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, 2019

OR

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

Commission file number 001-33977

VISA INC.
(Exact name of Registrant as specified in its charter)

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer ☑	Accelerated filer ☐	Smaller reporting company ☐
Non-accelerated filer ☐	Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 19, 2019 there were 1,738,987,989 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 11,565,095 shares of class C common stock, par value $0.0001 per share, of Visa Inc. outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

VISA INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2019	September 30, 2018
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	$ **7,648**	$ 8,162
Restricted cash equivalents—U.S. litigation escrow (Note 3 and Note 4)	**899**	1,491
Investment securities (Note 5)	**3,876**	3,547
Settlement receivable	**1,574**	1,582
Accounts receivable	**1,404**	1,208
Customer collateral (Note 3 and Note 7)	**1,735**	1,324
Current portion of client incentives	**589**	340
Prepaid expenses and other current assets	**765**	562
Total current assets	**18,490**	18,216
Investment securities (Note 5)	**3,506**	4,082
Client incentives	**1,664**	538
Property, equipment and technology, net	**2,456**	2,472
Goodwill	**15,088**	15,194
Intangible assets, net	**26,966**	27,558
Other assets	**1,695**	1,165
Total assets	$ **69,865**	$ 69,225
Liabilities		
Accounts payable	$ **119**	$ 183
Settlement payable	**2,081**	2,168
Customer collateral (Note 7)	**1,735**	1,325
Accrued compensation and benefits	**578**	901
Client incentives	**3,484**	2,834
Accrued liabilities	**1,207**	1,160
Deferred purchase consideration	**1,262**	1,300
Accrued litigation (Note 13)	**914**	1,434
Total current liabilities	**11,380**	11,305
Long-term debt (Note 6)	**16,630**	16,630
Deferred tax liabilities	**4,911**	4,618
Other liabilities	**2,669**	2,666
Total liabilities	**35,590**	35,219
Equity		
Preferred stock, $0.0001 par value, 25 shares authorized and 5 shares issued and outstanding as follows:		
Series A convertible participating preferred stock, none issued (the "class A equivalent preferred stock") (Note 9)	**—**	—
Series B convertible participating preferred stock, 2 shares issued and outstanding at March 31, 2019 and September 30, 2018 (the "UK&I preferred stock") (Note 9)	**2,286**	2,291
Series C convertible participating preferred stock, 3 shares issued and outstanding at March 31, 2019 and September 30, 2018 (the "Europe preferred stock") (Note 9)	**3,178**	3,179
Class A common stock, $0.0001 par value, 2,001,622 shares authorized, 1,741 and 1,768 shares issued and outstanding at March 31, 2019 and September 30, 2018, respectively (Note 9)	**—**	—
Class B common stock, $0.0001 par value, 622 shares authorized, 245 shares issued and outstanding at March 31, 2019 and September 30, 2018 (Note 9)	**—**	—
Class C common stock, $0.0001 par value, 1,097 shares authorized, 12 shares issued and outstanding at March 31, 2019 and September 30, 2018 (Note 9)	**—**	—
Right to recover for covered losses (Note 4)	**(163)**	(7)
Additional paid-in capital	**16,547**	16,678
Accumulated income	**12,513**	11,318
Accumulated other comprehensive income (loss), net:		
Investment securities	**1**	(17)
Defined benefit pension and other postretirement plans	**(67)**	(61)
Derivative instruments	**96**	60
Foreign currency translation adjustments	**(116)**	565
Total accumulated other comprehensive income (loss), net	**(86)**	547
Total equity	**34,275**	34,006
Total liabilities and equity	$ **69,865**	$ 69,225

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

VISA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	**2018**	**2019**	**2018**
	(in millions)			
Net income	**$ 2,977**	$ 2,605	**$ 5,954**	$ 5,127
Other comprehensive income (loss), net of tax:				
Investment securities:				
Net unrealized gain (loss)	**7**	41	**15**	50
Income tax effect	**(2)**	(9)	**(4)**	(12)
Reclassification adjustment for net (gain) loss realized in net income	**—**	—	**—**	(28)
Income tax effect	**—**	—	**—**	10
Defined benefit pension and other postretirement plans:				
Net unrealized actuarial gain (loss) and prior service credit (cost)	**—**	(2)	**(7)**	(2)
Income tax effect	**—**	1	**1**	1
Derivative instruments:				
Net unrealized gain (loss)	**59**	(41)	**97**	(42)
Income tax effect	**(13)**	2	**(23)**	(3)
Reclassification adjustment for net (gain) loss realized in net income	**(22)**	24	**(47)**	35
Income tax effect	**4**	(3)	**9**	(5)
Foreign currency translation adjustments	**(394)**	512	**(681)**	846
Other comprehensive income (loss), net of tax	**(361)**	525	**(640)**	850
Comprehensive income	**$ 2,616**	$ 3,130	**$ 5,314**	$ 5,977

