

VISA INC.

FORM 10-Q (Quarterly Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-33977

VISA INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

26-0267673
(IRS Employer
Identification No.)

P.O. Box 8999
San Francisco, California
(Address of principal executive offices)

94128-8999
(Zip Code)

(650) 432-3200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company.)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 23, 2015, there were 490,962,259 shares of class A common stock, par value \$0.0001 per share, 245,513,385 shares of class B common stock, par value \$0.0001 per share, and 21,762,506 shares of class C common stock, par value \$0.0001 per share, of Visa Inc. outstanding.

VISA INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

VISA INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	December 31, 2014	September 30, 2014
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	\$ 2,085	\$ 1,971
Restricted cash—litigation escrow (Note 2)	1,398	1,498
Investment securities (Note 3):		
Trading	78	69
Available-for-sale	2,417	1,910
Settlement receivable	500	786
Accounts receivable	900	822
Customer collateral (Note 5)	1,041	961
Current portion of client incentives	200	210
Deferred tax assets	927	1,028
Prepaid expenses and other current assets	318	307
Total current assets	9,864	9,562
Investment securities, available-for-sale (Note 3)	3,028	3,015
Client incentives	87	81
Property, equipment and technology, net	1,861	1,892
Other assets	896	855
Intangible assets, net	11,395	11,411
Goodwill	11,753	11,753
Total assets	\$ 38,884	\$ 38,569
Liabilities		
Accounts payable	\$ 135	\$ 147
Settlement payable	855	1,332
Customer collateral (Note 5)	1,041	961
Accrued compensation and benefits	307	450
Client incentives	1,058	1,036
Accrued liabilities (Note 6)	1,049	624
Accrued litigation (Note 11)	1,353	1,456
Total current liabilities	5,798	6,006
Deferred tax liabilities	4,139	4,145
Other liabilities (Note 6)	1,005	1,005
Total liabilities	10,942	11,156

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
CONSOLIDATED BALANCE SHEETS—(Continued)
(UNAUDITED)

	December 31, 2014	September 30, 2014
	(in millions, except par value data)	
Equity		
Preferred stock, \$0.0001 par value, 25 shares authorized and none issued	\$ —	\$ —
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 495 shares issued and outstanding at December 31, 2014 and September 30, 2014 (Note 7)	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at December 31, 2014 and September 30, 2014 (Note 7)	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 20 and 22 shares issued and outstanding at December 31, 2014 and September 30, 2014, respectively (Note 7)	—	—
Additional paid-in capital	18,200	18,299
Accumulated income	9,732	9,131
Accumulated other comprehensive income (loss), net:		
Investment securities, available-for-sale	11	31
Defined benefit pension and other postretirement plans	(80)	(84)
Derivative instruments classified as cash flow hedges	80	38
Foreign currency translation adjustments	(1)	(2)
Total accumulated other comprehensive income (loss), net	10	(17)
Total equity	27,942	27,413
Total liabilities and equity	\$ 38,884	\$ 38,569

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended December 31,	
	2014	2013
	(in millions, except per share data)	
Operating Revenues		
Service revenues	\$ 1,538	\$ 1,419
Data processing revenues	1,383	1,264
International transaction revenues	970	891
Other revenues	204	180
Client incentives	(713)	(599)
Total operating revenues	<u>3,382</u>	<u>3,155</u>
Operating Expenses		
Personnel	509	470
Marketing	205	186
Network and processing	114	132
Professional fees	70	75
Depreciation and amortization	120	107
General and administrative	126	108
Total operating expenses	<u>1,144</u>	<u>1,078</u>
Operating income	2,238	2,077
Non-operating income	24	6
Income before income taxes	2,262	2,083
Income tax provision (Note 10)	693	676
Net income	<u>\$ 1,569</u>	<u>\$ 1,407</u>

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF OPERATIONS—(Continued)
(UNAUDITED)

	Three Months Ended December 31,	
	2014	2013
	(in millions, except per share data)	
Basic earnings per share (Note 8)		
Class A common stock	\$ 2.54	\$ 2.21
Class B common stock	\$ 1.05	\$ 0.93
Class C common stock	\$ 2.54	\$ 2.21
Basic weighted-average shares outstanding (Note 8)		
Class A common stock	494	505
Class B common stock	245	245
Class C common stock	22	27
Diluted earnings per share (Note 8)		
Class A common stock	\$ 2.53	\$ 2.20
Class B common stock	\$ 1.04	\$ 0.93
Class C common stock	\$ 2.53	\$ 2.20
Diluted weighted-average shares outstanding (Note 8)		
Class A common stock	619	639
Class B common stock	245	245
Class C common stock	22	27

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended December 31,	
	2014	2013
	(in millions)	
Net income	\$ 1,569	\$ 1,407
Other comprehensive income, net of tax:		
Investment securities, available-for-sale:		
Net unrealized (loss) gain	(10)	17
Income tax effect	3	(6)
Reclassification adjustment for net gain realized in net income	(21)	—
Income tax effect	8	—
Defined benefit pension and other postretirement plans:		
Net unrealized actuarial gain and prior service credit	6	1
Income tax effect	(1)	—
Amortization of actuarial gain and prior service credit realized in net income	(1)	(2)
Income tax effect	—	1
Derivative instruments classified as cash flow hedges:		
Net unrealized gain	63	24
Income tax effect	(17)	(4)
Reclassification adjustment for net gain realized in net income	(6)	(11)
Income tax effect	2	2
Foreign currency translation adjustments	1	—
Other comprehensive income, net of tax	<u>27</u>	<u>22</u>
Comprehensive income	<u><u>\$ 1,596</u></u>	<u><u>\$ 1,429</u></u>

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

	Common Stock			Additional Paid-in Capital	Accumulated Income	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Class A	Class B	Class C				
	(in millions, except per share data)						
Balance as of September 30, 2014	495	245	22	\$ 18,299	\$ 9,131	\$ (17)	\$ 27,413
Net income					1,569		1,569
Other comprehensive income, net of tax						27	27
Comprehensive income							1,596
Issuance of restricted stock awards ⁽¹⁾	—						—
Conversion of class C common stock upon sale into public market	2		(2)				—
Share-based compensation				45			45
Excess tax benefit for share-based compensation				58			58
Cash proceeds from exercise of stock options	1			30			30
Restricted stock and performance-based shares settled in cash for taxes ⁽²⁾	—			(100)			(100)
Cash dividends declared and paid, at a quarterly amount of \$0.48 per as-converted share (Note 7)					(297)		(297)
Repurchase of class A common stock (Note 7)	(3)			(132)	(671)		(803)
Balance as of December 31, 2014	495	245	20	\$ 18,200	\$ 9,732	\$ 10	\$ 27,942

⁽¹⁾ Increase in class A common stock is less than 1 million shares.

⁽²⁾ Decrease in class A common stock is less than 1 million shares.

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended December 31,	
	2014	2013
	(in millions)	
Operating Activities		
Net income	\$ 1,569	\$ 1,407
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of client incentives	713	599
Share-based compensation	45	45
Excess tax benefit for share-based compensation	(58)	(54)
Depreciation and amortization of property, equipment, technology and intangible assets	120	107
Deferred income taxes	97	19
Other	(19)	5
Change in operating assets and liabilities:		
Settlement receivable	286	(89)
Accounts receivable	(78)	(79)
Client incentives	(687)	(616)
Other assets	(141)	(77)
Accounts payable	10	(80)
Settlement payable	(477)	21
Accrued and other liabilities	484	334
Accrued litigation (Note 11)	(103)	(1)
Net cash provided by operating activities	<u>1,761</u>	<u>1,541</u>
Investing Activities		
Purchases of property, equipment, technology and intangible assets	(104)	(120)
Investment securities, available-for-sale:		
Purchases	(758)	(754)
Proceeds from sales and maturities	226	600
Purchases of / contributions to other investments	—	(2)
Net cash used in investing activities	<u>(636)</u>	<u>(276)</u>

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(UNAUDITED)

	Three Months Ended December 31,	
	2014	2013
	(in millions)	
Financing Activities		
Repurchase of class A common stock (Note 7)	\$ (803)	\$ (1,091)
Dividends paid (Note 7)	(297)	(254)
Payments from litigation escrow account—retrospective responsibility plan (Note 2 and Note 11)	100	—
Cash proceeds from exercise of stock options	30	38
Restricted stock and performance-based shares settled in cash for taxes	(100)	(77)
Excess tax benefit for share-based compensation	58	54
Net cash used in financing activities	(1,012)	(1,330)
Effect of exchange rate changes on cash and cash equivalents	1	—
Increase (decrease) in cash and cash equivalents	114	(65)
Cash and cash equivalents at beginning of year	1,971	2,186
Cash and cash equivalents at end of period	\$ 2,085	\$ 2,121
Supplemental Disclosure		
Income taxes paid, net of refunds	\$ 57	\$ 96
Accruals related to purchases of property, equipment, technology and intangible assets	\$ 21	\$ 20

See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

VISA INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014
(UNAUDITED)

Note 1—Summary of Significant Accounting Policies

Organization. Visa Inc. (“Visa” or the “Company”) is a global payments technology company that connects consumers, businesses, financial institutions and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. Visa and its wholly-owned consolidated subsidiaries, including Visa U.S.A. Inc. (“Visa U.S.A.”), Visa International Service Association (“Visa International”), Visa Worldwide Pte. Limited, Visa Canada Corporation, Inovant LLC and CyberSource Corporation (“CyberSource”), operate one of the world’s most advanced processing networks — VisaNet — which facilitates authorization, clearing and settlement of payment transactions worldwide. VisaNet also offers fraud protection for account holders and assured payment for merchants. Visa is not a bank and does not issue cards, extend credit or set rates and fees for account holders on Visa-branded cards and payment products. In most cases, account holder and merchant relationships belong to, and are managed by, Visa's financial institution clients. Visa provides a wide variety of payment solutions that support payment products that issuers can offer to their account holders: pay now with debit, pay ahead with prepaid or pay later with credit products. Visa also offers a growing suite of innovative digital, eCommerce and mobile products and services. These services facilitate transactions on Visa's network among account holders, merchants, financial institutions and governments in mature and emerging markets globally.

Consolidation and basis of presentation. The accompanying unaudited consolidated financial statements include the accounts of Visa and its consolidated entities and are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company consolidates its majority-owned and controlled entities, including variable interest entities (“VIEs”) for which the Company is the primary beneficiary. The Company’s investments in VIEs have not been material to its consolidated financial statements as of and for the periods presented. All significant intercompany accounts and transactions are eliminated in consolidation.

Certain prior period amounts within the accompanying unaudited consolidated financial statements have been reclassified to conform to current period presentation. These reclassifications did not affect the Company's financial position, total operating revenues, net income, comprehensive income, or cash flows as of and for the periods presented.

The accompanying unaudited consolidated financial statements are presented in accordance with the U.S. Securities and Exchange Commission (“SEC”) requirements for Quarterly Reports on Form 10-Q and, consequently, do not include all of the annual disclosures required by U.S. GAAP. Reference should be made to the Visa Annual Report on Form 10-K for the year ended September 30, 2014 for additional disclosures, including a summary of the Company’s significant accounting policies.

In the opinion of management, the accompanying unaudited consolidated financial statements include all normal recurring adjustments necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the interim periods presented.

Recently Issued and Adopted Accounting Pronouncements.

In February 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2013-04, which provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The Company adopted the standard effective October 1, 2014. The adoption did not have a material impact on the consolidated financial statements.

In March 2013, the FASB issued ASU 2013-05, which clarifies the applicable guidance for the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity, or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The Company adopted the standard effective October 1, 2014. The adoption did not have a material impact on the consolidated financial statements.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

In July 2013, the FASB issued ASU 2013-11, which provides guidance for the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The standard impacts presentation only. The Company adopted the standard effective October 1, 2014. The adoption did not have a material impact on the consolidated financial statements.

In November 2014, the FASB issued ASU 2014-17, which permits an acquired entity to elect the option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtained control of the acquired entity. The Company adopted the standard prospectively effective November 18, 2014. The adoption did not have a material impact on the consolidated financial statements.

