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

FORM 10-Q

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

For the quarterly period ended June 30, 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	V	New York Stock Exchange

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	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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 July 19, 2019 there were 1,726,971,494 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 11,429,957 shares of class C common stock, par value $0.0001 per share, of Visa Inc. outstanding.

VISA INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

VISA INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2019	September 30, 2018
	(in millions, except par value data)	
Assets		
Cash and cash equivalents	$ 7,912	$ 8,162
Restricted cash equivalents—U.S. litigation escrow (Note 3 and Note 4)	902	1,491
Investment securities (Note 5)	3,265	3,547
Settlement receivable	1,689	1,582
Accounts receivable	1,531	1,208
Customer collateral (Note 3 and Note 7)	1,668	1,324
Current portion of client incentives	690	340
Prepaid expenses and other current assets	648	562
Total current assets	18,305	18,216
Investment securities (Note 5)	2,918	4,082
Client incentives	1,854	538
Property, equipment and technology, net	2,549	2,472
Goodwill	15,313	15,194
Intangible assets, net	27,272	27,558
Other assets	2,038	1,165
Total assets	$ 70,249	$ 69,225
Liabilities		
Accounts payable	$ 150	$ 183
Settlement payable	2,420	2,168
Customer collateral (Note 3 and Note 7)	1,668	1,325
Accrued compensation and benefits	687	901
Client incentives	3,690	2,834
Accrued liabilities	1,358	1,160
Deferred purchase consideration	—	1,300
Accrued litigation (Note 13)	856	1,434
Total current liabilities	10,829	11,305
Long-term debt (Note 6)	16,694	16,630
Deferred tax liabilities	4,930	4,618
Other liabilities	2,801	2,666
Total liabilities	35,254	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 June 30, 2019 and September 30, 2018 (the “UK&I preferred stock”) (Note 4 and Note 9)	2,285	2,291
Series C convertible participating preferred stock, 3 shares issued and outstanding at June 30, 2019 and September 30, 2018 (the “Europe preferred stock”) (Note 4 and Note 9)	3,177	3,179
Class A common stock, $0.0001 par value, 2,001,622 shares authorized, 1,729 and 1,768 shares issued and outstanding at June 30, 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 June 30, 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 June 30, 2019 and September 30, 2018 (Note 9)	—	—
Right to recover for covered losses (Note 4)	(169)	(7)
Additional paid-in capital	16,552	16,678
Accumulated income	13,040	11,318
Accumulated other comprehensive income (loss), net:		
Investment securities	6	(17)
Defined benefit pension and other postretirement plans	(66)	(61)
Derivative instruments	24	60
Foreign currency translation adjustments	146	565
Total accumulated other comprehensive income (loss), net	110	547

Total equity	**34,995**	34,006
Total liabilities and equity	**$ 70,249**	$ 69,225

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,		Nine Months Ended June 30,	
	2019	2018	2019	2018
	(in millions, except per share data)			
Net revenues	**$ 5,840**	$ 5,240	**$ 16,840**	$ 15,175
Operating Expenses				
Personnel	**872**	852	**2,573**	2,355
Marketing	**282**	240	**799**	724
Network and processing	**184**	169	**528**	498
Professional fees	**113**	112	**305**	312
Depreciation and amortization	**165**	152	**484**	450
General and administrative	**315**	230	**855**	688
Litigation provision (Note 13)	**1**	600	**30**	600
Total operating expenses	**1,932**	2,355	**5,574**	5,627
Operating income	**3,908**	2,885	**11,266**	9,548
Non-operating Income (Expense)				
Interest expense, net	**(128)**	(155)	**(413)**	(462)
Investment income and other	**86**	82	**320**	182
Total non-operating income (expense)	**(42)**	(73)	**(93)**	(280)
Income before income taxes	**3,866**	2,812	**11,173**	9,268
Income tax provision (Note 12)	**765**	483	**2,118**	1,812
Net income	**$ 3,101**	$ 2,329	**$ 9,055**	$ 7,456
Basic Earnings Per Share (Note 10)				
Class A common stock	**$ 1.37**	$ 1.00	**$ 3.98**	$ 3.20
Class B common stock	**$ 2.23**	$ 1.66	**$ 6.49**	$ 5.27
Class C common stock	**$ 5.48**	$ 4.02	**$ 15.92**	$ 12.78
Basic Weighted-average Shares Outstanding (Note 10)				
Class A common stock	**1,735**	1,784	**1,748**	1,798
Class B common stock	**245**	245	**245**	245
Class C common stock	**12**	12	**12**	12
Diluted Earnings Per Share (Note 10)				
Class A common stock	**$ 1.37**	$ 1.00	**$ 3.97**	$ 3.19
Class B common stock	**$ 2.23**	$ 1.65	**$ 6.48**	$ 5.26
Class C common stock	**$ 5.48**	$ 4.01	**$ 15.90**	$ 12.76
Diluted Weighted-average Shares Outstanding (Note 10)				
Class A common stock	**2,265**	2,321	**2,278**	2,337
Class B common stock	**245**	245	**245**	245
Class C common stock	**12**	12	**12**	12

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 June 30,		Nine Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Net income	**$ 3,101**	$ 2,329	**$ 9,055**	$ 7,456
Other comprehensive income (loss), net of tax:				
Investment securities:				
Net unrealized gain (loss)	**5**	45	**20**	95
Income tax effect	**(1)**	(10)	**(5)**	(22)
Reclassification adjustments	**1**	(24)	**1**	(52)
Income tax effect	**—**	6	**—**	16
Defined benefit pension and other postretirement plans:				
Net unrealized actuarial gain (loss) and prior service credit (cost)	**(1)**	—	**(8)**	(2)
Income tax effect	**—**	—	**1**	1
Reclassification adjustments	**2**	4	**2**	4
Income tax effect	**—**	(1)	**—**	(1)
Derivative instruments:				
Net unrealized gain (loss)	**(68)**	114	**29**	72
Income tax effect	**14**	(19)	**(9)**	(22)
Reclassification adjustments	**(22)**	10	**(69)**	45
Income tax effect	**4**	—	**13**	(5)
Foreign currency translation adjustments	**262**	(1,112)	**(419)**	(266)
Other comprehensive income (loss), net of tax	**196**	(987)	**(444)**	(137)
Comprehensive income	**$ 3,297**	$ 1,342	**$ 8,611**	$ 7,319

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

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

	Three Months Ended June 30, 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 March 31, 2019	2	3	1,741	245	12	$ 5,464	$ (163)	$ 16,547	$ 12,513	$ (86)	$ 34,275
Net income									3,101		3,101
Other comprehensive income (loss), net of tax										196	196
Comprehensive income											3,297
VE territory covered losses incurred (Note 4)							(8)				(8)
Recovery through conversion rate adjustment (Note 4 and Note 9)						(2)	2				—
Conversion of class C common stock upon sales into public market			— [1]		— [1]						—
Vesting of restricted stock and performance-based shares			— [1]								—
Share-based compensation, net of forfeitures (Note 11)								110			110
Restricted stock and performance-based shares settled in cash for taxes			— [1]					(3)			(3)
Cash proceeds from issuance of common stock under employee equity plans			1					38			38
Cash dividends declared and paid, at a quarterly amount of $0.25 per Class A share (Note 9)									(565)		(565)
Repurchase of class A common stock (Note 9)			(13)					(140)	(2,009)		(2,149)
Balance as of June 30, 2019	**2**	**3**	**1,729**	**245**	**12**	**$ 5,462**	**$ (169)**	**$ 16,552**	**$ 13,040**	**$ 110**	**$ 34,995**

[1] Increase or decrease is less than one million shares.

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 EQUITY—(Continued)
(UNAUDITED)

	Nine Months Ended June 30, 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									9,055		9,055
Other comprehensive income (loss), net of tax										(444)	(444)
Comprehensive income											8,611
Adoption of new accounting standards (Note 1)									385	7	392
VE territory covered losses incurred (Note 4)							(170)				(170)
Recovery through conversion rate adjustment (Note 4 and Note 9)						(8)	8				—
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)								321			321
Restricted stock and performance-based shares settled in cash for taxes			(1)					(106)			(106)
Cash proceeds from issuance of common stock under employee equity plans			2					127			127
Cash dividends declared and paid, at a quarterly amount of $0.25 per Class A share (Note 9)									(1,706)		(1,706)
Repurchase of class A common stock (Note 9)			(44)					(468)	(6,012)		(6,480)
Balance as of June 30, 2019	**2**	**3**	**1,729**	**245**	**12**	**$ 5,462**	**$ (169)**	**$ 16,552**	**$ 13,040**	**$ 110**	**$ 34,995**

(1) Decrease is less than one million shares.

