

August 20, 2010

Via Email

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1840-100

Request for comments on Exposure Draft of Proposed Accounting Standards Update on Contingencies (Topic 450), or "the proposed update"

Visa Inc. is a global payments technology company that enables consumers, businesses, banks and governments around the world to use digital currency via payment processing platforms that include consumer credit, debit, prepaid and commercial payments.

We appreciate the opportunity to comment on the proposed update. While we support the FASB's objective to improve disclosures on loss contingencies for financial statement users, we believe certain provisions in the proposed update as drafted will not achieve the primary objective of enabling financial statement users to understand the nature, potential magnitude and potential timing of loss contingencies.

Furthermore, we believe some of these proposed standards would unfairly disadvantage defendants in legal matters and have the potential to mislead financial statement users as to the merit (or lack of merit) of an asserted legal claim.

Our comments address whether the disclosure requirements in the proposed update would create operational issues, result in disclosure of prejudicial information, and ultimately enhance the information provided to financial statement users related to loss contingencies, in particular litigation contingencies.

Question 1: Are the proposed disclosures operational? If not, explain why.

We do not believe the proposed disclosures are operational. In particular, we are concerned about requiring the disclosure of publicly available, quantitative data to help the financial statement user assess the magnitude of possible loss.

Complex litigation matters often span many years, involve many parties, and generate a very large volume of "quantitative information." For instance, one

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matter may include scores of individual cases -- as when multiple lawsuits are consolidated into one multi-district litigation proceeding -- each with its own complaint setting forth a measure of damages. There may be scores of parties (e.g., named plaintiffs, class representatives, insurance companies, parent corporations), each of which may retain its own expert witness to generate unique calculations of alleged damages. Financial analysts and legal commentators may have their own quantitative views about the merits of the case or range of exposure.

The changes set forth in the proposed update would require a company to collect, disclose, and update each such data point every fiscal period, even if management does not believe the data is helpful to understanding the merits of the litigation. Assembling the disclosures would require investment of substantial time and expense, but result in disclosures that confuse rather than clarify. The financial statement user will be faced with voluminous data points, many of which are unrealistic or highly speculative, without any meaningful way to filter the wheat from the chaff. In instances such as this, we do not believe that more disclosure equates to better disclosure. Legal matters can already be challenging for the lay reader, and the changes described in the proposed update are likely to lead to misapprehension of a company's risk exposure. The better policy is to allow management to determine when disclosure of available quantitative information will help a financial statement reader better understand a litigation contingency.

Question 3: Do you agree that an explicit exemption from disclosing information that is "prejudicial" to the reporting entity is not necessary because the amendments in this proposed update would:

- a. not require any new disclosures based on management's predictions about a contingency's resolution
- b. generally focus on information that is publicly available
- c. relate to amounts already accrued in the financial statements
- d. permit information to be presented on an aggregated basis with other similar loss contingencies?

If not, explain why.

We do not agree. We believe that the changes in the proposed update would result in disclosures that reveal prejudicial information that could impact, to a company's detriment, the ultimate outcome of litigation. In particular, we are concerned with the requirement that a company disclose the amount it has accrued for a specific litigation contingency.

We believe the disclosed accrual amount, coupled with the presentation of other required quantitative disclosures, will reveal to the public (and thus the plaintiff) confidential information about a company's litigation theory and strategy. For example, if a company has set an accrual for a particular litigation matter and

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then enters into mediation of the claim, that accrual becomes the floor for negotiation, as the plaintiff is well-aware of how much the defendant is already prepared to pay. The defendant is therefore automatically disadvantaged in the negotiation process. We also believe these disclosure requirements could undermine attorney-client privilege and other legal confidentiality protections. The changes would require significant resources, both internally and with external counsel, to review whether disclosures include prejudicial information. Lastly, permitting aggregated disclosures for similar contingencies offers no relief for companies with few litigation contingencies, or those with just one readily identifiable complex litigation contingency.

Question 5: Do you believe that the proposed disclosures will enhance and improve the information provided to financial statement users about the nature, potential magnitude, and potential timing (if known) of loss contingencies?

For the reasons noted above, we do not believe that the proposed disclosure requirements will meet the primary objective of the proposed update, which is to enhance and improve information available to financial statement users and help them evaluate a company's contingencies. Instead, we believe the "quantitative information" requirements will result in the disclosure of voluminous data points that are not necessarily accurate, meaningful, predictive or material to the ultimate outcome of the contingency.

In addition, we believe that the proposed requirements could collaterally change the data they are meant to help disclose. Knowing FASB requires a defendant to disclose any "quantitative information," a plaintiff would have an incentive to inflate his damages estimate wildly as a way of gaining leverage over the defendant in settlement negotiations.

As we noted, more disclosure is not always better disclosure, and can easily confuse financial statement users as they evaluate the information on which they base investment decisions. Litigation contingencies in particular are not well-suited to numerical analysis. Offering all available "quantitative information" to readers may convey a false sense of certainty about complex litigation matters whose outcome may remain uncertain for many years to come.

We believe that management is in the best position to judge which disclosures are most relevant and meaningful to financial statement users. We would support a disclosure standard that is principles-based and provides companies with a list of criteria to consider in making disclosure decisions, rather than mandating disclosure simply because data is available.

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We appreciate the opportunity to submit our views to you. If you have any questions about our comments, please contact me at (650) 432-8165.

Sincerely,

/s/ James Hoffmeister

James Hoffmeister Global Corporate Controller

cc: Tom M'Guinness, Head of Global Corporate Legal