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

VISA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)
(UNAUDITED)

	Six Months Ended March 31, 2019										
	Preferred Stock		Common Stock								
	UK&I	Europe	Class A	Class B	Class C	Preferred Stock	Right to Recover for Covered Losses	Additional Paid-In Capital	Accumulated Income	Accumulated Other Comprehensive Income	Total Equity
						(in millions, except per share data)					
Balance as of September 30, 2018	2	3	1,768	245	12	$ 5,470	$ (7)	$ 16,678	$ 11,318	$ 547	$ 34,006
Net income									5,954		5,954
Other comprehensive income (loss), net of tax										(640)	(640)
Comprehensive income											5,314
Adoption of new accounting standards (Note 1)									385	7	392
VE territory covered losses incurred (Note 4)							(162)				(162)
Recovery through conversion rate adjustment (Note 4 and Note 9)						(6)	6				—
Conversion of class C common stock upon sales into public market			1		—[1]						—
Vesting of restricted stock and performance-based shares			3								—
Share-based compensation, net of forfeitures (Note 11)								211			211
Restricted stock and performance-based shares settled in cash for taxes			(1)					(103)			(103)
Cash proceeds from issuance of common stock under employee equity plans			1					89			89
Cash dividends declared and paid, at a quarterly amount of $0.25 per Class A share (Note 9)									(1,141)		(1,141)
Repurchase of class A common stock (Note 9)			(31)					(328)	(4,003)		(4,331)
Balance as of March 31, 2019	**2**	**3**	**1,741**	**245**	**12**	**$ 5,464**	**$ (163)**	**$ 16,547**	**$ 12,513**	**$ (86)**	**$ 34,275**

[1] Decrease is less than one million shares.

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

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019
(UNAUDITED)

Note 1—Summary of Significant Accounting Policies

Organization. Visa Inc. (“Visa” or the “Company”) is a global payments technology company that enables fast, secure and reliable electronic payments across more than 200 countries and territories. Visa and its wholly-owned consolidated subsidiaries, including Visa U.S.A. Inc. (“Visa U.S.A.”), Visa International Service Association (“Visa International”), Visa Worldwide Pte. Limited, Visa Europe Limited (“Visa Europe”), Visa Canada Corporation (“Visa Canada”), Visa Technology & Operations LLC and CyberSource Corporation, operate one of the world’s largest retail electronic payments networks — VisaNet — which facilitates authorization, clearing and settlement of payment transactions and enables the Company to provide its financial institution and merchant clients a wide range of products, platforms and value-added services. VisaNet also offers fraud protection for account holders and assured payment for merchants. Visa is not a bank and does not issue cards, extend credit or set rates and fees for account holders on Visa products. In most cases, account holder and merchant relationships belong to, and are managed by, Visa’s financial institution clients.

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

The accompanying unaudited consolidated financial statements are presented in accordance with the U.S. Securities and Exchange Commission (SEC) requirements for Quarterly Reports on Form 10-Q and, consequently, do not include all of the annual disclosures required by U.S. GAAP. Reference should be made to the Visa Annual Report on Form 10-K for the year ended September 30, 2018 for additional disclosures, including a summary of the Company’s significant accounting policies.

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

Recently Issued and Adopted Accounting Pronouncements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of goods or services to customers. This new revenue standard replaces all existing revenue recognition guidance in U.S. GAAP. Subsequently, the FASB also issued a series of amendments to the new revenue standard. The new revenue standard changes the classification and timing of recognition of certain client incentives and marketing-related funds paid to customers, as well as revenues and expenses for market development funds and services provided to customers as an incentive. The Company adopted the standard effective October 1, 2018 using the modified retrospective transition method applied to the aggregate of all modifications for contracts not completed as of October 1, 2018. Results for reporting periods beginning after October 1, 2018 are presented under the new revenue standard. The comparative prior period amounts appearing on the financial statements have not been restated and continue to be reported under the prior revenue standard. See *Note 2—Revenues* for the impact of the new revenue standard on the accompanying unaudited consolidated financial statements as of and for the three and six months ended March 31, 2019.

Service revenues consist of revenues earned for services provided in support of client usage of Visa products. Current quarter service revenues are primarily assessed using a calculation of current pricing applied to the prior quarter's payments volume. The Company also earns revenues from assessments designed to support ongoing acceptance and volume growth initiatives, which are recognized in the same period the related volume is transacted.

