VISA INC.
Form 10-Q
July 30, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2009

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	**26-0267673**
(State or other jurisdiction	**(IRS Employer**
of incorporation or organization)	**Identification No.)**
P.O. Box 8999	
San Francisco, California	**94128-8999**
(Address of principal executive offices)	**(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 þ 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 þ 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 þ	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 þ

As of July 27, 2009, there were 460,127,255 shares of class A common stock, par value $.0001 per share, 245,513,385 shares of class B common stock, par value $.0001 per share and 140,874,096 shares of class C common stock, par value $.0001 per share, of Visa Inc. outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

VISA INC.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	June 30, 2009	September 30, 2008
	(in millions, except share data)	
Assets		
Cash and cash equivalents	**$ 4,200**	$ 4,979
Restricted cash litigation escrow (Note 2)	**1,141**	1,298
Investment securities		
Trading	**83**	
Available-for-sale	**47**	355
Settlement receivable	**998**	1,131
Accounts receivable	**419**	342
Customer collateral (Note 6)	**739**	679
Current portion of volume and support incentives	**217**	256
Current portion of deferred tax assets	**484**	944
Prepaid expenses and other current assets (Note 4)	**1,234**	1,190
Total current assets	**9,562**	11,174
Restricted cash litigation escrow (Note 2)	**420**	630
Investment securities, available-for-sale	**181**	244
Volume and support incentives	**118**	123
Property, equipment and technology, net	**1,170**	1,080
Other assets (Note 4)	**77**	634
Intangible assets	**10,883**	10,883
Goodwill	**10,213**	10,213
Total assets	**32,624**	34,981
Liabilities		
Accounts payable	**$ 106**	$ 159
Settlement payable	**979**	1,095
Customer collateral (Note 6)	**739**	679
Accrued compensation and benefits	**296**	420
Volume and support incentives	**328**	249
Accrued liabilities	**587**	306
Current portion of long-term debt	**52**	51
Current portion of accrued litigation (Note 12)	**1,348**	2,698
Redeemable class C (series III) common stock, no shares and 35,263,585 shares issued and outstanding, respectively (Note 7)		1,508
Total current liabilities	**4,435**	7,165
Long-term debt	**46**	55
Accrued litigation (Note 12)	**905**	1,060

Deferred tax liabilities	**3,653**	3,811
Other liabilities	**786**	613
Total liabilities	**9,825**	12,704

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

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VISA INC.

CONSOLIDATED BALANCE SHEETS (Continued)

(UNAUDITED)

	June 30, 2009	September 30, 2008
	(in millions, except par value and share data)	
Temporary Equity and Minority Interest		
Class C (series II) common stock, $0.0001 par value, no shares and 218,582,801 shares authorized, no shares and 79,748,857 shares issued and outstanding, net of subscription receivable, respectively (Note 7)	**$**	$ 1,136
Minority interest	**5**	
Total temporary equity and minority interest	**5**	1,136
Commitments and Contingencies (Note 10)		
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, 449,407,746 and 447,746,261 shares issued and outstanding, respectively		
Class B common stock, $0.0001 par value, 622,245,209 shares authorized, 245,513,385 shares issued and outstanding		
Class C common stock, $0.0001 par value, 1,097,165,602 shares authorized, 151,605,798 issued and 151,581,349 outstanding at June 30, 2009 (Note 7)		
Class C (series I) common stock, $0.0001 par value, 813,582,801 shares authorized, 124,622,548 issued and 124,097,105 outstanding at September 30, 2008 (Note 7)		
Class C (series III) common stock, $0.0001 par value, 64,000,000 shares authorized, 26,949,616 issued and outstanding at September 30, 2008 (Note 7)		
Class C (series IV) common stock, $0.0001 par value, 1,000,000 shares authorized, 549,587 shares issued and outstanding at September 30, 2008 (Note 7)		
Additional paid-in capital	**21,115**	21,060
Class C treasury stock, 24,449 shares and 525,443 shares, respectively (Note 7)	**(2)**	(35)
Accumulated income	**1,783**	186
Accumulated other comprehensive loss, net	**(102)**	(70)
Total stockholders equity and accumulated income	**22,794**	21,141
Total liabilities, temporary equity and minority interest, and stockholders equity	**$ 32,624**	$ 34,981

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

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VISA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008
	(in millions, except per share data)			
Operating Revenues				
Service revenues	**$ 769**	$ 749	**$ 2,366**	$ 2,273
Data processing revenues	**605**	539	**1,703**	1,525
International transaction revenues	**458**	449	**1,409**	1,209
Other revenues	**158**	150	**462**	409
Volume and support incentives	**(344)**	(274)	**(908)**	(862)
Total operating revenues	**1,646**	1,613	**5,032**	4,554
Operating Expenses				
Personnel	**262**	310	**809**	882
Network, EDP and communications	**97**	84	**282**	245
Advertising, marketing and promotion	**229**	271	**635**	696
Professional and consulting fees	**82**	108	**246**	302
Depreciation and amortization	**57**	57	**165**	178
Administrative and other	**96**	85	**225**	234
Litigation provision	**1**	50	**1**	342
Total operating expenses	**824**	965	**2,363**	2,879
Operating income	**822**	648	**2,669**	1,675
Other Income (Expense)				
Equity in earnings of unconsolidated affiliates				1
Interest expense	**(30)**	(30)	**(90)**	(116)
Investment income, net (Note 4)	**504**	97	**557**	172
Other	**1**	(1)	**1**	35
Total other income	**475**	66	**468**	92
Income before income taxes and minority interest	**1,297**	714	**3,137**	1,767
Income tax expense	**568**	292	**1,299**	607
Income before minority interest	**729**	422	**1,838**	1,160
Minority interest			**1**	
Net income	**$ 729**	$ 422	**$ 1,839**	$ 1,160
Basic net income per share (Notes 7 and 8)				
Class A common stock	**$ 0.97**	$ 0.51	**$ 2.42**	$ 1.44
Class B common stock	**$ 0.61**	$ 0.36	**$ 1.58**	$ 1.33

Class C common stock	**$ 0.97**	**$ 2.42**
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

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

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VISA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)

(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
	(in millions, except per share data)			
Basic weighted average shares outstanding (Notes 7 and 8)				
Class A common stock	**448**	447	**447**	170
Class B common stock	**246**	246	**246**	363
Class C common stock	**152**		**152**	
Class C (series I) common stock		125		213
Class C (series II) common stock		80		48
Class C (series III and IV) common stock		27		49
Diluted net income per share (Notes 7 and 8)				
Class A common stock	**$ 0.97**	$ 0.51	**$ 2.41**	$ 1.44
Class B common stock	**$ 0.61**	$ 0.36	**$ 1.58**	$ 1.33
Class C common stock	**$ 0.97**		**$ 2.41**	
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
Diluted weighted average shares outstanding (Notes 7 and 8)				
Class A common stock	**756**	776	**761**	767
Class B common stock	**246**	246	**246**	363
Class C common stock	**152**		**152**	
Class C (series I) common stock		125		213
Class C (series II) common stock		80		48
Class C (series III and IV) common stock		27		49

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

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VISA INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
	(in millions)			
Net income	**$ 729**	$ 422	**$ 1,839**	$ 1,160
Other comprehensive income (loss), net of tax:				
Investment securities, available-for-sale				
Net unrealized gain (loss)	**1**	(16)	**9**	(16)
Income tax effect	**(1)**	6	**(4)**	7
Reclassification adjustment for net loss realized in net income		4		3
Income tax effect		(1)		(1)
Defined benefit pension and postretirement plans	**1**		**2**	
Derivative instruments				
Net unrealized (loss) gain	**(43)**	2	**(52)**	
Income tax effect	**17**	1	**21**	
Reclassification adjustment for net (gain) loss realized in net income	**(2)**		**4**	
Income tax effect	**1**		**(2)**	
Foreign currency translation gain (loss)	**12**		**(10)**	(2)
Other comprehensive loss, net of tax	**(14)**	(4)	**(32)**	(9)
Comprehensive income	**$ 715**	$ 418	**$ 1,807**	$ 1,151

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

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VISA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