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 EQUITY—(Continued)
(UNAUDITED)

	Three Months Ended June 30, 2018										
	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 March 31, 2018	2	3	1,790	245	12	$ 5,476	$ (6)	$ 16,713	$ 10,192	$ 1,728	$ 34,103
Net income									2,329		2,329
Other comprehensive income (loss), net of tax										(987)	(987)
Comprehensive income											1,342
VE territory covered losses incurred (Note 4)							(5)				(5)
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			— (1)								—
Share-based compensation, net of forfeitures (Note 11)			— (1)					89			89
Restricted stock and performance-based shares settled in cash for taxes			— (1)					(2)			(2)
Cash proceeds from issuance of common stock under employee equity plans			1					32			32
Cash dividends declared and paid, at a quarterly amount of $0.210 per Class A share (Note 9)									(487)		(487)
Repurchase of class A common stock (Note 9)			(14)					(146)	(1,608)		(1,754)
Balance as of June 30, 2018	2	3	1,778	245	12	$ 5,470	$ (5)	$ 16,686	$ 10,426	$ 741	$ 33,318

(1) Increase or decrease is less than one million shares.

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

VISA INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—(Continued)
(UNAUDITED)

	Nine Months Ended June 30, 2018										
	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, 2017	2	3	1,818	245	13	$ 5,526	$ (52)	$ 16,900	$ 9,508	$ 878	$ 32,760
Net income									7,456		7,456
Other comprehensive income (loss), net of tax										(137)	(137)
Comprehensive income											7,319
VE territory covered losses incurred (Note 4)							(9)				(9)
Recovery through conversion rate adjustment (Note 4 and Note 9)						(56)	56				—
Conversion of class C common stock upon sales into public market			3		(1)						—
Vesting of restricted stock and performance-based shares			2								—
Share-based compensation, net of forfeitures (Note11)			— [(1)]					242			242
Restricted stock and performance-based shares settled in cash for taxes			(1)					(90)			(90)
Cash proceeds from issuance of common stock under employee equity plans			3					135			135
Cash dividends declared and paid, at a quarterly amount of $0.195 per Class A share in the first quarter and $0.210 per Class A share in the second and third quarters (Note 9)									(1,435)		(1,435)
Repurchase of class A common stock (Note 9)			(47)					(501)	(5,103)		(5,604)
Balance as of June 30, 2018	2	3	1,778	245	12	$ 5,470	$ (5)	$ 16,686	$ 10,426	$ 741	$ 33,318

(1) Decrease is less than one million shares.

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

VISA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended June 30,	
	2019	**2018**
	(in millions)	
Operating Activities		
Net income	**$ 9,055**	$ 7,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Client incentives (Note 2)	**4,480**	3,989
Share-based compensation (Note 11)	**321**	242
Depreciation and amortization of property, equipment, technology and intangible assets	**484**	450
Deferred income taxes	**234**	(1,133)
VE territory covered losses incurred (Note 4)	**(170)**	(9)
Other	**(204)**	(38)
Change in operating assets and liabilities:		
Settlement receivable	**(127)**	(239)
Accounts receivable	**(319)**	(82)
Client incentives	**(4,778)**	(3,483)
Other assets	**(172)**	97
Accounts payable	**(22)**	(18)
Settlement payable	**280**	379
Accrued and other liabilities	**257**	1,408
Accrued litigation (Note 13)	**(577)**	446
Net cash provided by operating activities	**8,742**	9,465
Investing Activities		
Purchases of property, equipment and technology	**(507)**	(523)
Proceeds from sales of property, equipment and technology	**—**	14
Investment securities:		
Purchases	**(2,321)**	(3,354)
Proceeds from maturities and sales	**3,870**	2,789
Acquisitions, net of cash and restricted cash acquired	**(136)**	(196)
Purchases of / contributions to other investments	**(482)**	(35)
Proceeds / distributions from other investments	**10**	—
Other investing activities	**(21)**	—
Net cash provided by (used in) investing activities	**413**	(1,305)
Financing Activities		
Repurchase of class A common stock (Note 9)	**(6,480)**	(5,604)
Repayments of long-term debt	**—**	(1,750)
Dividends paid (Note 9)	**(1,706)**	(1,435)
Payment of deferred purchase consideration related to Visa Europe acquisition	**(1,236)**	—
Cash proceeds from issuance of common stock under employee equity plans	**127**	135
Restricted stock and performance-based shares settled in cash for taxes	**(106)**	(90)
Net cash used in financing activities	**(9,401)**	(8,744)
Effect of exchange rate changes on cash and cash equivalents	**(62)**	(89)
Decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	**(308)**	(673)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period (Note 3)	**10,977**	12,011
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period (Note 3)	**$ 10,669**	$ 11,338
Supplemental Disclosure		
Income taxes paid, net of refunds	**$ 1,992**	$ 1,649
Interest payments on debt (Note 6)	**$ 503**	$ 510
Accruals related to purchases of property, equipment and technology	**$ 87**	$ 35

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

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 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 nine months ended June 30, 2019.

The following table summarizes the cumulative transition adjustments for the adoption of the new revenue standard recorded on the October 1, 2018 consolidated balance sheet to reflect the aggregate impact to all contracts not completed as of October 1, 2018:

	Fiscal Year 2018 Closing Balance Sheet	Cumulative Transition Adjustment for New Revenue Standard	Fiscal Year 2019 Opening Balance Sheet
		(in millions)	
Assets			
Current portion of client incentives	$ 340	$ 199	$ 539
Client incentives	538	614	1,152
Liabilities			
Client incentives	2,834	241	3,075
Accrued liabilities	1,160	6	1,166
Deferred tax liabilities	4,618	108	4,726
Other liabilities	2,666	58	2,724
Equity			
Accumulated income	11,318	400	11,718

In January 2016, the FASB issued ASU 2016-01, which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. The Company adopted the standard effective October 1, 2018, using the modified retrospective transition method for marketable equity securities and the prospective method for non-marketable equity securities. The Company has elected to use the measurement alternative for non-marketable equity securities, defined as cost adjusted for changes from observable transactions for identical or similar investments of the same issuer, less impairment. The adoption did not have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, which requires the recognition of lease assets and lease liabilities arising from operating leases on the balance sheet. Subsequently, the FASB also issued a series of amendments to this new lease standard that address the transition methods available and clarify the guidance for lessor costs and other aspects of the new lease standard. The Company will adopt the standard effective October 1, 2019 and expects to adopt using the modified retrospective transition method without restating comparative periods. The adoption is not expected to have a material impact on the consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, which requires that entities recognize the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. The Company adopted the standard effective October 1, 2018. The adoption did not have a material impact on the consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, which requires that a statement of cash flows includes the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents when reconciling the beginning-of-period and end-of-period total amounts. The Company adopted the standard effective October 1, 2018. The adoption impacted the presentation of transactions related to the U.S. litigation escrow account and customer collateral on the consolidated statements of cash flows. The prior period statement of cash flows have been retrospectively adjusted to reflect the impact of this ASU, which had no impact on the Company’s balance sheets, statements of operations or statements of comprehensive income for any period.

In March 2017, the FASB issued ASU 2017-07, which requires that the service cost component of net periodic pension and postretirement benefit cost be presented in the same line item as other employee compensation costs, while the other components be presented separately as non-operating income (expense). In addition, only the service cost component is eligible for capitalization, when applicable. Retrospective application is required for the change in income statement presentation while the change in capitalized benefit cost is required to be applied prospectively. The Company adopted the standard effective October 1, 2018, which did not have a material impact on the consolidated financial statements. The service cost component of net periodic pension and postretirement benefit cost is presented in personnel expenses while the other components are presented in other non-operating expense on the Company's consolidated statement of operations. The Company did not apply the standard retrospectively for the change in income statement presentation as the impact would have been immaterial.

In May 2017, the FASB issued ASU 2017-09, which amends the scope of modification accounting for share-based payment arrangements. Specifically, an entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. The Company adopted the standard effective October 1, 2018. The adoption did not have a material impact on the consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, which improves the financial reporting of hedging instruments to better portray the economic results of an entity's risk management activities in its financial statements. Visa early adopted the standard effective January 1, 2019, which did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Company adopted the standard effective October 1, 2018. The adoption did not have a material impact on the consolidated financial statements.

