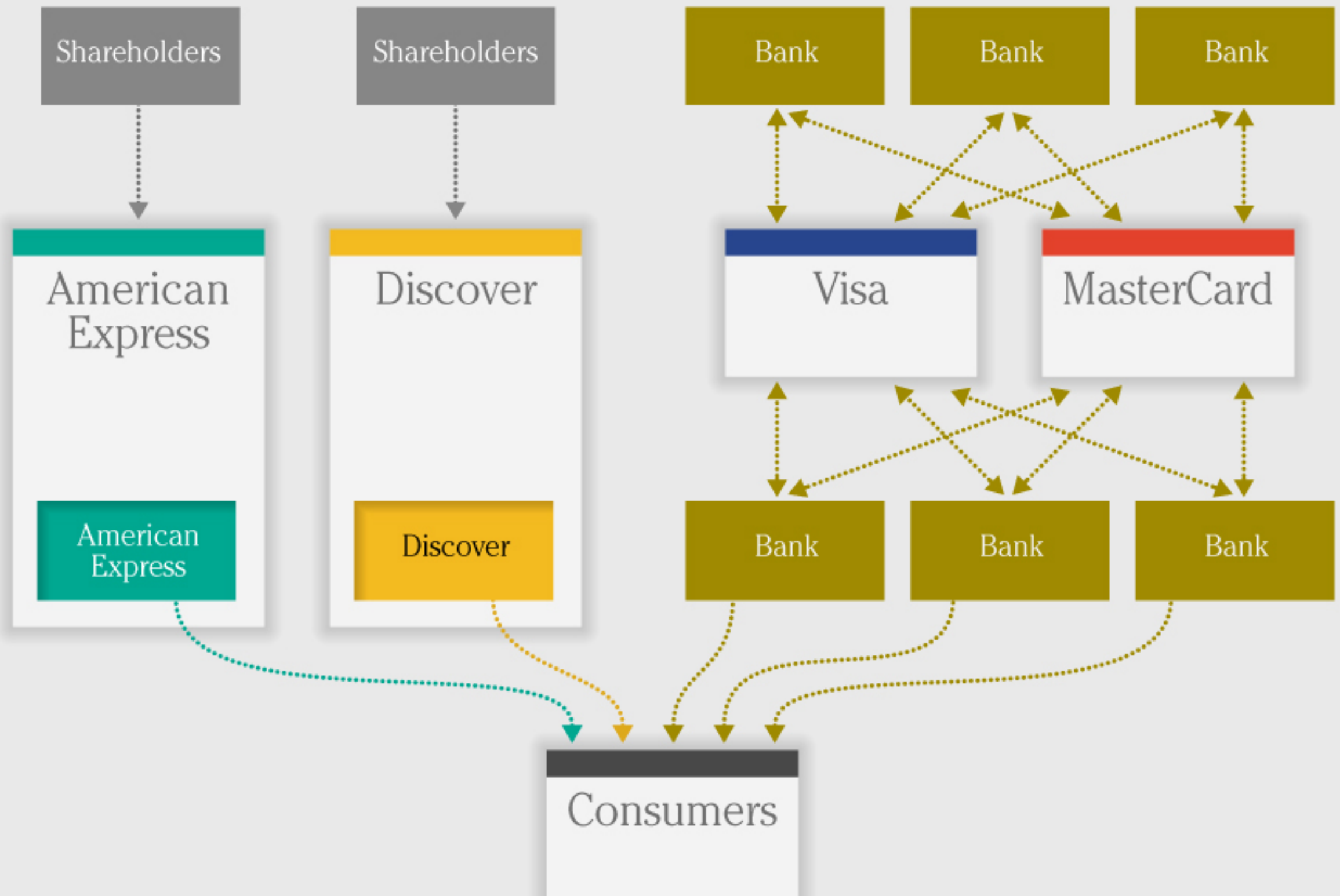


Structure of the Payment Card Industry



Visa Is a Cooperative or “Open” Joint Venture

MERCHANTS

Each **MEMBER BANK** sets the terms under which merchants agree to accept Visa cards

VISA PROVIDES:

- Brand advertising
- Development of new products and services
- Telecommunications processing, authorization and settlement infrastructure
- Operating regulations
- Technical standards

Each **MEMBER BANK** establishes its own fees, finance charges, credit limits, credit standards and rewards programs

CONSUMERS



The Clearing and Settlement Process



- Occurs after the *MERCHANT'S* close of business.
- *MERCHANT* transmits all sales and returns data from that day to its *ACQUIRER* or *ACQUIRER'S DESIGNATED PROCESSOR*.