(UNAUDITED)

	Common Stock								
	Class A	**Class B**	**Class C**	**Class C (series III and series IV)**	**Additional Paid in Capital**	**Treasury Stock**	**Accumulated Income**	**Accumulated Other Comprehensive Loss**	**Total Equity**
				(in millions, except per share data)					
Balance as of September 30, 2008	448	245	124	28	$ 21,060	$ (35)	$ 186	$ (70)	$ 21,141
Net income							1,839		1,839
Other comprehensive loss, net of tax								(32)	(32)
Comprehensive income									1,807
Issuance of restricted share awards and restricted stock units vested	1								
Conversion of class C (series III) and class C (series IV) into class C (series I) common stock (Note 7)			28	(28)					
Share-based compensation (Note 9)					84				84
Tax benefit for share-based compensation					6				6
Cash proceeds from exercise of stock options					20				20
Restricted stock instruments settled in cash for taxes					(22)				(22)
Accretion of class C (series II) common stock							(2)		(2)
Cash dividends declared on class A, class B and class C common stock, at $0.105 per share (Note 7)							(240)		(240)
Gain upon issuance of equity interest in joint venture (Note 1)					6				6
Retirement of treasury stock					(39)	34			(5)
Special IPO dividends received from cost-method investees (Note 7)						(1)			(1)
Balance as of June 30, 2009	**449**	**245**	**152**		**$ 21,115**	**$ (2)**	**$ 1,783**	**$ (102)**	**$ 22,794**

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

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VISA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008
	(in millions)	
Operating Activities		
Net income	**$ 1,839**	$ 1,160
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of other investments (Note 4)	**(473)**	
Depreciation and amortization of property, equipment and technology	**165**	178
Share-based compensation	**84**	47
Tax benefit for share-based compensation	**(6)**	
Restricted stock instruments settled in cash for taxes	**(22)**	
Fair value adjustment for liability under the framework agreement		(35)
Interest earned on litigation escrow, net of tax	**(14)**	(6)
Net recognized loss on investment securities, including other-than-temporary impairment	**8**	12
Asset impairment on non-marketable equity investments	**7**	
Gain on disposal of property, equipment and technology		(1)
Minority interest	**(1)**	
Amortization of volume and support incentives	**908**	862
Accrued litigation and accretion	**72**	447
Equity in earnings of unconsolidated affiliates		(1)
Deferred income taxes	**316**	136
Change in operating assets and liabilities:		
Trading securities	**10**	
Accounts receivable	**(77)**	(24)
Settlement receivable	**133**	(642)
Volume and support incentives	**(785)**	(980)
Other assets	**84**	(76)
Accounts payable	**(53)**	(60)
Settlement payable	**(116)**	510
Accrued compensation and benefits	**(124)**	(99)
Accrued and other liabilities	**438**	52
Accrued litigation	**(1,626)**	(1,220)
Member deposits		(3)
Net cash provided by operating activities	**767**	257
Investing Activities		
Investment securities, available-for-sale:		
Purchases		(1,504)
Proceeds from sales and maturities	**276**	2,402
Distributions from money market investment (Note 4)	**884**	
Cash acquired through reorganization		1,002
Purchases of /contributions to other investments	**(1)**	(24)
Dividends/distributions from other investments	**1**	22
Purchases of property, equipment and technology	**(205)**	(323)
Proceeds from sale of property, equipment and technology		4
Net cash provided by investing activities	**955**	1,579

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

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VISA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(UNAUDITED)

	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008
	(in millions)	
Financing Activities		
Proceeds from short-term borrowing		2
Payments on short-term borrowing		(2)
Proceeds from sale of common stock, net of issuance costs of $550		19,100
Tax benefit for share-based compensation	**6**	
Cash proceeds from exercise of stock options	**20**	
Funding of litigation escrow account Retrospective Responsibility Plan	**(1,100)**	(3,000)
Payments from litigation escrow account Retrospective Responsibility Plan	**1,481**	1,015
Funding of tax escrow account for income tax withheld on stock proceeds		(116)
Payments from tax escrow account		116
Payment for redemption of stock (Note 7)	**(2,646)**	(13,446)
Dividends paid	**(240)**	
Principal payments on debt	**(8)**	(15)
Principal payments on capital lease obligations	**(4)**	(3)
Net cash (used in) provided by financing activities	**(2,491)**	3,651
Effect of exchange rate translation on cash and cash equivalents	**(10)**	
(Decrease) increase in cash and cash equivalents	**(779)**	5,487
Cash and cash equivalents at beginning of year	**4,979**	275
Cash and cash equivalents at end of period	**$ 4,200**	$ 5,762
Supplemental Disclosure of Cash Flow Information		
Income taxes paid, net of refunds	**$ 528**	$ 563
Amounts included in accounts payable and accrued liabilities related to purchase of property, equipment and technology	**$ 25**	$ 27
Interest payments on debt	**$ 3**	$ 6
Common stock issued in acquisition	**$**	$ 17,935
Cash dividend declared but not paid	**$**	$ 93
Assets acquired in joint venture with note payable and equity interest issued	**$ 22**	$

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

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

(unaudited)

(in millions, except as noted)

Note 1 Summary of Significant Accounting Policies

Organization Visa Inc. (Visa or the Company) is a stock corporation incorporated under the laws of the state of Delaware, United States of America. Visa and its consolidated subsidiaries, including Visa U.S.A. Inc. (Visa U.S.A.), Visa International Service Association (Visa International), Visa Canada Inc. (Visa Canada) and Inovant LLC (Inovant), operate the world s largest retail electronic payments network. Visa facilitates global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses and government entities.

Basis of presentation The accompanying unaudited interim consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America and reflect all normal recurring adjustments that, in the opinion of management, are necessary to present fairly such financial statements for the interim periods. Certain information and footnote disclosures normally included in annual financial statements have been omitted. Accordingly these unaudited interim consolidated financial statements should be read in conjunction with the Visa Inc. Annual Report on Form 10-K for the year ended September 30, 2008 for additional disclosures including a summary of the Company s significant accounting policies.

Principles of consolidation The Company consolidates all entities that are controlled by ownership of a majority voting interest as well as variable interest entities for which the Company is the primary beneficiary. All significant intercompany accounts and transactions are eliminated in consolidation. Certain reclassifications, not affecting net income, have been made to prior period information to conform to the current period presentation format.

Formation and consolidation of new processing entity During the first fiscal quarter of 2009, the Company formed Visa Processing Services, Ltd. (VPS) and issued a 30% minority interest to and executed a joint venture agreement with Yalamanchili International Pte. Ltd., a payments processor and software company with operations in Asia. The Company retained the remaining 70% interest. VPS is expected to extend multi-currency and multi-language debit, credit and prepaid processing capabilities to financial institutions, processors and payment companies outside of the United States of America. VPS is consolidated in the Company s financial statements with net assets of $30 million at June 30, 2009.

Recently issued and/or adopted accounting pronouncements In February 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment to SFAS 115* (SFAS 159). SFAS 159 allows the measurement of many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis under a fair value option. In addition, SFAS 159 includes an amendment of SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and applies to all entities with available-for-sale and trading securities. SFAS 159 is effective for fiscal years that begin after November 15, 2007. The Company adopted SFAS 159 on October 1, 2008 and elected the fair value option with respect to mutual fund equity security investments related to various employee compensation plans, which had previously been reported as available-for-sale investments. There was no impact to the consolidated statements of operations as a result of this adoption. At June 30, 2009, these investments are reported as trading assets on the consolidated balance sheets as the frequency of trading activity is dependent upon the actions of the Company s employees. Changes in fair value are recorded in investment income, net, on the consolidated statements of operations.

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (* SFAS 161 *).* SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. SFAS 161 requires disclosures of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. The Company adopted SFAS 161 in January 2009 but has not presented separate disclosures required by SFAS 161 and SFAS 133 because the impact of derivative instruments is immaterial to the consolidated balance sheets, statements of operations and statements of comprehensive income.