Note 2—Revenues

Impact of the New Revenue Standard

The following tables summarize the impact of the new revenue standard on the Company's consolidated statement of operations for the three and nine months ended June 30, 2019 and the consolidated balance sheet as of June 30, 2019:

	For the Three Months Ended June 30, 2019			For the Nine Months Ended June 30, 2019		
	As Reported	Impact of the New Revenue Standard	Results Under Prior Revenue Standard	As Reported	Impact of the New Revenue Standard	Results Under Prior Revenue Standard
			(in millions)			
Net revenues	**$ 5,840**	**$ (88)**	**$ 5,752**	**$ 16,840**	**$ (179)**	**$ 16,661**
Operating Expenses						
Marketing	282	(31)	251	799	(100)	699
Professional fees	113	(5)	108	305	(12)	293
General and administrative	315	(11)	304	855	(21)	834
Total operating expenses	**1,932**	**(47)**	**1,885**	**5,574**	**(133)**	**5,441**
Operating income	**3,908**	**(41)**	**3,867**	**11,266**	**(46)**	**11,220**
Income before income taxes	3,866	(41)	3,825	11,173	(46)	11,127
Income tax provision	765	(8)	757	2,118	(6)	2,112
Net income	**3,101**	**(33)**	**3,068**	**9,055**	**(40)**	**9,015**

	June 30, 2019		
	As Reported	Impact of the New Revenue Standard	Results Under Prior Revenue Standard
	(in millions)		
Assets			
Current portion of client incentives	$ 690	$ (282)	$ 408
Client incentives	1,854	(811)	1,043
Liabilities			
Accounts payable	150	26	176
Client incentives	3,690	(439)	3,251
Accrued liabilities	1,358	(18)	1,340
Deferred tax liabilities	4,930	(112)	4,818
Other liabilities	2,801	(110)	2,691
Equity			
Accumulated income	13,040	(440)	12,600

Disaggregation of Revenues

The nature, amount, timing and uncertainty of the Company’s revenues and cash flows and how they are affected by economic factors are most appropriately depicted through the Company’s revenue categories and geographical markets. The following tables disaggregate the Company’s net revenues by revenue category and by geography for the three and nine months ended June 30, 2019 and 2018:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Service revenues	**$ 2,405**	$ 2,196	**$ 7,164**	$ 6,595
Data processing revenues	**2,662**	2,359	**7,564**	6,633
International transaction revenues	**1,977**	1,830	**5,624**	5,248
Other revenues	**342**	229	**968**	688
Client incentives	**(1,546)**	(1,374)	**(4,480)**	(3,989)
Net revenues	**$ 5,840**	$ 5,240	**$ 16,840**	$ 15,175

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
U.S.	**$ 2,587**	$ 2,334	**$ 7,573**	$ 6,896
International	**3,253**	2,906	**9,267**	8,279
Net revenues	**$ 5,840**	$ 5,240	**$ 16,840**	$ 15,175

Revenue recognition. The Company's net revenues are comprised principally of the following categories: service revenues, data processing revenues, international transaction revenues, and other revenues, reduced by costs incurred under client incentives arrangements. As a payment network service provider, the Company’s obligation to the customer is to stand ready to provide continuous access to our payment network over the contractual term. Consideration is variable based primarily upon the amount and type of transactions and payments volume on Visa’s products. The Company recognizes revenues, net of sales and other similar taxes, as the payment network services are performed. Fixed fees for payment network services are generally recognized ratably over the related service period. The Company has elected the optional exemption to not disclose the remaining performance obligations related to payment network services.

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:

	June 30,		September 30,	
	2019	2018	2018	2017
	(in millions)			
Cash and cash equivalents	**$ 7,912**	$ 8,505	$ 8,162	$ 9,874
Restricted cash and restricted cash equivalents:				
U.S. litigation escrow	**902**	1,487	1,491	1,031
Customer collateral	**1,668**	1,346	1,324	1,106
Prepaid expenses and other current assets	**187**	—	—	—
Cash, cash equivalents, restricted cash and restricted cash equivalents	**$ 10,669**	$ 11,338	$ 10,977	$ 12,011

Note 4—U.S. and Europe Retrospective Responsibility Plans

U.S. Retrospective Responsibility Plan

Under the terms of the U.S. retrospective responsibility plan, the Company maintains an escrow account from which settlements of, or judgments in, certain litigation referred to as the "U.S. covered litigation" are paid. The escrow funds are held in money market investments along with interest income earned, less applicable taxes, and are classified as restricted cash equivalents on the consolidated balance sheets. The balance of the escrow account was $902 million at June 30, 2019 and $1.5 billion at September 30, 2018. The Company paid $600 million from the litigation escrow account during the nine months ended June 30, 2019. See *Note 13—Legal Matters*.

The accrual related to the U.S. covered litigation could be either higher or lower than the litigation escrow account balance. The Company did not record an additional accrual for the U.S. covered litigation during the nine months ended June 30, 2019. See *Note 13—Legal Matters*.

Europe Retrospective Responsibility Plan

Visa Inc., Visa International and Visa Europe are parties to certain existing and potential litigation relating to the setting of multilateral interchange fee rates in the Visa Europe territory (the "VE territory covered litigation"). Under the terms of the Europe retrospective responsibility plan, the Company is entitled to recover certain losses resulting from VE territory covered litigation (the "VE territory covered losses") through a periodic adjustment to the class A common stock conversion rates applicable to the UK&I and Europe preferred stock. VE territory covered losses are recorded in "right to recover for covered losses" within equity before the corresponding adjustment to the applicable conversion rate is effected. Adjustments to the conversion rate may be executed once in any six-month period unless a single, individual loss greater than €20 million is incurred, in which case, the six-month limitation does not apply. When the adjustment to the conversion rate is made, the amount previously recorded in "right to recover for covered losses" as contra-equity is then recorded against the book value of the preferred stock within stockholders' equity.

During the three and nine months ended June 30, 2019, the Company recovered $2 million and $8 million, respectively, of VE territory covered losses through adjustments to the class A common stock conversion rates applicable to the UK&I and Europe preferred stock. The conversion rates applicable to the UK&I and Europe preferred stock were reduced from 12.955 and 13.888, respectively, as of September 30, 2018 to 12.936 and 13.884, respectively, as of June 30, 2019.

The following table sets forth the activities related to VE territory covered losses in preferred stock and "right to recover for covered losses" within equity during the nine months ended June 30, 2019. VE territory covered losses incurred reflect settlements with merchants and additional legal costs. See *Note 13—Legal Matters*.

	Preferred Stock		Right to Recover for Covered Losses
	UK&I	Europe	
		(in millions)	
Balance as of September 30, 2018	$ 2,291	$ 3,179	$ (7)
VE territory covered losses incurred	—	—	(170)
Recovery through conversion rate adjustment	(6)	(2)	8
Balance as of June 30, 2019	**$ 2,285**	**$ 3,177**	**$ (169)**

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 June 30, 2019 and September 30, 2018:

	June 30, 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	$ 5,569	$ 2,285	$ 4,823	$ 2,291
Europe preferred stock	7,606	3,177	6,580	3,179
Total	13,175	5,462	11,403	5,470
Less: right to recover for covered losses	(169)	(169)	(7)	(7)
Total recovery for covered losses available	$ 13,006	$ 5,293	$ 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 June 30, 2019; (b) 12.936 and 13.884, the class A common stock conversion rate applicable to the UK&I and Europe preferred stock as of June 30, 2019, respectively; and (c) $173.55, Visa's class A common stock closing stock price as of June 30, 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	
	June 30, 2019	September 30, 2018	June 30, 2019	September 30, 2018
	(in millions)			
Assets				
Cash equivalents and restricted cash equivalents:				
Money market funds	$ 6,275	$ 6,252		
U.S. government-sponsored debt securities			$ 50	$ 1,048
Investment securities:				
Marketable equity securities	125	113		
U.S. government-sponsored debt securities			5,484	5,008
U.S. Treasury securities	574	2,508		
Other current and non-current assets:				
Derivative instruments			211	78
Total	$ 6,974	$ 8,873	$ 5,745	$ 6,134
Liabilities				
Accrued and other liabilities:				
Derivative instruments			$ 74	$ 22
Total	$ —	$ —	$ 74	$ 22

There were no transfers between Level 1 and Level 2 assets during the nine months ended June 30, 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.

Level 2 assets and liabilities. The fair value of U.S. government-sponsored debt securities, as provided by third-party pricing vendors, is based on quoted prices in active markets for similar, not identical, assets. The pricing data obtained from outside sources is reviewed internally for reasonableness, compared against benchmark quotes from independent pricing sources, then confirmed or revised accordingly. Derivative instruments are valued using inputs that are observable in the market or can be derived principally from or corroborated by observable market data. There were no substantive changes to the valuation techniques and related inputs used to measure fair value during the nine months ended June 30, 2019.

Marketable equity securities. Marketable equity securities are publicly traded and measured at fair value within Level 1 of the fair value hierarchy, as fair value is based on quoted prices in active markets. On October 1, 2018, the Company adopted ASU 2016-01 which changed the Company's accounting for marketable equity securities. Beginning on October 1, 2018, unrealized gains and losses from changes in fair value of marketable equity securities are recognized in non-operating income (expense).

U.S. government-sponsored debt securities and U.S. Treasury securities. The Company considers U.S. government-sponsored debt securities and U.S. Treasury securities to be available-for-sale and held $6.1 billion and $7.5 billion of these investment securities as of June 30, 2019 and September 30, 2018, respectively. All of the Company's long-term available-for-sale investment securities are due within one to five years.

Derivative instruments. In March 2019, the Company entered into interest rate and cross-currency swap agreements on a portion of the Company's outstanding 3.15% Senior Notes due December 2025. The Company designated the interest rate swap as a fair value hedge and the cross-currency swap as a net investment hedge. Gains and losses related to changes in fair value hedges are recognized in non-operating income (expense) along with a corresponding loss or gain related to the change in value of the underlying hedged item in the same line in the consolidated statement of operations. The change in value of net investment hedges are recorded in other comprehensive income. Amounts excluded from the effectiveness testing of net investment hedges are recognized in non-operating income (expense). Cash flows associated with derivatives designated as a fair value hedge may be included in operating, investing or financing activities on the consolidated statement of cash flows, depending on the classification of the items being hedged. Cash flows associated with financial instruments designated as net investment hedges are classified as an investing activity. There were no swap agreements outstanding as of September 30, 2018.

