

**VISA U.S.A. INC.**  
**MEETING OF THE BOARD OF DIRECTORS**  
**February 11-12, 1991**

A meeting of the Board of Directors of Visa U.S.A. Inc. was held at The Lodge at Pebble Beach in Pebble Beach, California on February 11, 1991 at 9:00 a.m. and February 12, 1991 at 1:30 p.m. All Directors were present, except Messrs. James T. Blanchard and Arthur F. Ryan. Various members of the Visa staff were also present. Bennett R. Katz acted as Secretary.

**1105. APPROVAL OF MINUTES**

The Chairman requested and received approval of the minutes of the (i) Product Development and Marketing Committee of August 21, 1990, (ii) Delivery Systems Committee of August 22, 1990, (iii) Executive/Planning Committee of August 31, 1990, (iv) Executive/Planning Committee of October 8, 1990, (v) Delivery Systems Committee of October 8, 1990, (vi) Product Development and Marketing Committee of October 8, 1990, (vii) Board of Directors of October 8-9, 1990, (viii) Board of Directors of November 29, 1990, and (ix) Delivery Systems Committee of November 30, 1990.

**1106. DIRECTORS AND PERSONNEL**

(a) **Staffing Report**

A staffing report and length of service and turnover report were included in the Advance Materials.

**P-0007**

**GOVERNMENT  
DEPOSITION  
EXHIBIT  
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(b) **Annual Meeting On Election Of Directors**

Visa U.S.A. By-Law Sections 4.02 and 5.03(c) require that dates be established each year by the Board for the annual meeting of Visa U.S.A. and the election of Regional Directors by mail. Accordingly, upon motion duly made, seconded and unanimously carried, it was

**RESOLVED**, that the 1991 annual meeting for Visa U.S.A. will be held in conjunction with the regularly scheduled meeting of the Board of Directors on June 3, 1991, and that the 1991 election of Regional Directors will be held by mail on March 29, 1991.

1107. **FINANCIAL MATTERS**

(a) **System Statistics**

System Statistics were included in the Advance Materials.

(b) **Prior Year Financial Statements - Visa U.S.A.**

The Board reviewed the prior year financial statements through September 30, 1990, noting that net revenue after taxes was \$2.5 million compared with a planned surplus of \$2.7 million. Accumulated net revenue at year end reached \$31.5 million.

(c) **Prior Year Financial Statements - Visa International**

The Board reviewed the prior year financial statements through September 30, 1990, noting that net revenue was \$12.2 million compared to the plan of \$11.8 million. Accumulated net revenue at year end reached \$27.1 million.

(d) **Current Financial Statements - Visa U.S.A.**

The Board reviewed the current financial statements through December 31, 1990, noting that net revenue after taxes was \$3.2 million compared to a plan of \$152,000.

(e) **Current Financial Statements - Visa International**

The Board reviewed the current financial statements through December 31, 1990, noting that net revenue after taxes was \$7.2 million compared to a plan of \$3.7 million.

1108. **U.S. ECONOMIC OUTLOOK**

The Board received an overview of the U.S. economy, including the likely effects of the economic slowdown on banks and the bank card business. A copy of that presentation is attached hereto as "Exhibit A."

1109. **CORPORATE STRATEGIC PLAN UPDATE**

(a) **1990-1991 Plan**

The Board received a 1990-1991 Corporate Plan Update, which emphasized major new initiatives currently under development. A copy of that presentation is attached hereto as "Exhibit B."

(b) **Acceptance Mark Policy**

The Visa International Board approved an international mark policy at its June 1990 meeting. The Board reviewed a domestic acceptance mark consistent with the international policy. In order to implement the Acceptance Mark Policy in accordance with proposals received during the Board meeting, upon motion duly made, seconded and unanimously carried, it was

**RESOLVED**, that the Corporation hereby supports the amendments to the Visa International Operating Regulations as set forth in "Exhibit C" attached hereto, and authorizes its representatives to the Visa International Board to support this adoption.