In December 2008, the FASB issued FASB Staff Position (FSP) No. FAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets* (FSP FAS 132(R)-1). FSP FAS 132(R)-1 provides guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan. The disclosures about plan assets required by this FSP are effective for fiscal years ending after December 15, 2009 and are not required for earlier periods presented for comparative purposes. Earlier application is permitted. This FSP impacts disclosures only and will not have an effect on the Company s consolidated financial position or results of operations upon adoption. The Company plans on adopting FSP FAS 132(R)-1 in fiscal 2010.

In April 2009, the FASB issued FSP No. FAS 141(R), *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* (FSP FAS 141(R)). FSP FAS 141(R) addresses certain issues raised upon the issuance of SFAS No. 141(R), *Business Combinations*, with regard to initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP FAS 141(R) is effective for fiscal years beginning after December 15, 2008. The Company will adopt FSP FAS 141(R) on October 1, 2009. The adoption is not expected to have a material impact on the Company s consolidated financial statements.

In April 2009, the FASB issued three FSPs related to fair value measurements, other-than-temporary impairments and related disclosures. FSP FAS No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP FAS 157-4) provides guidance on how to determine the fair value of assets and liabilities under SFAS 157, *Fair Value Measurements* (SFAS 157) when there is no active market or where the price inputs being used to determine fair value represent distressed sales.

FSP FAS No. 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP FAS 115-2) modifies the requirements for recognizing other-than-temporary-impairment (OTTI) on debt securities and significantly changes the existing impairment model for debt securities. It also modifies the presentation of OTTI losses and increases the frequency of and expands required disclosures for debt and equity securities.

FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP FAS 107-1) requires the disclosure of the fair value of financial instruments within the scope of SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, in interim and annual financial statements. The Company considers the following to be financial instruments: cash and cash equivalents, restricted cash-litigation escrow, trading and available-for sale investments, the Reserve Primary Fund (see *Note 4 Prepaid Expenses and Other Assets*), accounts receivable, non-marketable equity investments, customer collateral, accounts payable, debt, settlement guarantees (see *Note 6 Settlement Guarantee Management*), derivative instruments, the Visa

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Europe put option, and settlement receivable and payable. The estimated fair value of such instruments at June 30, 2009 approximates their carrying value as reported on the Company s consolidated balance sheets except as otherwise disclosed. See *Note 3 Fair Value Measurements*.

The three FSPs are effective for interim periods ending after June 15, 2009. The adoption of FSP FAS 157-4 and FSP FAS 115-2 did not have a material impact on the Company s consolidated financial statements. The Company has not presented separate disclosures required by FSP FAS 115-2 because its gross unrealized loss positions in debt securities for the periods presented are not material. At adoption, the credit and non-credit loss components of debt securities on the Company s balance sheet for which OTTI was previously recognized were not material. The adoption of FSP FAS 107-1 is disclosure-only.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (SFAS 165). SFAS 165 establishes standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 requires entities to disclose the date through which they have evaluated subsequent events and whether the date corresponds to the release of their financial statements. The Company adopted SFAS 165 as of July 1, 2009. Subsequent events have been evaluated through July 30, 2009, the date this quarterly report was filed with the U.S. Securities and Exchange Commission (SEC).

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)* (SFAS 167). SFAS 167 changes how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity s purpose and design and a company s ability to direct the activities of the entity that most significantly impact the entity s economic performance. The Company will adopt SFAS 167 effective October 1, 2010. Early adoption is prohibited. The Company is evaluating the impact of adopting SFAS 167 on its consolidated financial statements.

Note 2 Retrospective Responsibility Plan

The Company has several mechanisms, including a series of agreements designed to address potential liability under certain litigation referred to as the covered litigation. These mechanisms are included in and referred to as the Retrospective Responsibility Plan (the Plan). In accordance with the Plan, the Company established a litigation escrow account (the Escrow Account) from which settlements of, or judgments in, the covered litigation will be paid. Under the terms of the Plan, when the Company funds the Escrow Account, its U.S. financial institutions, the sole holders of class B common stock, bear the cost via a reduction in their class A as-converted common stock.

On December 16, 2008, upon the recommendation of the Company s board of directors, the Company s stockholders approved and adopted an amendment and restatement of the Company s Fourth Amended and Restated Certificate of Incorporation to permit the Company greater flexibility in funding the Escrow Account and made other clarifying modifications. As a result, the Company filed a Fifth Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware on December 16, 2008.

On December 19, 2008, the Company deposited $1.1 billion into the Escrow Account. The funding reduced the conversion rate applicable to the Company s class B common stock outstanding from 0.7143 class A share to 0.6296 class A share. The funding of the Escrow Account had the effect of a

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

repurchase of 20,800,824 class A common stock equivalents from the Company s class B shareholders. The repurchase amount per share of $52.88 was calculated under the terms of the Fifth Amended and Restated Certificate of Incorporation, using the volume weighted average price of the Company s class A common shares for the 15-day pricing period from December 1, 2008 to December 19, 2008.

On June 30, 2009, the Company s Board of Directors approved an additional $700 million deposit into the Escrow Account, which was funded on July 16, 2009, further reducing the conversion rate applicable to the Company s class B common stock outstanding from 0.6296 class A share to 0.5824 class A share. The additional funding had the effect of a repurchase of 11,578,878 class A common stock equivalents from the Company s class B shareholders. The repurchase amount per share of $60.45 was calculated under the terms of the Fifth Amended and Restated Certificate of Incorporation, using the volume weighted average price of the Company s class A common shares for the 11-day pricing period from June 30, 2009 to July 15, 2009.

The following table sets forth the changes in the Escrow Account during the nine months ended June 30, 2009. It therefore does not reflect the additional $700 million funding on July 16, 2009:

	(in millions)
Balance at October 1, 2008	$ 1,928
Additional funding under the Plan	1,100
American Express settlement payments	(210)
Discover settlement payments[1]	(1,271)
Interest earned, less applicable taxes	14
Balance at June 30, 2009	$ 1,561
Less: Current portion of escrow account	(1,141)
Long-term portion of escrow account	**$ 420**

(1) The Company made payments totaling $1.416 billion related to the *Discover* settlement during the nine months ended June 30, 2009. Of the $1.416 billion payment, $1.271 billion was funded through the Escrow Account under the Plan and $145 million, $65 million of which is reimbursed by Morgan Stanley evenly over the four fiscal 2009 quarters, was funded from the Company s operating cash. See *Note 4 Prepaid Expenses and Other Assets*.

Note 3 Fair Value Measurements

Effective October 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* (SFAS 157), for assets and liabilities which are required to be measured at fair value. SFAS 157 establishes a framework for measuring fair value and related disclosures. SFAS 157 has the following key elements:

- Defines fair value as the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date;

- Establishes a three-level hierarchy (valuation hierarchy) for fair value measurements;

Requires consideration of the Company s creditworthiness when valuing liabilities; and

Expands disclosures about instruments measured at fair value.

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The valuation hierarchy considers the transparency of inputs used to value assets and liabilities as of the measurement date. The less transparent or observable the inputs used to value assets and liabilities, the lower the classification of the assets and liabilities in the valuation hierarchy. A financial instrument s classification within the valuation hierarchy is based on the lowest level of input that is significant to its fair value measurement. The three levels of the valuation hierarchy and the classification of the Company s financial assets and liabilities within the hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities. The fair value of the Company s cash equivalents (money market funds) and mutual fund equity securities are based on quoted prices and are therefore classified as Level 1.