Note 2—Retrospective Responsibility Plan

Under the terms of the retrospective responsibility plan, the Company maintains an escrow account from which settlements of, or judgments in, the covered litigation are paid. At December 31, 2014 and September 30, 2014, the balance of the escrow account was \$1.4 billion and \$ 1.5 billion , respectively. The Company paid \$100 million to opt-out merchants from the litigation escrow account during the three months ended December 31, 2014 associated with the interchange multidistrict litigation, and an additional \$179 million between January 1, 2015 and January 29, 2015. See *Note 11—Legal Matters* .

The accrual related to the covered litigation could be either higher or lower than the litigation escrow account balance. The Company did not record an additional accrual for the covered litigation during the three months ended December 31, 2014 . See *Note 11—Legal Matters* .

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Note 3—Fair Value Measurements and Investments

Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using Inputs Considered as					
	Level 1		Level 2		Level 3	
	December 31, 2014	September 30, 2014	December 31, 2014	September 30, 2014	December 31, 2014	September 30, 2014
	(in millions)					
Assets						
Cash equivalents and restricted cash:						
Money market funds	\$ 2,307	\$ 2,277				
Commercial paper			\$ 45	\$ 37		
Investment securities, trading:						
Equity securities	78	69				
Investment securities, available-for-sale:						
U.S. government-sponsored debt securities			2,206	2,162		
U.S. Treasury securities	2,627	2,176				
Equity securities	25	58				
Corporate debt securities			580	522		
Auction rate securities					\$ 7	\$ 7
Prepaid and other current assets:						
Foreign exchange derivative instruments			86	40		
Total	\$ 5,037	\$ 4,580	\$ 2,917	\$ 2,761	\$ 7	\$ 7
Liabilities						
Accrued liabilities:						
Visa Europe put option					\$ 145	\$ 145
Foreign exchange derivative instruments			\$ 7	\$ 6		
Total	\$ —	\$ —	\$ 7	\$ 6	\$ 145	\$ 145

There were no significant transfers between Level 1 and Level 2 assets during the three months ended December 31, 2014 and 2013.

Level 1 assets measured at fair value on a recurring basis. Money market funds, publicly-traded equity securities and U.S. Treasury securities are classified as Level 1 within the fair value hierarchy, as fair value is based on quoted prices in active markets.

Level 2 assets and liabilities measured at fair value on a recurring basis. The fair value of U.S. government-sponsored debt securities and corporate debt securities, as provided by third-party pricing vendors, is based on quoted prices in active markets for similar, not identical, assets. The pricing data obtained from outside sources is reviewed internally for reasonableness, compared against benchmark quotes from independent pricing sources, then confirmed or revised accordingly. Commercial paper and foreign exchange derivative instruments are valued

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

using inputs that are observable in the market or can be derived principally from or corroborated by observable market data. There were no substantive changes to the valuation techniques and related inputs used to measure fair value during the three months ended December 31, 2014 .

Level 3 assets and liabilities measured at fair value on a recurring basis. Auction rate securities are classified as Level 3 due to a lack of trading in active markets and a lack of observable inputs in measuring fair value. There were no substantive changes to the valuation techniques and related inputs used to measure fair value during the three months ended December 31, 2014 .

Visa Europe put option agreement. The Company has granted Visa Europe a perpetual put option, or the put option, which, if exercised, will require Visa Inc. to purchase all of the outstanding shares of capital stock of Visa Europe from its members. The put option provides a formula for determining the purchase price of the Visa Europe shares, which, subject to certain adjustments, applies Visa Inc.'s forward price-to-earnings multiple (as defined in the put option agreement), or the P/E ratio, at the time the option is exercised, to Visa Europe's adjusted net income for the forward 12-month period (as defined in the put option agreement), or the adjusted sustainable income. The calculation of Visa Europe's adjusted sustainable income under the terms of the put option agreement includes potentially material adjustments for cost synergies and other negotiated items. Upon exercise, the key inputs to this formula, including Visa Europe's adjusted sustainable income, will be the result of negotiation between the Company and Visa Europe. The put option provides an arbitration mechanism in the event that the two parties are unable to agree on the ultimate purchase price.

The fair value of the put option represents the value of Visa Europe's option, which under certain conditions could obligate the Company to purchase its member equity interest for an amount above fair value. While the put option is in fact non-transferable, its fair value represents the Company's estimate of the amount the Company would be required to pay a third-party market participant to transfer the potential obligation in an orderly transaction at the measurement date. The valuation of the put option therefore requires substantial judgment. The most subjective estimates applied in valuing the put option are the assumed probability that Visa Europe will elect to exercise its option and the estimated differential between the P/E ratio and the P/E ratio applicable to Visa Europe on a standalone basis at the time of exercise, or the P/E differential. The liability is classified within Level 3, as the assumed probability that Visa Europe will elect to exercise its option, the estimated P/E differential, and other inputs used to value the put option are unobservable.

At December 31, 2014 and September 30, 2014 , the Company determined the fair value of the put option to be \$145 million . While \$145 million represents the fair value of the put option at December 31, 2014 , it does not represent the actual purchase price that the Company may be required to pay if the option is exercised. Given current economic conditions, the purchase price under the terms of the put option would likely be in excess of \$10 billion. During the three months ended December 31, 2014 , there were no changes to the valuation methodology used to estimate the fair value of the put option. At December 31, 2014 , the key unobservable inputs included a 40% probability of exercise by Visa Europe at some point in the future and an estimated P/E differential of 1.9x . At December 31, 2014 , the Company's spot P/E was 21.7x , and there was a differential of 1.0x between this ratio and the estimated spot ratio applicable to Visa Europe. These ratios are for reference only and are not necessarily indicative of the ratio or differential that could be applicable if the put option was exercised at any point in the future. The use of an assumed probability of exercise that is 5% higher than the Company's estimate would have resulted in an increase of approximately \$18 million in the value of the put option. An increase of 1.0x in the assumed P/E differential would have resulted in an increase of approximately \$84 million in the value of the put option.

The put option is exercisable at any time at the sole discretion of Visa Europe. As such, the put option liability is included in accrued liabilities on the Company's consolidated balance sheet at December 31, 2014 . Classification in current liabilities is not an indication of management's expectation of exercise and simply reflects the fact that the obligation resulting from the exercise of the instrument could become payable within 12 months . Changes in fair value are recorded as non-cash, non-operating income on the consolidated statements of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)*Assets Measured at Fair Value on a Non-recurring Basis.*

Non-marketable equity investments and investments accounted for under the equity method . These investments are classified as Level 3 due to the absence of quoted market prices, the inherent lack of liquidity, and the fact that inputs used to measure fair value are unobservable and require management's judgment. When certain events or circumstances indicate that impairment may exist, the Company revalues the investments using various assumptions, including the financial metrics and ratios of comparable public companies. There were no events or circumstances that indicated these investments became impaired during the three months ended December 31, 2014 or 2013 . At December 31, 2014 and September 30, 2014 , these investments totaled \$32 million and \$35 million , respectively. These assets are classified in other assets on the consolidated balance sheets.

Non-financial assets and liabilities. Long-lived assets such as goodwill, indefinite-lived intangible assets, finite-lived intangible assets, and property, equipment and technology are considered non-financial assets. The Company does not have any non-financial liabilities measured at fair value on a non-recurring basis. Finite-lived intangible assets primarily consist of customer relationships, tradenames and reseller relationships, all of which were obtained through acquisitions.

If the Company were required to perform a quantitative assessment for impairment testing of goodwill and indefinite-lived intangible assets, the fair values would generally be estimated using an income approach. As the assumptions employed to measure these assets on a non-recurring basis are based on management's judgment using internal and external data, these fair value determinations are classified as Level 3 in the fair value hierarchy. There were no events or changes in circumstances that indicate impairment at December 31, 2014 .

Other Financial Instruments Not Measured at Fair Value

The following financial instruments are not measured at fair value on the Company's consolidated balance sheet at December 31, 2014 , but require disclosure of their fair values: time deposits recorded in prepaid expenses and other current assets, settlement receivable and payable, and customer collateral. The estimated fair value of such instruments at December 31, 2014 , approximates their carrying value due to their generally short maturities. If measured at fair value in the financial statements, these financial instruments would be classified as Level 2 in the fair value hierarchy.

Investments*Available-for-sale investment securities*

The Company had \$19 million in gross unrealized gains and \$3 million in gross unrealized losses at December 31, 2014 . There were \$48 million gross unrealized gains and no gross unrealized losses at September 30, 2014 . The gross unrealized gains at December 31, 2014 and September 30, 2014 primarily relate to the Company's available-for-sale equity securities. A majority of the Company's available-for-sale investment securities with stated maturities are due within one to three years.

Note 4—Pension and Other Postretirement Benefits

The Company sponsors various qualified and non-qualified defined benefit pension and other postretirement benefit plans that provide for retirement and medical benefits for substantially all employees residing in the United States. The Company also sponsors other pension benefit plans that provide benefits for internationally-based employees at certain non-U.S. locations, which are not presented below as they are not material.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The components of net periodic benefit cost are as follows:

	Pension Benefits		Other Postretirement Benefits	
	Three Months Ended December 31,		Three Months Ended December 31,	
	2014	2013	2014	2013
	(in millions)			
Service cost	\$ 12	\$ 11	\$ —	\$ —
Interest cost	10	10	—	—
Expected return on assets	(18)	(17)	—	—
Amortization of prior service credit	(2)	(2)	(1)	(1)
Settlement loss	2	1	—	—
Total net periodic benefit cost	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ (1)</u>	<u>\$ (1)</u>

Note 5—Settlement Guarantee Management

The Company indemnifies its financial institution clients for settlement losses suffered due to failure of any other clients to fund its settlement obligations in accordance with Visa's operating regulations. The indemnification creates settlement risk for the Company due to the difference in timing between the date of a payment transaction and the date of subsequent settlement. The exposure to settlement losses through Visa's settlement indemnification is accounted for as a settlement risk guarantee. The Company's settlement exposure is limited to the amount of unsettled Visa payment transactions at any point in time. The Company requires certain financial institution clients that do not meet its credit standards to post collateral to offset potential loss from their estimated unsettled transactions. The Company's estimated maximum settlement exposure was \$57.6 billion at December 31, 2014, compared to \$56.9 billion at September 30, 2014. Of these settlement exposure amounts, \$2.9 billion and \$3.2 billion were covered by collateral at December 31, 2014 and September 30, 2014, respectively.

The Company maintained collateral as follows:

	December 31, 2014	September 30, 2014
	(in millions)	
Cash equivalents	\$ 1,041	\$ 961
Pledged securities at market value	142	148
Letters of credit	1,218	1,242
Guarantees	1,215	1,554
Total	<u>\$ 3,616</u>	<u>\$ 3,905</u>

The total available collateral balances presented in the table above were greater than the settlement exposure covered by customer collateral held due to instances in which the available collateral exceeded the total settlement exposure for certain financial institutions at each date presented.

The fair value of the settlement risk guarantee is estimated based on a proprietary probability-weighted model and was approximately \$2 million at December 31, 2014 and September 30, 2014, respectively. These amounts are reflected in accrued liabilities on the consolidated balance sheets.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Note 6—Accrued and Other Liabilities

Accrued liabilities consisted of the following:

	December 31, 2014	September 30, 2014
	(in millions)	
Accrued operating expenses	\$ 164	\$ 199
Visa Europe put option—(See Note 3—Fair Value Measurements and Investments) ⁽¹⁾	145	145
Deferred revenue	79	82
Accrued income taxes ⁽²⁾	470	73
Other	191	125
Total	\$ 1,049	\$ 624

Other non-current liabilities consisted of the following:

	December 31, 2014	September 30, 2014
	(in millions)	
Accrued income taxes	\$ 861	\$ 855
Employee benefits	83	92
Other	61	58
Total	\$ 1,005	\$ 1,005

⁽¹⁾ The put option is exercisable at any time at the sole discretion of Visa Europe with payment required 285 days thereafter. Classification in current liabilities is not an indication of management's expectation of exercise and simply reflects the fact that the obligation resulting from the exercise of the instrument could become payable within 12 months. The fair value of the put option does not represent the actual purchase price that the Company may be required to pay if the option is exercised, which would likely be in excess of \$10 billion.

⁽²⁾ The increase in current accrued income taxes is primarily related to current income taxes accrued in the first quarter of fiscal 2015, but payable in the second quarter of fiscal 2015.

