with the majority of our customers and long-term contracts with many of our major customers, which provide us with a significant level of business stability. More than two-thirds of our financial institution customers have been our customers for longer than 10 years. We believe that our many years of close cooperation with our customers in developing new products, processing capabilities and value-added services have enabled us to establish strong relationships. By virtue of these relationships, we believe we are well-positioned to continue developing new products and services that anticipate the evolving needs of our customers.

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**Our Strategy**

We seek revenue and profit growth by expanding our core payments business in new and established geographies and market segments, as well as by broadening our processing capabilities and value-added service offerings for payments and related opportunities. The key components of our strategy include:

*Expand Our Network.* We will continue to use an integrated product strategy to increase our share of business with our existing financial institution customers and to build relationships with new customers. Merchants are important to the growth of our business, and we seek to increase the value we bring to them in order to increase merchant acceptance and preference for Visa. We also seek to grow our network by encouraging active cardholder preference for Visa through continual improvement of the convenience, value and security of our products. By focusing on expanding the number of merchants and cardholders in our network, we increase the value we provide to our financial institution customers.

*Expand into New and High Growth Geographies and Market Segments.* We will continue to globalize our product and service offerings and to expand acceptance of our core products in new and high growth geographies and market segments, including new consumer and merchant segments in our established markets. We believe there is a significant opportunity to expand the usage of our products and services in high growth geographies in which we currently have a presence, such as the Asia Pacific, Latin America and Caribbean, and Central and Eastern Europe, Middle East and Africa regions. We have introduced a full suite of product platforms and value-added processing services that enable our customers to drive Visa products to a wide range of consumers and businesses. We will also continue to expand Visa acceptance in merchant segments that have traditionally not accepted electronic payments, such as quick-service restaurants and bill payment merchants.

*Develop and Offer Innovative Products and Services.* We will continue to provide new products and services and increase the functionality, utility and cost-effectiveness of our existing products and services. VisaNet provides flexibility to quickly customize current offerings and rapidly develop, deploy and drive adoption of new products and services. We will continue to upgrade or modify existing products to take advantage of market opportunities and generate growth. We also intend to continue making significant investments in new technologies to strengthen our position in emerging forms of payment, including contactless and mobile devices. In addition, we will continue to introduce value-added processing services, which we believe increase network utility.

*Strengthen and Grow Visa's Brand Leadership.* We will continue to invest in order to maintain Visa's position as the world's most recognized global financial services brand. We will focus on a combination of integrated global and local investments to increase consumer and business brand awareness. We will seek to maximize return on our investment by optimizing the mix of spending across our media channels, sponsorships, co-brand relationships and other marketing properties.

**The Recent Reorganization**

We completed a reorganization in October 2007. Prior to our reorganization, Visa operated as five corporate entities related by ownership and membership: Visa U.S.A., Visa International (comprising the operating regions of Asia Pacific (AP), Latin America and Caribbean (LAC), and Central and Eastern Europe, Middle East and Africa (CEMEA)), Visa Canada, Visa Europe and Inovant, which operated the VisaNet transaction processing system and other related processing systems. Each of Visa U.S.A., Visa Canada, Visa Europe, Visa AP, Visa LAC and Visa CEMEA operated as a separate geographic region, serving its member financial institutions and administering Visa programs in its respective region.



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In order to respond to industry dynamics and enhance Visa's ability to compete, Visa undertook a reorganization in which Visa U.S.A., Visa International, Visa Canada and Inovant became direct or indirect subsidiaries of Visa Inc., a Delaware stock corporation. Visa Europe did not become a subsidiary of Visa Inc., but rather remained owned by its member financial institutions and entered into a set of contractual arrangements with Visa Inc. in connection with the reorganization. In the reorganization, we issued different classes and series of shares reflecting the different rights and obligations of Visa financial institution members and Visa Europe based on the geographic region in which they are located.

We believe that the reorganization provides us with several significant strategic benefits. It allows us to increase our operational efficiency and enhances our ability to deliver more innovative products and services to financial institutions, merchants and cardholders on a global basis. The reorganization allows us to centralize and streamline our strategy and decision making. We also believe that the reorganization and this offering will enable us to facilitate a common, global approach, where appropriate, to the legal, regulatory and competitive issues arising in today's marketplace. At the same time, we believe that the reorganization preserves and reinforces the advantages that have made Visa the largest retail electronic payments network in the world.

### **Recent Developments**

On February 21, 2008, pursuant to our retrospective responsibility plan described under *Business Retrospective Responsibility Plan*, the litigation committee determined that the escrow amount should be established at \$3.0 billion. This amount will be deposited in an escrow account promptly following, and contingent upon, the completion of this offering. In accordance with the terms of the retrospective responsibility plan, settlements of, or judgments in, covered litigation will be payable from this account. See *Note 5 Retrospective Responsibility Plan* to our consolidated financial statements as of and for the three months ended December 31, 2007. For the quarter ended March 31, 2008, we currently expect to record an additional litigation provision of approximately \$285 million related to the covered litigation, which will be recorded as a charge against income. The determination to record this additional provision is based on management's present understanding of its litigation profile and the specifics of each case, and takes into account the determination of the litigation committee. See *Management's Discussion and Analysis of Historical and Pro Forma Financial Condition and Results of Operations of Visa Inc. Liquidity and Capital Resources Uses of Liquidity Litigation*.

