

VISA INC.  
Form 10-Q  
May 02, 2012

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 March 31, 2012

OR

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

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

VISA INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction  
of incorporation or organization)

26-0267673

(IRS Employer  
Identification No.)

P.O. Box 8999

San Francisco, California

(Address of principal executive offices)

94128-8999

(Zip Code)

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

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

Large accelerated filer

Accelerated filer

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

Smaller Reporting Company

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

As of April 27, 2012, there were 527,991,092 shares of class A common stock, par value \$0.0001 per share, 245,513,385 shares of class B common stock, par value \$0.0001 per share, and 40,473,739 shares of class C common stock, par value \$0.0001 per share, of Visa Inc. outstanding.

VISA INC.  
TABLE OF CONTENTS

	Page
PART I. <u>Financial Information</u>	<u>3</u>
Item 1. <u>Financial Statements (unaudited)</u>	<u>3</u>
<u>Consolidated Balance Sheets—March 31, 2012 and September 30, 2011</u>	<u>3</u>
<u>Consolidated Statements of Operations—Three and Six Months Ended March 31, 2012 and 2011</u>	<u>5</u>
<u>Consolidated Statements of Comprehensive Income—Three and Six Months Ended March 31, 2012 and 2011</u>	<u>7</u>
<u>Consolidated Statement of Changes in Equity—Six Months Ended March 31, 2012</u>	<u>8</u>
<u>Consolidated Statements of Cash Flows—Six Months Ended March 31, 2012 and 2011</u>	<u>9</u>
<u>Notes to Consolidated Financial Statements (unaudited)</u>	<u>11</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>23</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>32</u>
Item 4. <u>Controls and Procedures</u>	<u>32</u>
PART II. <u>Other Information</u>	<u>33</u>
Item 1. <u>Legal Proceedings</u>	<u>33</u>
Item 1A. <u>Risk Factors</u>	<u>33</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>33</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>33</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>33</u>
Item 5. <u>Other Information</u>	<u>33</u>
Item 6. <u>Exhibits</u>	<u>33</u>
<u>Signatures</u>	<u>34</u>
<u>Exhibit Index</u>	<u>35</u>

Table of Contents

## PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements

## VISA INC.

## CONSOLIDATED BALANCE SHEETS

## (UNAUDITED)

	March 31, 2012	September 30, 2011
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	\$2,042	\$2,127
Restricted cash—litigation escrow (Note 2)	4,282	2,857
Investment securities		
Trading	66	57
Available-for-sale	849	1,214
Settlement receivable	508	412
Accounts receivable	655	560
Customer collateral (Note 5)	898	931
Current portion of client incentives	233	278
Deferred tax assets	430	489
Prepaid expenses and other current assets	332	265
Total current assets	10,295	9,190
Investment securities, available-for-sale	1,696	711
Client incentives	98	85
Property, equipment and technology, net	1,540	1,541
Other assets	112	129
Intangible assets, net	11,437	11,436
Goodwill	11,668	11,668
Total assets	\$36,846	\$34,760
Liabilities		
Accounts payable	\$75	\$169
Settlement payable	702	449
Customer collateral (Note 5)	898	931
Accrued compensation and benefits	332	387
Client incentives	750	528
Accrued liabilities	544	562
Accrued litigation (Note 11)	286	425
Total current liabilities	3,587	3,451
Deferred tax liabilities	3,941	4,205
Other liabilities (Note 6)	797	667
Total liabilities	8,325	8,323

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

Table of Contents

VISA INC.

CONSOLIDATED BALANCE SHEETS—(Continued)  
(UNAUDITED)

	March 31, 2012	September 30, 2011
	(in millions, except par value data)	
Equity		
Preferred stock, \$0.0001 par value, 25 shares authorized and none issued	\$—	\$—
Class A common stock, \$0.0001 par value, 2,001,622 shares authorized, 528 and 520 shares issued and outstanding at March 31, 2012, and September 30, 2011, respectively (Note 7)	—	—
Class B common stock, \$0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at March 31, 2012, and September 30, 2011 (Note 7)	—	—
Class C common stock, \$0.0001 par value, 1,097 shares authorized, 41 and 47 shares issued and outstanding at March 31, 2012, and September 30, 2011, respectively (Note 7)	—	—
Additional paid-in capital	20,009	19,907
Accumulated income	8,688	6,706
Accumulated other comprehensive income (loss), net		
Investment securities, available-for-sale	5	—
Defined benefit pension and other postretirement plans	(194	) (186
Derivative instruments classified as cash flow hedges	17	18
Foreign currency translation adjustments	(4	) (8
Total accumulated other comprehensive loss, net	(176	) (176
Total equity	28,521	26,437
Total liabilities and equity	\$36,846	\$34,760

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

Table of Contents

VISA INC.  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2012	2011	2012	2011
	(in millions, except per share data)			
Operating Revenues				
Service revenues	\$1,241	\$1,093	\$2,392	\$2,101
Data processing revenues	922	823	1,873	1,667
International transaction revenues	733	624	1,481	1,254
Other revenues	179	156	357	317
Client incentives				