Data processing revenues consist of revenues earned for authorization, clearing, settlement, network access and other maintenance and support services that facilitate transaction and information processing among the Company's clients globally. Data processing revenues are recognized in the same period the related transactions occur or services are performed.

International transaction revenues are earned for cross-border transaction processing and currency conversion activities. Cross-border transactions arise when the country of origin of the issuer is different from that of the merchant. International transaction revenues are primarily generated by cross-border payments and cash volume.

Other revenues consist mainly of license fees for use of the Visa brand, fees for account holder services, licensing and certification and other activities related to the Company's acquired entities. Other revenues also include optional services or product enhancements, such as extended account holder protection and concierge services. Other revenues are recognized in the same period the related transactions occur or services are performed.

Client incentives. The Company enters into long-term contracts with financial institution clients, merchants and strategic partners for various programs designed to increase revenues recognized by growing payments volume, increasing Visa product acceptance, winning merchant routing transactions over to Visa's network and driving innovation. These incentives are primarily accounted for as reductions to revenues or as operating expenses if the payment is in exchange for a distinct good or service provided by the customer. The Company generally capitalizes upfront and fixed incentive payments under these agreements and amortizes the amounts as a reduction to revenues ratably over the contractual term. Incentives that are earned by the customer based on performance targets are recorded as reductions to revenues based on management's estimate of each client's future performance. These accruals are regularly reviewed and estimates of performance are adjusted, as appropriate, based on changes in performance expectations, actual client performance, amendments to existing contracts or the execution of new contracts.

Note 3—Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

The Company’s cash and cash equivalents include cash and certain highly liquid investments with original maturities of 90 days or less from the date of purchase. Cash equivalents are primarily recorded at cost, which approximates fair value due to their generally short maturities. The Company defines restricted cash and restricted cash equivalents as cash and cash equivalents that cannot be withdrawn or used for general operating activities.

The Company reconciles cash, cash equivalents, restricted cash and restricted cash equivalents reported in the consolidated balance sheets that aggregate to the beginning and ending balances shown in the consolidated statements of cash flows as follows:

	March 31,		September 30,	
	2019	2018	2018	2017
	(in millions)			
Cash and cash equivalents	**$ 7,648**	$ 8,142	$ 8,162	$ 9,874
Restricted cash and restricted cash equivalents:				
U.S. litigation escrow	**899**	884	1,491	1,031
Customer collateral	**1,735**	1,250	1,324	1,106
Cash, cash equivalents, restricted cash and restricted cash equivalents	**$ 10,282**	$ 10,276	$ 10,977	$ 12,011

The following table[1] sets forth the as-converted value of the preferred stock available to recover VE territory covered losses compared to the book value of preferred shares recorded in stockholders' equity within the Company's consolidated balance sheets as of March 31, 2019 and September 30, 2018:

	March 31, 2019		September 30, 2018	
	As-Converted Value of Preferred Stock[2]	Book Value of Preferred Stock	As-Converted Value of Preferred Stock[3]	Book Value of Preferred Stock
	(in millions)			
UK&I preferred stock	**$ 5,013**	**$ 2,286**	$ 4,823	$ 2,291
Europe preferred stock	**6,847**	**3,178**	6,580	3,179
Total	**11,860**	**5,464**	11,403	5,470
Less: right to recover for covered losses	**(163)**	**(163)**	(7)	(7)
Total recovery for covered losses available	**$ 11,697**	**$ 5,301**	$ 11,396	$ 5,463

(1) Figures in the table may not recalculate exactly due to rounding. As-converted and book values are based on unrounded numbers.
(2) The as-converted value of preferred stock is calculated as the product of: (a) 2 million and 3 million shares of the UK&I and Europe preferred stock outstanding, respectively, as of March 31, 2019; (b) 12.939 and 13.886, the class A common stock conversion rate applicable to the UK&I and Europe preferred stock as of March 31, 2019, respectively; and (c) $156.19, Visa's class A common stock closing stock price as of March 31, 2019.
(3) The as-converted value of preferred stock is calculated as the product of: (a) 2 million and 3 million shares of the UK&I and Europe preferred stock outstanding, respectively, as of September 30, 2018; (b) 12.955 and 13.888, the class A common stock conversion rate applicable to the UK&I and Europe preferred stock as of September 30, 2018, respectively; and (c) $150.09, Visa's class A common stock closing stock price as of September 30, 2018.