### **Risks Affecting Us**

Our business is subject to numerous risks and uncertainties, including, but not limited to, those arising from regulatory scrutiny, legal proceedings seeking substantial damages, competitive and economic factors, and operational breakdowns. You should carefully consider all of the information set forth in this prospectus and, in particular, the information under the heading *Risk Factors*, prior to making an investment in our common stock.

### **Corporate Information**

The address for our principal executive office is P.O. Box 8999, San Francisco, California 94128-8999, and our telephone number is (415) 932-2100. Our web site address is [www.visa.com](http://www.visa.com). This is a textual reference only. The information on, or accessible through, our website is not part of this prospectus.

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Common stock offered 406,000,000 shares of class A common stock

Option to purchase additional shares 40,600,000 shares of class A common stock

Common stock outstanding after this offering In connection with our October 2007 reorganization and in order to implement our retrospective responsibility plan, we issued different classes and series of shares reflecting the different rights and obligations of Visa financial institution members and Visa Europe based on the geographic region in which they are located.

Class A common stock is being offered to the public pursuant to this prospectus. Class B common stock is held by financial institution customers that are members of Visa U.S.A. Class C (series I) common stock is held by financial institution customers that are associated with Visa Canada and our AP, LAC and CEMEA regions. Class C (series II, III and IV) common stock is held by Visa Europe.

We created a multi-class structure in order to: (i) allow stockholder decisions generally to be made by, and a majority of our board of directors to consist of independent directors elected by, our class A stockholders and not by our financial institution customers that hold our class B and class C common stock; and (ii) implement a key principle of the retrospective responsibility plan, which is that liability for certain litigation, which we refer to as the covered litigation, would remain with the members of Visa U.S.A., as holders of our class B common stock through adjustments to the conversion rate for such stock.

A portion of our class B and class C common stock is subject to mandatory redemption pursuant to our amended and restated certificate of incorporation. We intend to redeem 123,216,659 shares of class B common stock and 143,037,934 shares of class C (series I) common stock following the completion of this offering, assuming no exercise of the underwriters' option to purchase additional shares. See *Use of Proceeds*.

Giving effect to these redemptions, the number of shares outstanding and the number of shares of class A common stock issuable upon conversion of the class B and class C common stock immediately following this offering would be:

Common Stock	Immediately Following this Offering	
	Shares Outstanding	Class A Common Stock Outstanding or Issuable Upon Conversion of Class B and Class C Common Stock
Class A	406,000,000	406,000,000
Class B	277,035,213	198,777,235
Class C (series I, III and IV) <sup>(1)</sup>	203,885,689	203,885,689
Class C (series II) <sup>(2)</sup>	79,748,846	

Total	966,669,748	808,662,924
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- (1) Includes 31,592,881 shares of class C (series III) common stock that will be redeemed in October 2008 as described below.
- (2) Class C (series II) common stock is not convertible into class A common stock upon completion of this offering.

In the table above, the number of shares of class A common stock issuable upon the conversion of class B and class C common stock gives effect to the adjustment to the conversion rate of the class B common stock in connection with the establishment of the escrow fund as contemplated by our retrospective responsibility plan. See *Use of Proceeds* and *Business Retrospective Responsibility Plan*. Following the redemptions described above, the holders of our class A common stock will own an approximate 50.2% economic interest in our outstanding capital stock. The redemptions will not generally affect voting power due to the limited voting rights of our class B and class C common stock.

We intend to redeem in October 2008 all class C (series II) common stock and 31,592,881 shares of class C (series III) common stock, after which all remaining class C (series III) and class C (series IV) common stock will automatically convert into class C (series I) common stock on a one-to-one basis. Following these redemptions, the holders of our class A common stock will own an approximate 52.2% economic interest in our outstanding capital stock. These redemptions will also not generally affect voting power due to the limited voting rights of our class B and class C common stock. Giving pro forma effect to the transactions described above and the October 2008 redemption and subsequent conversion as if each occurred promptly following the closing of this offering, the number of shares outstanding and the number of shares of class A common stock issuable upon the conversion of the class B and class C common stock would be:

Common Stock	Pro Forma October 2008	
	Shares Outstanding	Class A Common Stock Outstanding or Issuable Upon Conversion of Class B and C Common Stock
Class A	406,000,000	406,000,000
Class B	277,035,213	198,777,235
Class C	172,292,807	172,292,807
Total	855,328,020	777,070,042

The October 2008 pro forma amounts in the table above and the percentage economic interest of our class A common stock do not give effect to any issuance of shares of class A common stock or other securities, including issuances under our equity compensation plan, or any repurchases of common stock that we may effect, after this offering.

## Use of proceeds

We estimate that the net proceeds to us from this offering will be approximately \$15.6 billion, or \$17.1 billion if the underwriters exercise their option to purchase additional shares in full, assuming an



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initial public offering price of \$39.50 per share (the midpoint of the range set forth on the cover of this prospectus), after deducting the underwriting discounts and commissions and estimated offering expenses.

We intend to deposit \$3.0 billion into an escrow account from which settlements of, or judgments in, the covered litigation described under *Business Retrospective Responsibility Plan* will be payable.

Following the completion of this offering, we intend to use \$10.2 billion of the net proceeds to redeem 123,216,659 shares of class B common stock and 143,037,934 shares of class C (series I) common stock, assuming no exercise of the underwriters' option to purchase additional shares.

