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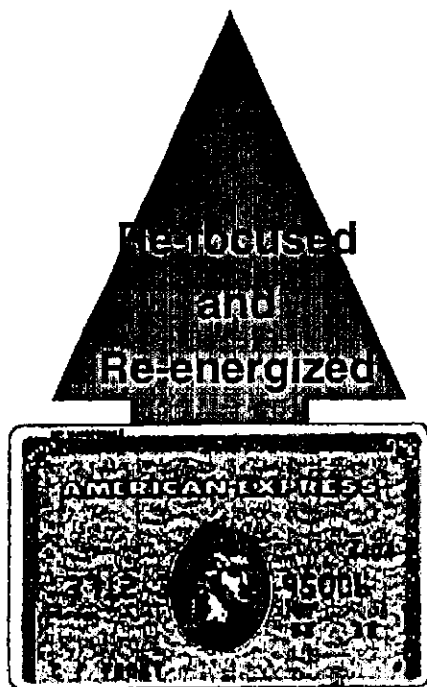


Visa U.S.A. Commercial Card Products FY97

P-0061

October 1996

U.S. Commercial Card Products

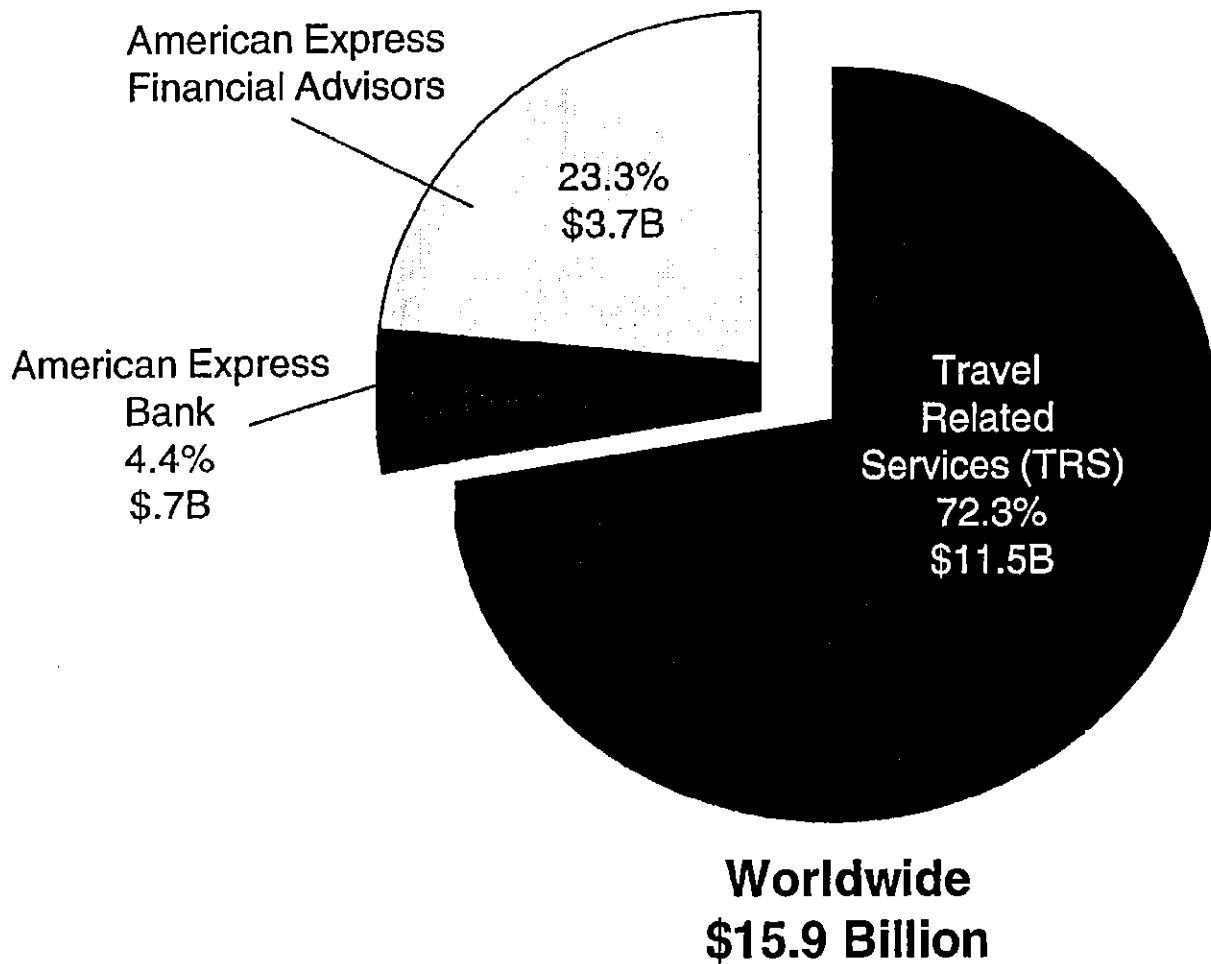


Amex U.S. Growth Plans

- ✓ Launch Array of New Targeted Card and Other Products
- ✓ Grow Merchant Base
- ✓ ***Expand Commercial Card Business***
- ✓ Provide Range of Travel and Financial Services Targeted to Heavy Spenders
- ✓ Consolidate Total Spending of Customers
- ✓ Leverage Alliance Partnerships
- ✓ Continue Cost Cutting

U.S. Commercial Card Products

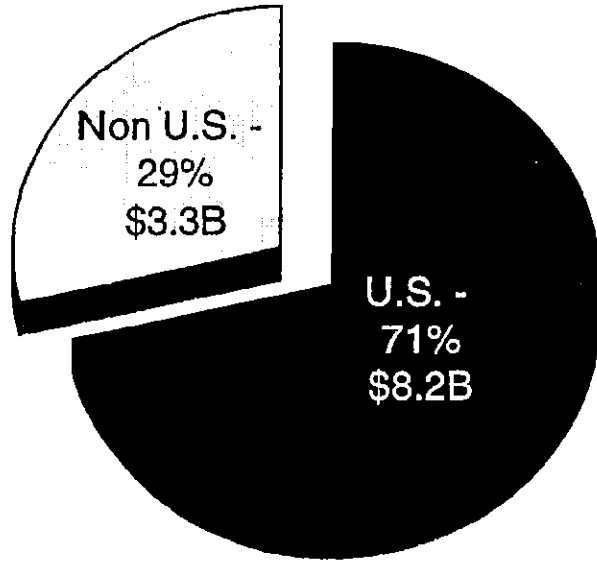
American Express Revenues - Worldwide



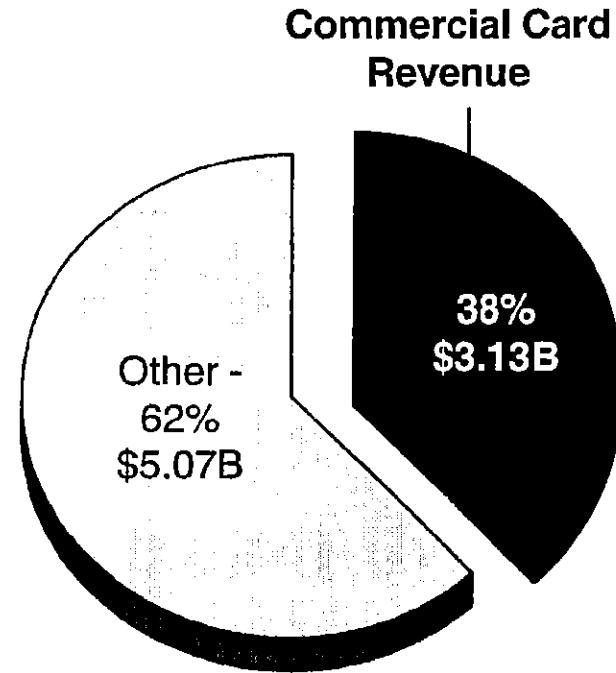
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U.S. Commercial Card Products

American Express Commercial Revenues - U.S.