Assets Measured at Fair Value on a Non-recurring Basis

Non-marketable equity securities. The Company's non-marketable equity securities are investments in privately held companies without readily determinable market values. These investments are classified as Level 3 due to the absence of quoted market prices, the inherent lack of liquidity and the fact that inputs used to measure fair value are unobservable and require management's judgment. On October 1, 2018, the Company adopted ASU 2016-01 which changed the Company's accounting for non-marketable equity securities. Beginning on October 1, 2018, the Company's policy is to adjust the carrying value of its non-marketable equity securities to fair value when transactions for identical or similar investments of the same issuer are observable in the market. All gains and losses on non-marketable equity securities, realized and unrealized, are recognized in non-operating income (expense).

Non-marketable equity securities totaled $679 million and $137 million at June 30, 2019 and September 30, 2018, respectively, and are classified in other assets on the consolidated balance sheets. During the three and nine months ended June 30, 2019, upward adjustments of $14 million and $80 million, respectively, were made to the carrying value of non-marketable equity securities, and downward adjustments of $6 million were made during the same periods. During the nine months ended June 30, 2019 and 2018, there were no significant impairments of non-marketable equity securities.

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

If the Company were required to perform a quantitative assessment for impairment testing of goodwill and indefinite-lived intangible assets, the fair values would generally be estimated using an income approach. As the assumptions employed to measure these assets on a non-recurring basis are based on management's judgment using internal and external data, these fair value determinations are classified as Level 3 in the fair value hierarchy. The

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 June 30, 2019.

Gains and Losses on Marketable and Non-marketable Equity Securities

The Company recognized net realized gains of $1 million and $16 million for the three and nine months ended June 30, 2019, respectively, on its equity securities sold during the periods. The Company recognized net unrealized gains of $10 million and $69 million for the three and nine months ended June 30, 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 $16.7 billion and $18.0 billion, respectively, as of June 30, 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 June 30, 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 June 30, 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:

	June 30, 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	**(111)**	(120)	
Hedge accounting fair value adjustments	**55**	—	
Total long-term debt	**$ 16,694**	$ 16,630	

The Company recognized interest expense for its senior notes of $106 million and $137 million for the three months ended June 30, 2019 and 2018, respectively, and $350 million and $413 million for the nine months ended June 30, 2019 and 2018, respectively. Interest expense for the three and nine months ended June 30, 2019 includes adjustments related to the Company's hedging program. Effective interest rates disclosed in the table above do not reflect hedge accounting adjustments. Hedge accounting adjustments impacting the carrying value of the Company's long-term debt are a result of gains or losses related to fair value hedges. These gains or losses are recognized in earnings, along with a corresponding gain or loss related to the change in value of the underlying hedged item, within non-operating income (expense) in the Company's consolidated statement of operations. See *Note 5—Fair Value Measurements and Investments* for a description of the Company's accounting treatment for fair value hedges.

Credit facility. On July 25, 2019, the Company entered into an amended and restated credit agreement for a 5 year, unsecured $5.0 billion revolving credit facility (the "Credit Facility"), which will expire on July 25, 2024. The Credit Facility is no longer governed by any financial covenants. This facility is maintained to ensure the integrity of the payment card settlement process and for general corporate purposes. Interest on borrowings under the Credit Facility will be charged at the London Interbank Offered Rate or an alternative base rate, in each case plus applicable margins that fluctuate based on the applicable credit rating of the Company's senior unsecured long-term debt.

Note 7—Settlement Guarantee Management

The Company indemnifies its clients for settlement losses suffered due to failure of any other client to fund its settlement obligations in accordance with the Visa operating rules. This indemnification creates settlement risk for the Company due to the difference in timing between the date of a payment transaction and the date of subsequent settlement.

Historically, the Company has experienced minimal losses as a result of its settlement risk guarantee. However, the Company's future obligations, which could be material under its guarantees, are not determinable as they are dependent upon future events.

The Company's settlement exposure is limited to the amount of unsettled Visa payment transactions at any point in time, which vary significantly day to day. The Company's maximum settlement exposure was $92.0 billion and the average daily settlement exposure was $56.4 billion during the nine months ended June 30, 2019.

The Company maintains and regularly reviews global settlement risk policies and procedures to manage settlement exposure, which may require clients to post collateral if certain credit standards are not met. At June 30, 2019 and September 30, 2018, the Company held collateral as follows:

	June 30, 2019	September 30, 2018
	(in millions)	
Cash equivalents	**$ 1,668**	$ 1,708
Pledged securities at market value	**294**	192
Letters of credit	**1,447**	1,382
Guarantees	**582**	860
Total	**$ 3,991**	$ 4,142

Note 8—Pension and Other Postretirement Benefits

The Company sponsors various qualified and non-qualified defined benefit pension and other postretirement benefit plans that provide for retirement and medical benefits for all eligible employees residing in the United States. The Company also sponsors other pension benefit plans that provide benefits for internationally-based employees at certain non-U.S. locations. The components of net periodic benefit cost presented below include the U.S. pension plans and the non-U.S. pension plans, comprising only the Visa Europe plans. Disclosures relating to other U.S. postretirement benefit plans and other non-U.S. pension benefit plans are not included as they are immaterial, individually and in aggregate.

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Service cost	**$ —**	$ —	**$ 1**	$ 1
Interest cost	**8**	8	**3**	3
Expected return on plan assets	**(17)**	(17)	**(5)**	(5)
Settlement loss	**2**	3	**—**	—
Total net periodic benefit cost (income)	**$ (7)**	$ (6)	**$ (1)**	$ (1)

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	Nine Months Ended June 30,		Nine Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Service cost	**$ —**	$ —	**$ 3**	$ 3
Interest cost	**24**	24	**10**	9
Expected return on plan assets	**(53)**	(52)	**(14)**	(15)
Settlement loss	**2**	3	**—**	—
Total net periodic benefit cost (income)	**$ (27)**	$ (25)	**$ (1)**	$ (3)

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:

	June 30, 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	12.9360	32 [3]	2	12.9550	32 [3]
Europe preferred stock	3	13.8840	44 [3]	3	13.8880	44 [3]
Class A common stock[4]	1,729	—	1,729	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			**2,251**			**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 nine months ended June 30, 2019.
(4) Class A common stock shares outstanding reflect repurchases settled on or before June 30, 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 presents effective price per share and recovery of VE territory covered losses through conversion rate adjustments:

	Nine Months Ended June 30, 2019		Twelve Months Ended September 30, 2018	
	Preferred Stock			
	UK&I	Europe	UK&I	Europe
	(in millions, except per share data)			
Effective price per share[1]	**$ 141.32**	**$ 150.26**	$ 113.05	$ 112.92
Recovery through conversion rate adjustment	**$ 6**	**$ 2**	$ 35	$ 21

(1) Effective price per share for the quarter is calculated using the volume-weighted average price of the Company's class A common stock over a pricing period in accordance with the Company's current certificates of designations for its series B and C convertible participating preferred stock. Effective price per share for the nine months ended June 30, 2019 and fiscal 2018 is calculated using the weighted-average effective prices of the respective adjustments made during the year.

Common stock repurchases. The following table[1] presents share repurchases in the open market for the following periods:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2019	2018	2019	2018
	(in millions, except per share data)			
Shares repurchased in the open market[2]	**13**	14	**44**	47
Average repurchase price per share[3]	**$ 162.97**	$ 128.80	**$ 147.66**	$ 119.29
Total cost	**$ 2,149**	$ 1,754	**$ 6,480**	$ 5,604

(1) Figures in the table may not recalculate exactly due to rounding. Shares repurchased in the open market reflect repurchases settled during the three and nine months ended June 30, 2019 and 2018. These amounts include repurchases traded but not yet settled on or before September 30, 2018 and 2017 for nine months, respectively, and March 31, 2019 and 2018 for three months, respectively. Also, these amounts exclude repurchases traded but not yet settled on or before June 30, 2019 and 2018, respectively.
(2) All shares repurchased in the open market have been retired and constitute authorized but unissued shares.
(3) Average repurchase price per share is calculated based on unrounded numbers.

In January 2019, the Company's board of directors authorized an additional $8.5 billion share repurchase program. As of June 30, 2019, the Company's January 2019 share repurchase program had remaining authorized funds of $6.2 billion for share repurchase. All share repurchase programs authorized prior to January 2019 have been completed.

Dividends. On July 15, 2019, the Company's board of directors declared a quarterly cash dividend of $0.25 per share of class A common stock (determined in the case of class B and C common stock and UK&I and Europe preferred stock on an as-converted basis). The cash dividend will be paid on September 3, 2019, to all holders of record as of August 16, 2019. The Company declared and paid $565 million and $487 million during the three months ended June 30, 2019 and 2018, respectively, and $1.7 billion and $1.4 billion during the nine months ended June 30, 2019 and 2018, respectively, in dividends to holders of the Company's common and preferred stocks.