Note 5—Fair Value Measurements and Investments

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using Inputs Considered as			
	Level 1		Level 2	
	March 31, 2019	September 30, 2018	March 31, 2019	September 30, 2018
	(in millions)			
Assets				
Cash equivalents and restricted cash equivalents:				
Money market funds	**$ 6,089**	$ 6,252		
U.S. government-sponsored debt securities			**$ 200**	$ 1,048
Investment securities:				
Marketable equity securities	**157**	113		
U.S. government-sponsored debt securities			**5,482**	5,008
U.S. Treasury securities	**1,743**	2,508		
Other current and non-current assets:				
Derivative instruments			**166**	78
Total	**$ 7,989**	$ 8,873	**$ 5,848**	$ 6,134
Liabilities				
Accrued and other liabilities:				
Derivative instruments			**$ 44**	$ 22
Total	**$ —**	$ —	**$ 44**	$ 22

There were no transfers between Level 1 and Level 2 assets during the six months ended March 31, 2019.

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

Company completed its annual impairment review of its indefinite-lived intangible assets and goodwill as of February 1, 2019, and concluded that there was no impairment. No recent events or changes in circumstances indicate that impairment existed at March 31, 2019.

Gains and Losses on Marketable and Non-marketable Equity Securities

The Company recognized net realized gains of $15 million for both the three and six months ended March 31, 2019 on its equity securities sold during the periods. The Company recognized net unrealized gains of $79 million and $59 million for the three and six months ended March 31, 2019, respectively, on equity securities held as of the end of the periods.

Other Fair Value Disclosures

Long-term debt. Debt instruments are measured at amortized cost on the Company's consolidated balance sheets. The fair value of the debt instruments, as provided by third-party pricing vendors, is based on quoted prices in active markets for similar, not identical, assets. The pricing data obtained from outside sources is reviewed internally for reasonableness, compared against benchmark quotes from independent pricing sources, then confirmed or revised accordingly. If measured at fair value in the financial statements, these instruments would be classified as Level 2 in the fair value hierarchy. The carrying value and estimated fair value of long-term debt was $16.6 billion and $17.3 billion, respectively, as of March 31, 2019. The carrying value and estimated fair value of long-term debt were both $16.6 billion as of September 30, 2018.

Other financial instruments not measured at fair value. The following financial instruments are not measured at fair value on the Company's unaudited consolidated balance sheet at March 31, 2019, but disclosure of their fair values is required: time deposits recorded in prepaid expenses and other current assets, settlement receivable and payable and customer collateral. The estimated fair value of such instruments at March 31, 2019 approximates their carrying value due to their generally short maturities. If measured at fair value in the financial statements, these financial instruments would be classified as Level 2 in the fair value hierarchy.

Note 6—Debt

The Company had outstanding debt as follows:

	March 31, 2019	September 30, 2018	Effective Interest Rate
	(in millions, except percentages)		
2.20% Senior Notes due December 2020	**$ 3,000**	$ 3,000	2.30%
2.15% Senior Notes due September 2022	**1,000**	1,000	2.30%
2.80% Senior Notes due December 2022	**2,250**	2,250	2.89%
3.15% Senior Notes due December 2025	**4,000**	4,000	3.26%
2.75% Senior Notes due September 2027	**750**	750	2.91%
4.15% Senior Notes due December 2035	**1,500**	1,500	4.23%
4.30% Senior Notes due December 2045	**3,500**	3,500	4.37%
3.65% Senior Notes due September 2047	**750**	750	3.73%
Total senior notes	**16,750**	16,750	
Unamortized discounts and debt issuance costs	**(114)**	(120)	
Hedge accounting fair value adjustments	**(6)**	—	
Total long-term debt	**$ 16,630**	$ 16,630	

The Company recognized interest expense for its senior notes of $119 million and $137 million for the three months ended March 31, 2019 and 2018, respectively, and $245 million and $275 million for the six months ended March 31, 2019 and 2018, respectively. Interest expense for the three and six months ended March 31, 2019 includes adjustments related to the Company's hedging program. Effective interest rates disclosed in the table above do not reflect hedge accounting adjustments.

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	Six Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
	(in millions)			
Service cost	$ —	$ —	$ 2	$ 2
Interest cost	16	16	7	6
Expected return on plan assets	(36)	(35)	(9)	(10)
Total net periodic benefit cost (income)	**$ (20)**	**$ (19)**	**$ —**	**$ (2)**

Note 9—Stockholders' Equity

As-converted class A common stock. The following table[1] presents number of shares of each series and class and the number of shares of class A common stock on an as-converted basis:

	March 31, 2019			September 30, 2018		
	Shares Outstanding	Conversion Rate Into Class A Common Stock	As-converted Class A Common Stock[2]	Shares Outstanding	Conversion Rate Into Class A Common Stock	As-converted Class A Common Stock[2]
	(in millions, except conversion rates)					
UK&I preferred stock	2	12.9390	32 [3]	2	12.9550	32 [3]
Europe preferred stock	3	13.8860	44 [3]	3	13.8880	44 [3]
Class A common stock[4]	1,741	—	1,741	1,768	—	1,768
Class B common stock	245	1.6298 [5]	400	245	1.6298 [5]	400
Class C common stock	12	4.0000	46	12	4.0000	47
Total			**2,263**			**2,291**

(1) Figures in the table may not recalculate exactly due to rounding.
(2) As-converted class A common stock is calculated based on unrounded numbers.
(3) The reduction in equivalent number of shares of class A common stock was less than one million shares during the six months ended March 31, 2019.
(4) Class A common stock shares outstanding reflect repurchases settled on or before March 31, 2019 and September 30, 2018.
(5) The class B to class A common stock conversion rate is presented on a rounded basis. Conversion calculations for dividend payments are based on a conversion rate rounded to the tenth decimal.

Reduction in as-converted shares. Under the terms of the Europe retrospective responsibility plan, the Company is entitled to recover VE territory covered losses through periodic adjustments to the class A common stock conversion rates applicable to the UK&I and Europe preferred stock. The recovery has the same economic effect on earnings per share as repurchasing the Company's class A common stock, because it reduces the UK&I and Europe preferred stock conversion rates and consequently, reduces the as-converted class A common stock share count.

The following table[1] presents earnings per share for the six months ended March 31, 2018:

	Basic Earnings Per Share			Diluted Earnings Per Share		
	(in millions, except per share data)					
	Income Allocation (A)[2]	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)	Income Allocation (A)[2]	Weighted-Average Shares Outstanding (B)	Earnings per Share = (A)/(B)
Class A common stock	$ 3,952	1,805	$ 2.19	$ 5,127	2,345 [3]	$ 2.19
Class B common stock	886	245	$ 3.61	$ 885	245	$ 3.60
Class C common stock	110	13	$ 8.76	$ 109	13	$ 8.74
Participating securities[4]	179	Not presented	Not presented	$ 178	Not presented	Not presented
Net income	$ 5,127					

(1) Figures in the table may not recalculate exactly due to rounding. Earnings per share is calculated based on unrounded numbers.
(2) Net income is allocated based on proportional ownership on an as-converted basis. The weighted-average number of shares of as-converted class B common stock used in the income allocation was 400 million for the three and six months ended March 31, 2019, and 405 million for the three and six months ended March 31, 2018. The weighted-average number of shares of as-converted class C common stock used in the income allocation was 47 million for the three and six months ended March 31, 2019, and 49 million and 50 million for the three and six months ended March 31, 2018, respectively. The weighted-average number of shares of preferred stock included within participating securities was 32 million of as-converted UK&I preferred stock for the three and six months ended March 31, 2019 and 2018, and 44 million of as-converted Europe preferred stock for the three and six months ended March 31, 2019 and 2018.
(3) Weighted-average diluted shares outstanding are calculated on an as-converted basis and include incremental common stock equivalents, as calculated under the treasury stock method. The computation includes approximately 3 million common stock equivalents for the three and six months ended March 31, 2019 and 4 million common stock equivalents for the three and six months ended March 31, 2018, because their effect would have been dilutive. The computation excludes 1 million of common stock equivalents for the three and six months ended March 31, 2019, and 2 million of common stock equivalents for the three and six months ended March 31, 2018, because their effect would have been anti-dilutive.
(4) Participating securities include preferred stock outstanding and unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, such as the Company's UK&I and Europe preferred stock, restricted stock awards, restricted stock units and earned performance-based shares. Participating securities' income is allocated based on the weighted-average number of shares of as-converted stock.

Note 11—Share-based Compensation

The Company granted the following equity awards to employees and non-employee directors under the 2007 Equity Incentive Compensation Plan, or the EIP, during the six months ended March 31, 2019:

	Granted	Weighted-Average Grant Date Fair Value	Weighted-Average Exercise Price
Non-qualified stock options	1,109,645	$ 25.89	$ 134.76
Restricted stock units ("RSUs")	2,616,550	$ 135.19	
Performance-based shares[1]	540,538	$ 153.42	

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

The Company's non-qualified stock options and RSUs are equity awards with service-only conditions and are accordingly expensed on a straight-line basis over the vesting period. The Company's performance-based shares are equity awards with service, market and performance conditions that are accounted for using the graded-vesting method. The Company recorded share-based compensation cost related to the EIP of $106 million and $201 million for the three and six months ended March 31, 2019, respectively, and $82 million and $146 million for the three and six months ended March 31, 2018, respectively, net of estimated forfeitures, which are adjusted as appropriate.