We will use the balance of the net proceeds for general corporate purposes, which may include funding the \$1.146 billion aggregate redemption price for all of the class C (series II) common stock, which we intend to redeem in 2008, and the \$1.2 billion aggregate redemption price for 31,592,881 shares of class C (series III) common stock, which we will be required to redeem in October 2008 in accordance with our amended and restated certificate of incorporation.

In the event the underwriters exercise all or a portion of their option to purchase an additional 40,600,000 shares of class A common stock, we intend to redeem additional shares of class B common stock and class C (series I) common stock following such exercise, in which case we would also redeem additional shares of class C (series III) common stock in October 2008. The number of shares of class B common stock, class C (series I) common stock and class C (series III) common stock that would be redeemed would depend upon the number of additional shares of class A common stock issued pursuant to any such exercise, and would be proportional to the number of shares of the applicable class being redeemed in the absence of any such exercise.

Sale and transfer restrictions on class B and class C common stock

The class B common stock is not transferable until the later of the third anniversary of the closing of this offering and the date on which all of the covered litigation has been finally resolved, which we refer to as the escrow termination date, although our board of directors may make exceptions to this transfer restriction after resolution of all covered litigation.

The class C common stock is not transferable until the third anniversary of the closing of this offering, although our board of directors may make exceptions to this transfer restriction.

These transfer restrictions are subject to limited exceptions, including transfers to another holder of the same class of each respective security.

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Conversion of class B and class C common stock	<p>After termination of the restrictions on transfer described above, the class B or class C common stock will be convertible into class A common stock if transferred to a person that was not, immediately after the reorganization, a Visa member. Upon such transfer, each share will automatically convert into a number of shares of class A common stock based upon the applicable conversion rate in effect at the time of such transfer. In the event that class B or class C common stock is transferred and converts into class A common stock, it will have the effect of diluting the voting power of our existing holders of class A common stock.</p> <p>After giving effect to the application of the proceeds of this offering, the conversion rate applicable to each share of class B common stock will be 0.72 shares of class A common stock per share of class B common stock (based on the midpoint of the range set forth on the cover of this prospectus less underwriting discounts and commissions) and the conversion rate applicable to each share of class C common stock will be one-to-one, in each case subject to adjustments for stock splits, stock dividends, recapitalizations and similar transactions. In the event the underwriters exercise in full their option to purchase additional shares of class A common stock, the applicable conversion rate for each share of class B common stock would adjust to 0.69 shares of class A common stock per share of class B common stock (based on the midpoint of the range set forth on the cover of this prospectus less underwriting discounts and commissions). In connection with our retrospective responsibility plan, the conversion rate applicable to our class B common stock may be subject to further dilutive adjustments to the extent of any future issuances of class A common stock to increase the size of the escrow account, which we refer to as loss shares. If, following the escrow termination date, any funds remain in the escrow account, such funds will be released back to us and the conversion rate of the class B common stock will be adjusted so that each share of class B common stock then outstanding becomes convertible into an increased number of shares of class A common stock, which in turn will result in dilution of the interest in Visa Inc. held by the holders of class A common stock. The amount of such dilution will depend on the amount, if any, of the funds released from the escrow account and the market price of our class A common stock at the time such funds are released. See <i>Description of Capital Stock Conversion</i>.</p>
Retrospective responsibility plan; adjustment of conversion rate of class B common stock	<p>Our retrospective responsibility plan is designed to address potential liabilities arising from the covered litigation. We developed our capital structure to implement a key principle of the retrospective responsibility plan, which is that liability for the covered litigation would remain with the members of Visa U.S.A. Pursuant to the retrospective responsibility plan, following the closing of this offering</p>

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we will establish the escrow account referred to above from which settlements of, or judgments in, the covered litigation will be payable. The class B common stock that is retained by Visa U.S.A. members and not redeemed out of the net proceeds of this offering will be diluted to the extent of the initial amount of the escrow account through an adjustment to the conversion rate. As a result, after giving effect to the application of the proceeds of this offering the conversion rate applicable to each share of class B common stock will be 0.72 shares of class A common stock per share of class B common stock (based on the midpoint of the range set forth on the cover of this prospectus). After the closing of this offering, we may conduct additional sales of loss shares in the form of class A common stock in order to increase the size of the escrow account under certain circumstances, in which case the conversion rate of the class B common stock will be subject to additional dilutive adjustments to the extent of the proceeds from those sales. See *Business Retrospective Responsibility Plan* and *Description of Capital Stock Conversion*.

Underwriter lock-up agreements

We, and our officers and directors, have agreed that we and they will not, without the prior written consent of J.P. Morgan Securities Inc. and Goldman, Sachs & Co., subject to certain exceptions, offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any of our common stock or securities convertible into or exchangeable for our common stock for a period of 180 days after the date of this prospectus.

In addition, we have agreed that our board of directors will not waive any of the transfer restrictions described under *Sale and transfer restrictions on class B and class C common stock* during such 180-day period.

Voting rights

Each share of class A common stock will entitle its holder to one vote.

Holders of class B and class C common stock will not have voting rights, except in the case of certain extraordinary transactions and as may be required under Delaware law. In those cases, each share will entitle its holder to vote on an as-converted basis, which means that each holder will be entitled to a number of votes equal to the number of shares of class B or class C common stock held multiplied by the applicable conversion rate.