Note 10—Earnings Per Share

Basic earnings per share is computed by dividing net income available to each class of shares by the weighted-average number of shares of common stock outstanding and participating securities during the period. Net income is allocated to each class of common stock and participating securities based on its proportional ownership on an as-converted basis. The weighted-average number of shares outstanding of each class of common stock reflects changes in ownership over the periods presented. See *Note 9—Stockholders' Equity*.

Diluted earnings per share is computed by dividing net income available by the weighted-average number of shares of common stock outstanding, participating securities and, if dilutive, potential class A common stock equivalent shares outstanding during the period. Dilutive class A common stock equivalents may consist of: (1) shares of class A common stock issuable upon the conversion of UK&I and Europe preferred stock and class B and C common stock based on the conversion rates in effect through the period, and (2) incremental shares of class A common stock calculated by applying the treasury stock method to the assumed exercise of employee stock options, the assumed purchase of stock under the Company's Employee Stock Purchase Plan and the assumed vesting of unearned performance shares.

The following table[1] presents earnings per share for the three months ended June 30, 2019:

	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	$ 2,379	1,735	$ 1.37	$ 3,101	2,265 [3]	$ 1.37
Class B common stock	549	245	$ 2.23	548	245	$ 2.23
Class C common stock	63	12	$ 5.48	63	12	$ 5.48
Participating securities[4]	110	Not presented	Not presented	110	Not presented	Not presented
Net income	$ 3,101					

The following table[1] presents earnings per share for the nine months ended June 30, 2019:

	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	$ 6,956	1,748	$ 3.98	$ 9,055	2,278 [3]	$ 3.97
Class B common stock	1,592	245	$ 6.49	1,590	245	$ 6.48
Class C common stock	186	12	$ 15.92	185	12	$ 15.90
Participating securities[4]	321	Not presented	Not presented	321	Not presented	Not presented
Net income	$ 9,055					

The following table[1] presents earnings per share for the three months ended June 30, 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	$ 1,793	1,784	$ 1.00	$ 2,329	2,321 [3]	$ 1.00
Class B common stock	406	245	$ 1.66	406	245	$ 1.65
Class C common stock	49	12	$ 4.02	49	12	$ 4.01
Participating securities[4]	81	Not presented	Not presented	81	Not presented	Not presented
Net income	$ 2,329					

The following table[1] presents earnings per share for the nine months ended June 30, 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	$ 5,746	1,798	$ 3.20	$ 7,456	2,337 [3]	$ 3.19
Class B common stock	1,293	245	$ 5.27	1,291	245	$ 5.26
Class C common stock	159	12	$ 12.78	158	12	$ 12.76
Participating securities[4]	258	Not presented	Not presented	259	Not presented	Not presented
Net income	$ 7,456					

(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 nine months ended June 30, 2019, and 405 million for the three and nine months ended June 30, 2018. The weighted-average number of shares of as-converted class C common stock used in the income allocation was 46 million and 47 million for the three and nine months ended June 30, 2019, respectively, and 49 million and 50 million for the three and nine months ended June 30, 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 nine months ended June 30, 2019 and 2018. The weighted-average number of shares of preferred stock included within participating securities was 44 million of as-converted Europe preferred stock for the three and nine months ended June 30, 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 nine months ended June 30, 2019 and 2018, because their effect would have been dilutive. The computation excludes less than 1 million of common stock equivalents for the three and nine months ended June 30, 2019 and 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 nine months ended June 30, 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")	2,706,680	$ 136.21	
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 $307 million for the three and nine months ended June 30, 2019, respectively, and $85 million and $231 million for the three and nine months ended June 30, 2018, respectively, net of estimated forfeitures, which are adjusted as appropriate.

Note 12—Income Taxes

The effective income tax rates were 20% and 19% for the three and nine months ended June 30, 2019, respectively, and 17% and 20% for the three and nine months ended June 30, 2018, respectively. The effective tax rates for the three and nine months ended June 30, 2019 differ from the effective tax rates in the same prior-year periods 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 nine months ended June 30, 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 nine months ended June 30, 2018:
  - $80 million and $81 million benefits due to non-recurring audit settlements during the three months ended March 31, 2018 and June 30, 2018, respectively;
  - 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 nine months ended June 30, 2019, the Company's gross unrecognized tax benefits increased by $241 million and $387 million, respectively. The Company's net unrecognized tax benefits that, if recognized, would favorably impact the effective tax rate increased by $51 million and $134 million, respectively. The change in unrecognized tax benefits is primarily related to various tax positions across several jurisdictions. During the three and nine months ended June 30, 2019, the Company's accrued interest related to uncertain tax positions increased by $19 million and $51 million, respectively, and there were no significant changes in penalties. During the three and nine months ended June 30, 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:

	Nine Months Ended June 30,	
	2019	**2018**
	(in millions)	
Balance at beginning of period	**$ 1,434**	$ 982
Provision for uncovered legal matters	**37**	—
Provision for covered legal matters	**165**	601
Payments for legal matters	**(780)**	(155)
Balance at end of period	**$ 856**	$ 1,428

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:

	Nine Months Ended June 30,	
	2019	2018
	(in millions)	
Balance at beginning of period	**$ 1,428**	$ 978
Provision for interchange multidistrict litigation	**—**	600
Payments for U.S. covered litigation	**(600)**	(150)
Balance at end of period	**$ 828**	$ 1,428

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*.

The following table summarizes the activity related to VE territory covered litigation:

	Nine Months Ended June 30,	
	2019	2018
	(in millions)	
Balance at beginning of period	**$ —**	$ 1
Accrual for VE territory covered litigation	**165**	1
Payments for VE territory covered litigation	**(156)**	(2)
Balance at end of period	**$ 9**	$ —

U.S. Covered Litigation

Interchange Multidistrict Litigation (MDL) – Putative Class Actions

On December 6, 2018, the district court held a hearing on the Damages Class plaintiffs' motion for preliminary approval of the Amended Settlement Agreement, and on January 24, 2019, the district court granted preliminary approval. On June 7, 2019, the Damages Class plaintiffs moved for final approval of the Amended Settlement Agreement. Certain merchants in the proposed settlement class have objected to the settlement and/or submitted requests to opt out of the settlement class. Although the deadline to opt out of the settlement class was July 23, 2019, the class administrator has until August 7, 2019 to send the final report indicating the number of merchants that chose to opt out of the settlement class. The district court is scheduled to hold a final settlement approval hearing on November 7, 2019.

Settlement discussions with plaintiffs purporting to act on behalf of the putative Injunctive Relief Class are ongoing. On January 16, 2019, the bank defendants moved to dismiss the claims brought against them by the Injunctive Relief Class, on the grounds that plaintiffs lack standing and fail to state a claim against the bank defendants.

VE Territory Covered Litigation

UK Merchant Litigation

Since July 2013, in excess of 500 Merchants (the capitalized term "Merchant," when used in this section, means a merchant together with subsidiary/affiliate companies that are party to the same claim) have commenced proceedings against Visa Europe, Visa Inc. and Visa International in the UK (and recently in Germany) relating to interchange rates in Europe, and in some cases relating to fees charged by Visa and certain Visa rules. As of the filing date, Visa Europe, Visa Inc. and Visa International have settled the claims asserted by over 100 Merchants, leaving more than 350 Merchants with outstanding claims. In addition, over 30 additional Merchants have threatened to commence similar proceedings. Standstill agreements have been entered into with respect to some of those threatened Merchant claims, several of which have been settled.

On November 29, 2018, Visa was granted permission to appeal aspects of the Court of Appeal's judgment to the Supreme Court of the United Kingdom, including the question of whether Visa's UK interchange restricted competition. The Supreme Court is scheduled to hold a hearing on the appeal in January 2020.

Other Litigation

European Commission Proceedings

Inter-regional Interchange Investigation. On December 4, 2018, the European Commission (EC) announced formal public consultation (known as "market testing") of commitments proposed by Visa pursuant to Article 9 of Council Regulation (EC) No 1/2003 in order for the EC to conclude its investigation. Subject to market testing, the EC intends to adopt a decision declaring the commitments to be binding on Visa and concluding that there are no longer grounds for action by the EC and without any finding of infringement of the law by Visa. If accepted by the EC, the proposed commitments require Visa to cap its inter-regional multilateral interchange rates at 1.50% credit and 1.15% debit for "Card-Not-Present" transactions and 0.30% credit and 0.20% debit for "Card Present" transactions on consumer debit and credit cards issued outside of the European Economic Area when used at merchants located inside of the European Economic Area. The commitments would last for a period of five years following implementation. No fine will be imposed against Visa, and the commitments are proposed without prejudice to Visa's position that its conduct did not infringe any law. The EC's market testing was completed in January 2019.

On April 29, 2019, the EC adopted a decision making Visa's commitments to limit interregional interchange rates in Europe binding from October 19, 2019. The commitments will remain in effect until November 1, 2024.

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. On June 13 and 14, 2019, the Court of Appeals in British Columbia held a hearing to consider objections to the settlement approval decision and reserved decision.

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 reached an agreement in principle to resolve this lawsuit, and subsequently entered into a settlement agreement. The case was dismissed on July 24, 2019.

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.