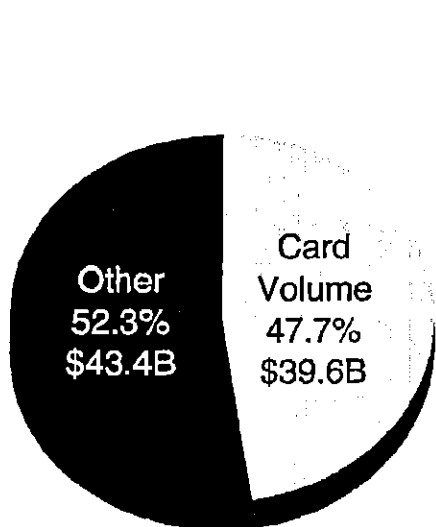
TRS Geographic Distribution
\$11.5 Billion



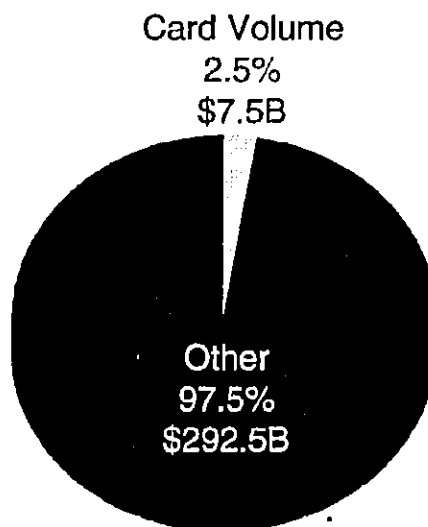
U.S. TRS Revenues
\$8.2 Billion

U.S. Commercial Card Products

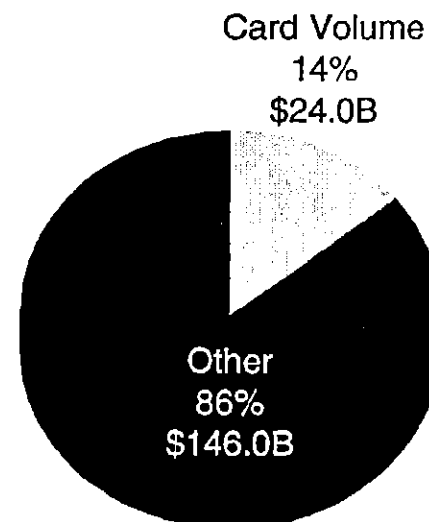
1996 Projected Penetration



Corporate
\$83 Billion



Purchasing
\$300 Billion

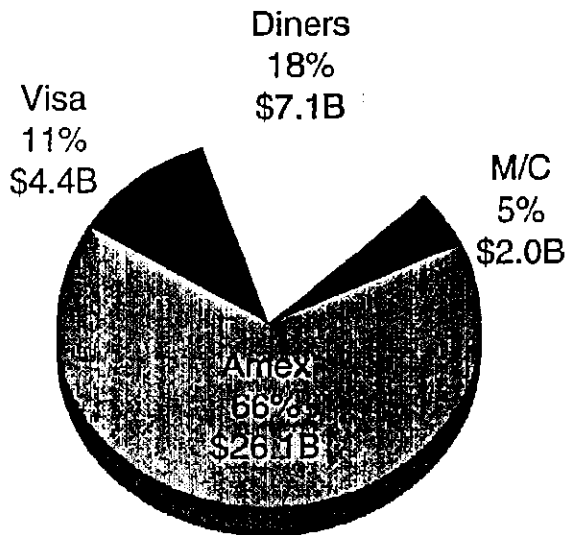


Business
\$170 Billion

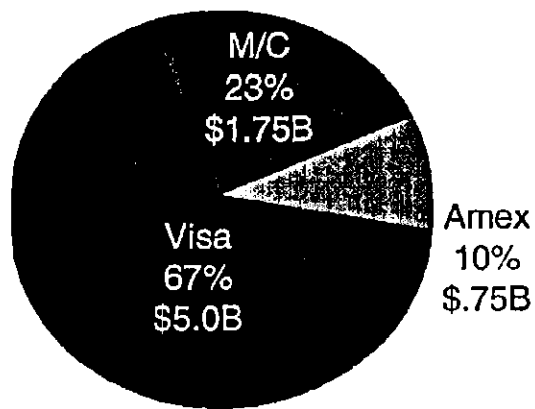
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U.S. Commercial Card Products