Dividend rights

Holders of class A, class B and class C common stock are entitled to share ratably in dividends or distributions paid on the common stock, on an as-converted basis in the case of class B and class C common stock.

Dividend policy

Following this offering and subject to legally available funds, we currently intend to pay a quarterly dividend, in cash, at an annual rate



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initially equal to \$0.42 per share of class A common stock (representing a quarterly rate initially equal to \$0.105 per share) commencing with the quarter ended June 30, 2008. Our class B and class C common stock will share ratably on an as-converted basis in such dividends. The declaration and payment of any dividends will be at the sole discretion of our board of directors after taking into account various factors, including our financial condition, operating results, capital requirements, covenants in our debt instruments and other factors that our board deems relevant.

Risk factors See *Risk Factors* beginning on page 18 of this prospectus for a discussion of risks you should carefully consider before deciding to invest in the class A common stock.

Proposed New York Stock Exchange Symbol V

The class A common stock outstanding after this offering excludes 59,000,000 shares reserved for issuance under our 2007 Equity Incentive Plan. This amount includes the following securities that we intend to grant to our directors and employees immediately following the pricing of this offering: (1) options to purchase 10,560,870 shares with an exercise price equal to the initial public offering price, (2) 670,799 restricted stock units, and (3) 1,373,998 shares of restricted stock. The shares of restricted stock will be issued and outstanding immediately following the pricing of this offering. Of these grants, our directors and officers will receive options to purchase 2,501,890 shares, 24,606 restricted stock units and 100,425 shares of restricted stock.

The estimated number of options, restricted stock and restricted stock units to be granted is calculated using the midpoint of the range set forth on the cover of this prospectus and, in the case of option grants, the Black-Scholes valuation model. These amounts are subject to adjustment based on the final public offering price and in the case of option grants adjustments for other assumptions used in the Black-Scholes valuation model. See *Management Compensation Discussion and Analysis Executive Compensation Components Long-Term Incentive Compensation Visa Inc. 2007 Equity Incentive Compensation Plan*.

Except as otherwise indicated, all information contained in this prospectus:

assumes an initial public offering price of \$39.50 per share of class A common stock (the midpoint of the range set forth on the cover of this prospectus); and

assumes no exercise by the underwriters of their right to purchase up to an additional 40,600,000 shares.

**Table of Contents****SUMMARY****FINANCIAL AND OTHER DATA OF VISA INC.**

In October 2007, we completed a reorganization in which Visa U.S.A., Visa International, Visa Canada and Inovant became direct or indirect subsidiaries of Visa Inc. Prior to the three months ended December 31, 2007, there was no historical combined statement of operations of Visa Inc. because Visa Inc. did not have any operations prior to the reorganization. The pro forma statements of operations data set forth below for fiscal 2007 and for the three months ended December 31, 2006 give effect to the reorganization as if it had occurred on October 1, 2006. The pro forma statements of operations data set forth below for fiscal 2006 give effect to the reorganization as if it had occurred on October 1, 2005. These pro forma statements of operations data have been prepared in accordance with Statement of Financial Accounting Standards, or SFAS, No. 141, *Business Combinations*. See *Note 3 The Reorganization* to the audited consolidated balance sheet of Visa Inc. at October 1, 2007 and *Note 3* to the consolidated financial statements of Visa Inc. at and for the three months ended December 31, 2007 and 2006 included elsewhere in this prospectus.

The pro forma and other data set forth below should be read in conjunction with the information under *Management's Discussion and Analysis of Historical and Pro Forma Financial Condition and Results of Operations of Visa Inc.*, the consolidated financial statements of Visa Inc., Visa U.S.A. and Visa International, and *Unaudited Pro Forma Condensed Combined Statement of Operations*, included elsewhere in this prospectus.

	Actual Visa Inc.		Pro Forma Visa Inc.	
	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006	Fiscal Year 2007	Fiscal Year 2006
	(unaudited)		(unaudited)	
	(in millions, except percentages)			
<b>Statements of Operations Data:</b>				
Operating revenues:				
Service fees <sup>(1)</sup>	\$ 732	\$ 577	\$ 2,582	\$ 2,060
Data processing fees	492	377	1,659	1,411
Volume and support incentives	(250)	(136)	(714)	(890)
International transaction fees	381	247	1,193	911
Other revenues	133	108	473	410
Total operating revenues	\$ 1,488	\$ 1,173	\$ 5,193	\$ 3,902
Operating expenses:				
Personnel	283	273	1,159	1,009
Network, EDP and communications	133	118	517	475
Advertising, marketing, and promotion	210	205	1,075	864
Professional and consulting fees	98	101	552	418
Administrative and other	78	81	353	410
Litigation provision <sup>(2)</sup>		2	2,653	23
Total operating expenses	\$ 802	\$ 780	\$ 6,309	\$ 3,199
Operating income (loss)	686	393	(1,116)	703
Other (expense) income:				
Interest expense	(45)	(23)	(97)	(104)
Investment income, net	41	40	197	136
Other, net	1		8	
Total other (expense) income	(3)	17	108	32
Income (loss) before income taxes	683	410	(1,008)	735
Income tax (benefit) expense <sup>(3)</sup>	259	161	(147)	282