Australian Competition & Consumer Commission

On July 12, 2019, the Australian Competition & Consumer Commission (ACCC) informed Visa that the ACCC has commenced an investigation into certain agreements and interchange fees relating to Visa Debit. Visa is cooperating with the ACCC.

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

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, our future operations, prospects, developments, strategies and growth of our business; anticipated expansion of our products in certain countries; industry developments; expectations regarding litigation matters, investigations and proceedings; timing and amount of stock repurchases; sufficiency of sources of liquidity and funding; effectiveness of our risk management programs; and expectations regarding the impact of recent accounting pronouncements on our consolidated financial statements. Forward-looking statements generally are identified by words such as "believes," "estimates," "expects," "intends," "may," "projects," "could," "should," "will," "continue" and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our SEC filings, including our Annual Report on Form 10-K, for the year ended September 30, 2018 and our subsequent reports on Forms 10-Q and 8-K. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Overview

Visa is a global payments technology company that enables fast, secure and reliable electronic payments across more than 200 countries and territories. We facilitate global commerce through the transfer of value and information among a global network of consumers, merchants, financial institutions, businesses, strategic partners and government entities. Our advanced transaction processing network, VisaNet, enables authorization, clearing and settlement of payment transactions and allows us to provide our financial institution and merchant clients a wide range of products, platforms and value-added services.

Financial overview. Our financial results for the three and nine months ended June 30, 2018 reflected the impact of certain significant items that we believe were not indicative of our operating performance in these or future periods, as they were either non-recurring or had no cash impact. There were no comparable adjustments recorded for the three and nine months ended June 30, 2019. Our as-reported U.S. GAAP and adjusted non-GAAP net income and diluted earnings per share for these periods were as follows:

	Three Months Ended June 30,		2019 vs. 2018	Nine Months Ended June 30,		2019 vs. 2018
(in millions, except percentages and per share data)	**2019**	**2018**	**% Change[1]**	**2019**	**2018**	**% Change[1]**
Net income, as reported	**$ 3,101**	$ 2,329	33%	**$ 9,055**	$ 7,456	21%
Diluted earnings per share, as reported	**$ 1.37**	$ 1.00	36%	**$ 3.97**	$ 3.19	25%
Net income, as adjusted[2]	**$ 3,101**	$ 2,792	11%	**$ 9,055**	$ 7,933	14%
Diluted earnings per share, as adjusted[2]	**$ 1.37**	$ 1.20	14%	**$ 3.97**	$ 3.39	17%

(1) Figures in the table may not recalculate exactly due to rounding. Percentage changes are calculated based on unrounded numbers.
(2) For a full reconciliation of our adjusted financial results, see tables in *Adjusted financial results* below.

Highlights for the first nine months of fiscal 2019. Our business is affected by overall economic conditions and consumer spending. Our business performance during the nine months ended June 30, 2019 reflects continued global consumer spending growth amidst uneven global economic conditions. We recorded net revenues of $5.8 billion and $16.8 billion for the three and nine months ended June 30, 2019, respectively, an increase of 11% and 11%, respectively, over the prior-year comparable periods, reflecting continued growth in nominal payments volume, nominal cross-border volume and processed transactions. Exchange rate movements in the three and nine months ended June 30, 2019, as partially mitigated by our hedging program, negatively impacted our net revenues growth by approximately two percentage points and one and a half percentage points, respectively.

Total operating expenses were $1.9 billion and $5.6 billion for the three and nine months ended June 30, 2019, respectively, a decrease of 18% and 1% over the prior-year comparable period. Adjusted operating expenses, which excludes the non-cash operating expense for the litigation provision related to the interchange multidistrict litigation in the three and nine months ended June 30, 2018, increased 10% and 11%, respectively, over prior-year comparable periods. The increase in both periods was primarily due to higher personnel, marketing and general and administrative expenses, as we continue to invest in our business growth.

Adjusted financial results. Our financial results for the three and nine months ended June 30, 2018 reflected the impact of certain significant items that we believe were not indicative of our ongoing operating performance in these or future periods, as they were either non-recurring or had no cash impact. As such, we believe the presentation of adjusted financial results excluding the following items provides a clearer understanding of our operating performance for the periods presented. There were no comparable adjustments recorded for the three and nine months ended June 30, 2019.

- *Litigation provision.* During the three and nine months ended June 30, 2018, we recorded a litigation provision of $600 million and related tax benefits of $137 million associated with the interchange multidistrict litigation. The tax impact is determined by applying applicable federal and state tax rates to the litigation provision. Under the U.S. retrospective responsibility plan, we recover the monetary liabilities related to the U.S. covered litigation through a reduction to the conversion rate of our class B common stock to shares of class A common stock. See *Note 4—U.S. and Europe Retrospective Responsibility Plans* and *Note 13—Legal Matters* to our unaudited consolidated financial statements.

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- *Remeasurement of deferred tax balances.* During the nine months ended June 30, 2018, in connection with the Tax Act's reduction of the corporate income tax rate, we remeasured our net deferred tax liabilities as of the enactment date, resulting in the recognition of a non-recurring, non-cash income tax benefit of $1.1 billion. See *Note 12—Income Taxes* to our unaudited consolidated financial statements.
- *Transition tax on foreign earnings.* During the nine months ended June 30, 2018, in connection with the Tax Act's requirement that we include certain untaxed foreign earnings of non-U.S. subsidiaries in our fiscal 2018 taxable income, we recorded a one-time transition tax estimated to be approximately $1.1 billion. See *Note 12—Income Taxes* to our unaudited consolidated financial statements.

Adjusted financial results are non-GAAP financial measures and should not be relied upon as substitutes for measures calculated in accordance with U.S. GAAP. The following table reconciles our as-reported financial measures, calculated in accordance with U.S. GAAP, to our respective non-GAAP adjusted financial measures for the three and nine months ended June 30, 2018. There were no comparable adjustments recorded for the three and nine months ended June 30, 2019.

	Three Months Ended June 30, 2018				
(in millions, except percentages and per share data)	**Operating Expenses**	**Operating Margin (1),(2)**	**Income Tax Provision**	**Net Income**	**Diluted Earnings Per Share(1)**
As reported	$ 2,355	55%	$ 483	$ 2,329	$ 1.00
Litigation provision	(600)	11%	137	463	0.20
As adjusted	$ 1,755	67%	$ 620	$ 2,792	$ 1.20

	Nine Months Ended June 30, 2018				
(in millions, except percentages and per share data)	**Operating Expenses**	**Operating Margin (1),(2)**	**Income Tax Provision**	**Net Income**	**Diluted Earnings Per Share(1)**
As reported	$ 5,627	63%	$ 1,812	$ 7,456	$ 3.19
Litigation provision	(600)	4%	137	463	0.20
Remeasurement of deferred tax balances	—	—%	1,133	(1,133)	(0.49)
Transition tax on foreign earnings	—	—%	(1,147)	1,147	0.49
As adjusted	$ 5,027	67%	$ 1,935	$ 7,933	$ 3.39

(1) Figures in the table may not recalculate exactly due to rounding. Diluted earnings per share and its respective total are calculated based on unrounded numbers.
(2) Operating margin is calculated as operating income divided by net operating revenues.

Common stock repurchases. During the three months ended June 30, 2019, we repurchased 13 million shares of our class A common stock in the open market using $2.1 billion of cash on hand. In January 2019, our board of directors authorized an additional $8.5 billion share repurchase program. As of June 30, 2019, we had remaining authorized funds of $6.2 billion for share repurchase. See *Note 9—Stockholders' Equity* to our unaudited consolidated financial statements.

Payments volume and transaction counts. Payments volume is the primary driver for our service revenues, and the number of processed transactions is the primary driver for our data processing revenues. During the three months ended December 31, 2018, we updated our definition of payments volume to now include all disbursement volume related to Visa Direct, in addition to the funding volume previously included. All prior periods presented have been adjusted accordingly. Please refer to the Operational Performance Data section of Exhibit 99.1 to our Current Report on Form 8-K filed on January 30, 2019 for more details on the impact from this update in payments volume definition.

Nominal payments volume in the United States posted high single-digit growth for three months and low double-digit growth for the nine months ended March 31, 2019[1], driven mainly by consumer debit and commercial. Nominal international payments volume growth was negatively impacted by movements in the U.S. dollar exchange rates. On a constant-dollar basis, which excludes the impact of exchange rate movements, our international payments volume growth rate for the three and nine months ended March 31, 2019 was 8% and 10%, respectively. Growth in processed transactions reflects the ongoing worldwide shift to electronic payments.