Note 7—Stockholders' Equity

The number of shares of each class and the number of shares of class A common stock on an as-converted basis at December 31, 2014, are as follows:

(in millions, except conversion rate)	Shares Outstanding	Conversion Rate Into Class A Common Stock	As-converted Class A Common Stock ⁽¹⁾
Class A common stock	495	—	495
Class B common stock	245	0.4121 ⁽²⁾	101
Class C common stock	20	1.0000	20
Total			616

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. As-converted class A common stock is calculated based on unrounded numbers.

⁽²⁾ The class B to class A common stock conversion rate has been rounded for purposes of this disclosure. Conversion calculations for dividend payments are based on a conversion rate rounded to the tenth decimal.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Reduction in as-converted class A common stock. The following table presents share repurchases in the open market.

(in millions, except per share data)	Three Months Ended December 31, 2014
Shares repurchased in the open market ⁽¹⁾	3
Average repurchase price per share ⁽²⁾	\$ 259.52
Total cost	\$ 803

⁽¹⁾ All shares repurchased in the open market have been retired and constitute authorized but unissued shares.

⁽²⁾ Figures in the table may not recalculate exactly due to rounding. Average repurchase price per share is calculated based on unrounded numbers.

In October 2014, the Company's board of directors authorized a new \$5.0 billion share repurchase program. As of December 31, 2014, the program had remaining authorized funds of \$4.9 billion for share repurchase. All share repurchase programs authorized prior to October 2014 have been completed.

Class A common stock split. On January 28, 2015, Visa's board of directors declared a four -for-one split of its class A common stock. Trading will begin on a split-adjusted basis on March 19, 2015. See *Note 12—Subsequent Events*.

Dividends. In January 2015, the Company's board of directors declared a quarterly cash dividend of \$ 0.48 per share of class A common stock (determined in the case of class B and class C common stock on an as-converted basis). The cash dividend will be paid on March 3, 2015, to all holders of record of the Company's class A, B and C common stock as of February 13, 2015, on a pre-split basis. The Company declared and paid \$ 297 million in dividends during the three months ended December 31, 2014.

Note 8—Earnings Per Share

The following table presents earnings per share for the three months ended December 31, 2014. ⁽¹⁾

	Basic Earnings Per Share			Diluted Earnings Per Share		
	(in millions, except per share data)					
	Income Allocation (A) ⁽²⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)	Income Allocation (A) ⁽²⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)
Class A common stock	\$ 1,253	494	\$ 2.54	\$ 1,569	619 ⁽³⁾	\$ 2.53
Class B common stock	257	245	\$ 1.05	\$ 257	245	\$ 1.04
Class C common stock	55	22	\$ 2.54	\$ 55	22	\$ 2.53
Participating securities ⁽⁴⁾	4	Not presented	Not presented	\$ 4	Not presented	Not presented
Net income	<u>\$ 1,569</u>					

The following table presents earnings per share for the three months ended December 31, 2013. ⁽¹⁾

	Basic Earnings Per Share			Diluted Earnings Per Share		
	(in millions, except per share data)					
	Income Allocation (A) ⁽²⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)	Income Allocation (A) ⁽²⁾	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)
Class A common stock	\$ 1,115	505	\$ 2.21	\$ 1,407	639 ⁽³⁾	\$ 2.20
Class B common stock	228	245	\$ 0.93	\$ 228	245	\$ 0.93
Class C common stock	59	27	\$ 2.21	\$ 59	27	\$ 2.20
Participating securities ⁽⁴⁾	5	Not presented	Not presented	\$ 5	Not presented	Not presented
Net income	<u>\$ 1,407</u>					

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

- (1) Figures in the table may not recalculate exactly due to rounding. Earnings per share is calculated based on unrounded numbers.
- (2) Net income is allocated based on proportional ownership on an as-converted basis. The weighted-average number of shares of as-converted class B common stock used in the income allocation was 101 million and 103 million for the three months ended December 31, 2014 and 2013, respectively.
- (3) Weighted-average diluted shares outstanding are calculated on an as-converted basis, and include incremental common stock equivalents, as calculated under the treasury stock method. The computation includes approximately 1 million and 2 million common stock equivalents for the three months ended December 31, 2014 and 2013, respectively, because their effect would be dilutive. The calculation excludes less than 1 million of common stock equivalents for the three months ended December 31, 2014 and 2013, because their effect would have been anti-dilutive.
- (4) Participating securities are unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, such as the Company's restricted stock awards, restricted stock units and earned performance-based shares.

Note 9—Share-based Compensation

The Company granted the following equity awards to employees and non-employee directors under the 2007 Equity Incentive Compensation Plan during the three months ended December 31, 2014 :

	Granted	Weighted-Average Grant Date Fair Value	Weighted-Average Exercise Price
Non-qualified stock options	340,680	\$ 47.85	\$ 249.86
Restricted stock awards ("RSAs")	425,628	\$ 249.86	
Restricted stock units ("RSUs")	178,594	\$ 249.86	
Performance-based shares ⁽¹⁾	196,471	\$ 279.14	

- (1) Represents the maximum number of performance-based shares which could be earned.

The Company's non-qualified stock options, RSAs and RSUs are equity awards with service-only conditions and are accordingly expensed on a straight-line basis over the vesting period. The Company's performance-based shares are equity awards with service, market and performance conditions that are accounted for using the graded-vesting method. Compensation cost is recorded net of estimated forfeitures, which are adjusted as appropriate.

Note 10—Income Taxes

The effective income tax rates were 31% and 32% for the three months ended December 31, 2014 and 2013, respectively. The effective tax rate for the three months ended December 31, 2014 differs from the effective tax rate in the same period in the prior fiscal year primarily due to the reversal of previously established reserves related to an uncertain state tax position based on new information received in the quarter ended December 31, 2014.

During the three months ended December 31, 2014, there were no significant changes in total unrecognized tax benefits or interest and penalties related to uncertain tax positions.

Note 11—Legal Matters

The Company is party to various legal and regulatory proceedings. Some of these proceedings involve complex claims that are subject to substantial uncertainties and unascertainable damages. Accordingly, except as disclosed, the Company has not established reserves or ranges of possible loss related to these proceedings, as at this time in the proceedings, the matters do not relate to a probable loss and/or the amount or range of losses are not reasonably estimable. Although the Company believes that it has strong defenses for the litigation and regulatory proceedings described below, it could, in the future, incur judgments or fines or enter into settlements of claims that could have a material adverse effect on the Company's financial position, results of operations or cash flows. From time to time, the Company may engage in settlement discussions or mediations with respect to one or more of its outstanding litigation matters, either on its own behalf or collectively with other parties.

The litigation accrual is an estimate and is based on management's understanding of its litigation profile, the specifics of each case, advice of counsel to the extent appropriate and management's best estimate of incurred loss as of the balance sheet date.

The following table summarizes activity related to accrued litigation.

	Fiscal 2015	Fiscal 2014
	(in millions)	
Balance at October 1	\$ 1,456	\$ 5
Payments on legal matters	(103)	(1)
Balance at December 31	\$ 1,353	\$ 4
Payments on legal matters made subsequent to December 31	(179)	—
Balance at January 29	\$ 1,174	\$ 4

Covered Litigation

Visa Inc., Visa U.S.A. and Visa International are parties to certain legal proceedings that are covered by the retrospective responsibility plan, which the Company refers to as the covered litigation. See *Note 2—Retrospective Responsibility Plan*. An accrual for the covered litigation and a charge to the litigation provision are recorded when loss is deemed to be probable and reasonably estimable. In making this determination, the Company evaluates available information, including but not limited to actions taken by the litigation committee. The total accrual related to the covered litigation could be either higher or lower than the escrow account balance.

The following table summarizes the activity related to covered litigation.

	Fiscal 2015	Fiscal 2014
	(in millions)	
Balance at October 1	\$ 1,449	\$ —
Payments on covered litigation	(100)	—
Balance at December 31	\$ 1,349	\$ —
Payments on covered litigation made subsequent to December 31	(179)	—
Balance at January 29	\$ 1,170	\$ —

Interchange Multidistrict Litigation (MDL)

On January 14, 2015, following a Court-approved process to give class members who previously opted out of the damages portion of the class settlement an option to rejoin it, the class administrator submitted a report stating that it had received 1,179 requests by merchants to rejoin the cash settlement class, some of which may include multiple merchants.

Consumer Interchange Litigation

On November 26, 2014, in the putative class action filed on behalf of an alleged class of Visa and MasterCard payment cardholders, the court dismissed plaintiffs' federal law claim and declined to exercise jurisdiction over plaintiffs' state law claim. Both sides have asked the court to reconsider aspects of its decision, and have filed notices of appeal.

Interchange Opt-out Litigation

Beginning in May 2013, more than 40 opt-out cases have been filed by hundreds of merchants in various federal district courts, generally pursuing damages claims on allegations similar to those raised in MDL 1720. A number of the cases also include allegations that Visa has monopolized, attempted to monopolize, and/or conspired to monopolize debit card-related market segments, and one of the cases seeks an injunction against the fixed acquirer network fee. The cases name as defendants Visa Inc., Visa U.S.A., Visa International, MasterCard Incorporated, and MasterCard International Incorporated, although some also include certain U.S. financial institutions as defendants.

Wal-Mart Stores Inc. and its subsidiaries filed an opt-out complaint that also added Visa Europe Limited and Visa Europe Services Inc. as defendants. Visa Europe Limited and Visa Europe Services Inc. filed a motion to dismiss Wal-Mart's claims against them.

As of the date of filing this quarterly report, Visa has reached settlement agreements with a number of merchants representing approximately 21 % of the Visa-branded payment card sales volume of merchants who opted out.

On December 23, 2014, a similar case was filed in New Mexico state court by New Mexico's attorney general on behalf of the state, state agencies, and citizens of the state, generally pursuing claims on allegations similar to those raised in MDL 1720. If this case is transferred to or otherwise included in MDL 1720, it will be covered litigation for purposes of the retrospective responsibility plan. See *Note 2—Retrospective Responsibility Plan*.

Other Litigation

"Indirect Purchaser" Actions

In early December 2014, objectors to the settlement in the consolidated *Credit/Debit Card Tying Cases* petitioned for review by the California Supreme Court.

European Competition Proceedings

U.K. Merchant Litigation. On defendants' application for summary judgment, the court has limited the potential damages of most merchants who have commenced proceedings to 6 years prior to the filing of their claims. The claimants have been granted permission to appeal the court's ruling.

Data Pass Litigation

On January 9, 2015, Webloyalty.com, GameStop, and Visa each filed motions to dismiss the second amended class action complaint.

Target Data Breach

On December 30, 2014, the court granted plaintiffs' notice of voluntary dismissal without prejudice of all claims against Visa and MasterCard.

Pulse Network

On November 25, 2014, Pulse Network LLC filed suit against Visa Inc. in federal district court in Texas. Pulse alleges that Visa has monopolized and attempted to monopolize debit card network services markets. Pulse also alleges that Visa has entered into agreements in restraint of trade, engaged in unlawful exclusive dealing and tying, violated the Texas Free Enterprise and Antitrust Act, and engaged in tortious interference with prospective business relationships. Pulse seeks unspecified treble damages, attorneys' fees, and injunctive relief, including to enjoin the fixed acquirer network fee structure, Visa's conduct regarding PIN-Authenticated Visa Debit, and Visa agreements with merchants and acquirers relating to debit acceptance. On January 23, 2015, Visa filed a motion to dismiss the complaint.

Note 12—Subsequent Events

Credit facility renewal. On January 28, 2015, the Company, Visa International Service Association and Visa U.S.A. Inc. (collectively, the "Borrowers") entered into a 364 -day, unsecured \$3.0 billion revolving credit facility (the "Credit Facility") with Bank of America, N.A., as administrative agent and the lenders party thereto. JPMorgan Chase Bank, N.A., acted as syndication agent in connection with the Credit Facility; Bank of China, Los Angeles Branch, Barclays Bank PLC, Citibank, N.A., HSBC Bank USA, N.A., Royal Bank of Canada, Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., U.S. Bank National Association and Wells Fargo Bank, National Association, acted as Documentation Agents; and J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bank of China, Los Angeles Branch, Barclays Bank PLC, Citigroup Global Markets, INC., HSBC Bank USA, N.A., RBC Capital Markets, Standard Chartered Bank, The Bank of Tokyo-Mitsubishi UFJ, Ltd., U.S. Bank National Association and Wells Fargo Securities, LLC, acted as joint lead arrangers and joint book

runners. The Credit Facility, which expires on January 27, 2016, replaced the Company's prior \$3.0 billion credit facility, which expired on January 28, 2015.