Level 2 Inputs to the valuation methodology include:

- quoted prices in active markets for similar (not identical) assets or liabilities;
- quoted prices for identical or similar assets in markets with insufficient volume or infrequent transactions (less active markets);
- inputs other than quoted prices that are observable for the asset or liability (for example, interest rates or yield curves); and
- model-driven valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 2 assets include U.S. government-sponsored debt securities, tax-exempt municipal bonds issued in the U.S., Canadian government debt securities, and foreign exchange derivative instruments. The fair value of the Company s Level 2 assets is based on quoted prices in active markets for similar assets, and other observable inputs. Level 2 liabilities include foreign exchange derivative instruments in a liability position. Foreign exchange derivative instruments are valued using inputs that are observable in the market or can be derived principally from or corroborated with observable market data.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Inputs reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize estimates of market participant assumptions. Level 3 assets include the Company s auction rate securities, corporate debt securities, mortgage backed securities and other asset backed securities. Level 3 liabilities include the Visa Europe put option.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The Company s assets and liabilities carried at fair value on a recurring basis are as follows:

	Fair Value Measurements at June 30, 2009 Using Inputs Considered as		
	Level 1	Level 2	Level 3
		(in millions)	
Assets			
Cash equivalents and restricted cash			
Money market funds and time deposits	$ 5,604		
Investment securities			
U.S. government-sponsored debt securities		$ 169	
Canadian government debt securities		6	
Tax-exempt municipal bonds		4	
Equity securities	83		
Corporate debt securities			$ 13
Mortgage backed securities			13
Other asset backed securities			10
Auction rate securities			13
Derivative financial instruments			
Foreign exchange derivative instruments		24	
	$ 5,687	**$ 203**	**$ 49**
Liabilities			
Other liabilities			
Visa Europe put option			$ 346
Foreign exchange derivative instruments		$ 68	

Level 3 Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Corporate debt securities, mortgage backed securities and other asset backed securities. These securities have been classified as Level 3 due to a lack of trading in active markets for these securities and a lack of observable inputs. These securities were priced using non-binding market consensus prices that the Company was unable to corroborate with observable market data. Non-binding market consensus prices are based on the proprietary models of pricing providers and brokers that utilize observable market data as valuation inputs and are also based on internal assumptions of these pricing providers and brokers.

Auction rate securities. These securities have been classified within Level 3 as their valuation requires substantial judgment and estimation of factors that are not currently observable in the market due to the lack of trading in these securities.

Visa Europe Put Option Agreement

The Company granted Visa Europe a perpetual 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. Visa Europe may exercise the put option at any time. The purchase price of the Visa Europe shares under the put option is based upon a formula that, subject to certain adjustments, applies Visa Inc. s forward price-to-earnings multiple (the P/E ratio) at the time the option is exercised (as defined in the option

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

agreement) to Visa Europe s projected sustainable adjusted net operating income for the forward 12-month period (adjusted sustainable income). Visa Europe s adjusted sustainable income is calculated under the terms of the put option agreement and includes potentially material adjustments for cost synergies and other negotiated items.

At June 30, 2009, the Company determined the fair value of the put option to be approximately $346 million. While this amount represents the fair value of the put option at June 30, 2009, it does not represent the actual purchase price that the Company may be required to pay if the option is exercised, which could be several billion dollars or more. 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.

The fair value of the put option is computed using probability-weighted models designed to estimate the Company s liability assuming various possible exercise decisions that Visa Europe could make under different economic conditions in the future, including the possibility that Visa Europe will never exercise its option. The most significant of these estimates 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 stand alone basis at the time of exercise, which the Company refers to as the P/E differential .

Exercise of the put option is at the sole discretion of Visa Europe (on behalf of the Visa Europe shareholders pursuant to authority granted to Visa Europe, under its articles of association). The Company estimates the assumed probability of exercise based on reasonably available information including, but not limited to: (i) Visa Europe s stated intentions; (ii) indications that Visa Europe is preparing to exercise as reflected in its reported financial results; (iii) evaluation of market conditions, including the regulatory environment, that could impact the potential future profitability of Visa Europe; and (iv) qualitative factors applicable to Visa Europe s largest members, which could indicate a change in their need or desire to liquidate their investment holdings for capital adequacy or other purposes. Factors impacting the assumed P/E differential used in the calculation include material changes in the P/E ratio of Visa Inc. and those of a group of comparable companies used to estimate the forward price-to-earnings multiple applicable to Visa Europe.

In determining the fair value of the put option at June 30, 2009, the Company assumed a 40% probability of exercise by Visa Europe at some point in the future and a P/E differential of 5.3x at the time of exercise. These assumptions are consistent with those used in the valuation of the put option at September 30, 2008.

The assumed probability that Visa Europe will elect to exercise its option and the estimated P/E differential are unobservable and therefore this liability is classified within the valuation hierarchy as Level 3. This liability is carried at estimated fair value in other liabilities on the Company s consolidated balance sheet with changes in fair value included in the Company s consolidated statement of operations. There was no change in the fair value of the put option from October 1, 2008 to June 30, 2009.

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tables below provide a roll-forward of the Company s Level 3 investments which are measured at fair value on a recurring basis from October 1, 2008 to June 30, 2009:

	Financial Assets Using Significant Unobservable Inputs (Level 3)				
	Corporate Debt Securities	Mortgage Backed Securities	Other Asset Backed Securities	Auction Rate Securities	Total
			(in millions)		
Balances at October 1, 2008	$ 45	$ 22	$ 23	$ 13	$ 103
Other than temporary impairment included in investment income, net	(3)	(4)	(1)		(8)
Maturities and principal payments	(29)	(5)	(12)		(46)
Transfers in (out) of Level 3					
Balances at June 30, 2009	**$ 13**	**$ 13**	**$ 10**	**$ 13**	**$ 49**

Assets Measured at Fair Value on a Nonrecurring Basis

Certain financial assets are measured at fair value on a nonrecurring basis and therefore are not included in the tables above.

Non-marketable equity investments. The Company s fair value measurement is primarily applicable to strategic investments acquired upon the reorganization in fiscal 2008. If events or circumstances are present which indicate that these investments may be impaired, the Company revalues the investments using various assumptions including financial metrics and ratios of comparable public companies. The strategic investments are classified as Level 3 due to the absence of quoted market prices, inherent lack of liquidity, and the fact that inputs used to measure the fair value are unobservable and require management judgment. During the three and nine months ended June 30, 2009, certain events and circumstances triggered an impairment analysis of certain of the Company s non-marketable equity securities which resulted in recognized losses of $4 million and $7 million, respectively. In the absence of events or circumstances that would trigger an impairment assessment, the Company does not consider it practicable to estimate the fair value of the remaining non-marketable equity investments. At June 30, 2009, non-marketable equity security investments accounted for under the cost and equity methods totaled $50 million in other assets on the consolidated balance sheet. During the quarter ended June 30, 2009, Visa International Service Association (Visa International), a wholly-owned subsidiary of the Company, also sold its investment in Companhia Brasileira de Meios de Pagamento (VisaNet do Brasil). See *Note 4 Prepaid Expenses and Other Assets.*

Reserve Primary Fund. The Company s investment in the Reserve Primary Fund (the Fund) was originally recorded as a cash equivalent on the consolidated balance sheet. At September 30, 2008 and June 30, 2009, the Company considered its shares in the Fund to represent an equity investment for which a market price is not readily determinable. Therefore, the investment is accounted for under the cost method of accounting and classified within prepaid expenses and other current assets on the consolidated balance sheet. The Company has classified this as a Level 3 asset as the fair value is estimated by discounting the Company s pro-rata ownership of the Fund s underlying investment holdings based upon an estimate of inherent risk. See *Note 4 Prepaid Expenses and Other Assets* for additional information regarding this asset and *Note 12 Legal Matters* regarding the Company s legal actions regarding this matter.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In February 2008, the FASB issued FSP No.157-2, *Effective Date of FASB Statement No. 157* (FSP FAS 157-2) which permits delayed adoption of SFAS 157 for certain non-financial assets and liabilities, which are not recognized at fair value on a recurring basis, until fiscal years and interim periods beginning after November 15, 2008. As permitted by FSP 157-2, the Company has elected to delay the adoption of SFAS 157 for qualifying non-financial assets and liabilities, such as property, equipment and technology, goodwill, and intangible assets. The Company is in the process of evaluating the impact, if any, which the application of SFAS 157 to its non-financial assets will have on the Company s consolidated results of operations and financial position.

In accordance with the disclosure requirements of FSP FAS 107-1, the estimated fair value of the Company s debt at June 30, 2009 is $106 million, based on an estimate of borrowing rates for debt with similar credit ratings.