Note 12—Income Taxes

The effective income tax rate was 19% for the three and six months ended March 31, 2019, and 19% and 21% for the three and six months ended March 31, 2018, respectively. The effective tax rate for the six months ended March 31, 2019 differs from the effective tax rate in the same prior-year period primarily due to the effects of U.S. tax reform legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”), enacted on December 22, 2017, as discussed below:

- The Tax Act reduced the statutory federal corporate income tax rate from 35% to 21% effective January 1, 2018. In fiscal 2018, the Company’s statutory federal corporate rate was a blended rate of 24.5%. Federal tax expense for the six months ended March 31, 2019 was determined at a 21% tax rate compared to the 24.5% tax rate in the prior-year period;
- The Tax Act enacted a new deduction for foreign-derived intangible income (“FDII”) and a new tax on global intangible low-tax income (“GILTI”). Both FDII and GILTI became effective for the Company on October 1, 2018; and
- The absence of the following items recorded during the six months ended March 31, 2018:
    - an $80 million benefit due to a non-recurring audit settlement during the three months ended March 31, 2018;
    - a $1.1 billion non-recurring, non-cash benefit from the remeasurement of deferred tax balances recorded in the three months ended December 31, 2017, in connection with the reduction in U.S. federal tax rate enacted by the Tax Act; and
    - a $1.1 billion one-time transition tax expense on certain untaxed foreign earnings recorded in the three months ended December 31, 2017, in connection with the requirement enacted by the Tax Act.

The Company previously recorded provisional amounts for the transition tax and the tax effects of various other tax provisions enacted by the Tax Act. As permitted by ASU 2018-05, the Company completed the determination of the accounting impacts of the transition tax and the tax effects of these various tax provisions in the three months ended December 31, 2018. The adjustments to the provisional amounts were not material. In addition, the Company adopted the accounting policy of accounting for taxes on GILTI in the period that it is subject to such tax.

During the three and six months ended March 31, 2019, the Company’s gross unrecognized tax benefits increased by $108 million and $146 million, respectively. The Company's unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate increased by $44 million and $83 million, respectively. The change in unrecognized tax benefits is primarily related to various tax positions across several jurisdictions. During the three and six months ended March 31, 2019 and 2018, there were no significant changes in interest and penalties related to uncertain tax positions.

The Company’s tax filings are subject to examination by the U.S. federal, state and foreign taxing authorities. The timing and outcome of the final resolutions of the various ongoing income tax examinations are highly uncertain. It is not reasonably possible to estimate the increase or decrease in unrecognized tax benefits within the next twelve months.

Note 13—Legal Matters

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

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

The following table summarizes the activity related to accrued litigation:

	Six Months Ended March 31,	
	2019	**2018**
	(in millions)	
Balance at beginning of period	**$ 1,434**	$ 982
Provision for uncovered legal matters	**35**	—
Provision for covered legal matters	**159**	1
Payments for legal matters	**(714)**	(153)
Balance at end of period	**$ 914**	$ 830

Accrual Summary—U.S. Covered Litigation

Visa Inc., Visa U.S.A. and Visa International are parties to certain legal proceedings that are covered by the U.S. retrospective responsibility plan, which the Company refers to as the U.S. covered litigation. See further discussion below under *U.S. Covered Litigation* and *Note 4—U.S. and Europe Retrospective Responsibility Plans.* An accrual for the U.S. covered litigation and a charge to the litigation provision are recorded when a loss is deemed to be probable and reasonably estimable. In making this determination, the Company evaluates available information, including but not limited to actions taken by the litigation committee. The total accrual related to the U.S. covered litigation could be either higher or lower than the escrow account balance.

The following table summarizes the activity related to U.S. covered litigation:

	Six Months Ended March 31,	
	2019	**2018**
	(in millions)	
Balance at beginning of period	**$ 1,428**	$ 978
Payments for U.S. covered litigation	**(600)**	(150)
Balance at end of period	**$ 828**	$ 828

Accrual Summary—VE Territory Covered Litigation

Visa Inc., Visa International and Visa Europe are parties to certain legal proceedings that are covered by the Europe retrospective responsibility plan. Unlike the U.S. retrospective responsibility plan, the Europe retrospective responsibility plan does not have an escrow account that is used to fund settlements or judgments. The Company is entitled to recover VE territory covered losses through periodic adjustments to the conversion rates applicable to the UK&I preferred stock and Europe preferred stock. An accrual for the VE territory covered losses and a reduction to stockholders' equity will be recorded when the loss is deemed to be probable and reasonably estimable. See further discussion below under *VE Territory Covered Litigation* and *Note 4—U.S. and Europe Retrospective Responsibility Plans*.