The following table[2] presents nominal payments and cash volume:

	United States			International			Visa Inc.		
	Three Months Ended March 31,[1]			Three Months Ended March 31,[1]			Three Months Ended March 31,[1]		
	2019	2018	% Change	2019	2018	% Change	2019	2018	% Change
	(in billions, except percentages)								
Nominal payments volume									
Consumer credit	**$ 357**	$ 341	5%	**$ 608**	$ 614	(1)%	**$ 965**	$ 955	1 %
Consumer debit[3]	**420**	383	10%	**455**	452	1 %	**875**	835	5 %
Commercial[4]	**153**	138	11%	**92**	90	2 %	**245**	228	7 %
Total nominal payments volume	**$ 930**	$ 862	8%	**$ 1,155**	$ 1,156	—%	**$ 2,085**	$ 2,018	3 %
Cash volume	**141**	139	1%	**540**	598	(10)%	**680**	737	(8)%
Total nominal volume[5]	**$ 1,071**	$ 1,001	7%	**$ 1,694**	$ 1,753	(3)%	**$ 2,765**	$ 2,755	—%

	United States			International			Visa Inc.		
	Nine Months Ended March 31,[1]			Nine Months Ended March 31,[1]			Nine Months Ended March 31,[1]		
	2019	2018	% Change	2019	2018	% Change	2019	2018	% Change
	(in billions, except percentages)								
Nominal payments volume									
Consumer credit	**$ 1,139**	$ 1,063	7%	**$ 1,860**	$ 1,826	2 %	**$ 2,998**	$ 2,889	4 %
Consumer debit[3]	**1,250**	1,114	12%	**1,393**	1,331	5 %	**2,643**	2,445	8 %
Commercial[4]	**466**	411	13%	**283**	269	6 %	**749**	680	10 %
Total nominal payments volume	**$ 2,855**	$ 2,588	10%	**$ 3,536**	$ 3,425	3 %	**$ 6,391**	$ 6,013	6 %
Cash volume	**427**	418	2%	**1,705**	1,839	(7)%	**2,132**	2,258	(6)%
Total nominal volume[5]	**$ 3,281**	$ 3,007	9%	**$ 5,241**	$ 5,264	—%	**$ 8,522**	$ 8,271	3 %

The following table[2] presents nominal and constant payments and cash volume growth:

	International		Visa Inc.		International		Visa Inc.	
	Three Months Ended March 31, 2019 vs. 2018[1]		Three Months Ended March 31, 2019 vs. 2018[1]		Nine Months Ended March 31, 2019 vs. 2018[1]		Nine Months Ended March 31, 2019 vs. 2018[1]	
	Nominal	Constant[6]	Nominal	Constant[6]	Nominal	Constant[6]	Nominal	Constant[6]
Payments volume growth								
Consumer credit growth	(1)%	7 %	1 %	6 %	2 %	8%	4 %	8%
Consumer debit growth[3]	1 %	10 %	5 %	10 %	5 %	11%	8 %	12%
Commercial growth[4]	2 %	11 %	7 %	11 %	6 %	14%	10 %	13%
Total payments volume growth	**—%**	**8 %**	**3 %**	**8 %**	**3 %**	**10%**	**6 %**	**10%**
Cash volume growth	(10)%	(1)%	(8)%	(1)%	(7)%	1%	(6)%	1%
Total volume growth	**(3)%**	**5 %**	**—%**	**6 %**	**—%**	**7%**	**3 %**	**8%**

(1) Service revenues in a given quarter are assessed based on nominal payments volume in the prior quarter. Therefore, service revenues reported for the three and nine months ended June 30, 2019 and 2018 were based on nominal payments volume reported by our financial institution clients for the three and nine months ended March 31, 2019 and 2018, respectively.
(2) Figures in the table may not recalculate exactly due to rounding. Percentage changes and totals are calculated based on unrounded numbers.
(3) Includes consumer prepaid volume and Interlink volume.
(4) Includes large, middle and small business credit and debit, as well as commercial prepaid volume.
(5) Total nominal volume is the sum of total nominal payments volume and cash volume. Total nominal payments volume is the total monetary value of transactions for goods and services that are purchased on cards and other form factors carrying the Visa, Visa Electron, Interlink and V PAY brands. Cash volume generally consists of cash access transactions, balance access transactions, balance transfers and convenience checks. Total nominal volume is provided by our financial institution clients, subject to review by Visa. On occasion, previously presented volume information may be updated. Prior-period updates, other than the change to the payments volume definition, are not material.
(6) Growth on a constant-dollar basis excludes the impact of foreign currency fluctuations against the U.S. dollar.

The following table[1] provides the number of transactions involving cards and other form factors carrying the Visa, Visa Electron, Interlink, V PAY and PLUS cards processed on Visa's networks during the periods presented:

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
	(in millions, except percentages)					
Visa processed transactions	**35,428**	31,728	12%	**101,904**	91,557	11%

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

Results of Operations

Net Revenues

The following table sets forth our net revenues earned in the U.S. and internationally:

	Three Months Ended June 30,		2019 vs. 2018		Nine Months Ended June 30,		2019 vs. 2018	
	2019	2018	$ Change	% Change[1]	2019	2018	$ Change	% Change[1]
	(in millions, except percentages)							
U.S.	**$ 2,587**	$ 2,334	$ 253	11%	**$ 7,573**	$ 6,896	$ 677	10%
International	**3,253**	2,906	347	12%	**9,267**	8,279	988	12%
Net revenues	**$ 5,840**	$ 5,240	$ 600	11%	**$ 16,840**	$ 15,175	$ 1,665	11%

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

The increase in net revenues reflects the continued growth in nominal payments volume, nominal cross-border volume and processed transactions.

Our net revenues are impacted by the overall strengthening or weakening of the U.S. dollar as payments volume and related revenues denominated in local currencies are converted to U.S. dollars. Exchange rate movements in the three and nine months ended June 30, 2019, as partially mitigated by our hedging program, negatively impacted our net revenues growth by approximately two percentage points and one and a half percentage points, respectively.

The following table sets forth the components of our net revenues:

	Three Months Ended June 30,		2019 vs. 2018		Nine Months Ended June 30,		2019 vs. 2018	
	2019	2018	$ Change	% Change[1]	2019	2018	$ Change	% Change[1]
	(in millions, except percentages)							
Service revenues	**$ 2,405**	$ 2,196	$ 209	10%	**$ 7,164**	$ 6,595	$ 569	9%
Data processing revenues	**2,662**	2,359	303	13%	**7,564**	6,633	931	14%
International transaction revenues	**1,977**	1,830	147	8%	**5,624**	5,248	376	7%
Other revenues	**342**	229	113	49%	**968**	688	280	41%
Client incentives	**(1,546)**	(1,374)	(172)	13%	**(4,480)**	(3,989)	(491)	12%
Net revenues	**$ 5,840**	$ 5,240	$ 600	11%	**$ 16,840**	$ 15,175	$ 1,665	11%

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

- *Service revenues* increased primarily due to 3% and 6% growth in nominal payments volume during the three and nine-month comparable periods, respectively, as well as select pricing modifications effective in the third quarter of fiscal 2019.
- *Data processing revenues* increased mainly due to overall growth in processed transactions of 12% and 11% during the three and nine-month comparable periods, respectively, as well as select pricing modifications impacting revenue growth in the first and second quarter of fiscal 2019.

- *International transaction revenues* increased due to a 2% and 1% growth in nominal cross-border volumes during the three and nine-month comparable periods, respectively, select pricing modifications effective after the third quarter of fiscal 2018 and changes in the mix of our international transaction revenues. These increases were partially offset by lower volatility in a broad range of currencies.
- *Other revenues* increased during the three and nine-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 nine-month comparable periods mainly due to incentives recognized on long-term customer contracts that were initiated or renewed after the third 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 June 30,		2019 vs. 2018		Nine Months Ended June 30,		2019 vs. 2018	
	2019	2018	$ Change	% Change[(1)]	2019	2018	$ Change	% Change[(1)]
	(in millions, except percentages)							
Personnel	**$ 872**	$ 852	$ 20	2 %	**$ 2,573**	$ 2,355	$ 218	9 %
Marketing	**282**	240	42	18 %	**799**	724	75	10 %
Network and processing	**184**	169	15	9 %	**528**	498	30	6 %
Professional fees	**113**	112	1	1 %	**305**	312	(7)	(2)%
Depreciation and amortization	**165**	152	13	9 %	**484**	450	34	8 %
General and administrative	**315**	230	85	37 %	**855**	688	167	24 %
Litigation provision	**1**	600	(599)	(100)%	**30**	600	(570)	(95)%
Total operating expenses	**$ 1,932**	$ 2,355	$ (423)	(18)%	**$ 5,574**	$ 5,627	$ (53)	(1)%

(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* increased in the three and nine month comparable periods primarily due to changes in the classification and timing of recognition of certain marketing expenses as a result of the adoption of the new revenue standard. The increase was partially offset in the nine month comparable period by spend for the Winter Olympics in PyeongChang in 2018, which did not recur in 2019.
- *General and administrative expenses* increased primarily as a result of unfavorable foreign currency fluctuations, 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, higher indirect taxes, and higher product enhancement costs in support of our business growth.
- *Litigation provision* in 2018 reflects a $600 million accrual related to the U.S. covered litigation. See *Note 4—U.S. and Europe Retrospective Responsibility Plans* and *Note 13—Legal Matters* to our unaudited consolidated financial statements.