The Credit Facility provides the Borrowers with a borrowing capacity of up to \$3.0 billion. Borrowings under the Credit Facility are available for general corporate purposes. Interest on the borrowings under the Credit Facility would be charged at the London Interbank Offered Rate (LIBOR) or an alternative base rate, in each case plus applicable margins that fluctuate based on the applicable rating of senior unsecured long-term debt securities of the Company. The Borrowers have agreed to pay a commitment fee which will fluctuate based on such applicable rating of the Company.

Other material terms are:

- a financial covenant which requires the Company to maintain a Consolidated Indebtedness to Consolidated EBITDA Ratio (as defined in the Credit Facility) of not greater than 3.75 to 1.00;
- customary restrictive covenants, which limit the Borrowers' ability to, among other things, create certain liens, effect fundamental changes to their business, or merge or dispose of substantially all of their assets, subject in each case to customary exceptions and amounts;
- customary events of default, upon the occurrence of which, after any applicable grace period, the requisite lenders will have the ability to accelerate all outstanding loans thereunder and terminate the commitments; and
- other customary and standard terms and conditions.

The Borrowers currently have no borrowings under the Credit Facility. The participating lenders in the Credit Facility include certain holders of the Company's class B and class C common stock, certain of the Borrowers' customers, and their affiliates.

Class A common stock split. On January 28, 2015, Visa's board of directors declared a four -for-one split of its class A common stock. Each class A common stockholder of record at the close of business on February 13, 2015 ("Record Date"), will receive a dividend of three additional shares on March 18, 2015 for every share held as of the Record Date. Trading will begin on a split-adjusted basis on March 19, 2015. Holders of class B and C common stock will not receive a stock dividend. Instead, the conversion rate for class B common stock will increase to 1.6483 shares of class A common stock per share of class B common stock, and the conversion rate for class C common stock will increase to 4.0 shares of class A common stock per share of class C common stock. Immediately following the split, the class A, B and C stockholders will retain the same relative ownership percentages that they had prior to the stock split. The stock split will increase the Company's total as-converted shares of class A common stock outstanding as of March 19, 2015, from approximately 614 million shares to approximately 2.5 billion shares based on the share count as of January 27, 2015. All per share amounts and number of shares outstanding in these unaudited consolidated financial statements and accompanying notes are presented on a pre-split basis. As a result of the stock split, all historical per share data and number of shares outstanding presented in future financial statements will be retroactively adjusted.

Dividends. In January 2015, the Company's board of directors declared a quarterly cash dividend of \$ 0.48 per share of class A common stock (determined in the case of class B and class C common stock on an as-converted basis). The cash dividend will be paid on March 3, 2015, to all holders of record of the Company's class A, B and C common stock as of February 13, 2015, on a pre-split basis.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis provides a review of the results of operations, financial condition and the liquidity and capital resources of Visa Inc. and its subsidiaries ("Visa," "we," "our" or the "Company") on a historical basis and outlines the factors that have affected recent earnings, as well as those factors that may affect future earnings. The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and related notes included elsewhere in this report.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are identified by words such as "believes," "estimates," "expects," "may," "projects," "could," "will," "will continue" and other similar expressions. Examples of forward-looking statements include, but are not limited to, statements we make about our revenue, client incentives, operating margin, tax rate, earnings per share, free cash flow, and the growth of those items.

By their nature, forward-looking statements: (i) speak only as of the date they are made; (ii) are not statements of historical fact or guarantees of future performance; and (iii) are subject to risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from our forward-looking statements due to a variety of factors, including the following:

- the impact of laws, regulations and marketplace barriers, including:
 - rules capping debit interchange reimbursement rates and expanding financial institutions' and merchants' choices among debit payments networks promulgated under the Dodd-Frank Wall Street Reform and Consumer Protection Act;
 - increased regulation in jurisdictions outside of the United States and in other product categories;
 - increased government support of national payments networks outside the United States; and
 - increased regulation of consumer privacy, data use and security;
- developments in litigation and government enforcement, including those affecting interchange reimbursement fees, antitrust and tax;
- new lawsuits, investigations or proceedings, or changes to our potential exposure in connection with pending lawsuits, investigations or proceedings;
- economic factors, such as:
 - economic fragility in the Eurozone and in the United States;
 - general economic, political and social conditions in mature and emerging markets globally;
 - general stock market fluctuations which may impact consumer spending;
 - material changes in cross-border activity, foreign exchange controls and fluctuations in currency exchange rates;
 - volatility in market prices for oil and natural gas; and
 - material changes in our financial institution clients' performance compared to our estimates;
- industry developments, such as competitive pressure, rapid technological developments and disintermediation from our payments network;
- system developments, such as:
 - disruption of our transaction processing systems or the inability to process transactions efficiently;
 - account data breaches or increased fraudulent or other illegal activities involving Visa-branded cards or payment products; and
 - failure to maintain systems interoperability with Visa Europe;
- costs arising if Visa Europe were to exercise its right to require us to acquire all of its outstanding stock;
- the loss of organizational effectiveness or key employees;
- the failure to integrate acquisitions successfully or to effectively develop new products and businesses;
- natural disasters, terrorist attacks, military or political conflicts, and public health emergencies; and

various other factors, including those contained in our Annual Report on Form 10-K for the year ended September 30, 2014 and our other filings with the U.S. Securities and Exchange Commission. You should not place undue reliance on such statements. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future developments or otherwise.

Overview

Visa is a global payments technology company that connects consumers, businesses, financial institutions and governments around the world to fast, secure and reliable electronic payments. We provide our financial institution clients with a global payments infrastructure and support services for the delivery of Visa-branded payment products, including credit, debit, and prepaid. We facilitate global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities. Each of these constituencies has played a key role in the ongoing worldwide migration from paper-based to electronic forms of payment, and we believe that this transformation continues to yield significant growth opportunities, particularly outside the United States. We continue to explore additional opportunities to enhance our competitive position by expanding the scope of payment solutions we provide.

Overall economic conditions. Our business is affected by overall economic conditions and consumer spending. Our business performance during the three months ended December 31, 2014 reflects the impacts of a modest global economic recovery.

Financial highlights. During the three months ended December 31, 2014, we recorded net income of \$1.6 billion or \$2.53 diluted earnings per share, an increase of 11% and 15% over the prior year, respectively.

We recorded total operating revenues of \$3.4 billion for the three months ended December 31, 2014, an increase of 7% over the prior year driven by continued growth in our underlying business drivers: nominal payments volume; processed transactions; and cross-border volume. The general strengthening of the U.S. dollar during the quarter resulted in an approximate negative two percentage point impact to our total operating revenue growth compared to the prior year.

Total operating expenses for the three months ended December 31, 2014 were \$1.1 billion, reflecting a 6% increase over prior year primarily due to increases in headcount throughout the organization and continued investments in marketing and technology to support our global growth initiatives.

Class A common stock split. On January 28, 2015, Visa's board of directors declared a four-for-one split of its class A common stock. Each class A common stockholder of record at the close of business on February 13, 2015 ("Record Date"), will receive a dividend of three additional shares on March 18, 2015 for every share held as of the Record Date. Trading will begin on a split-adjusted basis on March 19, 2015. Holders of class B and C common stock will not receive a stock dividend. Instead, the conversion rate for class B common stock will increase to 1.6483 shares of class A common stock per share of class B common stock, and the conversion rate for class C common stock will increase to 4.0 shares of class A common stock per share of class C common stock. Immediately following the split, the class A, B and C stockholders will retain the same relative ownership percentages that they had prior to the stock split. The stock split will increase the Company's total as-converted shares of class A common stock outstanding as of March 19, 2015, from approximately 614 million shares to approximately 2.5 billion shares based on the share count as of January 27, 2015.

Reduction in as-converted class A common stock. In October 2014, our board of directors authorized a new \$5.0 billion share repurchase program. During the three months ended December 31, 2014, we repurchased 3 million shares of our class A common stock using \$803 million of cash on hand. As of December 31, 2014, we had remaining authorized funds of \$4.9 billion. All share repurchase programs authorized prior to October 2014 have been completed. See *Note 7—Stockholders' Equity* to our unaudited consolidated financial statements.

Interchange reimbursement fees. On March 21, 2014, the Court of Appeals for the D.C. Circuit reversed a district court ruling invalidating the debit regulations implemented by the Federal Reserve in accordance with the Dodd-Frank Act. The appeals court agreed with the Federal Reserve on its interpretation, except for a single issue related to the interchange cost calculation which was referred back to the Federal Reserve for reconsideration. On January 20, 2015, the Supreme Court declined to hear a further appeal of the case, leaving in place the Court of Appeals decision.

Nominal payments volume and transaction counts. Payments volume is the primary driver for our service revenues, and the number of processed transactions is the primary driver for our data processing revenues. Nominal payments volume growth over the prior year posted double-digit growth in the U.S. and internationally, driven mainly by consumer credit. International payments volume nominal growth was negatively impacted by the overall strengthening of the U.S. dollar. On a constant dollar basis, which excludes the impact of exchange rate movements, our international payments volume growth rate for the three months ended September 30, 2014 is

13% . Processed transactions sustained double-digit growth reflecting the ongoing worldwide shift to electronic currency.

The following table presents nominal payments volume. ⁽¹⁾

	U.S.			International			Visa Inc.		
	3 Months Ended September 30, 2014 ⁽²⁾	3 Months Ended September 30, 2013 ⁽²⁾	% Change	3 Months Ended September 30, 2014 ⁽²⁾	3 Months Ended September 30, 2013 ⁽²⁾	% Change	3 Months Ended September 30, 2014 ⁽²⁾	3 Months Ended September 30, 2013 ⁽²⁾	% Change
(in billions, except percentages)									
Nominal payments volume									
Consumer credit	\$ 238	\$ 212	12%	\$ 424	\$ 389	9%	\$ 662	\$ 601	10%
Consumer debit ⁽³⁾	291	272	7%	122	105	16%	413	377	9%
Commercial ⁽⁴⁾	102	91	13%	39	35	13%	142	126	13%
Total nominal payments volume	\$ 632	\$ 575	10%	\$ 585	\$ 529	11%	\$ 1,217	\$ 1,104	10%
Cash volume	124	117	6%	544	523	4%	667	640	4%
Total nominal volume ⁽⁵⁾	\$ 756	\$ 692	9%	\$ 1,129	\$ 1,053	7%	\$ 1,884	\$ 1,745	8%

The following table presents nominal and constant payments volume growth. ⁽¹⁾

	International		Visa Inc.	
	3 Months Ended September 30, 2014 vs. 2013		3 Months Ended September 30, 2014 vs. 2013	
	Nominal ⁽²⁾	Constant ⁽⁶⁾	Nominal ⁽²⁾	Constant ⁽⁶⁾
Payments volume growth				
Consumer credit	9%	11%	10%	12%
Consumer debit ⁽³⁾	16%	20%	9%	10%
Commercial ⁽⁴⁾	13%	14%	13%	13%
Total payments volume growth	11%	13%	10%	11%
Cash volume growth	4%	9%	4%	8%
Total volume growth	7%	11%	8%	10%

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

⁽²⁾ Service revenues in a given quarter are assessed based on nominal payments volume in the prior quarter. Therefore, service revenues reported for the three months ended December 31, 2014 and 2013, were based on nominal payments volume reported by our financial institution clients for the three months ended September 30, 2014 and 2013, respectively.

⁽³⁾ Includes prepaid volume.

⁽⁴⁾ Includes large, middle and small business credit and debit, as well as prepaid volume.

⁽⁵⁾ Total nominal volume is the sum of total nominal payments volume and cash volume. Total nominal payments volume is the total monetary value of transactions for goods and services that are purchased on Visa-branded cards and payment products. Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks. Total nominal volume is provided by our financial institution clients, subject to review by Visa. On occasion, previously presented volume information may be updated. Prior period updates are not material.

⁽⁶⁾ Growth on a constant-dollar basis excludes the impact of foreign currency fluctuations against the U.S. dollar.