Canadian Merchant Litigation

Wal-Mart Canada and/or Home Depot of Canada Inc. have filed notices of appeal of the British Columbia, Ontario, Saskatchewan, Quebec and Alberta decisions approving the settlements.

EMV Chip Liability Shift

Plaintiffs filed a renewed motion for class certification on July 16, 2018, following an earlier denial of the motion without prejudice. Plaintiffs' renewed motion was terminated without prejudice to reinstatement on October 17, 2018, but was subsequently reinstated and is currently pending.

Kroger

The litigation was stayed until February 2, 2019. Visa and Kroger have reached an agreement in principle to resolve this lawsuit.

Nuts for Candy

On October 18, 2018, the court stayed the Nuts for Candy case pending the district court's decision on preliminary approval of the Amended Settlement Agreement discussed above under *Interchange Multidistrict Litigation (MDL) – Putative Class Actions*, and pending final approval of that agreement if preliminary approval is granted. Preliminary approval was granted on January 24, 2019, which extended the stay in the Nuts for Candy case pending final approval of the Amended Settlement Agreement.

Ohio Attorney General Civil Investigative Demand

On January 8, 2019, the State of Ohio Office of the Attorney General informed Visa that the investigation has been terminated.

- *International transaction revenues* increased during the three and six-month comparable periods primarily due to select pricing modifications effective after the second quarter of fiscal 2018 as well as changes in the mix of our international transaction revenues. International transaction revenues also reflected a 2% decline and 1% growth in nominal cross-border volumes during the three and six-month comparable periods, respectively.

- *Other revenues* increased during the three and six-month comparable periods primarily due to changes in the classification and timing of recognition of revenue as a result of the adoption of the new revenue standard as well as an increase in revenues from license fees and optional services.

- *Client incentives* increased during the three and six-month comparable periods mainly due to incentives recognized on long-term customer contracts that were initiated or renewed after the second quarter of fiscal 2018 and overall growth in global payments volume. Client incentives also increased due to changes in classification and timing of recognition as a result of the adoption of the new revenue standard. The amount of client incentives we record in future periods will vary based on changes in performance expectations, actual client performance, amendments to existing contracts or execution of new contracts.

Operating Expenses

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

	Three Months Ended March 31,		2019 vs. 2018		Six Months Ended March 31,		2019 vs. 2018	
	2019	**2018**	**$ Change**	**% Change[1]**	**2019**	**2018**	**$ Change**	**% Change[1]**
	(in millions, except percentages)							
Personnel	**$ 894**	$ 824	$ 70	8 %	**$ 1,701**	$ 1,503	$ 198	13 %
Marketing	**241**	261	(20)	(8)%	**517**	484	33	7 %
Network and processing	**171**	169	2	1 %	**344**	329	15	5 %
Professional fees	**101**	108	(7)	(7)%	**192**	200	(8)	(4)%
Depreciation and amortization	**160**	153	7	4 %	**319**	298	21	7 %
General and administrative	**264**	222	42	19 %	**540**	458	82	18 %
Litigation provision	**22**	—	22	NM	**29**	—	29	NM
Total operating expenses	**$ 1,853**	$ 1,737	$ 116	7 %	**$ 3,642**	$ 3,272	$ 370	11 %

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

- *Personnel expenses* increased primarily due to an increase in headcount reflecting our strategy to invest for future growth.

- *Marketing expenses* in 2018 included spend for the Winter Olympics in PyeongChang, which did not recur in 2019. This decrease in 2019 was partially offset in the three-month comparable period and was more than offset in the six-month comparable period by changes in the classification and timing of recognition of certain marketing expenses as a result of the adoption of the new revenue standard.

- *General and administrative expenses* increased mainly due to higher product enhancement costs in support of our business growth, changes in the classification and timing of recognition of certain general and administrative expenses as a result of the adoption of the new revenue standard and higher indirect taxes.

Non-operating Income (Expense)

The following table sets forth the components of our non-operating income (expense).

	Three Months Ended March 31,		2019 vs. 2018		Six Months Ended March 31,		2019 vs. 2018	
	2019	2018	$ Change	% Change[1]	2019	2018	$ Change	% Change[1]
	(in millions, except percentages)							
Interest expense, net	**$ (140)**	$ (153)	$ 13	(9)%	**$ (285)**	$ (307)	$ 22	(7)%
Investment income and other	**176**	34	142	410 %	**234**	100	134	133 %
Total non-operating income (expense)	**$ 36**	$ (119)	$ 155	(130)%	**$ (51)**	$ (207)	$ 156	(75)%

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

- Interest expense decreased in the three and six months ended March 31, 2019 primarily as a result of entering into derivative instruments in fiscal 2019 that lowered the cost of borrowing on a portion of our outstanding debt.

