

Visa Inc.
Form 10-Q
August 13, 2008
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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 June 30, 2008

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)

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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)
Registrant's telephone number, including area code: (415) 932-2100	

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 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. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company.)	Smaller Reporting Company <input type="checkbox"/>

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 August 11, 2008, there were 447,870,252 shares of class A, 369,038,802 shares of class B and 267,022,093 shares of class C common stock of Visa Inc. outstanding.

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

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

Table of Contents**PART I****ITEM 1. Financial Statements****VISA INC.****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	June 30, 2008	September 30, 2007 ⁽¹⁾
	(in millions, except share data)	
Assets		
Cash and cash equivalents	\$ 5,762	\$ 275
Restricted cash litigation escrow	1,291	
Investment securities, available-for-sale	477	747
Settlement receivable	1,230	10
Accounts receivable	342	245
Customer collateral	520	68
Current portion of volume and support incentives	257	96
Current portion of deferred tax assets	587	795
Prepaid expenses and other current assets	295	271
Total current assets	10,761	2,507
Restricted cash litigation escrow	700	
Investment securities, available-for-sale	188	737
Volume and support incentives	84	44
Investment in Visa International		227
Property, equipment and technology, net	1,048	313
Deferred tax assets		471
Other assets	639	91
Intangible assets	10,883	
Goodwill	10,139	
Total assets	\$ 34,442	\$ 4,390
Liabilities		
Accounts payable	\$ 109	\$ 99
Settlement payable	1,153	50
Customer collateral	520	68
Accrued compensation and benefits	372	244
Volume and support incentives	310	188
Accrued liabilities	383	356
Current portion of long-term debt	11	41
Current portion of accrued litigation	1,606	2,236
Cash dividends payable	93	
Redeemable class C (series III) common stock, 35,263,585 shares outstanding at June 30, 2008	1,508	
Total current liabilities	6,065	3,282
Long-term debt	98	
Accrued litigation	1,303	1,446

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Deferred tax liabilities	3,545	
Other liabilities	755	125
Total liabilities	11,766	4,853

- (1) Historical balances for periods prior to October 1, 2007 represent balances for Visa U.S.A. Inc., deemed the accounting acquirer in the business combination.
See accompanying notes, which are an integral part of these unaudited consolidated financial statements.

Table of Contents**VISA INC.****CONSOLIDATED BALANCE SHEETS (Continued)****(Unaudited)**

	June 30, 2008	September 30, 2007 ⁽¹⁾
	(in millions, except share and par value data)	
Temporary Equity and Minority Interest		
Class C (series II) common stock, \$0.0001 par value, 218,582,801 shares authorized, 79,748,857 shares issued and outstanding at June 30, 2008, net of subscription receivable	\$ 1,127	\$
Minority interest		38
Total temporary equity and minority interest	1,127	38
Commitments and contingencies see Note 14		
Stockholders Equity		
Preferred stock, \$0.0001 par value, 25,000,000 shares authorized and none issued		
Class A common stock, \$0.0001 par value, 2,001,622,245,209 shares authorized, 447,880,089 shares issued and outstanding		
Class B common stock, \$0.0001 par value, 622,245,209 shares authorized, 245,513,385 shares issued and outstanding		
Class C (series I) common stock, \$0.0001 par value, 813,582,801 shares authorized and 124,510,448 shares issued and outstanding		
Class C (series III) common stock, \$0.0001 par value, 64,000,000 shares authorized and 26,949,616 shares issued and outstanding		
Class C (series IV) common stock, \$0.0001 par value, 1,000,000 shares authorized and 549,587 shares issued and outstanding		
Additional paid-in capital	21,007	
Accumulated income (deficit)	551	(501)
Accumulated other comprehensive loss, net	(9)	
Total stockholders equity and accumulated income (deficit)	21,549	(501)
Total liabilities, temporary equity and minority interest, and stockholders equity	\$ 34,442	\$ 4,390

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

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

Table of Contents**VISA INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2008	2007 ⁽¹⁾	2008	2007 ⁽¹⁾
	(in millions except per share data)			
Operating Revenues				
Service fees	\$ 749	\$ 496	\$ 2,273	\$ 1,407
Data processing fees	539	380	1,525	1,032
Volume and support incentives	(274)	(122)	(862)	(356)
International transaction fees	449	115	1,209	326
Other revenues	150	72	409	190
Total operating revenues	1,613	941	4,554	2,599
Operating Expenses				
Personnel	310	184	882	529
Network, EDP and communications	84	72	245	181
Advertising, marketing and promotion	271	141	696	360
Visa International fees		43		129
Professional and consulting fees	108	89	302	239
Depreciation and amortization	57	28	178	85
Administrative and other	85	50	234	147
Litigation provision	50		342	15
Total operating expenses	965	607	2,879	1,685
Operating income	648	334	1,675	914
Other Income (Expense)				
Equity in earnings of unconsolidated affiliates		13	1	38
Interest expense	(30)	(20)	(116)	(60)
Investment income, net	97	26	172	72
Other	(1)		35	
Total other income	66	19	92	50
Income before income taxes and minority interest	714	353	1,767	964
Income tax expense	292	126	607	351
Income before minority interest	422	227	1,160	613
Minority interest		(4)		(5)
Net income	\$ 422	\$ 223	\$ 1,160	\$ 608
Basic net income per share (Note 11)⁽²⁾				
Class A common stock	\$ 0.51		\$ 1.44	

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Class B common stock	\$ 0.36	\$ 1.33
Class C (series I) common stock	\$ 0.51	\$ 1.44
Class C (series II) common stock	\$ 0.12	\$ 0.75
Class C (series III and IV) common stock	\$ 0.51	\$ 1.44

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