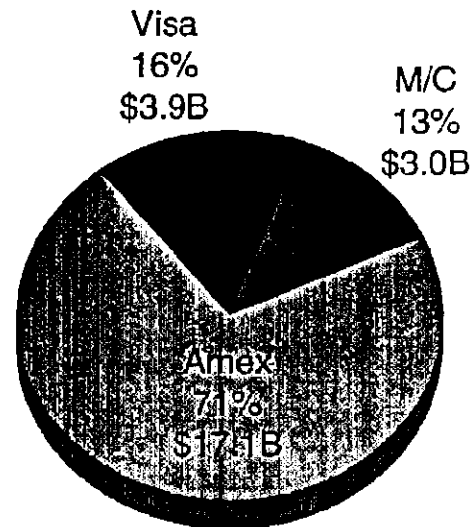
1996 Market Share



Corporate
\$39.6 Billion



Purchasing
\$7.5 Billion

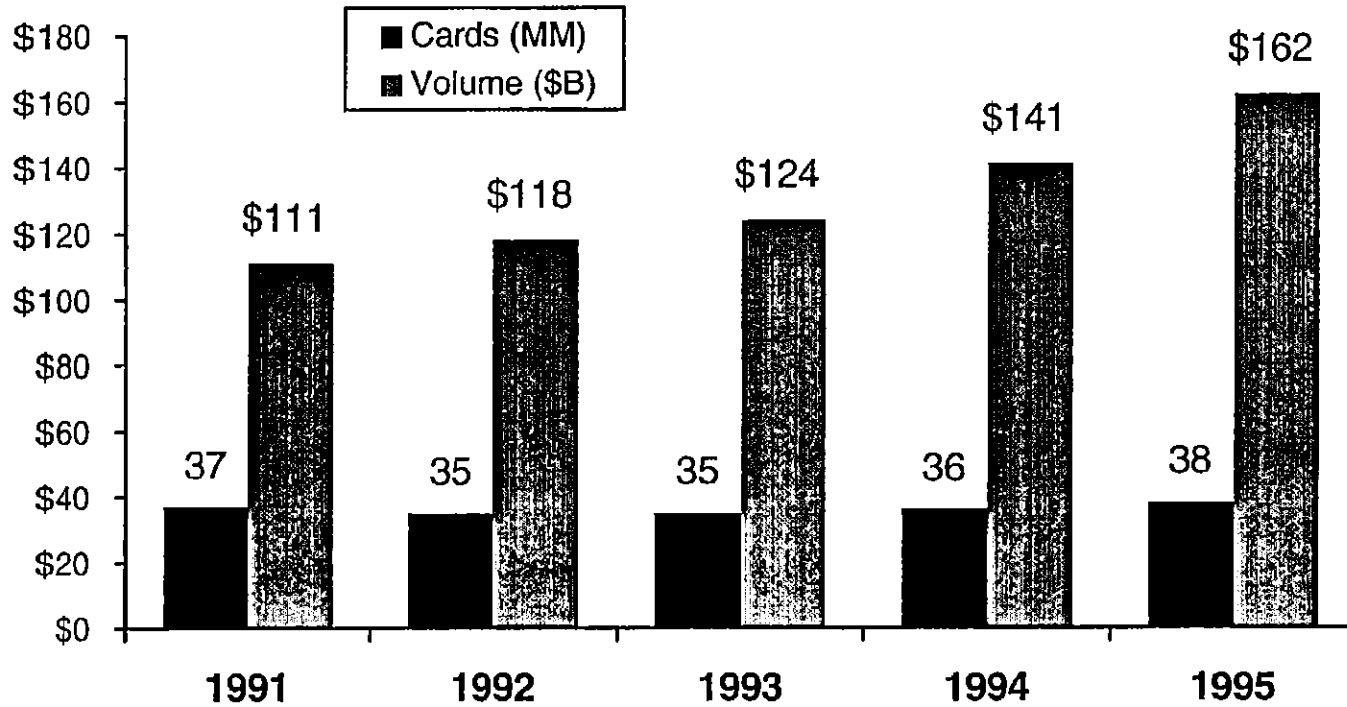


Business
\$24.0 Billion

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U.S. Commercial Card Products

American Express Worldwide Charge Volume Continues to Grow



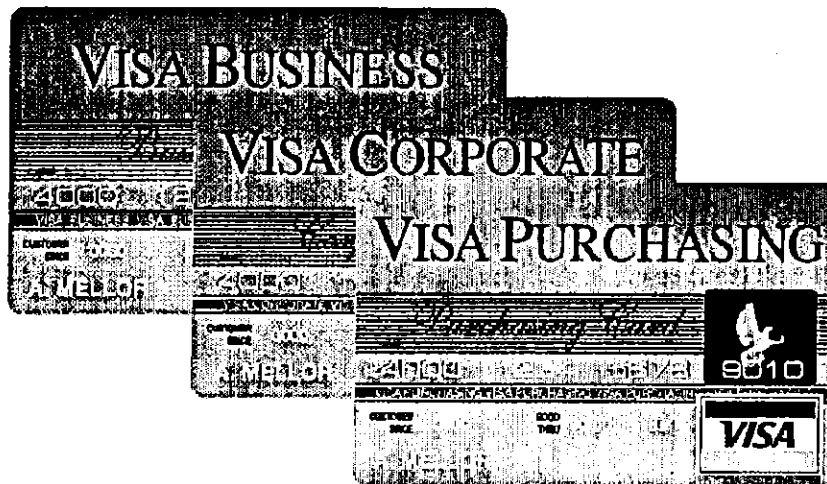
Volume Share Increase		6.3%	5.1%	13.7%	14.9%
Average Share Price	\$24	\$23	\$29	\$29	\$37

Source: Standard & Poor's
 12/15/95

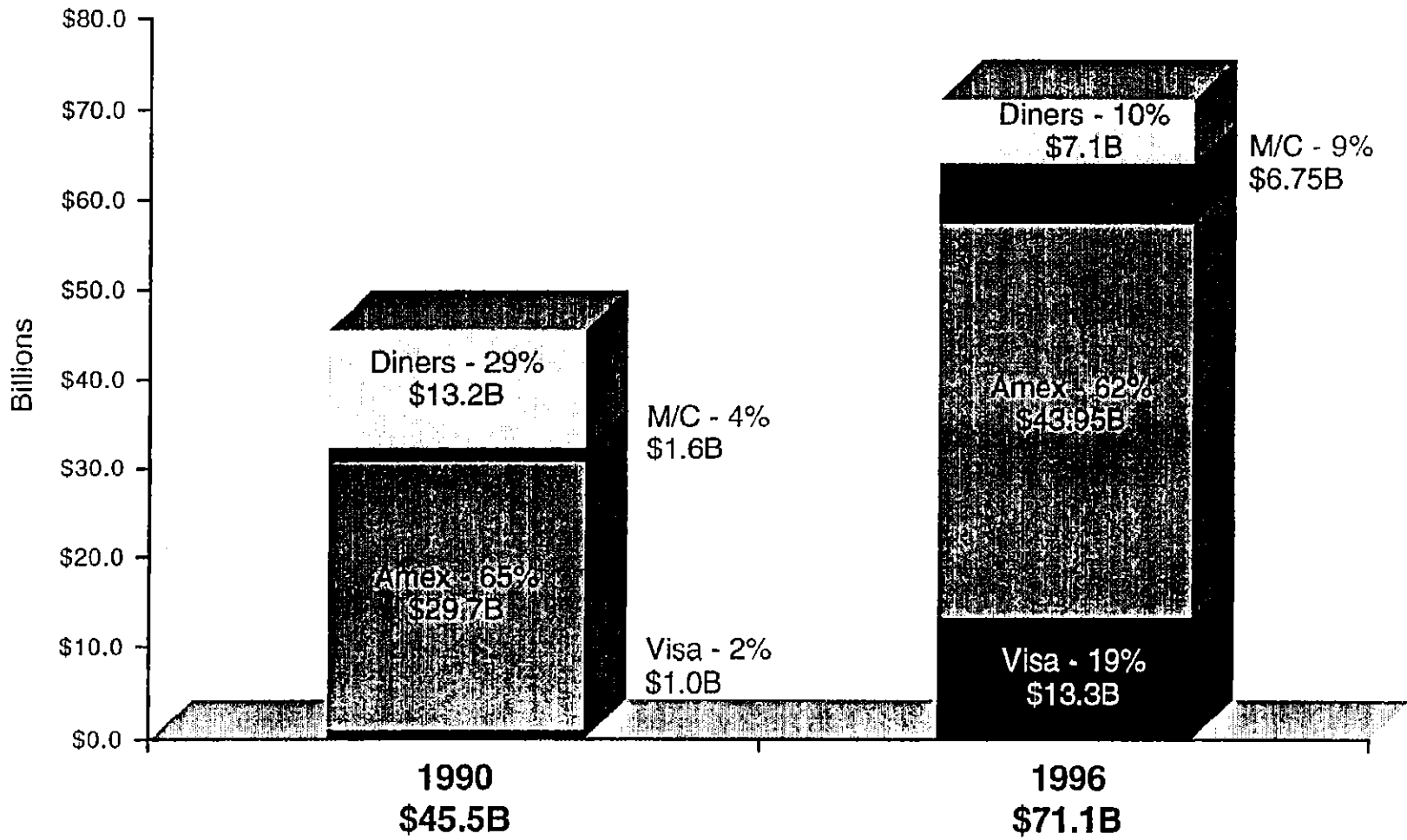
U.S. Commercial Card Products

Objectives:

- Accelerate Growth of Commercial Market
- Take Share and Volume from American Express
- Increase Member Profitability

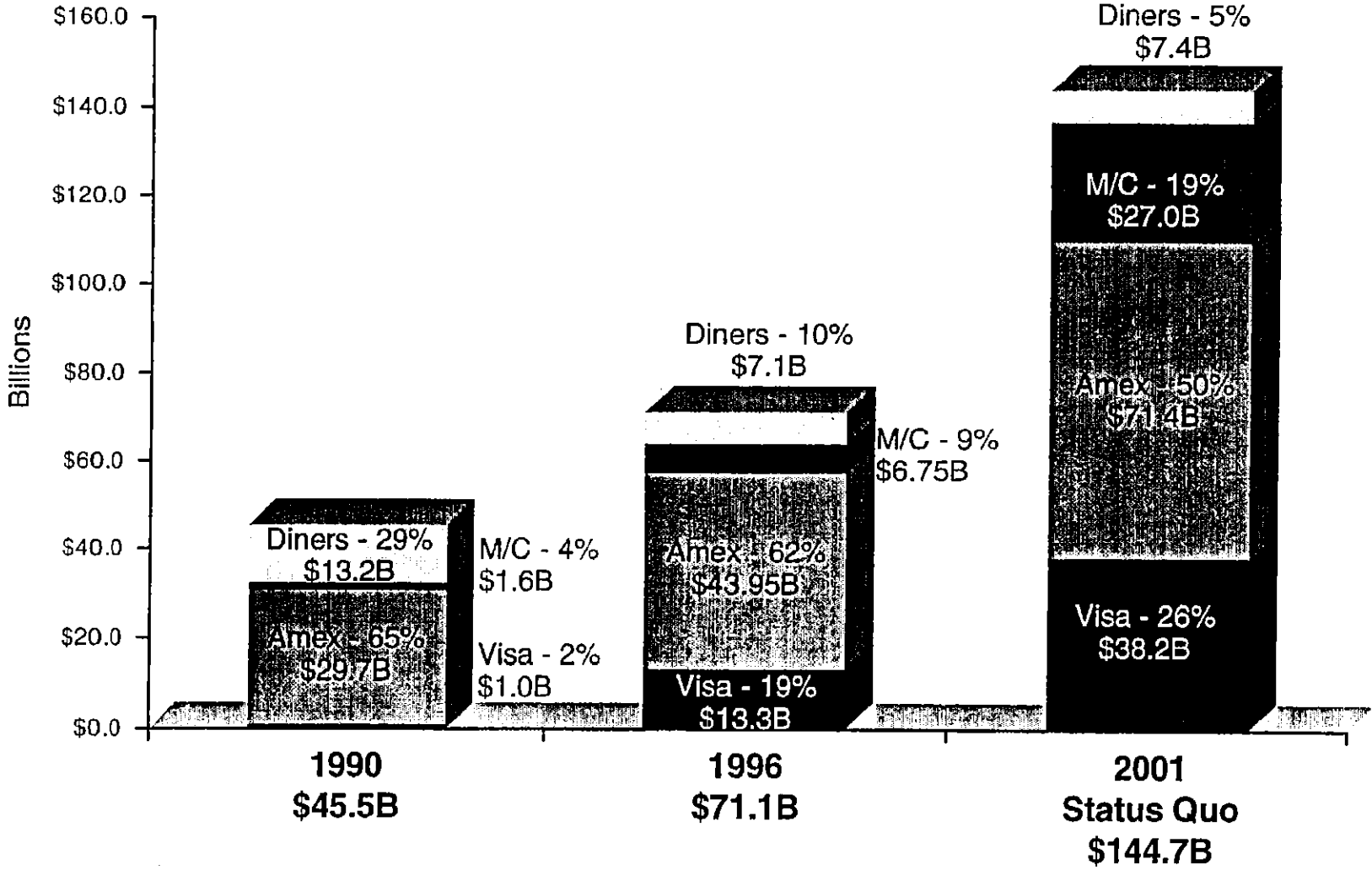


U.S. Commercial Card Products