Note 4 Prepaid Expenses and Other Assets

Prepaid expenses and other current assets consisted of the following:

	June 30, 2009	September 30, 2008
	(in millions)	
Non-trade receivable	**$ 1,024**	$ 15
Prepaid expenses and maintenance	**100**	91
Money market investment Reserve Primary Fund	**70**	953
Income tax receivable		90
Other	**40**	41
Total	**$ 1,234**	$ 1,190

Other non-current assets consisted of the following:

	June 30, 2009	September 30, 2008
	(in millions)	
Other investments	**$ 50**	$ 592
Long-term prepaid expenses	**13**	29
Other	**14**	13
Total	**$ 77**	$ 634

The non-trade receivable balance at June 30, 2009 includes approximately $1.0 billion related to the sale of the Company s investment in VisaNet do Brasil on June 29, 2009. The Company received the proceeds from the sale on July 2, 2009, satisfying this non-trade receivable. Prior to the sale, the Company accounted for the investment under the cost method with a book value of approximately $535 million, reflected in other non-current assets on its balance sheet. The Company recognized a pre-tax gain of $473 million in investment income, net on its statement of operations as a result of the sale. The amount of the gain net of tax was $237 million.

The non-trade receivable balance at June 30, 2009 also includes a $16 million receivable from Morgan Stanley as part of the *Discover* settlement agreement. The Company initially recorded a $65 million receivable from Morgan Stanley during the first quarter of 2009, and has received three out of four equal quarterly payments. See *Note 12 Legal Matters*.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Reserve Primary Fund balance at September 30, 2008 reflects a $30 million other-than-temporary impairment. During the first three quarters of fiscal 2009, the Company received distributions totaling $884 million. In February 2009, the Fund announced that $3.5 billion of the Fund assets would be set aside in a special reserve which will be used to satisfy pending or threatened claims against the Fund, its officers and Trustees and anticipated costs and expenses for the Fund, including legal and accounting fees. In May 2009, the SEC filed an action in the U.S. District Court for the Southern District of New York (the Action) asserting various allegations against the management of the Fund and requesting that the Fund distribute assets on a pro-rata basis. In June 2009, the Fund announced that the Court had issued an order (the Order) concerning the distribution of the Fund s remaining assets. The Action proposes a plan to distribute the remaining assets of the Fund on a *pro rata* basis to shareholders whose shares have not been fully redeemed since September 15, 2008. The Order states that if all remaining Fund assets were distributed on a pro rata basis to all unpaid shareholders, investors would recover approximately 98.4 cents per share. Applying this value to Visa s unredeemed shares at June 30, 2009 would result in an additional distribution of approximately $82 million. On July 28, 2009, Visa U.S.A. filed a statement regarding the SEC s plan.

Based on recent developments, the Company believes it is likely that the Fund will liquidate and distribute the remaining assets within a twelve month period, and has therefore classified the Reserve Primary Fund balance as a current asset at June 30, 2009. See *Note 3 Fair Value Measurements* and *Note 12 Legal Matters.*

Note 5 Pension, Postretirement and Other Benefits

The Company sponsors various qualified and non-qualified defined benefit pension and postretirement benefit plans which provide retirement and medical benefits for substantially all employees residing in the United States.

The components of net periodic benefit cost are as follows:

	Pension Benefits				Other Postretirement Benefits			
	3 months ended June 30,		9 months ended June 30,		3 months ended June 30,		9 months ended June 30,	
	2009	2008	2009	2008	2009	2008	2009	2008
	(in millions)							
Service cost	**$ 13**	$ 12	**$ 38**	$ 37	**$**	$ 1	**$**	$ 4
Interest cost	**11**	10	**34**	30	**1**	1	**2**	4
Expected return on assets	**(12)**	(11)	**(34)**	(32)				
Amortization of:								
Prior service cost (credit)	**(2)**	(3)	**(6)**	(10)	**(1)**	(1)	**(3)**	(4)
Actuarial loss	**4**	2	**11**	6		1		1
Settlement loss		1		2				
Total net periodic pension cost	**$ 14**	$ 11	**$ 43**	$ 33	**$**	$ 2	**$ (1)**	$ 5

Based on year to date plan asset performance and plan activity, the Company expects contributions from employer assets to the pension and other postretirement benefit plans for fiscal 2009 to be approximately $104 million compared to $190 million in the prior year. Recent market conditions have resulted in an unusually high degree of volatility associated with certain pension plan assets. Should deterioration in market conditions continue, the Company s pension asset portfolio could be adversely impacted, and the Company may be required to make additional contributions. The Company will continue to monitor the performance of pension plan assets and market conditions in evaluating its contribution to the qualified pension plan in fiscal 2009.

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6 Settlement Guarantee Management

The indemnification for settlement losses that the Company provides to its customers 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 between different customers. The term and amount of the indemnification are unlimited. Settlement at risk (or exposure) is estimated based on the sum of the following inputs: 1) average daily volumes during the quarter multiplied by the estimated number of days to settle plus a safety margin; 2) four months of rolling average chargebacks volume; and 3) the total balance for outstanding travelers cheques. During the first quarter of fiscal 2009, the Company updated its settlement risk policy and raised the safety margin from two days to three days, which increased the Company s estimated maximum settlement exposure amount to approximately $37.3 billion at June 30, 2009 compared to $34.8 billion at September 30, 2008. Of these amounts, $3.4 billion at June 30, 2009 and $3.0 billion at September 30, 2008, are covered by collateral held by the Company. The total available collateral balances presented below are greater than the settlement exposure covered by customer collateral held by the Company due to instances in which the available collateral exceeds the total settlement exposure for certain financial institutions at each period presented.

The Company requires certain customers that do not meet its credit standards to post collateral in order to ensure their performance of settlement obligations arising from product clearings. At June 30, 2009 and September 30, 2008, the Company maintained collateral as follows:

	June 30, 2009	**September 30, 2008**
	(in millions)	
Cash equivalents	**$ 739**	$ 679
Pledged securities at market value	**214**	150
Letters of credit	**712**	720
Guarantees[(1)]	**2,551**	1,938
Total	**$ 4,216**	$ 3,487

(1) Guarantees are provided primarily by financial institutions to secure the obligations of their subsidiaries. The Company routinely evaluates the financial viability of institutions providing the guarantees.

The estimated probability-weighted value of the guarantee that the Company provides to its customers was less than $1 million at June 30, 2009 and September 30, 2008 and is reflected in accrued liabilities on the respective consolidated balance sheets.

Note 7 Stockholders Equity

Class C Common Stock Redemptions and Conversions

In October 2008, the Company used $1.508 billion of net proceeds from the initial public offering (IPO) for the required redemption of 35,263,585 shares of class C (series III) common stock at a redemption price of $42.77 per share as was required by the Company s Third Amended and Restated Certificate of Incorporation. Following the October 2008 redemption, the remaining 27,499,203 shares of class C (series III) and class C (series IV) common stock outstanding automatically converted into shares of class C (series I) common stock on a one-to-one basis. In December 2008, upon adoption of the Fifth Amended and Restated Certificate of Incorporation, shares of class C (series I) common stock were designated as class C common stock with no series designation.

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In October 2008, the Company also utilized net proceeds from the IPO to fund the redemption of all class C (series II) common stock. The class C (series II) common stock was purchased for a cash payment of $1.138 billion and the return to Visa Europe of the class C (series II) common stock subscription receivable outstanding.