The table below provides the number of transactions processed by our VisaNet system and billable transactions processed by CyberSource's network. ⁽¹⁾

	Three Months Ended December 31,		
	2014	2013	% Change
	(in millions, except percentages)		
Visa processed transactions ⁽²⁾	17,599	15,985	10%
CyberSource billable transactions ⁽³⁾	2,192	1,894	16%

- ⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers. On occasion, previously presented information may be updated. Prior period updates are not material.
- ⁽²⁾ Represents transactions involving Visa, Visa Electron, Interlink and PLUS cards processed on Visa's networks.
- ⁽³⁾ Transactions include, but are not limited to, authorization, settlement payments network connectivity, fraud management, payment security management, tax services and delivery address verification.

Results of Operations

Operating Revenues

The following table sets forth our operating revenues earned in the United States, internationally and from Visa Europe. Revenues earned from Visa Europe are a result of our contractual arrangement with Visa Europe, as governed by the framework agreement that provides for trademark and technology licenses and bilateral services.

	Three Months Ended December 31,		2014 vs. 2013	
	2014	2013	\$ Change	% Change ⁽¹⁾
	(in millions, except percentages)			
U.S.	\$ 1,784	\$ 1,690	\$ 94	6%
International	1,544	1,412	132	9%
Visa Europe	54	53	1	3%
Total operating revenues	<u>\$ 3,382</u>	<u>\$ 3,155</u>	<u>\$ 227</u>	7%

- ⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

The increase in operating revenues primarily reflects continued growth in our underlying business drivers: nominal payments volume; processed transactions; and nominal cross-border volume. These benefits were partially offset by increases in client incentives.

Our operating revenues, primarily service revenues and international transaction revenues, are impacted by the overall strengthening or weakening of the U.S. dollar as payments volume and related revenues denominated in local currencies are converted to U.S. dollars. The effect of exchange rate movements in the three months ended December 31, 2014, including impacts from our hedging program, resulted in an approximate negative two percentage point impact to our total operating revenue growth compared to the prior year. For the full 2015 fiscal year, we expect the effect of exchange rate movements to reduce total operating revenue growth by about two percentage points, net of offsetting hedges.

The following table sets forth the components of our total operating revenues.

	Three Months Ended December 31,		2014 vs. 2013	
	2014	2013	\$ Change	% Change ⁽¹⁾
	(in millions, except percentages)			
Service revenues	\$ 1,538	\$ 1,419	\$ 119	8%
Data processing revenues	1,383	1,264	119	9%
International transaction revenues	970	891	79	9%
Other revenues	204	180	24	14%
Client incentives	(713)	(599)	(114)	19%
Total operating revenues	<u>\$ 3,382</u>	<u>\$ 3,155</u>	<u>\$ 227</u>	7%

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

- *Service revenues* increased during the three-month comparable period primarily due to 10% growth in nominal payments volume.
- *Data processing revenues* increased mainly due to overall growth in processed transactions of 10% during the three-month comparable period, combined with solid growth in CyberSource billable transactions.
- *International transaction revenues* for the three-month comparable period increased reflecting 4% growth in nominal cross-border payments volume. Growth in international transaction revenues was greater than the growth in nominal cross-border payments volume due to higher volatility in a broad range of currencies.
- *Client incentives* increased during the three-month comparable period mainly due to overall growth in global payments volume, and incentives recognized on long-term customer contracts that were initiated or renewed after the first quarter of fiscal 2014. The amount of client incentives we record in future periods will vary based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts. We expect incentives as a percentage of gross revenues to be in the range of 17.5% to 18.5% for the full 2015 fiscal year.

Operating Expenses

The following table sets forth components of our total operating expenses.

	Three Months Ended December 31,		2014 vs. 2013	
	2014	2013	\$ Change	% Change ⁽¹⁾
	(in millions, except percentages)			
Personnel	\$ 509	\$ 470	\$ 39	8 %
Marketing	205	186	19	10 %
Network and processing	114	132	(18)	(13)%
Professional fees	70	75	(5)	(6)%
Depreciation and amortization	120	107	13	12 %
General and administrative	126	108	18	15 %
Total operating expenses	<u>\$ 1,144</u>	<u>\$ 1,078</u>	<u>\$ 66</u>	6 %

⁽¹⁾ Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.

- *Personnel* increased primarily due to growth in headcount reflecting our strategy to invest for future growth, combined with higher incentive compensation.
- *Marketing* increased primarily due to elevated levels of advertising and promotional campaigns to support our growth strategies and new product initiatives.
- *Network and processing* decreased as a result of initiatives to optimize the use of our technology resources.
- *Professional fees* decreased mainly due to lower costs incurred in our effort to align resources with our strategic priorities.
- *Depreciation and amortization* increased primarily due to additional depreciation from our ongoing investments in technology assets and infrastructure to support our digital solutions and core business initiatives.
- *General and administrative* increased primarily due to higher product enhancement costs, increased travel activities, and facility expansions in support of our business growth.

Effective Income Tax Rate

The effective income tax rates were 31% and 32% for the three months ended December 31, 2014 and 2013, respectively. The effective tax rate for the three months ended December 31, 2014 differs from the effective tax rate in the same period in the prior fiscal year primarily due to the reversal of previously established reserves related to an uncertain state tax position based on new information received in the quarter ended December 31, 2014.

During the three months ended December 31, 2014, there were no significant changes in total unrecognized tax benefits.

Liquidity and Capital Resources

Cash Flow Data

The following table summarizes our cash flow activity for the periods presented.

	Three Months Ended December 31,	
	2014	2013
	(in millions)	
Total cash provided by (used in):		
Operating activities	\$ 1,761	\$ 1,541
Investing activities	(636)	(276)
Financing activities	(1,012)	(1,330)
Effect of exchange rate changes on cash and cash equivalents	1	—
Increase (decrease) in cash and cash equivalents	<u>\$ 114</u>	<u>\$ (65)</u>

Operating activities. Cash provided by operating activities for the three months ended December 31, 2014 was higher than prior year, reflecting continued growth in our underlying business. Current quarter operating activities reflect \$100 million of payments made from the litigation escrow account in connection with the interchange multidistrict litigation, which are also reflected as cash inflows within financing activities as they are covered by the retrospective responsibility plan. See *Note 2—Retrospective Responsibility Plan* and *Note 11—Legal Matters* to our unaudited consolidated financial statements.

Investing activities. Cash used in investing activities was higher compared to the prior year, primarily reflecting a decrease in proceeds received from the sale and maturity of available-for-sale securities.

Financing activities. Cash used in financing activities during the three months ended December 31, 2014 reflects the use of \$803 million to repurchase class A common stock in the open market and dividend payments of \$297 million. Cash used in financing activities also reflects cash inflows relating to payments made from our litigation escrow account in connection with the interchange multidistrict litigation. See *Note 2—Retrospective Responsibility Plan* and *Note 11—Legal Matters* to our unaudited consolidated financial statements. Activity in the prior year primarily reflected \$1.1 billion of cash used to repurchase class A common stock in the open market, and dividend payments of \$254 million.

Sources of Liquidity

Our primary sources of liquidity are cash on hand, cash flow from operations, our investment portfolio and access to various equity and borrowing arrangements. Funds from operations are maintained in cash and cash equivalents and short-term or long-term available-for-sale investment securities based upon our funding requirements, access to liquidity from these holdings, and the returns that these holdings provide. We believe that cash flow generated from operations, in conjunction with access to our other sources of liquidity, will be more than sufficient to meet our ongoing operational needs.

Cash and cash equivalents and short-term and long-term available-for-sale investment securities held by our foreign subsidiaries totaled \$5.9 billion at December 31, 2014. If it were necessary to repatriate these funds for use in the United States, we would be required to pay U.S. income taxes on most of this amount. The amount of income taxes that would have resulted had these funds been repatriated is not practicably determinable. It is our intent to indefinitely reinvest the majority of these funds outside of the United States. As such, we have not accrued any U.S. income tax provision in our financial results related to the majority of these funds.

Uses of Liquidity

There has been no significant change to our primary uses of liquidity since September 30, 2014, except as discussed below. Based on our current cash flow budgets and forecasts of our short-term and long-term liquidity needs, we believe that our projected sources of liquidity will be sufficient to meet our projected liquidity needs for more than the next 12 months. We will continue to assess our liquidity position and potential sources of

supplemental liquidity in view of our operating performance, current economic and capital market conditions and other relevant circumstances.

Reduction in as-converted class A common stock. In October 2014, our board of directors authorized a new \$5.0 billion share repurchase program. During the three months ended December 31, 2014, we repurchased 3 million shares of our class A common stock using \$803 million of cash on hand. As of December 31, 2014, we had remaining authorized funds of \$4.9 billion. All share repurchase programs authorized prior to October 2014 have been completed. See *Note 7—Stockholders' Equity* to our unaudited consolidated financial statements.

Dividends. During the three months ended December 31, 2014, we declared and paid \$297 million in dividends. In January 2015, our board of directors declared a quarterly cash dividend in the amount of \$0.48 per share of class A common stock (determined in the case of class B and class C common stock on an as-converted basis), which will be paid on March 3, 2015, to all holders of record as of February 13, 2015. See *Note 7—Stockholders' Equity* to our unaudited consolidated financial statements. We expect to continue paying quarterly dividends in cash, subject to approval by the board of directors. Class B and class C common stock will share ratably on an as-converted basis in such future dividends.

Visa Europe put option agreement. We have granted Visa Europe a perpetual put option which, if exercised, will require us to purchase all of the outstanding shares of capital stock of Visa Europe from its members. Visa Europe may exercise the put option at any time. At December 31, 2014, we determined the fair value of the put option liability to be approximately \$145 million. While this amount represents the fair value of the put option at December 31, 2014, it does not represent the actual purchase price that we may be required to pay if the option is exercised. The purchase price we could be obligated to pay 285 days after exercise will represent a substantial financial obligation. Given current economic conditions, the purchase price under the terms of the put option would likely be in excess of \$10 billion. We may need to obtain third-party financing, either by borrowing funds or by undertaking a subsequent equity offering in order to fund this payment. The amount of this potential obligation could vary dramatically based on, among other things, Visa Europe's adjusted sustainable income and our P/E ratio, in each case, as negotiated at the time the put option is exercised.

Fair Value Measurements—Financial Instruments

As of December 31, 2014, our financial instruments measured at fair value on a recurring basis included \$8.0 billion of assets and \$152 million of liabilities. Of these instruments, \$152 million, or 2%, had significant unobservable inputs, with the Visa Europe put option liability constituting \$145 million of this amount. See *Note 3—Fair Value Measurements and Investments* to our unaudited consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes to our market risks during the three months ended December 31, 2014, compared to September 30, 2014.

ITEM 4. Controls and Procedures

Disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the disclosure controls and procedures (as defined in Exchange Act Rule 13a-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) of Visa Inc. at the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures of Visa Inc. were effective at the reasonable assurance level as of the end of the period covered by this report.

Changes in internal control over financial reporting. There has been no change in the internal control over financial reporting of Visa Inc. that occurred during the fiscal period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Refer to *Note 11—Legal Matters* to the unaudited consolidated financial statements included in this Form 10-Q for a description of the Company's current material legal proceedings.

ITEM 1A. Risk Factors.

For a discussion of the Company's risk factors, see the information under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended September 30, 2014, filed with the SEC on November 21, 2014.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

ISSUER PURCHASES OF EQUITY SECURITIES

The table below sets forth information with respect to purchases of the Company's common stock made by or on behalf of the Company during the quarter ended December 31, 2014.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ^{(2),(3)}	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ^{(2),(3)}
October 1-31, 2014	—	\$ —	—	\$ 5,682,458,392
November 1-30, 2014	383,215	\$ 251.37	159,448	\$ 5,642,010,105
December 1-31, 2014	2,936,312	\$ 259.84	2,936,312	\$ 4,878,990,353
Total	3,319,527	\$ 258.86	3,095,760	

⁽¹⁾ Includes 223,767 shares of class A common stock withheld at an average price of \$249.75 per share (per the terms of grants under our 2007 Equity Incentive Compensation Plan) to offset tax withholding obligations that occur upon vesting and release of restricted shares.

⁽²⁾ The figures in the table reflect transactions according to trade dates. For purposes of our consolidated financial statements included in this Form 10-Q, the impact of these repurchases is recorded according to settlement dates.