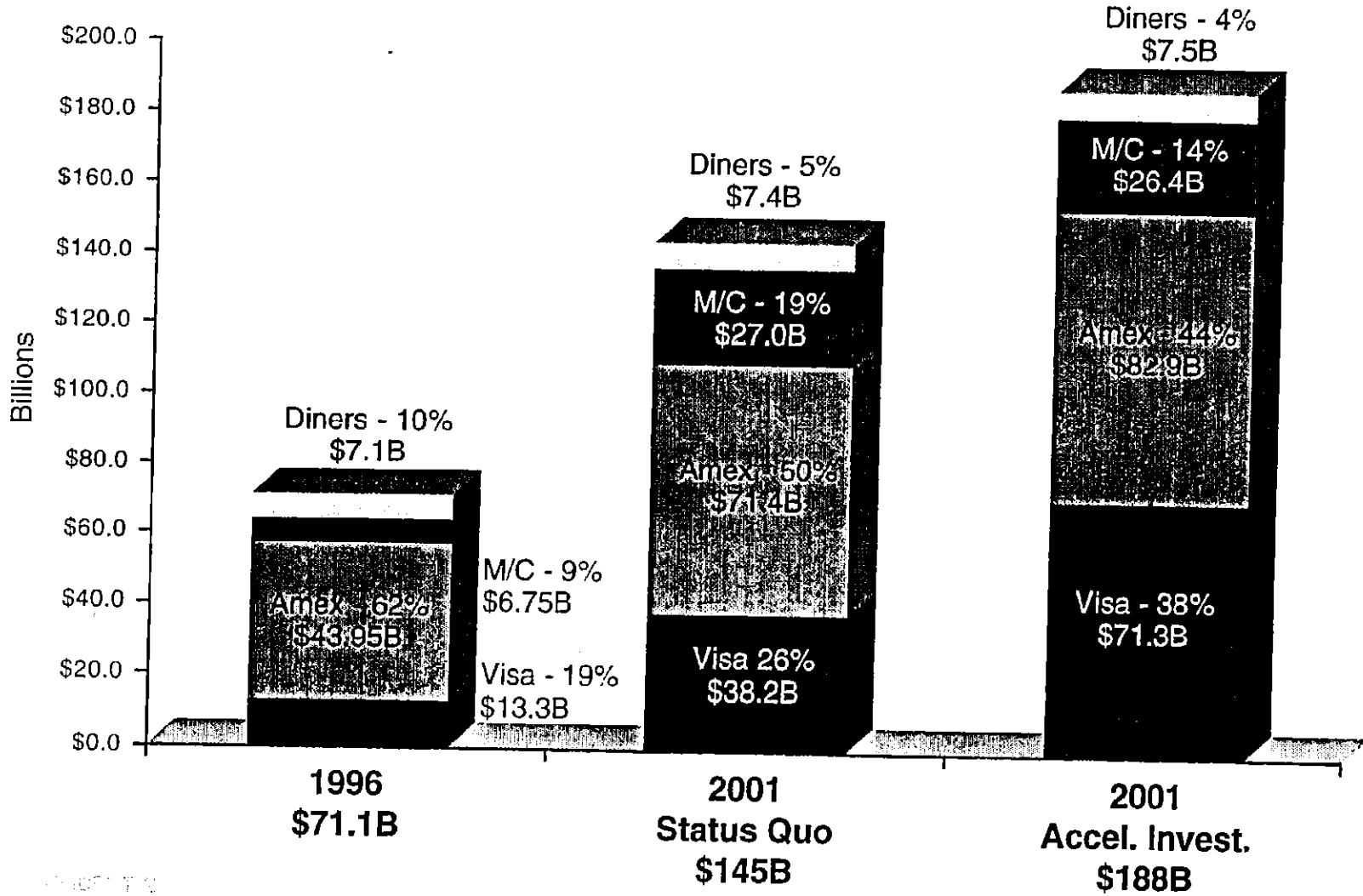
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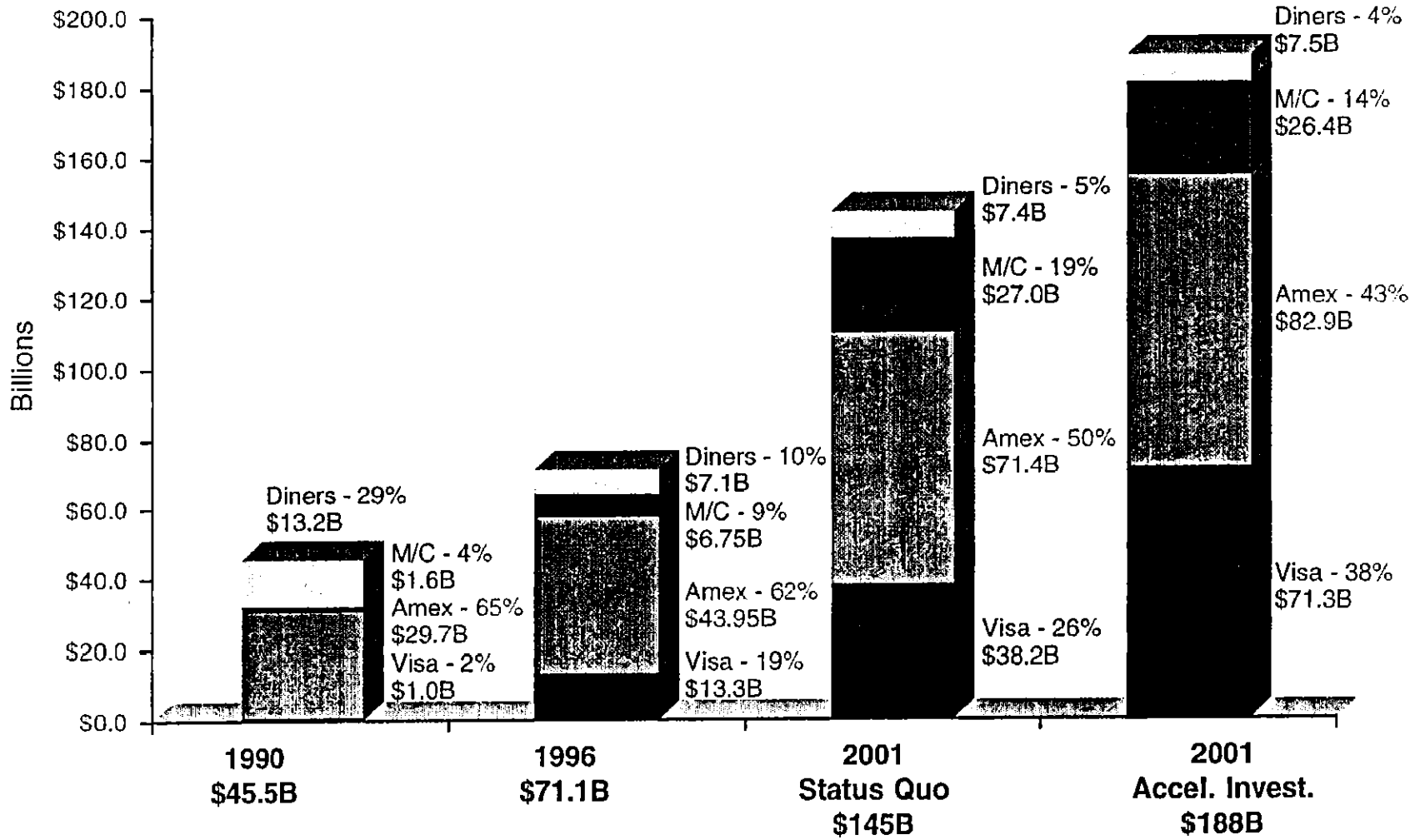
U.S. Commercial Card Products