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Net (loss) income	\$ 424	\$ 249	\$ (861)	\$ 453
<b>Other Financial Data:</b>				
Depreciation and amortization	\$ 62	\$ 55	\$ 228	\$ 228

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- (1) Service fees in a given quarter are assessed based on payments volume in the prior quarter. Payments volume data for the 12-month period ending June 30 is used as the basis for recording service fees for the fiscal year ending September 30. See *Statistical Data* in the table below.
- (2) In November 2007, Visa U.S.A. settled the American Express litigation matter for total maximum payments of approximately \$2.1 billion, as described in *Note 20 Legal Matters* to the Visa U.S.A. fiscal 2007 consolidated financial statements included elsewhere in this prospectus. The present value of this obligation of \$1.9 billion was recorded in fiscal 2007.
- (3) The pro forma statements of operations data presented above do not reflect our loss of eligibility for a California special deduction. The State of California, where Visa U.S.A. and Visa International are headquartered, historically has not taxed a substantial portion of the reported income of these companies on the basis that both operate on a cooperative or mutual basis and therefore are eligible for a special deduction. As taxpayers eligible for the special deduction, Visa U.S.A. and Visa International were generally only subject to California taxation on interest and investment income. Therefore, the majority of each company's income has not historically been taxed in California. As a result of this offering and consequent ownership by parties other than our financial institution customers, we will no longer be eligible to claim the special deduction. Had ineligibility for the special deduction been reflected at the beginning of each period presented in our actual and pro forma condensed combined statements of operations, our income tax benefit would decrease and net loss would increase by approximately \$31 million in fiscal 2007 and our income tax expense would increase and net income would decrease by approximately \$10 million for the three months ended December 31, 2007. Income tax expense would increase and net income would decrease by approximately \$16 million in fiscal 2006 and approximately \$9 million for the three months ended December 31, 2006.

	Pro Forma Visa Inc.			
	Three Months Ended September 30, 2007	2006 (unaudited)	Twelve Months Ended June 30, 2007	2006
(in millions, except percentages)				
<b>Statistical Data:</b> <sup>(1)</sup>				
Payments volume <sup>(2)</sup>				
Credit	346,948	301,154	\$ 1,257,948	\$ 1,122,905
<i>Year-over-year change</i>	15%	12%	12%	13%
Debit	198,725	170,851	730,070	643,450
<i>Year-over-year change</i>	16%	15%	13%	24%
Commercial and other	77,380	66,025	277,919	231,095
<i>Year-over-year change</i>	17%	22%	20%	23%
Total payments volume	623,053	538,030	2,265,937	1,997,450
<i>Year-over-year change</i>	16%	14%	13%	18%
Cash volume <sup>(3)</sup>	349,082	283,112	1,216,257	1,000,520
<i>Year-over-year change</i>	23%	20%	22%	20%
Total volume <sup>(4)</sup>	972,136	821,142	3,482,194	2,997,970
<i>Year-over-year change</i>	18%	16%	16%	18%

	Actual Visa Inc.	Pro Forma Visa Inc.		
	Three Months Ended December 31, 2007	Three Months Ended December 31, 2006 (unaudited)	2007	Fiscal Year 2006
(in millions, except percentages)				
Transactions processed <sup>(5)</sup>	9,094	8,018	32,720	29,202
<i>Year-over-year change</i>	13%	NA	12%	NA

- (1) The statistical data in this table, which we consider to be important measures of the scale of our business, are based on quarterly operating certificates from Visa's customers and are unaudited.
- (2) Payments volume is the total monetary value of transactions for goods and services purchased with cards bearing our brands.
- (3) Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks.
- (4) Total volume is the sum of payments volume and cash volume.
- (5) Transactions processed represent transactions involving Visa-branded cards processed on our VisaNet processing system.



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The balance sheet data set forth below is derived from our unaudited consolidated balance sheet at December 31, 2007 and our audited consolidated balance sheet at October 1, 2007, each included elsewhere in this prospectus. Amounts in the as adjusted column give effect to this offering, including the application of the net proceeds of the offering, as if it occurred on December 31, 2007.

	At October 1, 2007	Visa Inc.	
		Actual	At December 31, 2007 As Adjusted
		Actual (unaudited) (in millions)	
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 1,278	\$ 1,698	4,055
Restricted cash			3,000
Total investment securities, available-for-sale.	1,585	1,109	1,109
Intangible assets and goodwill	20,022	19,938	19,938
Total assets	27,069	27,742	33,099
Total debt	124	115	115
Total accrued litigation obligation	3,682	3,720	3,720
Total liabilities	10,784	11,026	12,237 <sup>(1)</sup>
Temporary equity			1,115 <sup>(2)</sup>
Total stockholders' equity	16,286	16,716	19,747

(1) Includes our obligation to redeem 31,592,881 shares of class C (series III) common stock in October 2008 and is based on the midpoint of the range set forth on the cover of this prospectus.

(2) Includes the fair value of the shares of class C (series II) common stock that we intend to redeem in October 2008 for an aggregate redemption price of \$1.146 billion (subject to reduction for dividends and other adjustments).

**Presentation of Earnings Per Share Subsequent to this Offering**

For periods subsequent to the completion of this offering, we will present earnings per share using the two-class method under the guidelines of Statement of Financial Accounting Standards, or SFAS No. 128 *Earnings Per Share* to reflect the different rights of our outstanding shares. In order to assist in understanding this presentation, we have provided an illustrative example under *Illustrative Example of the Calculation of Earnings Per Share* below.