⁽³⁾ Our board of directors from time to time authorizes the repurchase of shares of our common stock up to a certain monetary limit. In October 2014, our board of directors authorized a new \$5.0 billion share repurchase program. This authorization has no expiration date. All share repurchase programs authorized prior to October 2014 have been completed.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Mine Safety Disclosures.

Not applicable.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits.

The list of exhibits required to be filed as exhibits to this report is listed in the “Exhibit Index,” which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VISA INC.

Date: January 29, 2015

By: /s/ Charles W. Scharf
Name: Charles W. Scharf
Title: Chief Executive Officer
(Principal Executive Officer)

Date: January 29, 2015

By: /s/ Byron H. Pollitt
Name: Byron H. Pollitt
Title: Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Description of Documents	Schedule/ Form	Incorporated by Reference		
			File Number	Exhibit	Filing Date
10.1*	Visa 2005 Deferred Compensation Plan, effective as of December 30, 2014				
10.2	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Director Restricted Stock Unit Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.40	11/21/2014
10.3	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.41	11/21/2014
10.4	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.42	11/21/2014
10.5	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.43	11/21/2014
10.6	Form of Visa Inc. 2007 Equity Incentive Compensation Plan Performance Share Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.44	11/21/2014
10.7	Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Stock Option Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.45	11/21/2014
10.8	Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.46	11/21/2014
10.9	Form of Alternate Visa Inc. 2007 Equity Incentive Compensation Plan Restricted Stock Unit Award Agreement for awards granted after November 1, 2014	10-K	001-33977	10.47	11/21/2014
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1*	Certification of Chief Executive Officer pursuant to 18				

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32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed or furnished herewith.

VISA

**2005 DEFERRED COMPENSATION PLAN
AS AMENDED AND RESTATED**

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INTRODUCTION

1. Effective January 1, 2005, the Visa Deferred Compensation Plan consists of two components, the Visa 2005 Deferred Compensation Plan set forth herein (the "Plan") and the Visa Pre-2005 Deferred Compensation Plan. The Plan is amended and restated in its entirety effective for deferrals made during or after the Plan's 2014 open enrollment period

2. The purpose of the Visa Deferred Compensation Plan is to provide deferred compensation benefits to a select group of management or highly compensated employees who contribute materially to the continued growth, development and future business success of the Participating Companies.

3. The provisions of the Plan shall apply to amounts deferred after December 31, 2004 that are subject to the limitations or requirements of section 409A of the Code.

ARTICLE 1 DEFINITIONS

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, with respect to each Elective Deferral Account, the Annual Deferral Amount for a Plan Year as credited or debited in accordance with Section 3.5, and as may be reduced in accordance with a written direction to the Committee from the Participating Company employing the Participant to offset all or part of a monetary claim of the Participating Company against the Participant.

1.2 "Administrator" shall mean the person, or persons, appointed by the Committee to assist in the administration of the Plan in accordance with its provisions.

1.3 "Annual Deferral Amount" shall mean that portion of a Participant's compensation that the Participant elects to have, and is, deferred, in accordance with Article 3 for a Plan Year.

1.4 "Annual Installment Method" shall mean the payment of a Participant's Account Balance in annual installments determined by dividing the current Account Balance by the remaining number of installment payments. The final installment payment shall be equal to the remaining Account Balance. In no event shall the amount of any installment payment exceed the remaining Account Balance. All installment payments under the Plan attributable to deferral elections made prior to the Plan's 2014 open enrollment period shall be treated as a single payment for purposes of Code Section 409A. All installment payments under the Plan attributable to deferral elections made during or after the Plan's 2014 open enrollment period shall be treated as separate payments for purposes of Code Section 409A.

1.5 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 9, that are entitled to receive benefits under the Plan upon death of a Participant.

1.6 "Beneficiary Designation Form" shall mean the form established from time to time by the Administrator whereby a Participant designates one or more Beneficiaries.

1.7 "Board" shall mean the Compensation Committee of the Board of Directors of the Company.

1.8 "Change in Control" shall mean a change in ownership or effective control of the Company effected through any of the following transactions: (i) a merger, consolidation or other reorganization approved by the Company's members, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting interest of the successor entity are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Company's outstanding membership interests immediately prior to such transaction; or (ii) the sale, transfer or other disposition of all or a substantial portion of the Company's assets that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately before such acquisition in complete liquidation or dissolution of the Company.

1.9 "Claimant" shall have the meaning set forth in Section 12.1.

1.10 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder from time to time.

1.11 "Committee" shall mean the Visa Pension Benefits Committee, or a successor committee appointed and designated as such by the Board. The Committee shall be the Plan "administrator" as that term is defined in ERISA.

1.12 "Company" shall mean Visa Inc. or any successor thereto.

1.13 "Deemed Investment" shall mean the investment vehicles described in Section 3.4.

1.14 "Election Form" shall mean the form established from time to time by the Administrator whereby a Participant makes an election under the Plan.

1.15 "Elective Deferral Account" shall mean the bookkeeping entry that is utilized solely as a device for the measurement and determination of the amount to be paid to a Participant pursuant to the Plan attributable to the Annual Deferral Amount for a Plan Year.

1.16 "Employee" shall mean any employee of a Participating Company.

1.17 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.18 "Incentive Plan" shall mean any quarterly, annual or long-term incentive plan for eligible Employees whose compensation is subject to U.S. income tax withholding, including any successor or predecessor thereto, that are maintained by a Participating Company.

1.19 "In-Service Distribution" shall mean the payout described in Section 4.1.

1.20 "Participant" shall mean an eligible Employee who elects to participate in the Plan in accordance with the terms and conditions of the Plan. An individual who becomes a Participant shall remain a Participant until full payment of his or her Account Balances.

1.21 "Participating Company" shall mean Visa Inc., Visa USA Inc., Visa International Service Association, Inovant LLC, and any other Related Company which is designated by the Committee as a Participating Company under the Plan.

1.22 "Plan" shall mean the Visa 2005 Deferred Compensation Plan effective as of January 1,

2005, as it may be further amended from time to time and as set forth in its entirety in this document. The Plan is a component of a Visa Deferred Compensation Plan.

1.23 "Plan Year" shall be the calendar year.

1.24 "Pre-Retirement Survivor Benefit" shall mean the benefit described in Article 6.

1.25 "Pre-2005 Plan" shall mean the component of the Visa Deferred Compensation Plan set forth in a separate document and applicable to deferred compensation that is not subject to the limitations or requirements of section 409A of the Code.

1.26 "Related Company" shall mean a corporation which is a member of a controlled group of corporations within the meaning of section 414(b) of the Code of which the Company is a component member and an unincorporated trade or business which is under common control within the meaning of section 414(c) of the Code with the Company.

1.27 "Retirement," "Retire," "Retires," or "Retired" shall mean Separation from Service for any reason other than death on or after the Participant's Retirement Eligibility Date.

1.28 "Retirement Benefit" shall mean the benefit described in Article 5.

1.29 "Retirement Eligibility Date" shall mean for employees most recently hired prior to October 1, 2002, the earlier of (x) the first day of the month coincident with or next following the date the employee attains age 50 with 10 Years of Service and (y) first day of the month coincident with or next following Participant's 65th birthday. For all other employees it shall mean, the earlier of (x) the first day of the month coincident with or next following the date the employee attains age 55 with 10 Years of Service and (y) first day of the month coincident with or next following Participant's 65th birthday.

1.30 "Separation from Service" shall occur if a Participant dies, retires or otherwise has incurred a "termination of employment" from the Company and any Related Company. A Participant will not incur a Separation from Service while he is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the individual retains a right to reemployment under an applicable statute or contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Participant to be unable to perform the duties of his position of employment or any substantially similar position of employment, a 29 month period of absence is substituted for such six month period.

A Participant incurs a "termination of employment" on the date it is reasonably anticipated based on the facts and circumstances that he will perform no further services after that date or that the level of bona fide services he would perform after that date (whether as an Employee or an independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an Employee or an independent contractor) over the immediately preceding 36 month period (or the full period of services if the Participant has been providing services for less than 36 months). For periods during which a Participant is on a paid bona fide leave of absence as described in the immediately preceding paragraph, he is treated as providing bona fide services at a level equal to the level of services that he would have been required to perform to receive the compensation paid with respect to such leave of absence. Periods during which a Participant is on an unpaid bona fide leave of absence as described in the immediately preceding paragraph are disregarded for purposes of determining whether a Participant has incurred a termination of employment.

1.31 “Termination Benefit” shall mean the benefit described in Article 7.

1.32 “Trust” or “Trust Agreement” shall mean the Visa Deferred Compensation Plan Trust Agreement, as amended from time to time, entered into between the Company and the Trustee in connection with the Plan.

1.33 “Trustee” shall mean the trustee under the Trust

1.34 “Unforeseeable Financial Emergency” shall mean a severe financial hardship to the Participant resulting from illness or accident of the Participant, the Participant's spouse or a dependent (as defined in section 152 (a) of the Code without regard to sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of the Participant, loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance) or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

1.35 “Visa Deferred Compensation Plan” shall mean the deferred compensation plan consisting of two components, the Plan and the Pre-2005 Plan.

1.36 “Years of Service” shall mean Eligibility Service, as defined in the Visa Retirement Plan and determined in accordance with Section 5.1 thereof (which means, without limitation, disregarding any Eligibility Service that may be credited by reason of status as a leased employee or an employee misclassified as an independent contractor or such a leased employee for tax purposes before he became a participant in the Visa Retirement Plan) and determined without regard to Paragraph 14.11 of the Pre-2002 Plan component or Paragraph 13.11 of the 2002 Plan component of the Visa Retirement Plan, as applicable).

ARTICLE 2

ELECTION, ENROLLMENT, COMMENCEMENT, TERMINATION

2.1 Eligibility. Participation in the Plan shall be limited to Employees who are designated by the Chief Executive Officer of the Company or the Committee as being eligible to defer compensation under the Plan, provided that such eligibility is consistent with the Plan's intended purpose of providing an opportunity to defer the receipt of compensation to a select group of management or highly compensated employees within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA as the Committee shall determine in its sole and absolute discretion.

2.2 Election Requirements. As described in Section 3.2, an election to participate in the Plan shall specify: (i) the type of compensation to be deferred; (ii) the amount of such compensation to be deferred; and (iii) the date and form that such deferred compensation is to be paid.

2.3 Commencement of Participation. Provided an Employee selected to participate in the Plan has met all election requirements within 30 days of notification of his initial eligibility to participate in the Plan and other nonqualified deferred compensation plans treated as a single plan with this Plan under section 409A of the Code, that individual shall commence participation in the Plan upon the timely completion of those requirements. If an individual's initial election to defer compensation pursuant to Section 3.2 is not received within the required 30 day period, that individual shall not be eligible to participate in the Plan until the first day of the Plan Year following the date such election requirements are first met.

2.4 Termination of Participation and/or Deferrals. If the Committee determines in good faith that a Participant no longer meets the requirement of Section 2.1 hereof, the Committee shall have the right, in its sole discretion, to prevent the Participant from making deferral elections for future Plan Years. The Committee may, in its sole discretion, reinstate the Participant to full Plan participation at such time in the future as the Participant again meets the requirements of Section 2.1.

ARTICLE 3
DEFERRALS, CREDITING AND DEBITING ACCOUNTS, TAXES

3.1 Deferred Compensation. A Participant may elect to defer compensation payable under an Incentive Plan or as a one-time cash award made to a newly hired employee.

3.2 Election to Defer Compensation. A Participant shall make a deferral election by timely filing an Election Form in accordance with the Administrator's rule and procedures. If no Election Form is timely filed for a Plan Year, no Annual Deferral Amount shall be withheld for that Plan Year. Subject to such generally applicable exceptions as may be authorized by the Administrator and applicable law, a Participant's election to defer compensation for services performed during a calendar year must be filed before the later of (i) the last day of the immediately preceding Plan Year, or (ii) 30 days after the date the Participant is notified of his initial eligibility to participate in the Plan and other nonqualified deferred compensation plans treated as a single plan with this Plan under section 409A of the Code. Notwithstanding the foregoing sentence, in the case of performance based compensation based on services performed over a period of at least 12 months, the election to defer must be made no later than six months before the end of the performance period, the Participant must perform services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date an election is made under this Section 3.2 and the election is not made after the performance based compensation has become readily ascertainable. If a portion of such performance based compensation is readily ascertainable when an Election Form is filed, such election shall only apply to the portion of the performance based compensation that is not yet ascertainable. Notwithstanding the previous two sentences, in the case of performance based compensation where an Election Form is submitted in the first year of eligibility under the Plan and all other deferred compensation plans treated as a single plan with this Plan under section 409A of the Code, but after the beginning of the performance period, the Election Form will apply to the portion of the compensation equal to the total amount of the compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the Election Form is submitted over the total number of days in the performance period. The election to defer a new Employee's one-time cash award must be made before performing services.