The Clearing and Settlement Process



- *The ACQUIRER forwards the data to VISA NET for clearing and settlement.*



The Clearing and Settlement Process



- *VISA NET sorts and balances the data.*



The Clearing and Settlement Process



- *VISA forwards the data to the appropriate **ISSUER** or the **ISSUER'S DESIGNATED PROCESSOR**.*



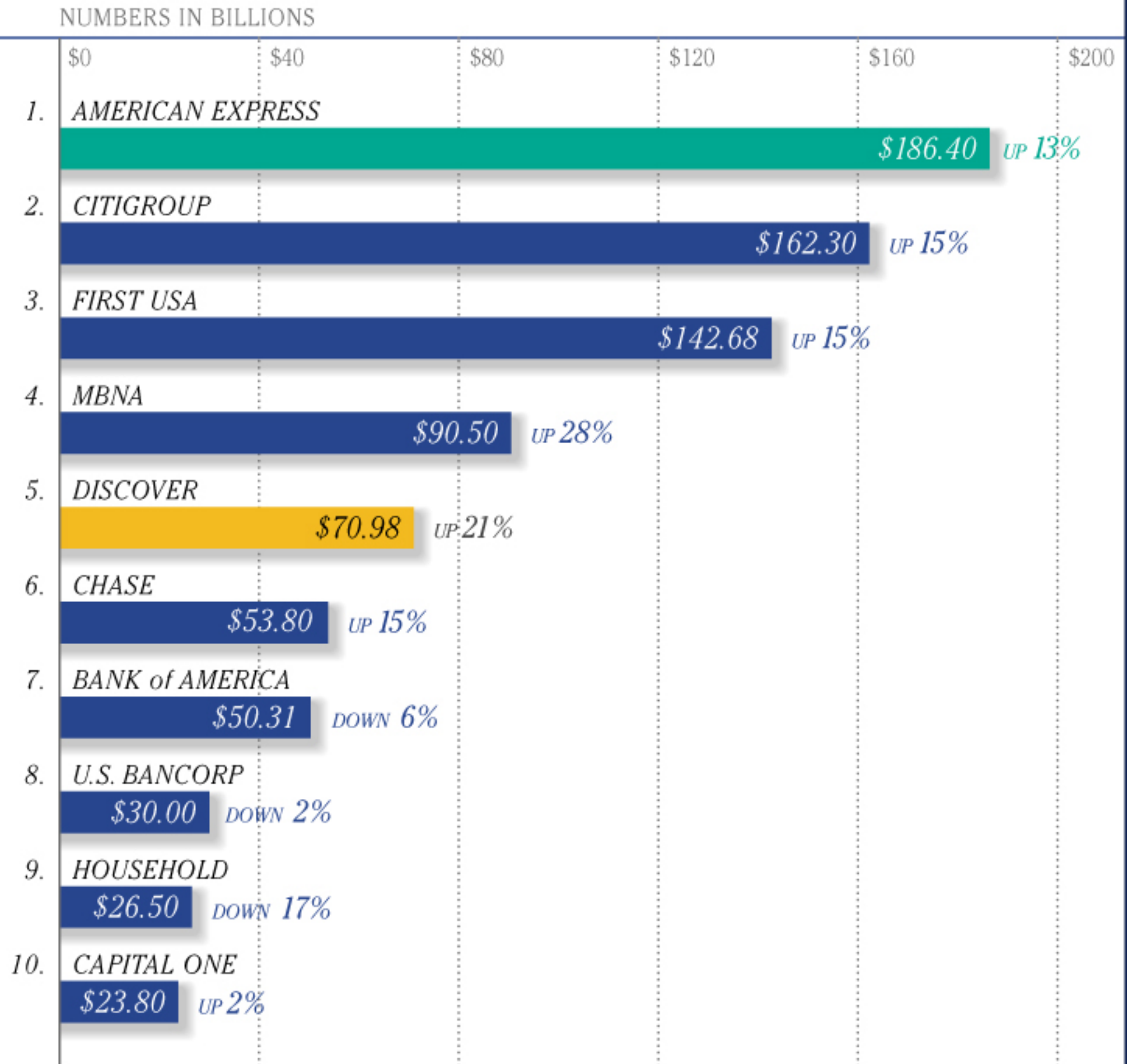
The Clearing and Settlement Process



- *The ISSUER processes the data internally.*
- *The ISSUER then posts the sales transaction data to the cardholder's account, thereby reducing the amount of credit available to the cardholder.*