The following table sets forth, on a pro forma basis, (i) the number of shares of common stock that would be used in the calculation of earnings per share under the guidelines of SFAS No. 128 following the reorganization and this offering and (ii) the number of shares of class A common stock issuable upon conversion of the class B common stock and class C common stock:

Class of Common Stock	Pro Forma Shares Outstanding Upon Reorganization and Offering <sup>(4)</sup>	Pro Forma Class A Common Stock Outstanding or Issuable Upon Conversion of the Class B and Class C Common Stock <sup>(5)</sup>
Class A <sup>(1)</sup>	406,000,000	406,000,000
Class B	277,035,213	198,777,235
Class C (series I, III and IV) <sup>(2)</sup>	172,292,807	172,292,807
Class C (series II) <sup>(3)</sup>	79,748,847	
Total	935,076,867	777,070,042



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- (1) Amount excludes 1,373,998 shares of restricted stock and 670,799 restricted stock units that we intend to grant upon the pricing of this offering to certain of our directors and employees.
- (2) This amount does not include 31,592,881 shares of class C (series III) common stock reclassified as a liability upon the closing of this offering. This amount is not included in the weighted-average of shares outstanding used in the calculation of earnings per share under the guidelines of SFAS No. 128. These shares of class C (series III) common stock are not convertible into class A common stock upon completion of this offering. See *Note 3 Visa Europe Transaction to the Unaudited Pro Forma Condensed Combined Statement of Operations*.
- (3) Class C (series II) common stock is not convertible into class A common stock upon completion of this offering.
- (4) These amounts reflect the application of \$10.2 billion of the proceeds of this offering to redeem 123,216,659 shares of class B common stock and 143,037,934 shares of class C common stock, at an assumed price of \$38.33 per share (the midpoint of the range set forth on the cover of this prospectus less underwriting discounts and commissions).
- (5) The conversion rate applicable to any conversion of our class C common stock into class A common stock will be one-to-one, subject to adjustment for stock splits, recapitalizations and similar transactions. Assuming the deposit of \$3.0 billion into the escrow account, the conversion rate applicable to the class B common stock into class A common stock immediately following this offering will be 0.72 shares of class A common stock per share of class B common stock, assuming an initial public offering price of \$38.33 per share (the midpoint of the range set forth on the cover of this prospectus less underwriting discounts and commissions). See *Business Retrospective Responsibility Plan*.

**Calculation of Earnings Per Share**

Under the guidelines of SFAS No. 128, the total weighted average number of shares outstanding for the period is used in the calculation of basic earnings per share presented for each class and series of common stock. The total weighted average number of shares for the period used in the calculation of fully diluted earnings per share also includes all potentially dilutive shares applicable to each class and series of common stock. In the calculation of diluted earnings per share applicable to class A common stock, potentially dilutive shares will include the number of shares of class A common stock issuable upon conversion of the class B and class C common stock based on the conversion rate in effect for the period.

For periods subsequent to the completion of this offering, net income available to each class and series of common stock in the calculation of earnings per share will be as follows:

*Class A and class C (series I, III and IV)* Income available to these shares is reduced by the amount of accretion recorded on the class C (series II) common stock (as described below) and the income attributable to the class C (series III) shares held by Visa Europe that are subject to redemption (the class C series III redemption shares ) in the period presented.

*Class B* Income available to these shares is reduced by the amount of accretion recorded on the class C (series II) common stock (as described below) and the income attributable to the class C (series III) redemption shares in the period presented. The class B common stock participates in the remaining income available to common stockholders on an as-converted basis.

*Class C (series II) common stock* Income available to these shares is limited to the accretion recorded through retained earnings on this common stock in the period presented.

For the class A common stock diluted earnings per share calculation, net income available to class A common stock will include the allocated class C (series I, III and IV) common stock and class B common stock earnings described above.



**Table of Contents****Illustrative Example of the Calculation of Earnings Per Share**

Based on the pro forma and pro forma as converted number of shares of common stock, as detailed in the table above, and our actual unaudited results of operations for the quarter ended December 31, 2007, pro forma earnings per share for the quarter ended December 31, 2007, assuming that the reorganization and this offering had occurred at the beginning of the period, is calculated as follows:

	(in millions except per share data)
Net income for the quarter ended December 31, 2007	\$ 424
Less: Accretion of class C (series II) common stock <sup>(1)</sup>	(11)
Less: Amount allocated to participating class C (series III) redemption shares held by Visa Europe <sup>(2)</sup>	(16)
<b>Total pro forma net income available to common stockholders</b>	<b>397</b>
Pro forma net income available to common stockholders:	
Class A and class C (series I, III and IV) common stock . .	295
Class B common stock . .	102
Class C (series II) common stock <sup>(3)</sup> . .	
Pro forma basic earnings per share two-class method:	
Class A and class C (series I, III and IV) common stock	0.51
Class B common stock	0.37
Class C (series II) common stock <sup>(3)</sup>	0.13
Pro forma diluted earnings per share two-class method <sup>(4)</sup> :	
Class A common stock <sup>(5)</sup>	0.51
Class B common stock	0.37
Class C (series I, III and IV) common stock	0.51
Class C (series II) common stock	0.13