**1110. MEMBERSHIP PROJECT UPDATE**

The Board received a status report on the membership project. It was the consensus of the Board that, with respect to the issue of what types of financial institutions should be made eligible for membership, management should further develop and study two alternatives: (i) open membership to all regulated financial institutions, but increase initial fees to eliminate "free riding" and (ii) close membership to credit card banks owned by nonbanks while at the same time phasing out issuer duality of Visa and MasterCard. It was the consensus of the Board that a special Board meeting be convened during April to address this issue.

**1111. APPLICATION OF NBD SERVICE CORPORATION**

NBD Service Corporation, a wholly owned processor of NBD Bancorp has applied for membership. Under the moratorium, nonbanks are not eligible for membership even if wholly owned by a Member without prior approval of the Board. Upon motion duly made, seconded and unanimously carried, it was

**RESOLVED**, that NBD Service Corporation be and is hereby accepted for Proprietary Membership.

**1112. VISA INTERNATIONAL MATTERS - CONSUMER PRODUCTS UPDATE**

The Board reviewed the various projects underway in Visa International's Consumer Products Group, including product and market developments and travelers cheques.

**1113. SUPERMARKET UPDATE**

**(a) Supermarket Field Test Status Report**

The Board received in the Advance Materials preliminary results from the Supermarket Field Test.

**(b) Marketing Program**

The Board was requested to make minor modification to its Supermarket Marketing Program.

**1114. INTERCHANGE FEES**

The Board reviewed the market impact of its recently announced interchange fee increases, noting that although the incentive rates are still below cost, merchants in general have reacted negatively.

**1115. RISK MANAGEMENT PROGRAM**

**(a) Bankruptcy Reduction Program**

The Board reviewed with approval the Visa Bankruptcy Reduction Program. An Executive Summary was included in the Advance Materials.

**(b) Loss Reserve in Visa International**

In order to ensure that there are adequate funds in Visa International to underwrite the shared losses resulting from the failure of Members to meet their interchange obligations, management recommended and the Board concurred that all Regions contribute funds to a central general reserve.

**1116. VISANET 2000; SUPERCENTER**

After review of the SuperCenter implementation plan which included the business case analysis, regulatory review, pricing principles, implementation schedule, and data processing agreement, and upon motion duly made, seconded and unanimously carried, it was

**RESOLVED**, that management should proceed with the SuperCenter implementation plan as presented at this meeting, a copy of which the Secretary is hereby directed to attach to the minutes as "Exhibit D;"

And be it further

**RESOLVED**, that management is authorized to execute any and all documents necessary to effect the plan, including the agreement transferring control of the U.S. centers to Visa International effective October 1, 1991, subject to confirmation that SuperCenter prices as established will lead to the U.S. Region's share of the benefits identified in the Business Case.

**1117. MARKETING UPDATE**

The Board reviewed with approval Visa's usage stimulation promotions as well as planned activities for the balance of the year. In addition, the Board reviewed planned advertising and results of the tracking study.

**1118. COMMITTEE REPORTS**

(a) **Executive/Planning Committee**

The Board received a report from the Executive/Planning Committee meeting of February 11, 1991 on matters discussed and actions taken, all of which are reflected in the minutes of that Committee.

(b) **Delivery Systems Committee**

The Board received a report from the Delivery Systems Committee meeting of February 11, 1991 on matters discussed and actions taken, all of which are reflected in the minutes of that Committee.

(c) **Product Development and Marketing Committee**

The Board received a report from the Product Development and Marketing Committee meeting of February 11, 1991 on matters discussed and actions taken, all of which are reflected in the minutes of that Committee.

(d) **Nominating Committee**

The Board received a report from the Nominating Committee meeting of February 12, 1991 on matters discussed and actions taken, all of which are reflected in the minutes of that Committee.

There being no further business, the meeting was adjourned.

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Bennett R. Katz, Secretary