3.3 Withholding of Deferral Amounts. For each Plan Year, the Incentive Plan award and one-time cash award portions of the Annual Deferral Amount shall be withheld and credited to the Participant's Elective Deferral Account at the time the Incentive Plan award or one-time cash award would otherwise be paid to the Participant.

3.4 Selection of Deemed Investments. The Committee shall select the Deemed Investments that are available to measure the amounts to be credited under Section 3.5 based on each Participant's directions regarding the specific Deemed Investments allocable from time to time to the Participant's Elective Deferral Account. Deemed Investments shall be for bookkeeping purposes only, and a Participating Company shall not be obligated to invest in the Deemed Investments, or to acquire or maintain any actual investment.

3.5 Crediting and Debiting Accounts. The Administrator shall determine, in its discretion, the exact times and methods for crediting an Elective Deferral Account with changes in value of its Deemed Investments and debiting any distributions allocated thereto. The Committee may, at any time, change the

timing or methods for such credits and debits; provided, however, that the times and methods in effect at any particular time shall be uniform among all Participants and Beneficiaries.

3.6 FICA and Other Taxes. For each Plan Year in which a Participant elects an Annual Deferral Amount, the Participating Company employing the Participant shall ratably withhold from that portion of the Participant's compensation that is not being deferred, the Participant's share of FICA taxes on the deferred amounts and an amount to pay the additional income tax at source on wages attributable to the pyramiding section 3401 wages and taxes. However, the Participant may be granted an election by the Administrator for such taxes to be withheld from the Annual Deferral Amount. Any such election shall be made at the time the Participant makes a deferral election under Section 3.2. If necessary, the Administrator shall reduce the Annual Deferral Amount in order to comply with applicable tax withholding requirements.

3.7 Vesting. A Participant shall at all times have a fully vested and nonforfeitable interest in his or her Annual Deferral Amount and Elective Deferral Accounts. Notwithstanding the preceding sentence, a Participant shall forfeit any benefit that is payable hereunder, regardless of when such benefit was accrued, if the Committee determines that the Participant has engaged in bribery, embezzlement, fraud, misappropriation of assets or receipt of kickbacks involving the Company or any Related Company.

ARTICLE 4 IN-SERVICE DISTRIBUTION AND UNFORESEEABLE FINANCIAL EMERGENCIES

4.1 In-Service Distribution. In connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive a future "In-Service Distribution" from the Plan with respect to that Annual Deferral Amount. The In-Service Distribution that is equal to the Annual Deferral Amount plus amounts credited thereon under Section 3.5 shall be a lump sum payment or pursuant to an Annual Installment Method of up to 15 years, with the portion of the In-Service Distribution which is yet to be distributed being credited with amounts as set forth in Section 3.5. Subject to the other terms and provisions of the Plan, each In-Service Distribution elected shall be paid within 90 days after the first day of the Plan Year that is one or more years after the first day of the Plan Year in which an Annual Deferral Amount is actually deferred (e.g., deferral elections in 2005 for amounts payable in 2006 may specify a January 1 distribution date in 2007 or later). A Participant may at any time before Separation from Service and at least 12 months before a distribution date modify a previous election pertaining to the form of distribution and/or the distribution date, provided the modification does not (i) accelerate a previously elected distribution date, (ii) defer a previously elected distribution date unless the requested deferral is for no less than five years in whole year increments and (iii) take effect until at least 12 months after the date it is made. Notwithstanding the foregoing, should an event occur that triggers a benefit payment under Articles 5 through 7, any amount that is subject to an In-Service Distribution election under this Section 4.1 and is scheduled to be paid in a subsequent Plan Year shall be paid instead in accordance with the other applicable Article of the Plan.

4.2 Payout for Unforeseeable Financial Emergencies. If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee to receive partial or full payout from the Plan. The payout shall not exceed the lesser of the Account Balances of the Participant, calculated as if such Participant were receiving a Termination Benefit, or the amount necessary to satisfy the emergency and pay taxes reasonably anticipated as a result of the payout, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise by liquidation of the Participant's assets (to the extent such liquidation would not itself cause severe financial hardship).

ARTICLE 5
RETIREMENT BENEFIT

5.1 Retirement Benefit. A Participant who Retires shall receive, as a Retirement Benefit, his or her Account Balances.

5.2 Payment of Retirement Benefits. A Participant shall elect on an Election Form to receive the Retirement Benefit attributable to an Account Balance in a lump sum or pursuant to an Annual Installment Method of up to 15 years. If the aggregate amount of the remaining Account Balances under this Plan and all other nonqualified deferred compensation plans treated as a single plan with this Plan under section 409A of the Code is under \$10,000, the Administrator shall authorize payment of such amount under this Plan and such other plans in the form of a lump sum. Subject to Section 14.17, a lump sum payment shall be made within 90 days after the date the Participant Retires or January 1 in one of the next following five years, as elected by the Participant. Subject to Section 14.17, payments made under an Annual Installment Method shall commence within 90 days after the date the Participant Retires or January 1 in one of the next following five years, as elected by the Participant. If no election is made with respect to the form of distribution, payment shall be made in a lump sum. A Participant may at any time before Retirement and at least 12 months before a distribution date modify a previous election pertaining to the form of distribution and/or the distribution date, provided the modification (i) does not accelerate a previously elected distribution date, (ii) defers a previously elected distribution date for five years in whole year increments, and (iii) does not take effect until at least 12 months after the date it is made.

5.3 Death Prior to Complete Payment of Retirement Benefits. If a Participant dies after Retirement but before the Retirement Benefit is paid in full, the Participant's unpaid Retirement Benefit shall be paid to the Participant's Beneficiary over the remaining number of years and in the same amounts as that benefit would have been paid to the Participant had the Participant survived.

ARTICLE 6
PRE-RETIREMENT SURVIVOR BENEFIT

6.1 Pre-Retirement Survivor Benefit. If a Participant dies before Separation from Service or Retirement, the Participant's Beneficiary shall receive, as a Pre-Retirement Survivor Benefit, the Participant's Account Balances.

6.2 Payment of Pre-Retirement Survivor Benefits. The Pre-Retirement Survivor Benefit shall be paid in a lump sum as soon within 90 days following the Participant's death.

ARTICLE 7
TERMINATION BENEFIT

7.1 Termination Benefits. If a Participant has a Separation from Service prior to Retirement, the Participant shall receive, as a Termination Benefit, the Participant's Account Balances.

7.2 Payment of Termination Benefit. Subject to Section 14.17, a Participant's Termination Benefit shall be paid in a lump sum within 90 days following the date of the Participant's Separation from Service, or the next following January 1, as elected by the Participant. If no election is made, the Participant's Termination Benefit shall be paid in a lump sum within 90 days following the date of the Participant's Separation from Service. Any election or modified election under this Section 7.2 shall be disregarded to the extent it fails to meet the limitations or requirements of section 409A of the Code.

7.3 Death Prior to Payment of Termination Benefits. If a Participant dies after Separation from Service, but before the Termination Benefit is paid, the Participant's unpaid Termination Benefit shall be paid in a lump sum to the Participant's Beneficiary within 90 days following the Participant's death.

ARTICLE 8 BENEFICIARY DESIGNATION

8.1 Beneficiary. Each Participant shall have the right, at any time, to designate his or her Beneficiary (both primary as well as contingent) to receive any benefits payable under the Plan to a Beneficiary upon the death of a Participant.

8.2 Beneficiary Designation. A Participant shall designate his or her Beneficiary on a Beneficiary Designation Form in accordance with the Administrator's rules and procedures, as in effect from time to time.

8.3 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided in Sections 8.1 and 8.2 above, or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan shall be paid to the Participant's issue upon the principle of representation and if there is no such issue, to the Participant's estate.

8.4 Doubt as to Beneficiary. If the Administrator has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Administrator shall have the right, exercisable in its sole and absolute discretion, to cause such payments to be withheld until the matter is resolved.

ARTICLE 9 LEAVE OF ABSENCE

Unless the Participant incurs a Separation from Service, a Participant is authorized for any reason to take a leave of absence from employment, the Participant shall continue to be considered in the service of the Participating Company for purposes hereof and the Annual Deferral Amount shall continue to be withheld during such leave of absence in accordance with Section 3.3.

ARTICLE 10 TERMINATION, AMENDMENT, OR MODIFICATION

10.1 Termination. The Company reserves the right to terminate the Plan by action of the Board within 12 months of a Change in Control of the Company. Upon such Change in Control and termination of the Plan, Participants' Account Balances and all account balances of all other nonqualified deferred compensation plans treated as a single plan with this Plan under section 409A of the Code shall be paid in a lump sum within 90 days after the date of Plan termination, subject to any applicable limitations of section 409A of the Code. In addition, the Company reserves the right to terminate this Plan at any time effective with respect to any Plan Year that commences subsequent to the date action is taken by the Company to terminate this Plan, subject to the last sentence of Section 10.2. In the event the Plan is terminated, no further deferrals shall be made after the effective date of the Plan's termination except as required to avoid taxation under Code Section 409A, and payment of each Participant's Account Balance shall be made in accordance with the payment provisions of Articles 4 through 7. The preceding provisions of this Section 10.1 to the contrary notwithstanding, the Company may in its discretion terminate the Plan effective as of a date that is prior to the first day of a subsequent Plan Year and provide for accelerated payments of all

amounts credited on behalf of all Participants upon a termination of the Plan to the extent such termination and acceleration of payments satisfies the applicable requirements upon the termination of a plan pursuant to Code Section 409A.

10.2 Amendment. The Committee may, at any time, amend or modify the Plan in whole or in part; provided, however, that no amendment or modification shall be effective to decrease a Participant's Account Balances at the time of such amendment, calculated as though the Participant had experienced a Separation from Service as of the effective date of the amendment or modification, or, if the amendment or modification occurs after the date upon which the Participant was eligible to Retire, the Participant had Retired as of the effective date of the amendment or modification. In addition, no amendment or modification of the Plan shall affect the right of any Participant or Beneficiary who was eligible to or did Retire on or before the effective date of such amendment or modification to receive benefits in the manner he or she elected.

10.3 Effect of Payment. The full payment of the applicable benefit under the Plan shall completely discharge all obligations to a Participant under the Plan.

ARTICLE 11 ADMINISTRATION

11.1 Committee Duties. The Plan shall be administered by the Committee. The Committee shall also have the discretion and authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including but not limited to, interpretations of the Plan and entitlement to or amount of benefits under the Plan, as may arise in connection with the Plan. Any Committee member must recuse himself or herself on any matter of personal interest to such member that comes before the Committee.

11.2 Agents. In the administration of the Plan, the Committee may, from time to time, engage agents, including the Administrator, and delegate to them such administrative duties as it sees fit and may from time to time consult with counsel who may be counsel to any Participating Company.

11.3 Binding Effect of Decisions. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

11.4 Indemnity of Committee. All Participating Companies shall indemnify and hold harmless the members of the Committee against any and all claims, losses, damages, expenses, or liabilities arising from any action or failure to act with respect to the Plan, except in the case of willful misconduct by the Committee or any of its members.

11.5 Participating Company Information. To enable the Committee to perform its functions, each Participating Company shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Retirement, death or Separation from Service of its Participants, and such other pertinent information as the Committee may reasonably require.

ARTICLE 12 CLAIMS PROCEDURE

12.1 Presentation of Claim. Any Participant or Beneficiary of a deceased Participant (such

Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 90 days after such notice was received by the Claimant. The claim must state with particularity the determination desired by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

12.2 Notification of Decision. The Committee shall consider a Claimant's claim within a reasonable time, and shall notify the Claimant in writing but not later than 90 days (180 days if the Committee determines special circumstances apply):

(a) That the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) That the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure set forth in Section 12.3 below and a statement of the Claimant's right to bring a civil action under section 502 of ERISA following an adverse benefit determination upon review.

