

VISA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)  
September 30, 2016

*U.K. loss sharing agreement.* On November 2, 2015, the Company, Visa Europe and certain of Visa Europe's member financial institutions located in the United Kingdom (the "U.K. LSA members") entered into a loss sharing agreement (the "U.K. loss sharing agreement"). Each of the U.K. LSA members has agreed, on a several and not joint basis, to compensate the Company for certain losses which may be incurred by the Company, Visa Europe or their affiliates as a result of certain existing and potential litigation relating to the setting and implementation of domestic multilateral interchange fee rates in the United Kingdom prior to the Closing (the "U.K. covered claims"), subject to the terms and conditions set forth therein and, with respect to each U.K. LSA member, up to a maximum amount of the up-front cash consideration received by such U.K. LSA member. The U.K. LSA members' obligations under the U.K. loss sharing agreement are conditional upon, among other things, either (a) losses valued in excess of the sterling equivalent at the Closing of €1.0 billion having arisen in U.K. covered claims (and such losses having reduced the conversion rate of the U.K.&I preferred stock accordingly), or (b) the conversion rate of the U.K.&I preferred stock having been reduced to zero pursuant to losses arising in claims relating to multilateral interchange fee rate setting in the Visa Europe territory. See *Note 3—U.S. and Europe Retrospective Responsibility Plans*.

*Litigation management deed.* On June 21, 2016, the Company and Visa Europe entered into a litigation management deed (the "litigation management deed"), which sets forth the agreed upon procedures for the management of the VE territory covered litigation, the allocation of losses resulting from the VE territory covered litigation ("VE territory covered losses") between the U.K.&I and Europe preferred stock, and any accelerated conversion or reduction in the conversion rate of the shares of U.K.&I and Europe preferred stock. The litigation management deed applies only to VE territory covered litigation (and resultant losses and liabilities). Subject to the terms and conditions set forth therein, the litigation management deed provides that the Company will generally control the conduct of the VE territory covered litigation, subject to certain obligations to report and consult with the newly established litigation management committees for VE territory covered litigation ("VE territory litigation management committees"). The VE territory litigation management committees, which are composed of representatives of certain Visa Europe members, have also been granted consent rights to approve certain material decisions in relation to the VE territory covered litigation.

*Framework Agreement.* In connection with the Company's October 2007 reorganization, the Company granted to Visa Europe exclusive, irrevocable and perpetual licenses to use the Visa trademarks and technology intellectual property owned by the Company and certain affiliates within the Visa Europe region for use in the field of financial services, payments, related information technology and information processing services and participation in the Visa system (the "Framework Agreement").

We recorded \$191 million, \$255 million and \$226 million of revenue in accordance with the Framework Agreement during fiscal 2016, 2015 and 2014, respectively. As a result of the acquisition, the fee recognized in fiscal year 2016 was pro-rated for the period prior to the Closing, and no fees related to the Framework Agreement were recognized in the three months ended September 30, 2016, nor will they be recognized in future periods.

*Acquisition-related costs.* The Company incurred \$152 million of non-recurring operating expense during fiscal 2016. This amount is comprised of \$60 million of transaction expenses recorded in professional fees, and \$92 million of expense related to U.K. stamp duty, which was recorded in general and administrative expenses.