1999 Ten Largest Issuers Based upon Cash and Credit Purchase Volume

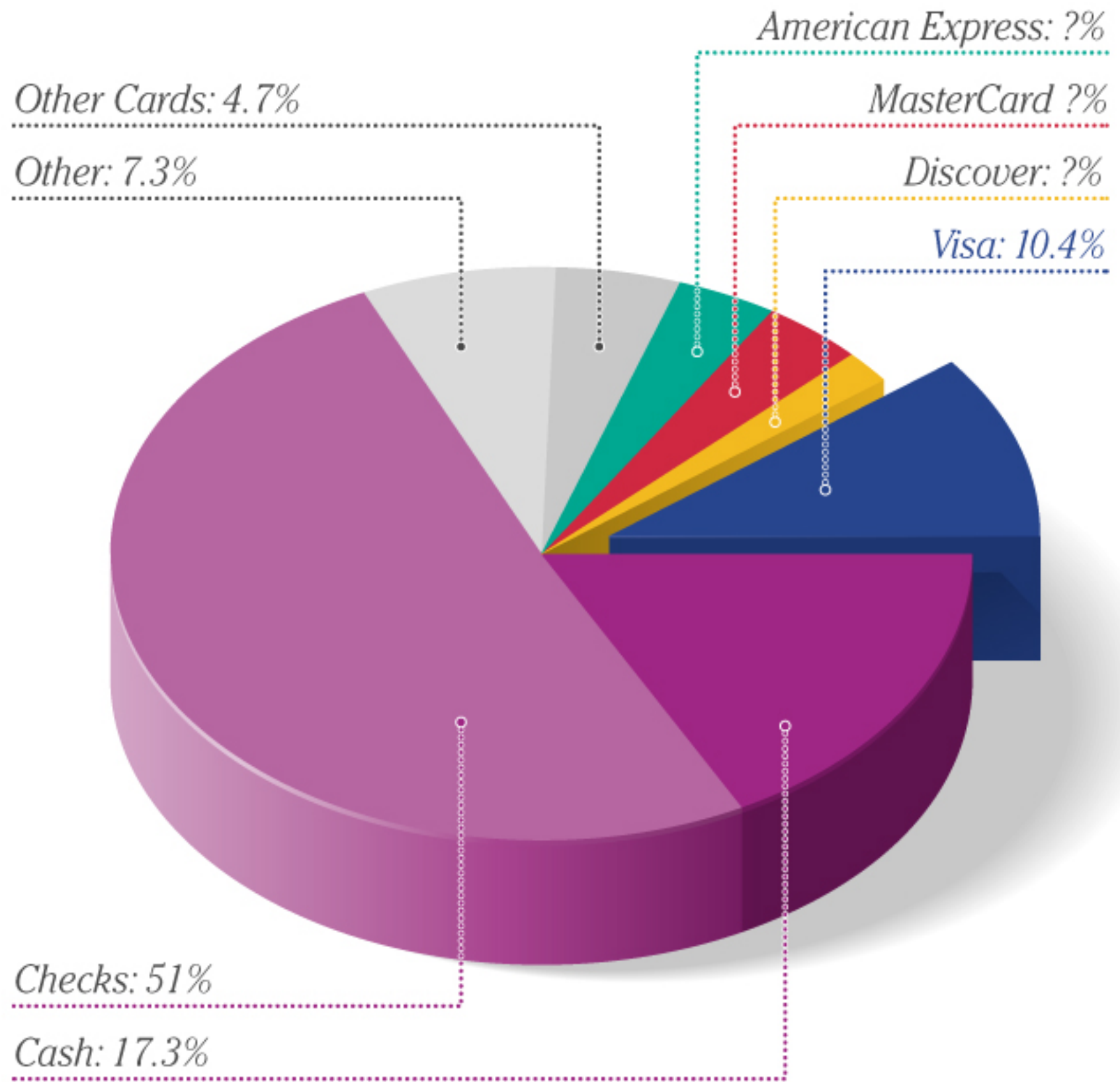


Source: The Nilson Report, Number 708, January 2000



*Payment Share
of Personal
Consumption
Expenditures
(PCE)*

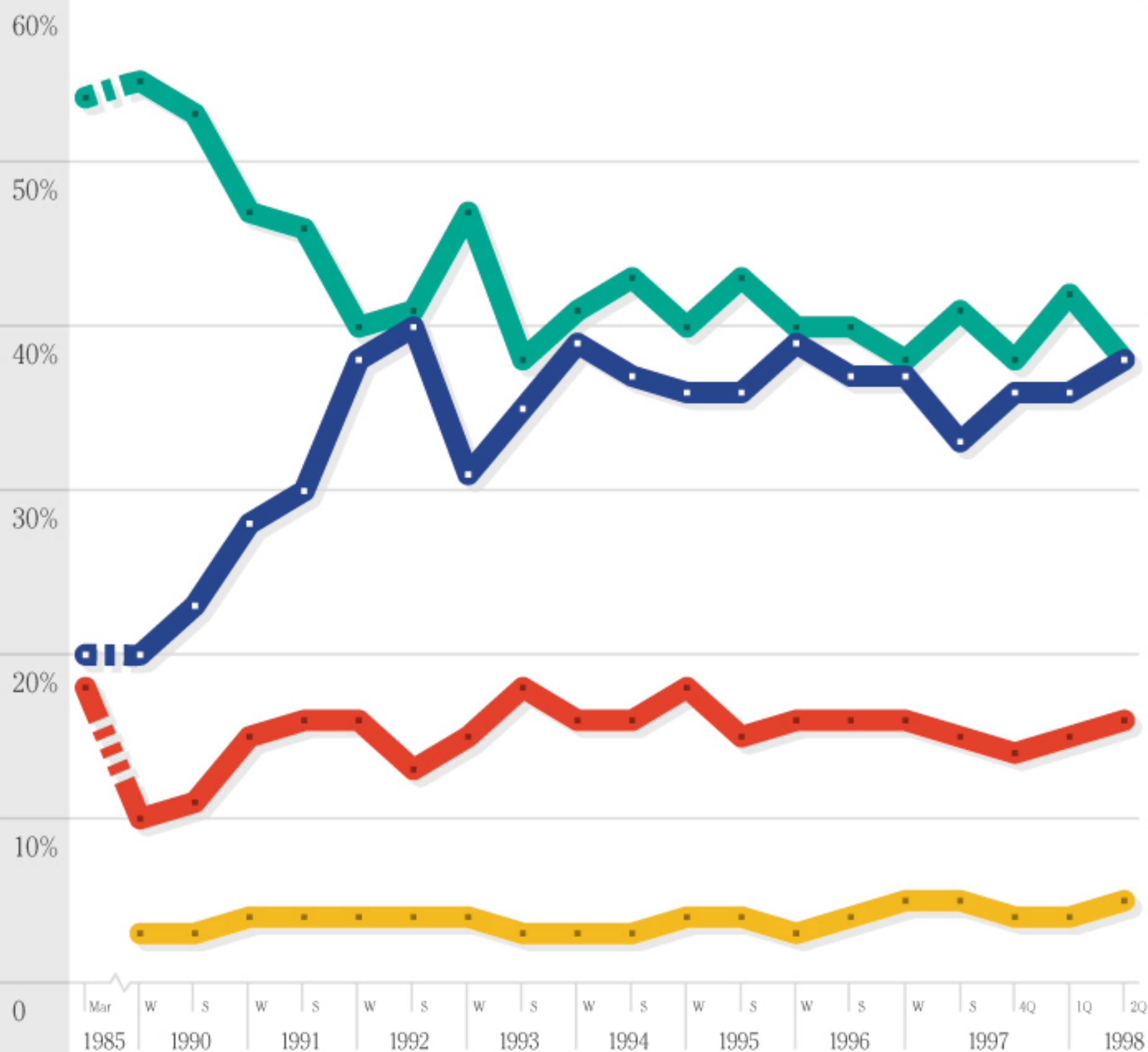
1998 PCE



Source: Government Deposition Exhibit 362; P-0741

