

Upside Potential: 9.6%

Assumptions	
10 Year T-Bill	3.87%
Risk Premium	4.90%
Beta	1.53
WACC	12.00%
Terminal Beta	1.00
Terminal WACC	8.77%
Tax Rate	35.00%



VISA INC

Valuation By: Mike DiMeglio
Date: April 26, 2008

Amounts in millions	Hyper-Growth Stage					Transitional Growth Stage					Terminal Year		
	2004	2005	2006	2007	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Total Revenue	2,429	2,665	2,948	3,590	4,860	6,430	8,242	10,233	12,295	14,283	16,023	17,340	18,077
Growth		9.7%	10.6%	21.8%	35.4%	32.3%	28.2%	24.2%	20.2%	16.2%	12.2%	8.2%	4.3%
Less: COGS	1,999	2,212	2,218	2,386	3,159	3,858	4,945	6,140	7,254	8,284	9,133	9,710	10,123
COGS Margin	82.3%	83.0%	75.2%	66.5%	65.0%	60.0%	60.0%	60.0%	59.0%	58.0%	57.0%	56.0%	56.0%
Gross Profit	430	453	730	1,204	1,701	2,572	3,297	4,093	5,041	5,999	6,890	7,629	7,954
Margin	17.7%	17.0%	24.8%	33.5%	35.0%	40.0%	40.0%	40.0%	41.0%	42.0%	43.0%	44.0%	44.0%
Plus: Equity Earnings of Unconsolidated Subsidiaries	22	31	13	40	49	64	82	102	123	143	160	173	181
Subsidiary Contribution to Revenue	0.9%	1.2%	0.5%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Plus: Interest and Dividends	13	31	67	98	146	193	247	307	369	428	481	520	452
Interest and Dividends Contribution	0.5%	1.2%	2.3%	2.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.5%
EBIT	466	515	810	1,342	1,896	2,829	3,627	4,503	5,533	6,570	7,531	8,323	8,586
EBIT Margin	19.2%	19.3%	27.5%	37.4%	39.0%	44.0%	44.0%	44.0%	45.0%	46.0%	47.0%	48.0%	47.5%
Less: Interest Expense	111	108	90	81	189	251	321	399	479	557	624	676	704
% of Sales	4.6%	4.1%	3.0%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
EBT	354	407	720	1,261	1,706	2,579	3,305	4,104	5,054	6,014	6,907	7,647	7,882
Less: Taxes	133	183	251	316	665	1,006	1,289	1,601	1,971	2,285	2,555	2,753	2,759
Effective Tax Rate	37.41%	45.09%	34.89%	25.05%	39.00%	39.00%	39.00%	39.00%	39.00%	38.00%	37.00%	36.00%	35.00%
EBT(1-t)	222	223	469	945	1,041	1,573	2,016	2,503	3,083	3,728	4,351	4,894	5,123
Plus: Interest	111	108	90	81	189	251	321	399	479	557	624	676	704
Plus: D&A	100	121	125	126	208	275	353	438	526	611	686	742	774
% of Sales	4.1%	4.5%	4.2%	3%	4%	4%	4%	4%	4%	4%	4%	4%	4%
% of CapEx	82%	101%	143%	78%	101%	101%	101%	101%	101%	101%	101%	101%	101%
Operating Cash Flow (OCF)	433	452	683	1,152	1,438	2,099	2,690	3,340	4,088	4,896	5,661	6,312	6,601
Less: CapEx													
Capital Expenditures	122	119	87	160	206	272	349	433	520	604	678	734	765
% of Sales	5.0%	4.5%	3.0%	4.5%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Less: Change in NWC													
Net Working Capital		80	33	52	1	54	62	68	71	68	60	45	25
% of Sales		3.0%	3.9%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Free Cash Flow to the Firm (FCFF)	311	253	563	939	1,231	1,773	2,279	2,839	3,497	4,224	4,924	5,533	5,811
Present Value Factor					93%	83%	74%	66%	59%	53%	47%	42%	37%
PV of FCFF					1,140	1,465	1,682	1,871	2,058	2,219	2,309	2,317	2,173

PV of Hyper/Transitional Growth	17,234
PV of Terminal Growth	48,081
PV of Firm	65,326
plus: Cash and Equivalents	1,022
less: Debt	0
Total Value	66,348.1
divided by: Diluted Shares Outstanding	806
Intrinsic Price per Share	\$82.34
Current Share Price	\$75.10
Upside Potential	9.6%