12.3 Review of a Denied Claim. Within 90 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. Thereafter, the Claimant (or the Claimant's duly authorized representative):

(a) may review pertinent documents;

(b) may submit written comments or other documents; and

(c) will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim.

12.4 Decision on Review. The Committee shall render its decision on review promptly, and not later than 60 days after the filing of a written request for review of the denial, unless special circumstances require additional time, in which case the Committee's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

- (b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;
- (c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim; and
- (d) a statement that the Participant's right to bring an action under section 502 of ERISA.

12.5 Legal Action. A Claimant's compliance with the foregoing provisions of this Article 12 is a mandatory prerequisite to a Claimant's right to commence any arbitration proceeding with respect to any claim for benefits under this Plan.

12.6 Arbitration. Any claim or controversy which the parties are unable to resolve themselves, and which is not resolved through the claims procedure set forth in this Article 12, including any claim arising out of a Participant's employment or the termination of that employment, and including any claim arising out of, connected with, or related to the formation, interpretation, performance, or breach of any provision of the Plan, and any claim or dispute as to whether a claim is subject to arbitration, shall be submitted to and resolved exclusively by expedited binding arbitration by a single arbitrator in accordance with the following procedures:

(a) In the event of a claim or controversy subject to this arbitration provision, the complaining party shall promptly send written notice to the other party identifying the matter in dispute and the proposed remedy. Following the giving of such notice, the parties shall meet and attempt in good faith to resolve the matter. In the event the parties are unable to resolve the matter within 21 days, the parties shall meet and attempt in good faith to select a single arbitrator acceptable to both parties. If a single arbitrator is not selected by mutual consent within 10 business days following the giving of written notice of dispute, an arbitrator shall be selected from a list of nine persons each of whom shall be an attorney who is either engaged in the active practice of law or a recognized arbitrator and who, in either event, is experienced in serving as an arbitrator in disputes between employers and employees, which list shall be provided by the main San Francisco office of either JAMS, the American Arbitration Association ("AAA") or the Federal Mediation and Conciliation Service. If, within three business days of the parties' receipt of such list, the parties are unable to agree upon an arbitrator from the list, then the parties shall each strike names alternatively from the list, with the first to strike being determined by the flip of a coin. After each party has had four strikes, the remaining name on the list shall be the arbitrator. If such person is unable to serve for any reason, the parties shall repeat this process until an arbitrator is selected.

(b) Unless the parties agree otherwise, within 90 days of the selection of the arbitrator, a hearing shall be conducted before such arbitrator at a time and a place agreed upon by the parties. In the event the parties are unable to agree upon the time or place of the arbitration, the time and place shall be designated by the arbitrator after consultation with the parties. Within 30 days of the conclusion of the arbitration hearing, the arbitrator shall issue an award, accompanied by a written decision explaining the basis for the arbitrator's award.

(c) In any arbitration hereunder, the Participant's Participating Company shall pay all administrative fees of the arbitration and all fees of the arbitrator, except that the Participant or Beneficiary may, if he/she/it wishes, pay up to one-half of those amounts. Each party shall pay its own attorneys' fees, costs, and expenses, unless the arbitrator orders otherwise. The prevailing party in such arbitration, as determined by the arbitrator, and in any enforcement or other court proceedings, shall be entitled, to the extent permitted by law, to reimbursement from the other party for all of the prevailing party's costs (including but not limited to the arbitrator's compensation), expenses, and attorneys' fees. The arbitrator shall have no

authority to add to or to modify the Plan, shall apply all applicable law, and shall have no lesser and no greater remedial authority than would a court of law resolving the same claim or controversy. The arbitrator shall, upon an appropriate motion, dismiss any claim without an evidentiary hearing if the party bringing the motion establishes that it would be entitled to summary judgment if the matter had been pursued in court litigation. The parties shall be entitled to discovery as follows. Each party may take no more than three depositions. The Participating Company may depose the Participant or Beneficiary plus two other witnesses, and Participant or Beneficiary may depose the Participating Company, within the meaning of Rule 30(b)(6) of the Federal Rules of Civil Procedure, plus two other witnesses. Each party may make such reasonable document discovery requests as are allowed in the discretion of the arbitrator.

(d) The decision of the arbitrator shall be final, binding, and non-appealable, and may be enforced as a final judgment in any court of competent jurisdiction.

(e) This arbitration provision of the Plan shall extend to claims against any parent, subsidiary, or affiliate of each party, and, when acting within such capacity, any officer, director, shareholder, Participant, Beneficiary, or agent of each party, or of any of the above, and shall apply as well to claims arising out of state and federal statutes and local ordinances as well as to claims arising under the common law or under this Plan.

(f) Notwithstanding the foregoing, and unless otherwise agreed between the parties, either party may, in an appropriate matter, apply to a court for provisional relief, including a temporary restraining order or preliminary injunction, on the ground that the arbitration award to which the applicant may be entitled may be rendered ineffectual without provisional relief.

(g) Any arbitration hereunder shall be conducted in accordance with the Federal Arbitration Act; provided, however, that, in the event of any inconsistency between the rules and procedures of the Act and the terms of the Plan, the terms of the Plan shall prevail.

(h) If any of the provisions of this Section 12.6 are determined to be unlawful or otherwise unenforceable, in whole or in part, such determination shall not affect the validity of the remainder of this Section 12.6, and this Section 12.6 shall be reformed to the extent necessary to carry out its provisions to the greatest extent possible and to insure that the resolution of all conflicts between the parties, including those arising out of statutory claims, shall be resolved by neutral, binding arbitration. If a court should find that the provisions of this Section 12.6 are not absolutely binding, then the parties intend any arbitration decision and award to be fully admissible in evidence in any subsequent action, given great weight by any finder of fact, and treated as determinative to the maximum extent permitted by law.

(i) The parties do not agree to arbitrate any putative class action or any other representative action. The parties agree to arbitrate only the claim(s) of a single Participant.

ARTICLE 13 TRUST

13.1 Establishment of Trust. The Company shall establish the Trust, and the Company shall transfer over to the Trust such assets, if any, as the Committee determines, from time to time and in its sole discretion, are appropriate.

13.2 Interrelationship of the Plan and the Trust. The provisions of the Plan shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Participant and the creditors of the Participating Companies to the assets transferred to the

Trust. Each Participating Company shall at all times remain liable to carry out its obligations under the Plan with respect to the Participants who are or were its Employees. A Participating Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust. Any such distribution shall reduce a Participating Company's obligations under the Plan.

ARTICLE 14 MISCELLANEOUS

14.1 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable right or interest in or claim to any property or assets of the Company or any Participating Company. Any and all of the Company's and each Participating Company's assets shall be, and remain, the general and unrestricted assets of the Company and the Participating Company, as applicable. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future and the sole interest of a Participant or a Participant's Beneficiary shall be as a general creditor of the Company. A Participating Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future and the sole interest of a Participant or a Participant's Beneficiary shall be as a general creditor of the Participating Company that employs or employed the Participant. A Participating Company's liability for the payment of benefits shall be defined only by the Plan and shall be limited to the benefits under the Plan that are attributable to the Participant's employment by the Participating Company. A Participating Company shall have no obligation to or with respect to a Participant under the Plan except as expressly provided in the Plan.

14.2 Non-Assignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer,

hypothecate, or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be nonassignable and nontransferable. No part of the amounts payable shall, prior to actual payments be subject to seizure or sequestration for the payment of any debts, judgments, alimony, or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

14.3 Coordination with Other Benefits. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Participating Company. The Plan shall supplement and shall not supersede, modify, or amend any other such plan or program except as may otherwise be expressly provided.

14.4 Not a Contract of Employment. The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between any Participating Company and the Participant. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the employed of any Participating Company, or to interfere with the right of any Participating Company to discipline, demote, discharge or change the terms of employment at any time, with or without cause, of the Participant at any time.

14.5 Furnishing Information. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

14.6 Terms. Whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they

would so apply. The masculine pronoun shall be deemed to include the feminine and *vice versa*, unless the context clearly indicates otherwise.

14.7 Captions. The captions of the articles, sections, and paragraphs of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

14.8 Governing Law. Subject to ERISA, the provisions of the Plan shall be construed and interpreted according to the laws of the State of California.

14.9 Notice. Any notice or filing required or permitted to be given to the Committee under the Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail to:

VISA PENSION BENEFITS COMMITTEE
P.O. Box 8999
San Francisco, CA 94128-8999

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Any notice or filing required or permitted to be given to a Participant under the Plan shall be sufficient if in writing and hand-delivered, or sent by, mail, to the last known address of the Participant.

14.10 Successors. The provisions of the Plan shall bind and inure to the benefit of the Company and the Participant's Participating Company and its successors and assigns and the Participant, the Participant's Beneficiaries, and their permitted successors and assigns.

14.11 Spouse's Interest. A Participant's Beneficiary designation shall be deemed automatically revoked if the Participant names a spouse as Beneficiary and the spouse dies. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will.

14.12 Validity. In case any provision of the Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

14.13 Incompetent. If the Committee determines in its discretion that a benefit under the Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative, or person having the care and custody of such minor, incompetent, or incapable person. The Committee may require proof of minority, incompetency, incapacity, or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

14.14 Court Order. The Committee may authorize any payments directed by court order in any action in which the Plan or Committee has been named as a party.

14.15 Payment in the Event of Taxation. If, for any reason, all or any portion of a Participant's benefit under the Plan becomes taxable to the Participant prior to receipt, the Participant may petition the Committee for a distribution of assets sufficient to meet the Participant's tax liability (including additions to tax, penalties, and interest). Upon the grant of such a petition, which grant shall not be unreasonably

withheld, a Participant's Participating Company shall pay to the Participant an amount equal to that Participant's federal, state, and local tax liability associated with such taxation (which amount shall not exceed the Participant's Account Balances), which liability shall be measured by using that Participant's then current highest federal, state, and local marginal tax rate, plus the rates or amounts for the applicable additions to tax, penalties, and interest. If the petition is granted, the tax liability payment shall be made within ninety days of the date when the Participant's petition is granted. Such payment shall reduce the benefits to be paid under the Plan.

14.16 Specified Employees. If, at the time of payment of the Participant's Retirement Benefit or Termination Benefit, the Participant is a "specified employee" (using the default provisions of Section 1.409A-1(i) of the Treasury Regulations) and the deferral of the commencement of any benefits payable pursuant to this Plan is necessary in order to prevent any accelerated or additional tax under section 409A of the Code, then the Company will defer the commencement of the payment of any such benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the first payroll date that occurs after the date that is six (6) months following the Participant's Separation from Service. If any payments are deferred due to such requirements, such amounts will be paid in a lump sum to the Participant on the earliest of (a) the Participant's death following the date of the Participant's Separation from Service with the Company or (b) the first payroll date that occurs after the date that is six (6) months following the Participant's Separation from Service with the Company.

14.17 Section 409A. This Plan is intended to comply with Code Section 409A and the Treasury regulations and other guidance thereunder ("Section 409A") and shall be interpreted in accordance therewith.

IN WITNESS WHEREOF, the Company has executed this Visa 2005 Deferred Compensation Plan document as amended and restated effective December 30, 2014.

VISA INC.

/s/ Richard Laiderman By: Richard Laiderman Title: Treasurer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
EXCHANGE ACT RULES 13A-14(A)/15D-14(A),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Charles W. Scharf, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Visa Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
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Date: January 29, 2015

/s/ Charles W. Scharf

Charles W. Scharf
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
EXCHANGE ACT RULES 13A-14(A)/15D-14(A),
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Byron H. Pollitt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Visa Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: January 29, 2015

/s/ Byron H. Pollitt

Byron H. Pollitt
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Visa Inc. (the "Company") on Form 10-Q for the period ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles W. Scharf, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2015

/s/ Charles W. Scharf

Charles W. Scharf
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Visa Inc. (the "Company") on Form 10-Q for the period ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Byron H. Pollitt, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2015

/s/ Byron H. Pollitt

Byron H. Pollitt
Chief Financial Officer
(Principal Financial Officer)