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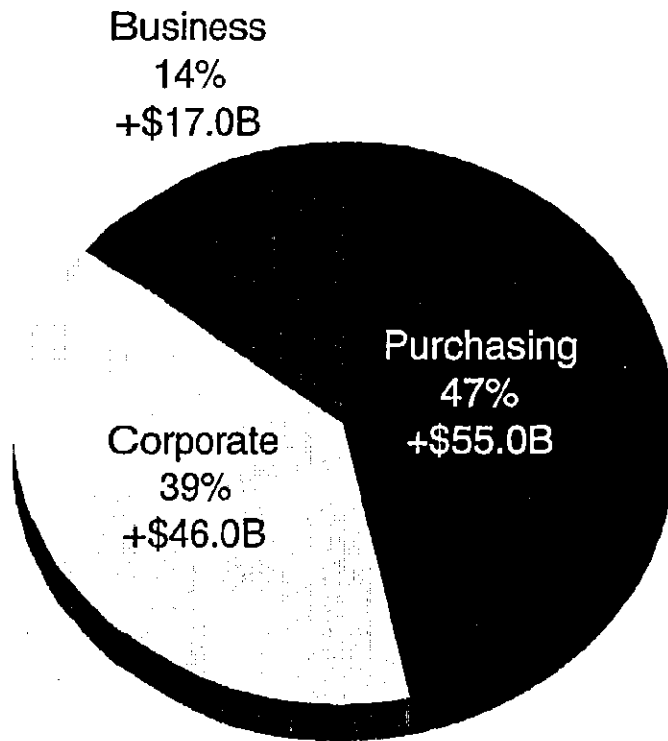
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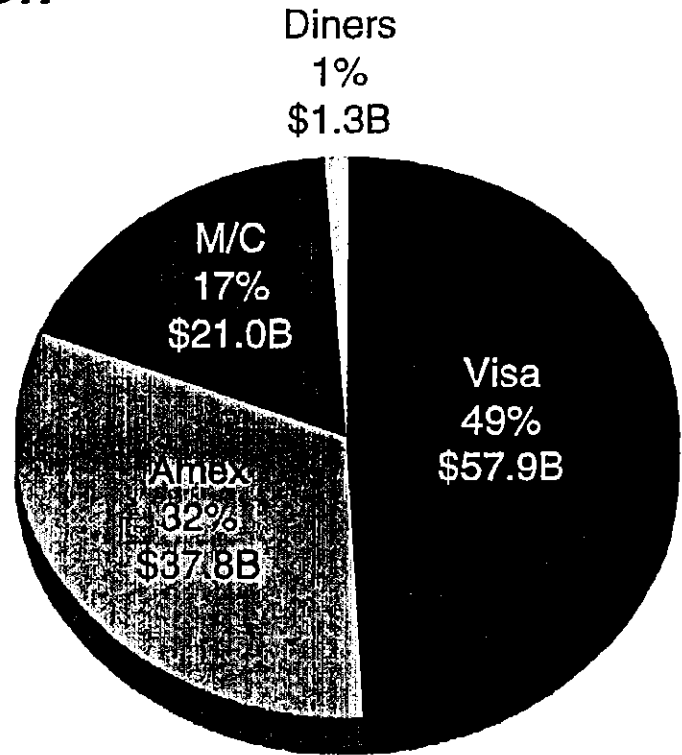
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Percent of Anticipated Growth 1996-2001

\$118 Billion



By Product Category

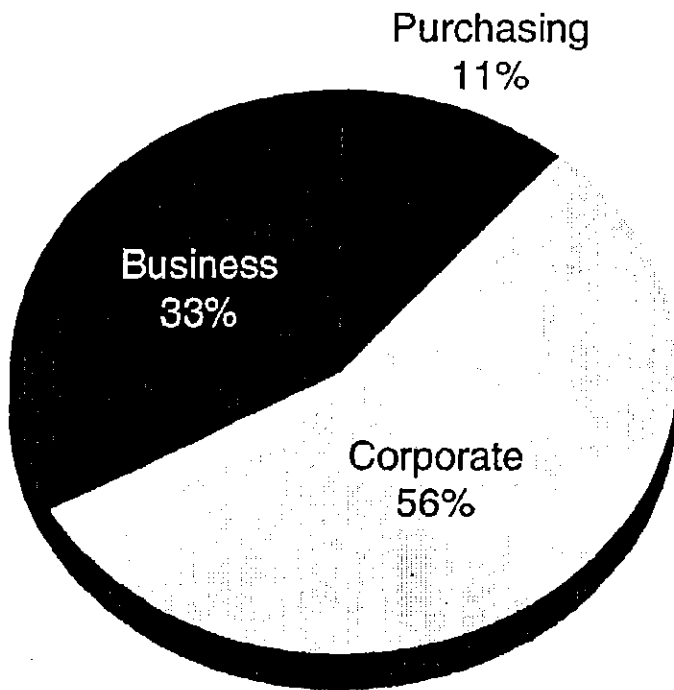


By Brand

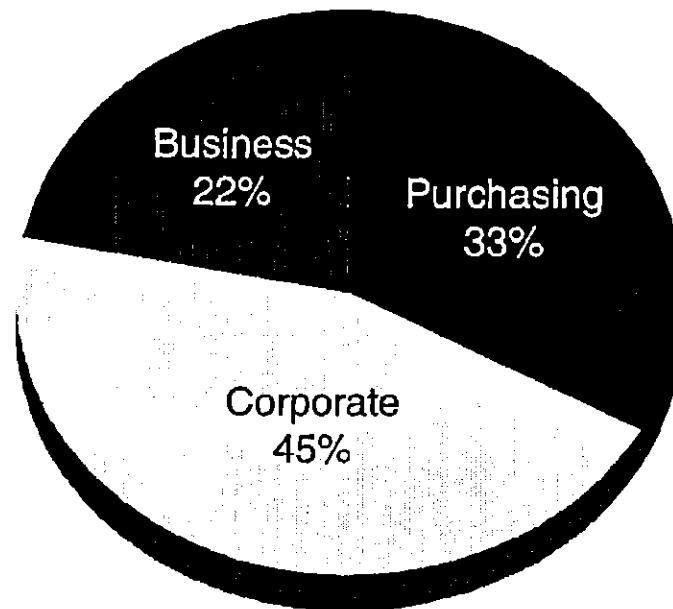
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U.S. Commercial Card Products

Product Mix



1996
\$71 Billion



2001
\$189 Billion

U.S. Commercial Card Products

Initiatives Required for All Products

- Interchange Increase Required to Enhance Profitability and Incent Delivery of Transaction Data from Point of Sale
- Boston Consulting Group Retained to Assist in Development of Long-term Strategy, Plan and Priorities
- Improved Product Utility to Meet Competitive Offerings

U.S. Commercial Card Products

Expected R.O.A. - Third Year of Program

- Visa Corporate - 2% R.O.A.
 - 2.5% R.O.A. With Revised Interchange

- Visa Purchasing - 3% R.O.A.
 - 4.0% R.O.A. With Revised Interchange

- Visa Business - 4% R.O.A.
 - 5.0% R.O.A. With Revised Interchange



Source: 1996 Visa Functional Cost Study - All R.O.A.'s Pre-Tax

U.S. Commercial Card Products

Visa Product Issues

- Visa Corporate
 - Improve Data Flow from Largest- Volume Business Travel Merchants
 - Add Expense Reporting, Booking and Travel Expense Analysis Capabilities
 - Provide Product Expertise and Implementation Resources to Members

- Visa Purchasing
 - Deliver Enhanced Data and Drive Market Penetration
 - Drive Card Usage at Corporate Clientele
 - Expand Merchant Acceptance and Enhanced Data Delivery
 - Develop Advanced Capabilities Such as Electronic Commerce/On-Line Catalog Capabilities to Prevent Disintermediation

- Visa Business
 - Develop and Deliver Small Business Reporting
 - Provide Business Debit Card
 - Build Market Awareness and Differentiate from Consumer and Other Business Cards

U.S. Commercial Card Products

Strategy Execution

- Visa Corporate
 - Dedicate Resources to Product
 - Build/Buy More Robust Reporting
 - Develop New Technology (Chip Card)

- Visa Purchasing
 - Deliver Enhanced Data to Clients to Increase Card Usage and Spend
 - Develop New Technologies to Enable Card Usage in Next Century

- Visa Business
 - Dedicate Resources to Build Stronger Delivery Channels
 - Deliver Debit Card Functionality
 - Build/Buy More Robust Reporting