- (1) Upon the closing of this offering, we intend to classify all class C (series II) common stock at its then fair value as temporary or mezzanine level equity in our consolidated balance sheet. Additionally, over the period from the closing of this offering to on or about October 10, 2008, we will accrete this stock to its redemption price through our retained earnings. We estimate that the total amount of accretion will be approximately \$42 million, which represents the difference between its initial fair value and its redemption price assuming no dividends or other applicable adjustments. The amount reflected above represents one quarter of the total anticipated accretion expected to be recognized.
- (2) Upon the closing of this offering, we intend to classify the class C (series III) redemption shares as a liability, at their redemption value, on our consolidated balance sheet. From the date of reclassification, these shares will be excluded from the weighted average number of shares outstanding in the calculation of basic and diluted earnings per share. However, until redeemed, the class C (series III) redemption shares will continue to share ratably in any dividends or distributions paid on our common stock. Therefore, in the calculation of basic and diluted earnings per share, the class C (series III) redemption shares will be treated as participating in the allocation of net income and will proportionately reduce net income available to all remaining common stockholders.
- (3) The aggregate redemption price of the class C (series II) common stock is reduced by the aggregate amount of any dividends and other distributions declared and paid. Therefore, for the purposes of calculating pro forma earnings per share, under SFAS No. 128, class C (series II) common stockholders are deemed not to participate in any distribution of pro forma net income available to other common stockholders.

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- (4) Amount excludes 1,373,998 shares of restricted stock and 670,799 restricted stock units that we intend to grant upon the pricing of this offering to certain of our directors and employees.
- (5) Pro forma diluted earnings per share applicable to class A common stock is calculated by dividing total pro forma net income available to common stockholders by 777,070,042, the total number of class A common stock outstanding upon conversion of the class B and C common stock based on the conversion ratio in effect for the period.

Had all outstanding class C (series II) common stock and class C (series III) redemption shares been redeemed on October 1, 2007, the beginning of the period, pro forma earnings per share would have been \$0.55 per share of class A and class C (series I, III and IV) common stock and \$0.39 per share of class B common stock for the quarter ended December 31, 2007.

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**RISK FACTORS**

*An investment in our class A common stock involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this prospectus before investing in our class A common stock. Any of the following risks, if realized, could materially and adversely affect our revenues, operating results, profitability, financial condition, prospects for future growth and overall business. In that case, the trading price of our class A common stock could decline and you could lose all or part of your investment.*

**Risks Related to Our Business**

***Legal and Regulatory Risks***

**Interchange fees are subject to significant legal and regulatory scrutiny worldwide, which may have a material adverse impact on our revenues, our prospects for future growth and our overall business.**

Interchange represents a transfer of value between the financial institutions participating in an open-loop payments network such as ours. On purchase transactions, interchange fees are typically paid to issuers, which are the financial institutions that issue Visa cards to cardholders, by acquirers, which are the financial institutions that offer Visa network connectivity and payments acceptance services to merchants, in connection with transactions initiated with cards in our payments system. We set default interchange rates in the United States and other regions. In certain jurisdictions, interchange rates are subject to government regulation. Although we administer the collection and remittance of interchange fees through the settlement process, we generally do not receive any portion of the interchange fees. Interchange fees are often the largest component of the costs that acquirers charge merchants in connection with the acceptance of payment cards. We believe that interchange fees are an important driver of system volume.

As the volume of card-based payments has increased in recent years, interchange fees, including our default interchange rates, have become subject to increased regulatory scrutiny worldwide. We believe that regulators are increasingly adopting a similar approach to interchange fees, and, as a result, developments in any one jurisdiction may influence regulatory approaches in other jurisdictions.

Interchange fees have been the topic of recent committee hearings in the U.S. House of Representatives and the U.S. Senate, as well as conferences held by a number of U.S. Federal Reserve Banks. In addition, the U.S. House of Representatives has passed a bill that would commission a study by the Federal Trade Commission of the role of interchange fees in alleged price gouging at gas stations. Individual state legislatures in the United States are also reviewing interchange fees, and legislators in a number of states have proposed bills that purport to limit interchange fees or merchant discount rates or to prohibit their application to portions of a transaction. In addition, the Merchants Payments Coalition, a coalition of trade associations representing businesses that accept credit and debit cards, is mounting a challenge to interchange fees in the United States by seeking legislative and regulatory intervention.

Interchange fees and related practices also have been or are being reviewed by regulatory authorities and/or central banks in a number of other jurisdictions, including the European Union, Australia, Brazil, Colombia, Germany, Honduras, Hungary, Mexico, New Zealand, Norway, Poland, Portugal, Romania, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom. For example:

The Reserve Bank of Australia has made regulations under legislation enacted to give it powers over payments systems. A regulation controls the costs that can be considered in setting interchange fees for Visa credit and debit cards, but does not regulate the merchant discount charged by any payment system, including competing closed-loop payments systems.

New Zealand's competition regulator, the Commerce Commission, filed a civil claim alleging that, among other things, the fixing of default interchange rates by Cards NZ Limited, Visa International, MasterCard and certain Visa International member financial institutions contravenes the New Zealand

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Commerce Act. A group of New Zealand retailers filed a nearly identical claim against the same parties before the same tribunal. Both the Commerce Commission and the retailers seek declaratory, injunctive and monetary relief.

