pennsylvania
DEPARTMENT OF BANKING

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December 6, 2007

TO ALL PENNSYLVANIA STATE-CHARTERED CREDIT UNIONS:

The purpose of this letter is to inform you that it is the position of the Commonwealth of Pennsylvania Department of Banking (the "Department") that Pennsylvania state-chartered credit unions that are eligible members of Visa U.S.A. are pre-approved to receive and retain stock that will be issued by Visa Inc. as part of a corporate restructuring in parity with the ability of federally-chartered credit unions pursuant to Section 501(e)(1) and (f) of the Credit Union Code,[1] subject to the conditions as stated in this letter.

As a matter of background, Visa Inc. recently announced the completion of a corporate restructuring (the "Restructuring") that will result in Visa Inc. issuing common stock to eligible members of Visa U.S.A. (the "Stock"), including credit unions. As part of the Restructuring, Visa U.S.A. will become a subsidiary of Visa Inc. and its eligible members will receive the Stock calculated on the basis of fees a member has generated in the past as a member of Visa U.S.A. The members of Visa U.S.A. will not compensate Visa Inc. for the Stock, will receive the Stock without taking any further action, and are not eligible to receive cash or other rewards in lieu of the Stock. Subsequent to this announcement, the National Credit Union Association ("NCUA") issued an opinion letter dated November 1, 2007 (the "NCUA Letter"), stating that federally-chartered credit unions are authorized to own and hold the Stock.[2] This letter is attached for your reference.

Based upon the foregoing, it is the position of the Department that eligible Pennsylvania state-chartered credit unions may receive and retain the Stock as part of the Restructuring in parity with the ability of federally-chartered credit unions as announced in the NCUA Letter pursuant to Section 501(e)(1) of the Credit Union Code. This position is conditioned upon the following: (1) a Pennsylvania state-chartered credit union may only receive and retain the Stock as part of the Restructuring and may not purchase any additional Visa Inc. common stock subsequent to the Restructuring; and (2) the Department reserves the right to disallow the retention of the Stock in the event that any safety and soundness issue should arise with an individual Pennsylvania state-chartered credit union.

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[1] 17 Pa.C.S. § 501(e)(1), (f).
[2] *See* November 1, 2007, letter by NCUA Associate General Counsel Sheila A. Albin (attached).

In order to expedite the approval process for this activity, the Department is pre-approving this parity authority pursuant to Section 501(f) of the Credit Union Code. Thus, Pennsylvania state-chartered credit unions are not required to individually submit parity notices to the Department under Section 501(f) of the Credit Union Code in order to receive and retain the Stock as discussed in this letter.

Should you need additional information or clarification regarding this letter, please contact Donna Metcalfe, Administrator, at 717.787.7333 or dmetcalfe@state.pa.us. In our supervisory and regulatory role, we at the Pennsylvania Department of Banking continue to look forward to working with you to make the Pennsylvania state charter the charter of choice for financial institutions in Pennsylvania.

Sincerely,

Ronald P. Wysochansky

Ronald P. Wysochansky
Deputy Secretary of Banking

Attachment

November 1, 2007

Joshua Floum, General Counsel
Visa Inc.
P.O. Box 8999
San Francisco, CA 94119

Re: Receipt by Federal Credit Unions of Stock in Visa, Inc.

Dear Mr. Floum:

Visa Inc. recently announced completion of a restructuring that will result in Visa Inc. issuing common stock to members of Visa U.S.A., including credit unions. In the prospectus associated with this issuance of stock, Visa has stated "we expect that federal or state-chartered credit unions may be required to seek the advice of their relevant federal and state regulators in connection with the receipt and holding of our common stock." Visa Proxy-Statement Prospectus, dated June 22, 2007, at p.28.

This statement has likely prompted, at least in part, the inquiries the Office of General Counsel at the National Credit Union Administration has received regarding the permissibility of federal credit unions (FCUs) receiving the stock. Given our understanding of the stock issuance, which is based on our review of the prospectus and discussion with Visa staff, we conclude FCUs may receive and retain the Visa stock because it is a by-product of lending, a permissible activity for FCUs, and does not require FCUs to invest in an otherwise impermissible investment.

Summary of Transaction

Visa U.S.A. will become a subsidiary of Visa Inc. as part of a restructuring and its members will receive stock in Visa Inc. calculated on the basis of fees a member has generated in the past. Members will not compensate Visa Inc. for the stock, will receive the stock without taking any further action, and no cash or other rewards to members are available in lieu of the stock.

Analysis

Generally, the Federal Credit Union Act does not authorize FCUs to invest in the stock of companies other than credit union service organizations (CUSOs), and Visa Inc. is not a CUSO. 12 U.S.C. §1757; See OGC Op. No. 92-0916 (October 27, 1992)(attached). The Visa restructuring, however, presents a unique situation. FCUs are not actually making an investment in Visa stock, namely, they are paying no tangible consideration and are receiving it as the result of the business decisions of Visa, a third party. Further, one primary aspect of the business of credit unions is to lend to their members, and an FCU's eligibility for Visa stock is directly connected to the FCU's previous volume of lending as a part of the Visa program. Accordingly, we conclude FCU receipt of this Visa stock is the by-product of a permissible lending activity, and an FCU may receive and retain the stock unless its examiner determines holding the stock is a safety and soundness problem for that FCU.

State-chartered credit unions should consult with the appropriate state supervisory agency about the permissibility of their receipt of the stock and any regulatory restrictions that may apply.

Sincerely,

/S/
Sheila A. Albin
Associate General Counsel

OGC/PMP/SAA:bts
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