U.S. Commercial Card Products

Visa Corporate - Budget Detail

	<u>1996</u>	<u>1997</u> <u>"Status Quo"</u>	<u>1997</u> <u>Accel. Inv.</u>
<u>Corporate Core Activities (000)</u>			
■ Member Sales and Implementation Support	\$ 75	\$ 100	
■ Member Materials		\$ 190	
■ Member Education & Training		<u>\$ 100</u>	
Total Activities	<u>\$ 75</u>	<u>\$ 390</u>	
<u>Corporate Card Projects (000)</u>			
■ Strengthen Product Offering	\$150		\$ 5,400
- Deliver More Segments of Airline Data			
- Incent Non-airline T&E Merchants to Pass Data			
- Develop Chip Card Functionality			
■ Product Line Extensions			\$ 100
■ Build/Buy Expense Reporting Package			\$ 250
■ Dedicated Resources			<u>\$ 450</u>
Total Projects	<u>\$150</u>		<u>\$ 6,200</u>
Grand Total	<u><u>\$225</u></u>	<u><u>\$390</u></u>	<u><u>\$6,200</u></u>

U.S. Commercial Card Products

Visa Purchasing - Budget Detail

	<u>1996</u>	<u>1997</u> <u>"Status Quo"</u>	<u>1997</u> <u>Accel. Inv.</u>
<u>Purchasing Core Activities (000)</u>			
■ Product Management	\$ 185	\$ 220	
■ Member Materials, Education & Training	\$ 170	\$ 670	
■ Client Implementation Support	\$ 650	\$1,230	
■ Merchant Acceptance Materials	\$ 500	\$ 200	
■ Issuer Sales and Implementation Support	<u>\$ 580</u>	<u>\$ 742</u>	
Total Activities	\$ 2,085	\$3,062	
<u>Purchasing Card Projects (000)</u>			
■ Merchant Database Expansion	\$ 325		\$ 2,082
■ Enhanced Data Capture Acquirer Profit Model	\$ 300		\$ 329
■ Acquirer/Supplier Funding for Enhanced Data			\$ 3,000
■ Client Re-engineering Support			\$ 1,800
■ Electronic Commerce/Electronic Catalog	\$ 150		\$ 4,850
■ Increase Distributors	<u> </u>		<u>\$ 4,500</u>
Total Projects	\$775		\$16,561
Grand Total	<u>\$2,860</u>	<u>\$3,062</u>	<u>\$16,561</u>

U.S. Commercial Card Products

Visa Business- Budget Detail

	<u>1996</u>	<u>1997</u> <u>"Status Quo"</u>	<u>1997</u> <u>Accel. Inv.</u>
<u>Business Core Activities (000)</u>			
■ Member Marketing and Education Materials	\$ 494	\$ 550	
■ Product Management	\$ 122	\$ 325	
■ Administrative & Other	<u>\$ 40</u>	<u>\$ 50</u>	
Total Activities	\$ 656	\$ 925	
<u>Business Card Projects (000)</u>			
■ Develop Small Business Reporting Solution		\$ 250	\$ 970
■ Develop and Implement Visa Business Debit		\$ 500	\$ 500
■ Add Product Value	\$ 285	\$ 775	\$1,445
■ Small Business Lending	\$ 110		\$ 200
■ Strengthen Product Access and Positioning	<u>\$ 680</u>	<u>\$ 250</u>	<u>\$ 410</u>
	\$1,075	\$1,775	\$3,525
Grand Total	<u>\$1,731</u>	<u>\$2,700</u>	<u>\$3,525</u>