Non-operating Income (Expense)

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

	Three Months Ended June 30,		2019 vs. 2018		Nine Months Ended June 30,		2019 vs. 2018	
	2019	2018	$ Change	% Change[1]	2019	2018	$ Change	% Change[1]
	(in millions, except percentages)							
Interest expense, net	**$ (128)**	$ (155)	$ 27	(17)%	**$ (413)**	$ (462)	$ 49	(10)%
Investment income and other	**86**	82	4	7 %	**320**	182	138	77 %
Total non-operating income (expense)	**$ (42)**	$ (73)	$ 31	(43)%	**$ (93)**	$ (280)	$ 187	(67)%

(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 nine months ended June 30, 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 nine months ended June 30, 2019 primarily due to higher interest income on our cash and investments as well as gains on our equity investments.

Effective Income Tax Rate

The effective income tax rates were 20% and 19% for the three and nine months ended June 30, 2019, respectively, and 17% and 20% for the three and nine months ended June 30, 2018, respectively. The effective tax rates for the three and nine months ended June 30, 2019 differ from the effective tax rates in the same prior-year periods 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 nine months ended June 30, 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 nine months ended June 30, 2018:
  - $80 million and $81 million benefits due to non-recurring audit settlements during the three months ended March 31, 2018 and June 30, 2018, respectively;
  - 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.

Adjusted effective income tax rate. Our financial results for the three and nine months ended June 30, 2018 reflect the impact of certain significant items that we believe were not indicative of our operating performance during these periods, as they were either non-recurring or had no cash impact. As such, we have presented our adjusted effective income tax rates for these periods in the table below, which we believe provides a clearer understanding of our operating performance for the reported periods. There were no comparable adjustments recorded for the three and nine months ended June 30, 2019. See *Overview—Adjusted financial results* within this *Management's Discussion and Analysis of Financial Condition and Results of Operations* for descriptions of the adjustments in the table below.

(in millions, except percentages)	Three Months Ended June 30, 2018 Income Before Income Taxes	Income Tax Provision	Effective Income Tax Rate[1]	Nine Months Ended June 30, 2018 Income Before Income Taxes	Income Tax Provision	Effective Income Tax Rate[1]
As reported	$ 2,812	$ 483	17.2%	$ 9,268	$ 1,812	19.5%
Litigation provision	600	137		600	137	
Remeasurement of deferred tax balances	—	—		—	1,133	
Transition tax on foreign earnings	—	—		—	(1,147)	
As adjusted	$ 3,412	$ 620	18.2%	$ 9,868	$ 1,935	19.6%

(1) Figures in the table may not recalculate exactly due to rounding. Effective income tax rate is calculated based on unrounded numbers.

Liquidity and Capital Resources

Cash Flow Data

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

	Nine Months Ended June 30, 2019	2018
	(in millions)	
Total cash provided by (used in):		
Operating activities	**$ 8,742**	$ 9,465
Investing activities	**413**	(1,305)
Financing activities	**(9,401)**	(8,744)
Effect of exchange rate changes on cash and cash equivalents	**(62)**	(89)
Decrease in cash, cash equivalents, restricted cash and restricted cash equivalents	**$ (308)**	$ (673)

Operating activities. Cash provided by operating activities for the nine months ended June 30, 2019 was lower than the prior-year comparable period primarily due to higher payments from the litigation escrow account in the current year and the first installment payment of the transition tax in connection with the Tax Act, partially offset by continued growth in our underlying business.

Investing activities. Cash provided by investing activities for the nine months ended June 30, 2019 primarily included higher proceeds from the sales and maturities of investment securities, combined with fewer purchases, as compared to the prior-year period.

Financing activities. Cash used in financing activities for the nine months ended June 30, 2019 was higher than the prior-year comparable period primarily due to the payment of the deferred purchase consideration, increase in the repurchases of our class A common stock and higher dividends paid in the current year. This increase was partially offset by the redemption of the Senior Notes due December 2017 in the prior year. See *Note 9—Stockholders' Equity* to our unaudited consolidated financial statements.

Sources of Liquidity

Our primary sources of liquidity are cash on hand, cash flow from operations, our investment portfolio and access to various equity and borrowing arrangements. Funds from operations are maintained in cash and cash equivalents and short-term or long-term available-for-sale investment securities based upon our funding requirements, access to liquidity from these holdings and the returns that these holdings provide. Based on our current cash flow forecasts of our short-term and long-term liquidity needs, we believe that our current and projected sources of liquidity will be sufficient to meet our projected liquidity needs for more than the next 12 months. We will continue to assess our liquidity position and potential sources of supplemental liquidity in view of our operating performance, current economic and capital market conditions and other relevant circumstances.

Credit facility extension. On July 25, 2019, we extended the term of our 5-year, unsecured revolving credit facility and increased the amount from $4.0 billion to $5.0 billion. The credit facility will expire on July 25, 2024. The credit facility is no longer governed by any financial covenants. No other material terms were changed. See *Note 6—Debt* to our unaudited consolidated financial statements.

Credit Ratings

During the nine months ended June 30, 2019, our credit ratings by Standard and Poor's and Moody's were upgraded to the following as compared to September 30, 2018:

	June 30, 2019		September 30, 2018	
Rating Agency and Debt type	Rating	Outlook	Rating	Outlook
Standard and Poor's				
Short-term unsecured debt	**A-1+**	**Stable**	A-1	Positive
Long-term unsecured debt	**AA-**	**Stable**	A+	Positive
Moody's				
Long-term unsecured debt	**Aa3**	**Stable**	A1	Stable

Various factors affect our credit ratings, including changes in our operating performance, the economic environment, conditions in the electronic payment industry, our financial position and changes in our business strategy. We do not currently foresee any reasonable circumstances under which our credit ratings would be significantly downgraded. If a significant downgrade were to occur, it could adversely impact, among other things, our future borrowing costs and access to capital markets.

Uses of Liquidity

There has been no significant change to our primary uses of liquidity since September 30, 2018, except as discussed below.

Common stock repurchases. During the nine months ended June 30, 2019, we repurchased 44 million shares of our class A common stock using $6.5 billion of cash on hand. In January 2019, our board of directors authorized an additional $8.5 billion share repurchase program. As of June 30, 2019, we had remaining authorized funds of $6.2 billion for share repurchase. All share repurchase programs authorized prior to January 2019 have been completed. See *Note 9—Stockholders' Equity* to our unaudited consolidated financial statements.

Dividends. During the nine months ended June 30, 2019, we declared and paid $1.7 billion in dividends to holders of our common and preferred stock. On July 15, 2019, our board of directors declared a cash dividend in the amount of $0.25 per share of class A common stock (determined in the case of class B and C common stock and UK&I and Europe preferred stock on an as-converted basis), which will be paid on September 3, 2019, to all holders of record as of August 16, 2019. See *Note 9—Stockholders' Equity* to our unaudited consolidated financial statements. We expect to continue paying quarterly dividends in cash, subject to approval by the board of directors. All three series of preferred stock and class B and C common stock will share ratably on an as-converted basis in such future dividends.

Deferred purchase consideration. In connection with our purchase of Visa Europe in June 2016, we were required to pay an additional €1.0 billion, plus 4% compound annual interest, on the third anniversary of the closing of the acquisition. In June 2019, we paid €1.1 billion in fulfillment of this obligation.

Derivative Financial Instruments

In March 2019, we entered into interest rate and cross-currency swap agreements on a portion of our outstanding 3.15% Senior Notes due December 2025 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. See *Note 5—Fair Value Measurements and Investments* to our unaudited consolidated financial statements.

Fair Value Measurements—Financial Instruments

As of June 30, 2019, our financial instruments measured at fair value on a recurring basis included $12.7 billion of assets and $74 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 nine months ended June 30, 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.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Refer to *Note 13—Legal Matters* to the unaudited consolidated financial statements included in this Form 10-Q for a description of the Company's current material legal proceedings.

ITEM 1A. Risk Factors.

For a discussion of the Company's risk factors, see the information under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended September 30, 2018, filed with the SEC on November 16, 2018.

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

ISSUER PURCHASES OF EQUITY SECURITIES

The table below sets forth our purchases of common stock during the quarter ended June 30, 2019:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[(1),(2)]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[(1),(2)]
April 1-30, 2019	3,562,393	$ 159.94	3,562,393	$ 7,702,361,318
May 1-31, 2019	5,429,064	$ 162.06	5,429,064	$ 6,822,392,402
June 1-30, 2019	3,903,940	$ 169.03	3,903,940	$ 6,162,429,687
Total	**12,895,397**	**$ 163.59**	**12,895,397**	

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

(2) Our board of directors from time to time authorizes the repurchase of shares of our common stock up to a certain monetary limit. In January 2019, our board of directors authorized a share repurchase program for $8.5 billion. These authorizations have no expiration date. All share repurchase programs authorized prior to January 2019 have been completed.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Mine Safety Disclosures.

Not applicable.

ITEM 5. Other Information.

None.

Table of Contents

ITEM 6. Exhibits.

EXHIBIT INDEX

		Incorporated by Reference			
Exhibit Number	**Description of Documents**	**Schedule/ Form**	**File Number**	**Exhibit**	**Filing Date**
31.1+	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2+	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
101.INS+	XBRL Instance Document				
101.SCH+	XBRL Taxonomy Extension Schema Document				
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB+	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE+	XBRL Taxonomy Extension Presentation Linkbase Document				

\+ Filed or furnished herewith.

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