- Investment income and other increased in the three and six months ended March 31, 2019 primarily due to gains on our equity investments as well as higher interest income on our cash and investments.

Effective Income Tax Rate

The effective income tax rate was 19% for the three and six months ended March 31, 2019, and 19% and 21% for the three and six months ended March 31, 2018, respectively. The effective tax rate for the six months ended March 31, 2019 differs from the effective tax rate in the same prior-year period primarily due to the effects of the Tax Act enacted on December 22, 2017, as discussed below:

- The Tax Act reduced the statutory federal corporate income tax rate from 35% to 21% effective January 1, 2018. In fiscal 2018, our statutory federal corporate rate was a blended rate of 24.5%. Federal tax expense for the six months ended March 31, 2019 was determined at a 21% tax rate compared to the 24.5% tax rate in the prior-year period;

- The Tax Act enacted a new deduction for foreign-derived intangible income ("FDII") and a new tax on global intangible low-tax income ("GILTI"). Both FDII and GILTI became effective for us on October 1, 2018; and

- The absence of the following items recorded during the six months ended March 31, 2018:

    - an $80 million benefit due to a non-recurring audit settlement during the three months ended March 31, 2018;
    - a $1.1 billion non-recurring, non-cash benefit from the remeasurement of deferred tax balances recorded in the three months ended December 31, 2017, in connection with the reduction in U.S. federal tax rate enacted by the Tax Act; and
    - a $1.1 billion one-time transition tax expense on certain untaxed foreign earnings recorded in the three months ended December 31, 2017, in connection with the requirement enacted by the Tax Act.

We previously recorded provisional amounts for the transition tax and the tax effects of various other tax provisions enacted by the Tax Act. As permitted by ASU 2018-05, we completed the determination of the accounting impacts of the transition tax and the tax effects of these various tax provisions in the three months ended December 31, 2018. The adjustments to the provisional amounts were not material. In addition, we adopted the accounting policy of accounting for taxes on GILTI in the period that it is subject to such tax.

Fair Value Measurements—Financial Instruments

As of March 31, 2019, our financial instruments measured at fair value on a recurring basis included $13.8 billion of assets and $44 million of liabilities. See *Note 5—Fair Value Measurements and Investments* to our unaudited consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There has been no significant change to our market risks since September 30, 2018, except as discussed below.

In March 2019, we entered into interest rate and cross-currency swap agreements on a portion of our outstanding senior notes that allows us to manage our interest rate exposure through a combination of fixed and floating rates and reduce our overall cost of borrowing. Together these swap agreements effectively convert a portion of our U.S. dollar denominated fixed-rate payments into euro denominated floating-rate payments. By entering into interest rate swaps, we have assumed risks associated with market interest rate fluctuations. See *Note 5—Fair Value Measurements and Investments* to our unaudited consolidated financial statements.

ITEM 4. Controls and Procedures

Disclosure controls and procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) of Visa Inc. at the end of the period covered by this report and, based on such evaluation, have concluded that the disclosure controls and procedures of Visa Inc. were effective at the reasonable assurance level as of such date.

Changes in internal control over financial reporting. During the six months ended March 31, 2019, the Company implemented a new client incentives accounting system along with enhancements and modifications to existing internal controls and procedures to comply with the new revenue standard. There have been no other changes in the internal control over financial reporting of Visa Inc. that occurred during the fiscal period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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SIGNATURES

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

VISA INC.

Date: April 26, 2019	By:	/s/ Alfred F. Kelly, Jr.
	Name:	Alfred F. Kelly, Jr.
	Title:	Chairman and Chief Executive Officer (Principal Executive Officer)
Date: April 26, 2019	By:	/s/ Vasant M. Prabhu
	Name:	Vasant M. Prabhu
	Title:	Chief Financial Officer (Principal Financial Officer)
Date: April 26, 2019	By:	/s/ James H. Hoffmeister
	Name:	James H. Hoffmeister
	Title:	Global Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)

EXHIBIT 31.2

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

I, Vasant M. Prabhu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Visa Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2019

/s/ Vasant M. Prabhu

Vasant M. Prabhu
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of Visa Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Alfred F. Kelly, Jr., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

Date: April 26, 2019

/s/ Alfred F. Kelly, Jr.

Alfred F. Kelly, Jr.
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Quarterly Report of Visa Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Vasant M. Prabhu, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

Date: April 26, 2019

/s/ Vasant M. Prabhu

Vasant M. Prabhu
Chief Financial Officer
(Principal Financial Officer)