Funding of the Litigation Escrow Account

On December 16, 2008, the Company s stockholders approved and adopted the Company s Fifth Amended and Restated Certificate of Incorporation which permits the Company greater flexibility in funding the Escrow Account. On December 19, 2008, the Company funded the Escrow Account with $1.1 billion which reduced the conversion rate applicable to Visa s class B common stock outstanding from 0.7143 class A share to 0.6296 class A share, which had the effect of a repurchase of 20,800,824 class A common stock equivalents. See *Note 2 Retrospective Responsibility Plan.*

On July 16, 2009, the Company funded the Escrow Account with an additional $700 million which reduced the conversion rate applicable to Visa s class B common stock outstanding from 0.6296 class A share to 0.5824 class A share, which had the effect of a repurchase of 11,578,878 class A common stock equivalents. See *Note 2 Retrospective Responsibility Plan.*

After giving effect to the July 2009 escrow funding and the corresponding reduction in the conversion rate applicable to class B common stock outstanding, the number of class A common shares outstanding on an as-converted basis at June 30, 2009, is as follows:

	Shares Outstanding at June 30, 2009	**Conversion Rate Into Class A Common Stock (Giving Effect to July 2009 Escrow Account Funding)**	**As Converted**
Class A common stock	449,407,746		449,407,746
Class B common stock	245,513,385	0.5824	142,987,780
Class C common stock	151,581,349	1.0000	151,581,349
	846,502,480		**743,976,875**

Special IPO Stock Dividends Received from Cost Method Investees, Net of Tax

During the first half of fiscal 2009, the Company received 24,449 shares of its own class C common stock as dividends from cost method investees who were also shareholders and recorded approximately $1 million in treasury stock. These stock dividends are recorded as an increase in additional paid-in capital, net of tax, and are not recorded as income in the Company s statements of operations as they are the same shares issued by the Company as part of its reorganization. Any value recorded upon their return would be the result of appreciation in the Company s own stock, which is therefore not recorded as income. The value of the treasury stock was calculated based on other recent class C stock transactions by other class C shareholders with unrelated third parties. In December 2008, the Company retired 525,443 shares of treasury stock previously received through dividends from another of its cost method investees.

Accelerated Class C Share Release Program

On April 27, 2009, the Company approved a program in which class C stockholders may liquidate up to 30% of their class C shares anytime after July 1, 2009, subject to certain terms and conditions. The release of the class C shares does not increase the number of outstanding shares of the Company

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and there is no dilutive effect to the outstanding share count from these transactions. The remaining class C shares will continue to be subject to the general transfer restrictions that expire on March 25, 2011 under Visa s certificate of incorporation. Class C shares sold under this program will automatically convert to class A shares and will be tradable in the public market. In order to participate in the program, class C stockholders will need to apply to Visa s transfer agent between July 1 and September 30, 2009.

Dividends Declared

On July 22, 2009, the Company s board of directors declared a dividend in the aggregate amount of $0.105 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 September 1, 2009 to all holders of record of the Company s class A, class B and class C common stock as of August 14, 2009.

Note 8 Net Income Per Share

The Company calculated net income per share using the two-class method under the guidelines of SFAS No. 128, *Earnings Per Share* (SFAS 128), to reflect the different rights of each class and series of outstanding common stock. Under the provisions of SFAS 128, basic net income per share is computed for each class and series of common stock outstanding during the period by dividing net income available to each class and series by the weighted average number of common stock outstanding during the period.

Diluted net income per share for each class and series of common stock is computed by dividing net income available by the weighted average number of common stock and, if dilutive, potential class A common stock equivalent shares outstanding during the period. The following tables present basic and diluted earnings per share for the three and nine months ended June 30, 2009.

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Three months ended June 30, 2009

	Basic Earnings Per Share			Diluted Earnings Per Share		
	(in millions, except per share data)					
Classes of Common Stock	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**
Class A(1)	433	448	0.97	729	756	0.97
Class B	149(2)	246	0.61	149(2)	246	0.61
Class C(3)	147	152	0.97	146	152	0.97
Net income	$ 729					

Nine months ended June 30, 2009

	Basic Earnings Per Share			Diluted Earnings Per Share		
	(in millions, except per share data)					
Classes of Common Stock	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**
Common Stock Redeemed October 10, 2008						
Class C (series II) and class C (series III)(3)	4	Not presented	Not presented	4	Not presented	Not presented
Common Stock:						
Class A(1)	1,081	447	2.42	1,836	761	2.41
Class B	388(2)	246	1.58	387(2)	246	1.58
Class C(3)	366	152	2.42	365	152	2.41
Net income	$ 1,839					

(1) The calculation of class A common stock diluted earnings per share assumes potential class A common stock equivalent shares outstanding. The computation of average dilutive shares outstanding excluded stock options to purchase 1,409,323 and 1,446,229 shares of common stock, 16,014 and 13,964 restricted stock awards and 5,117 and 17,110 restricted stock units for the three and nine months ended June 30, 2009, respectively. These amounts were excluded because their effect would be antidilutive.

(2) Net income is attributed to each class and series of common stock on an as-converted basis. On an as-converted basis and for the purpose of calculating net income allocated to each class and series of common stock, the weighted average numbers of shares of class B common stock outstanding are 154,566,658 and 160,585,944 for the three and nine months ended June 30, 2009, respectively.

(3) Under the guidelines of SFAS 128, net income was attributed to the redeemed common stock for the period during which they were outstanding. See *Note 7 Stockholders Equity.*

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Three months ended June 30, 2008

	Basic Earnings Per Share			Diluted Earnings Per Share		
	(in millions, except per share data)					
Converted Classes and Series of Common Stock	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**
Participating Common Stock Classified as a Liability:						
Class C (series III)	18	35	Not presented	18	35	Not presented
Common Stock Classified as Temporary Equity:						
Class C(series II)	9	80	0.12	9	80	0.12
Common Stock Classified as Stockholders Equity:						
Class A	227	447	0.51	395	776	0.51
Class B	90(1)	246	0.36	89(1)	246	0.36
Class C (series I)	64	125	0.51	63	125	0.51
Class C (series III & IV)	14	27	0.51	14	27	0.51
Net income	$ 422					

Nine months ended June 30, 2008

	Basic Earnings Per Share			Diluted Earnings Per Share		
	(in millions, except per share data)					
Converted Classes and Series of Common Stock	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**	**Income Allocation ($) (A)**	**Weighted Average Shares Outstanding (B)**	**Earnings per Share ($) = (A)/(B)**
Participating Common Stock Classified as a Liability:						
Class C (series III)	19	13	Not presented	19	13	Not presented
Common Stock Classified as Temporary Equity:						
Class C (series II)	36	48	0.75	36	48	0.75
Common Stock Classified as Stockholders Equity:						
Class A	244	170	1.44	1,105	767	1.44
Class B	483(1)	363	1.33	482(1)	363	1.33
Class C (series I)	307	213	1.44	307	213	1.44
Class C (series III & IV)	71	49	1.44	71	49	1.44
Net income	$ 1,160					

(1) Net income is attributed to each class and series of common stock on an as-converted basis. For the period subsequent to the IPO, net income attributed to class B common stock reflects its conversion rate during that period of 0.71 shares of class A common stock for each share of class B common stock. On an as-converted basis and for the purpose of calculating net income allocated, the weighted average number of shares of class B common stock outstanding for the three and nine months ended June 30, 2008 are 175,367,482 and 334,551,367, respectively.

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Note 9 Share-based Compensation

During the nine months ended June 30, 2009, the Company granted 1,288,807 non-qualified stock options (Options), 1,266,721 restricted stock awards (RSAs), and 293,953 restricted stock units (RSUs) to Company employees under the 2007 Equity Incentive Compensation Plan. The Options had a weighted average exercise price per share of $56.49, and a weighted average grant date fair value per share of $23.54. The RSAs and RSUs had weighted average grant date fair values per share of $56.45 and $56.51, respectively.

The Company also made an award of performance-based shares during the period. The ultimate number of performance shares that are earned will be between zero and 300,960 depending on the Company s achievement of specified adjusted net income performance targets during the one-year period commencing October 1, 2008. Compensation expense for the performance awards is initially estimated based on target performance and is adjusted as appropriate throughout the performance period. The performance shares vest in two equal installments on the second and the third anniversary from the date of grant, subject to earlier vesting in full under certain conditions including death, disability or retirement.

The Company accounted for these awards under the guidance of SFAS No. 123R, *Share-Based Payment* (SFAS 123R). The Company uses the straight-line method of attribution for expensing equity awards with only service conditions. For awards with both service and performance conditions, the Company uses the graded-vesting method of expense attribution. Compensation expense is recorded net of estimated forfeitures, which are adjusted as appropriate.