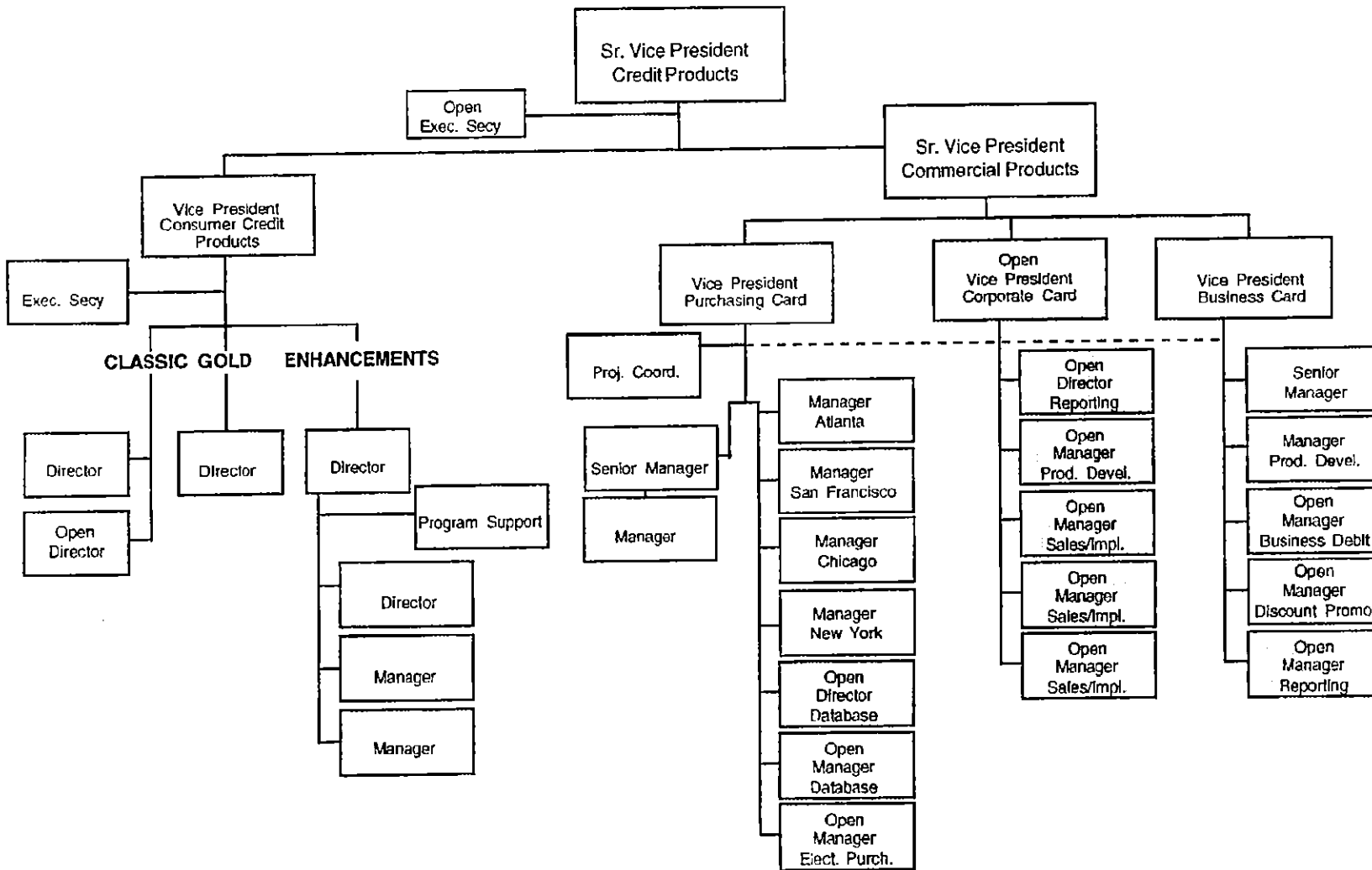
U.S. Commercial Card Products

Visa Commercial Card Products- Budget Detail

	<u>1996</u>	<u>1997</u> <u>"Status Quo"</u>	<u>1997</u> <u>Accel. Inv.</u>
<u>Commercial Card Core Activities (000)</u>			
■ Corporate Card	\$ 75	\$ 390	
■ Purchasing Card	\$2,086	\$3,062	
■ Business Card	<u>\$ 656</u>	<u>\$ 925</u>	
Total Activities	\$2,816	\$4,377	
<u>Commercial Card Projects (000)</u>			
■ Corporate Card	\$ 150		\$ 6,200
■ Purchasing Card	\$ 775		\$16,561
■ Business Card	<u>\$1,075</u>	<u>\$1,775</u>	<u>\$ 3,525</u>
Total Projects	\$2,000	\$1,775	\$26,286
■ Product Management & Marketing			<u>\$ 1,860</u>
Total Product Funding			\$28,146
■ Systems Development			\$ <u>3,742</u>
Total Systems Funding			\$ 3,742
Grand Total	<u>\$4,816</u>	<u>\$6,152</u>	<u>\$31,888</u>

U.S. Commercial Card Products

Accelerated Investment Organizational Chart



U.S. Commercial Card Products

Visa Commercial Card Products - Initiative Staff (12)

Visa Corporate

<u>Position</u>	<u>Responsibility</u>
<ul style="list-style-type: none"> ■ Vice President, Corporate Card ■ Director, Product Development 	Lead Corporate Card Product; Manage Efforts With Members Pre-trip Booking and Expense Reporting Capabilities; Product Enhancement Tailored to Large Corporations
<ul style="list-style-type: none"> ■ Manager, Product Development ■ Manager, Sales and Implementation (3) 	Multi-national Issuance; Pilot of Chip on Corporate Card Sell/Implement Visa Corporate Card Programs to Members & Clients

Visa Purchasing

<u>Position</u>	<u>Responsibility</u>
<ul style="list-style-type: none"> ■ Senior Manager, Electronic Purchasing ■ Director, Merchant Database ■ Manager, Merchant Database 	Electronic Cataloging/Purchasing Platform in Electronic Marketplace Strategic Direction, Marketing and Data Delivery Management of Data Enrichment and Unique Merchant ID

Visa Business

<u>Position</u>	<u>Responsibility</u>
<ul style="list-style-type: none"> ■ Senior Manager, Business Debit 	Implementation of a Visa Check Card Product Targeted to the Small Business Market
<ul style="list-style-type: none"> ■ Senior Manager, Business Programs ■ Senior Manager, Reporting 	Discount Programs, Instant Rewards and Web Site Promotions Small Business Reporting Solutions

U.S. Commercial Card Products

Visa Commercial Card Products

<u>Status Quo</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>00</u>	<u>01</u>
Visa Volume (\$B)	\$ 19.0	\$ 24.0	\$ 29.0	\$ 33.1	\$ 38.2
Visa Cards (000)	3,266	3,750	4,260	4,839	5,547
Visa Market Share	23%	25%	26%	26%	26%
Visa Revenue (\$000)	\$17,189	\$25,243	\$ 34,706	\$ 44,721	\$ 58,183
Visa Expenses (\$000)	<u>\$18,500</u>	<u>\$18,900</u>	<u>\$ 20,900</u>	<u>\$ 23,500</u>	<u>\$ 26,000</u>
Net	(\$1,311)	\$ 6,343	\$ 13,806	\$ 21,221	\$ 32,183
Issuer Profitability (\$MM)	\$ 64	\$ 79	\$ 95	\$ 108	\$ 125
Acquirer Profitability (\$MM)	\$ 6	\$ 7	\$ 8	\$ 9	\$ 11
Card Volume (\$B)	\$ 83.9	\$ 97.0	\$ 111.8	\$ 126.5	\$ 144.7

U.S. Commercial Card Products

Visa Commercial Card Products

<u>Accelerated Investment</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>00</u>	<u>01</u>
Visa Volume (\$B)	\$ 21.5	\$ 31.1	\$ 42.8	\$ 55.0	\$ 71.3
Visa Cards (000)	3,876	5,089	6,272	7,856	9,823
Visa Market Share	25%	29%	34%	35%	38%
Visa Revenue (\$000)	\$ 18,900	\$ 31,492	\$ 49,388	\$ 71,724	\$102,997
Visa Expenses (\$000)	<u>\$ 50,400</u>	<u>\$ 32,500</u>	<u>\$ 33,300</u>	<u>\$ 35,600</u>	<u>\$ 38,400</u>
Net	(\$31,500)	\$ (1,008)	\$ 16,088	\$ 36,124	\$ 64,597
Issuer Profitability (\$MM)	\$ 73	\$ 105	\$ 142	\$ 183	\$ 233
Acquirer Profitability (\$MM)	\$ 7	\$ 9	\$ 13	\$ 16	\$ 21
Card Volume (\$B)	\$ 85.9	\$ 106.7	\$ 127.3	\$ 156.0	\$ 188.6

U.S. Commercial Card Products

Visa Commercial Card Products

<u>Change</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>00</u>	<u>01</u>
Visa Volume (\$B)	\$ 2.5	\$ 7.1	\$ 13.7	\$ 21.9	\$ 33.1
Visa Cards (000)	610	1,339	2,012	3,017	4,276
Visa Market Share	2%	4%	8%	9%	11%
Visa Revenue (\$000)	\$ 1,711	\$ 6,249	\$ 14,682	\$ 27,003	\$ 44,814
Visa Expenses (\$000)	<u>\$ 31,900</u>	<u>\$ 13,600</u>	<u>\$ 12,400</u>	<u>\$ 12,100</u>	<u>\$ 12,400</u>
Net	(\$30,189)	\$ (7,351)	\$ 2,282	\$ 14,903	\$ 32,414
Issuer Profitability (\$MM)	\$ 9	\$ 25	\$ 48	\$ 75	\$ 108
Acquirer Profitability (\$MM)	\$ 1	\$ 2	\$ 4	\$ 7	\$ 10
Card Volume (\$B)	\$ 2.0	\$ 9.7	\$ 15.5	\$ 29.5	\$ 43.9

U.S. Commercial Card Products

Annual Milestones - Accelerated Investment

	<u>96</u>	<u>97</u>	<u>98</u>	<u>99</u>	<u>00</u>	<u>01</u>
Visa Volume (\$B)	\$13.3	\$21.5	\$31.1	\$42.8	\$55.0	\$71.3
Visa Cards(000)	2,930	3,876	5,089	6,272	7,856	9,823
Visa Market Share	19%	25%	29%	34%	35%	38%