Results of Credit and Charge Cardholder Tracking Study

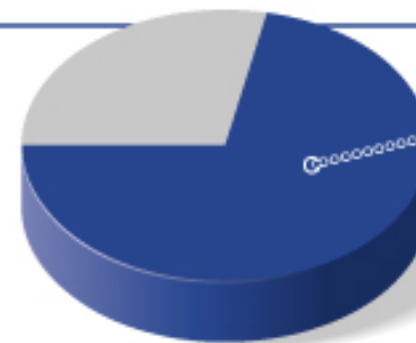
Best Card – Business T & E



*Visa Board
Members'
Card Portfolio
Composition
1995 – 1999*

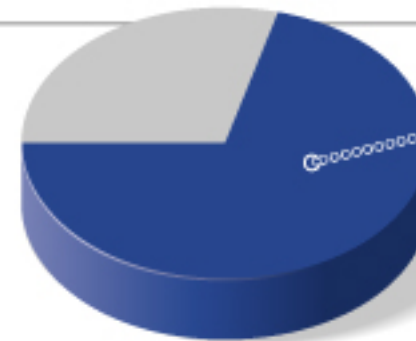
Share of Cards

1995



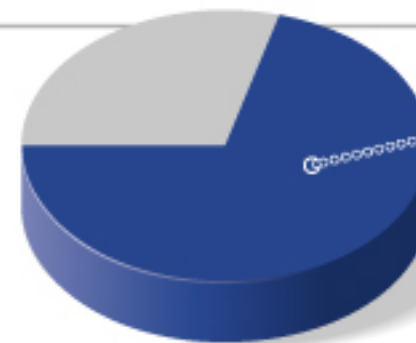
71.1%
Visa

1996



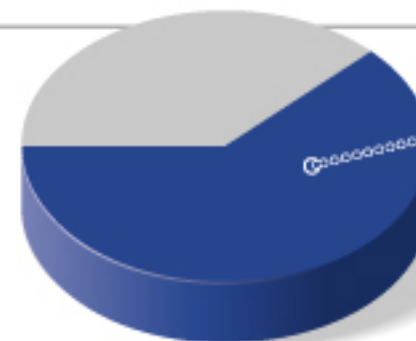
70.8%
Visa

1997



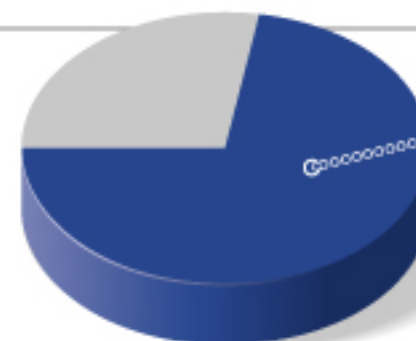
70.7%
Visa

1998



62.3%
Visa

1999



72.3%
Visa



*Source: Rebuttal Report of Michael Katz,
March 20, 2000; Figure X*

*Data for all board members was not available.
Shares are weighted by portfolio size.*