Note 10 Commitments and Contingencies

Volume and Support Incentives

The Company entered into new volume and support incentive agreements during the nine months ended June 30, 2009, increasing the Company s total volume and support incentive commitment. The Company s obligation under these customer agreements is generally amortized as a reduction to revenue based on management s estimate of and actual customer performance under the terms of the incentive agreement. Excluding anticipated revenue to be earned from higher payments and transaction volumes in connection with these agreements, the Company s potential reduction to revenue related to these agreements is estimated as follows:

Fiscal	**Volume and Support Incentives (in millions)**
2009 (remaining three months)	$ 241
2010	1,144
2011	1,111
2012	1,031
2013	857
Thereafter	1,007
Total	**$ 5,391**

The ultimate amounts to be paid under these agreements may be greater than or less than the estimates above. Based on these agreements, increases in the incentive payments are generally driven by increased payment and transaction volume, and as a result, in the event incentive payments

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

exceed this estimate such payments are not expected to have a material negative effect on the Company s financial condition, results of operations or cash flows.

Funding of the Litigation Escrow Account

On June 30, 2009, the Company s board of directors approved a $700 million funding of the Escrow Account. The amount was funded on July 16, 2009. See *Note 2 Retrospective Responsibility Plan*.

Note 11 Income Taxes

The effective income tax rates were 44% and 41% for the three months ended June 30, 2009 and 2008, respectively, and 41% and 34% for the nine months ended June 30, 2009 and 2008, respectively. The rate for the three months ended June 30, 2009 was higher than the rate for the same period in the prior year primarily due to the additional foreign tax attributable to the sale of the Company s investment in VisaNet do Brasil. The increase in the rate for the nine months ended June 30, 2009, compared to the rate for the same period in fiscal 2008, was primarily due to the additional foreign tax on the sale of the investment in VisaNet do Brasil, and a one-time rate reduction in fiscal 2008 from the combined effect of the loss of a California special deduction upon IPO and the deferred tax remeasurement benefit due to the change in state tax apportionment.

Beginning October 1, 2008, the Company s subsidiary in Singapore operates under a tax incentive agreement which is effective through September 30, 2014, and may be extended through September 30, 2023, if certain additional requirements are satisfied. The tax incentive agreement is conditional upon certain employment and investment thresholds being met by the Company. The Company anticipates the impact in fiscal 2009 to be less than one percent of the Company s effective tax rate.

During the three and nine months ended June 30, 2009, the Company s unrecognized tax benefits related to tax positions taken in the current period increased by $10 million and $19 million, respectively, all of which would affect the effective tax rate if recognized. During the three and nine months ended June 30, 2009, the Company accrued $6 million and $14 million of interest, respectively, and $1 and $4 million of penalties, respectively, related to uncertain tax positions.

Note 12 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 amounts 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 results of operations, financial position or cash flows.

The Company s litigation provision includes provisions of approximately $1 million for the three and nine months ended June 30, 2009, and $50 million and $342 million for the three and nine months ended June 30, 2008, respectively. 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 at the balance sheet date. The Company

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VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

is presently involved in the matters described below and other legal actions, except for those disclosed below as resolved or settled. 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 Company will continue to review the litigation accrual and, if necessary, future refinements to the accrual will be made.

The following table summarizes the activity related to accrued litigation for the nine months ended June 30, 2009 and 2008:

	2009	2008
	(in millions)	
Balance at October 1	**$ 3,758**	$ 3,682
Provision for settled legal matters	**(1)**	4
Provision for unsettled legal matters	**2**	338
Settlement obligation to be refunded by Morgan Stanley[1]	**65**	
Interest accretion on settled matters	**71**	105
Payments on settled matters	**(1,642)**	(1,220)
Balance at June 30	**$ 2,253**	$ 2,909

(1) This balance represents the amount of the *Discover* settlement to be refunded to the Company by Morgan Stanley under a separate agreement. The Company recorded a corresponding receivable in prepaid and other current assets on the Company s consolidated balance sheets at June 30, 2009.

Covered Litigation

Visa Inc., Visa U.S.A. and Visa International are parties to certain legal proceedings discussed below that are subject to the Retrospective Responsibility Plan, which the Company refers to as the covered litigation. For a description of the Retrospective Responsibility Plan, see *Note 2 Retrospective Responsibility Plan*.

The Discover Litigation

The Company made its scheduled payments in each of the first three fiscal quarters of 2009 to Discover pursuant to the terms of the settlement agreement. Visa has also received three of four refund payments from Morgan Stanley.

The American Express Litigation

American Express met the performance criteria set forth in the settlement agreement for each quarter thus far, including the third fiscal quarter of 2009, and Visa made each of the corresponding settlement payments.

The Attridge Litigation

On January 5, 2009, this case was reassigned to Judge Feinstein. A hearing took place on May 15, 2009 on Defendants Motion for Summary Judgment or Summary Adjudication. On July 1, 2009, the court denied the summary judgment motion, but ordered the parties to submit affidavits as to whether further discovery should be conducted prior to the court rendering judgment on the Motion for Summary Adjudication.

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The Interchange Litigation

Multidistrict Litigation Proceedings

Pursuant to the court s previous order, putative class plaintiffs filed their Second Consolidated Amended Class Action Complaint on January 29, 2009, which also added Visa Inc. as a defendant. In addition, putative class plaintiffs filed a Second Supplemental Class Action Complaint (the Supplemental Complaint) against Visa Inc. and several financial institutions challenging Visa s reorganization and IPO under Section 1 of the Sherman Act and Section 7 of the Clayton Act. In the Supplemental Complaint, putative class plaintiffs seek unspecified monetary damages and declaratory and injunctive relief, including an order that the IPO be unwound. On March 31, 2009, Visa, jointly with other defendants, moved to dismiss the Supplemental Complaint and the Second Consolidated Amended Class Action Complaint. Briefing on these motions to dismiss was completed on July 2, 2009. A hearing on the motions to dismiss has been set for August 18, 2009.

On January 29, 2009, putative class plaintiffs served on defendants a reply in support of their motion seeking to certify a class of merchant s, and on June 25, 2009, defendants served a sur-reply in opposition to the motion. A hearing on the motion for class certification has been set for August 20, 2009.

BKS Litigation

On April 1, 2009, plaintiffs BKS Inc., BKS of LA, Inc. and Keithco Petroleum Inc. filed a complaint against Visa Inc., Visa U.S.A. and other defendants in the United States District Court for the Southern District of Mississippi, which asserts claims similar to those made in the cases transferred to the Multidistrict Litigation Proceedings. The complaint states that it is made by the named plaintiffs, as well as all other similarly situated businesses. It seeks unspecified treble and punitive damages, as well as damages not to exceed $100 million for each defendant who has acted in violation of Section 1 of the Sherman Act, damages not to exceed $10 million for each defendant who has acted in violation of Section 2 of the Sherman Act, damages not to exceed $10,000 for each defendant who has acted in violation of Miss. Code Ann. sec. 75-21-1, and injunctive, declaratory, and other relief. On April 9, 2009, Visa filed a Notice of Potential Tag-Along Action with the Judicial Panel on Multidistrict Litigation requesting that this case be transferred to the Multidistrict Litigation Proceedings for coordinated or consolidated pretrial proceedings. On April 27, 2009, the Judicial Panel on Multidistrict Litigation entered an order conditionally transferring this case to the Multidistrict Litigation Proceedings. On May 11, 2009, plaintiffs filed a notice of opposition to the conditional transfer order, which they withdrew on May 26, 2009. Thereafter, this case was transferred to the Multidistrict Litigation Proceedings.

Gulfside Casino Partnership Litigation

On June 22, 2009, plaintiff Gulfside Casino Partnership filed a complaint against Visa Inc., Visa U.S.A. and other defendants in the United States District Court for the Southern District of Mississippi, which asserts claims similar to those made in the cases transferred to the Multidistrict Litigation Proceedings. It seeks unspecified treble and punitive damages, as well as damages not to exceed $100 million for each defendant who has acted in violation of Section 1 of the Sherman Act, damages not to exceed $10 million for each defendant who has acted in violation of Section 2 of the Sherman Act, damages not to exceed $10,000 for each defendant who has acted in violation of Miss. Code Ann. sec. 75-21-1, and injunctive, declaratory, and other relief. On June 25, 2009, Visa filed a Notice of

VISA INC.