In March 2006, Banco de México, the central bank of Mexico, reached an agreement with the Mexican Banks Association to implement a new, value-based interchange methodology. As part of Banco de México's transparency policies, details of the new interchange rates have been publicly disclosed and are available on Banco de México's web site.

In December 2007, the European Commission adopted a decision that MasterCard's multilateral interchange fees for cross-border payment transactions within the European Economic Area violated European Community Treaty rules on restrictive business practices and must be withdrawn within six months.

Regulatory actions such as these, even if not directed at us or if affecting a geographic region in which we do not operate, may nonetheless increase regulatory scrutiny of interchange fees. If we cannot successfully defend our ability to set default interchange rates to maximize system volume, our payments system may become unattractive to issuers and/or acquirers. This result could reduce the number of financial institutions willing to participate in our open-loop multi-party payments system, lower overall transaction volumes and/or make closed-loop payments systems or other forms of payment more attractive. Issuers could also begin to charge higher fees to consumers, thereby making our card programs less desirable and reducing our transaction volumes and profitability. Acquirers could elect to charge higher merchant discount rates to merchants, regardless of the level of Visa interchange, leading merchants not to accept cards for payment or to steer Visa cardholders to alternate payment systems. In addition, issuers or acquirers could attempt to decrease the expense of their card programs by seeking incentives from us or a reduction in the fees that we charge. Any of the foregoing could have a material adverse impact on our revenues, operating results, prospects for future growth and overall business.

**A finding of liability in the interchange litigation may result in substantial damages.**

Since 2005, approximately 50 class action and individual complaints have been filed on behalf of merchants against Visa U.S.A., Visa International, MasterCard and other defendants, including certain Visa U.S.A. member financial institutions, which we refer to as the interchange litigation. Among other antitrust allegations, the plaintiffs allege that Visa U.S.A.'s and Visa International's setting of default interchange rates violated federal and state antitrust laws. The lawsuits have been transferred to a multidistrict litigation in the U.S. District Court for the Eastern District of New York. The class action complaints have been consolidated into a single amended class action complaint and the individual complaints are also being consolidated in the same multidistrict litigation. A similar case, filed in 2004, is on appeal by plaintiffs after having been dismissed with prejudice, and has not been transferred to the multidistrict litigation.

The plaintiffs in the interchange litigation seek damages for alleged overcharges in merchant discount fees, as well as injunctive and other relief. The plaintiffs have not yet quantified the damages they seek, although several of the complaints allege that the plaintiffs expect that damages will range in the tens of billions of dollars. Because these lawsuits were brought under the U.S. federal antitrust laws, any actual damages will be trebled and Visa U.S.A. and/or Visa International may be subject to joint and several liability among the defendants if liability is established, which could significantly magnify the effect of any adverse judgment. The interchange litigation is part of the covered litigation, which our retrospective responsibility plan is intended to address; however, the retrospective responsibility plan may not adequately insulate us from the impact of settlements of, or judgments in, the interchange litigation. Failure to successfully defend or settle the interchange litigation would result in liability that to the extent not covered by our retrospective responsibility plan could have a material adverse effect on our results of operations, financial condition and cash flows, or, in certain circumstances, even cause us to become insolvent. In addition, even if our direct financial exposure were covered by our retrospective responsibility plan, settlements or judgments involving the multidistrict litigation could include restrictions on our ability to conduct business, which could increase our cost of doing business and limit our prospects for future growth. See *Business Retrospective Responsibility Plan Covered Litigation The Interchange Litigation*.

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**A finding of liability in the Discover litigation may result in substantial damages.**

In 1998, the U.S. Department of Justice filed suit against Visa U.S.A., Visa International and MasterCard International in the U.S. District Court for the Southern District of New York. The suit alleged, among other things, that Visa U.S.A. restrained competition by prohibiting its member financial institutions from issuing certain payment cards that compete with Visa-branded cards (such as American Express or Discover), which we refer to as competing payment cards. The district court held that the prohibition constituted an unlawful restraint of trade under the U.S. federal antitrust laws, and this decision was affirmed by the Second Circuit Court of Appeals. In 2004, the U.S. Supreme Court denied our petition for certiorari, thereby exhausting all avenues for further appeal in this case. As a result of this judgment, the Visa U.S.A. bylaw that provided for the prohibition became unenforceable in October 2004 and was subsequently repealed.

Discover filed suit against Visa U.S.A., Visa International and MasterCard International, alleging that prohibiting member financial institutions from issuing competing payment cards caused it injury under the U.S. federal antitrust laws. Discover has requested that the district court give collateral estoppel effect to the court's findings in the judgment of the 1998 Department of Justice litigation. Although the district court denied that request when made at the outset of the litigation, the district court indicated it would entertain a motion by Discover for collateral estoppel at a later time. If the court were to give collateral estoppel effect to one or more issues, significant elements of Discover's claims would be established, making it more likely that Visa U.S.A. and Visa International could be found liable and that Discover would be awarded damages. Even if the court declines to give collateral estoppel effect to any of these issues, Discover may nevertheless be successful in establishing these issues in subsequent proceedings. On July 24, 2007, Discover served an expert report purporting to demonstrate that it had incurred substantial damages. Because this lawsuit was brought under the U.S. federal antitrust laws, any actual damages will be trebled and Visa U.S.A. and Visa International may be subject to joint and several liability among the defendants if liability is established, which could significan