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Potential Tag-Along Action with the Judicial Panel on Multidistrict Litigation requesting that this case be transferred to the Multidistrict Litigation Proceedings for coordinated or consolidated pretrial proceedings. Thereafter, this case was transferred to the Multidistrict Litigation Proceedings.

Other Litigation

Retailers Litigation

In the *In re Visa Check/MasterMoney Antitrust Litigation*, on March 6, 2009, plaintiffs filed a motion to seek a potential securitization of the future MasterCard settlement payments, in which plaintiffs indicated that they also intend to pursue a potential securitization of Visa s future settlement payments. After a fairness hearing on April 24, 2009, the court executed an order granting plaintiffs motion regarding the potential securitization of the future MasterCard settlement payments. On July 2, 2009, plaintiffs filed a motion seeking approval of an agreement for MasterCard to pre-pay its future settlement payments at a discount instead of proceeding with a securitization of those payments.

Retailers Opt-Outs

Visa and GMRI entered into a settlement agreement, pursuant to which the GMRI case was dismissed on November 21, 2008.

Indirect Purchaser Actions

Visa made its final settlement payment in the West Virginia case on May 14, 2009.

New Zealand Interchange Proceedings

On February 23, 2009, the Commerce Commission filed a Second Amended Statement of Claim which alleges that the setting of default interchange rates by Visa post-IPO still contravenes the Commerce Act. On March 20, 2009, the retailers also filed a Second Amended Statement of Claim with similar allegations. On April 27, 2009, Visa filed and served Statements of Defense in response to both the Commerce Commission s and the retailers Second Amended Statements of Claim. Visa and counsel for the Commerce Commission are engaged in settlement discussions which have resulted in a formal proposal by Visa to the Commerce Commission seeking to resolve its action.

Currency Conversion Litigation

On July 2, 2009, the court received from the special master a supplemental report regarding the results of the audit program, their effect on the estimated refund amounts for claimants and recommendations concerning outstanding issues related to claims administration. The court has scheduled a hearing for August 6, 2009 concerning the recommendations set forth in the special master s report.

Morgan Stanley Dean Witter/Discover Litigation

The Commission filed an additional rejoinder to Visa s rejoinder dated February 27, 2009. On July 24, 2009, Visa International and Visa Europe filed a request for measures of organisation (seeking to have the court pose questions to the Commission) and for decisions on the admissibility of certain evidence.

Parke Litigation

As of February 13, 2009, the parties executed a settlement agreement. The settlement amount is not considered material to the Company s consolidated financial statements.

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The ATM Exchange Litigation

On April 30, 2009, the court issued an Order allowing for certain additional discovery and requiring that all additional discovery be completed by July 1, 2009, which was later extended by one week. Both plaintiff and Visa submitted supplemental expert reports. A final pretrial and summary jury trial charging conference was held on July 21, 2009, with the summary jury trial scheduled for August 4, 2009. A trial date has been tentatively set for September 8, 2009.

U.S. Department of Justice Civil Investigative Demands (CIDs)

On February 5, 2009, the Division informed Visa that it closed the investigations that led to the issuance of the September 27, 2007 and February 26, 2008 CIDs.

State of Ohio Investigative Demand

On May 15, 2009, the Office of the Attorney General for the State of Ohio issued an Investigative Demand to Visa Inc. seeking information regarding a potential violation of Chapter 1331 of the Ohio Revised Code, Ohio s antitrust law. The Investigative Demand seeks copies of documents, data and narrative responses that Visa has produced to the Antitrust Division of the United States Department of Justice (the Division) pursuant to the Civil Investigative Demand, or CID, issued by the Division on October 10, 2008. The Ohio Attorney General s Investigative Demand focuses on certain Visa U.S.A. policies relating to merchant acceptance practices, including Visa U.S.A. s policies regarding merchant surcharging and merchants ability to steer customers to other forms of payment.

Hill Country Custom Cycles

On December 22, 2008, the court issued an order dismissing without prejudice the case against Visa. Pursuant to the Court s January 26, 2009 Order, the plaintiff must file an Amended Complaint no later than May 1, 2009 if it chooses to refile. On April 28, 2009, the parties reached an agreement in principle to settle the litigation. The settlement amount is not considered material to the Company s consolidated financial statements.

Venezuela Interchange Proceedings

Visa was served on November 28, 2008 and filed its formal brief on March 26, 2009. The evidentiary phase of the investigation has concluded, but the competition authority has not yet issued any findings as a result of the investigation.

European Interchange Proceedings

On April 3, 2009, the European Commission issued a Statement of Objections (SO) to Visa Europe, Visa International and Visa Inc. alleging a breach of European competition law. Visa Inc. and Visa International were served with the Statement of Objections on June 1, 2009. The SO alleges a breach of Article 81 of the EC Treaty and Article 53 of the EEA Agreement The SO is directed to Visa Inc. and Visa International as to Honor All Cards, the no-surcharge rule and what the Commission alleges is the subsidiary application of the Inter-Regional MIFs to the intra-regional POS transactions with consumer cards. Pursuant to existing agreements among the parties, Visa Europe is obligated to indemnify Visa International and Visa in connection with this proceeding, including payment of any fines that may be imposed.

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Canadian Competition Bureau Proceedings

On April 21, 2009, Visa received an oral notification from the Canadian Competition Bureau that it has initiated a civil inquiry regarding interchange and certain of Visa policies relating to merchant acceptance practices. Visa has not yet received documentation related to the inquiry.

Kabuki Restaurants

On January 5, 2009, Kabuki Restaurants, Inc. filed a putative class action lawsuit against Visa Inc. in California Superior Court. The plaintiff alleges that Visa s practice of imposing fines on acquiring banks for their merchants failure to abide by certain Visa rules, including fines related to the Cardholder Information Security Program (CISP) and Account Data Compromise Recovery (ADCR) process, violates California state law, including Business and Professions Code §§17200 *et seq*. Before Visa filed a responsive pleading to the putative class action complaint, Kabuki voluntarily dismissed the action without prejudice on February 5, 2009. Five days later, Kabuki filed a new lawsuit against Visa, alleging the same causes of action as in the first lawsuit, but only on an individual basis. At this time, Kabuki is not asserting any claims on behalf of a putative class. On June 15, 2009, the parties reached an agreement in principle to settle the litigation. The settlement amount is not considered material to the Company s consolidated financial statements. The settlement was finalized on July 22, 2009 and that same day, plaintiff filed a notice of dismissal with prejudice with court.

Loiseau

On March 17, 2009, Robert Loiseau filed a putative class action against Visa U.S.A. in California Superior Court asserting claims for breach of contract, unjust enrichment and violations of Business and Professions Code §§17200 *et seq*. The plaintiff alleges that certain fees associated with and limitations on the use of Visa gift cards are unlawful. On June 2, 2009, plaintiff amended the complaint to add the card issuer as a defendant. Visa U.S.A. filed a demurrer on June 29, 2009, seeking to have the complaint against Visa U.S.A. dismissed in its entirety because Visa did not issue the gift cards at issue, Visa did not set the fees and limitations about which plaintiff complains, and Visa did not collect any of the challenged fees.

The Reserve Primary Fund

On May 5, 2009, Visa U.S.A. commenced an action in the United States Court for the Southern District of New York against The Reserve Primary Fund (the Fund) and related entities in connection with the Fund s failure to promptly redeem in full Visa U.S.A. s investment in a money market mutual fund. On September 15, 2008, Visa U.S.A. sought to redeem its entire investment of over $981 million, plus accrued dividends. The Fund failed to return Visa U.S.A. s investment within one business day as required by the Fund s prospectus. Since that time, the Fund announced a liquidation plan and has so far made interim distributions returning approximately 90% of Visa U.S.A. s investment. Visa U.S.A. is seeking damages in excess of $98 million, being the amount of its investment currently held by the Fund. Also see *Note 3 Fair Value Measurements* and *Note 4 Prepaid Expenses and Other Assets*. On May 5, 2009, the SEC commenced an action in the U.S. District Court for the Southern District of New York against the Fund and has proposed an alternative plan of liquidation. On July 28, 2009, Visa U.S.A. filed a statement regarding the SEC s plan. A hearing is scheduled for September 23, 2009.

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