

Commercial Perspectives

Visa Commercial Consumption
Expenditure™ Index



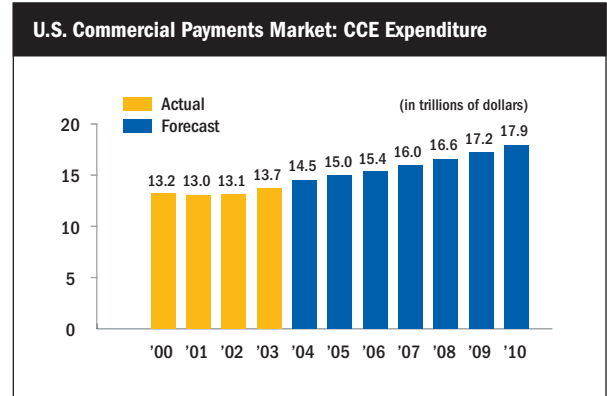
A Segmentation Analysis of U.S. Business and Government Spending

As part of its ongoing commitment to help Visa Member financial institutions better serve their commercial customers, Visa Commercial Solutions and an internal team of Visa research and economic experts have developed a financial metric that standardizes how business and government spending is monitored within the United States. This metric, the Visa Commercial Consumption Expenditure™ (CCE), enables the financial industry to measure, analyze, and forecast actual and future commercial expenditure trends.

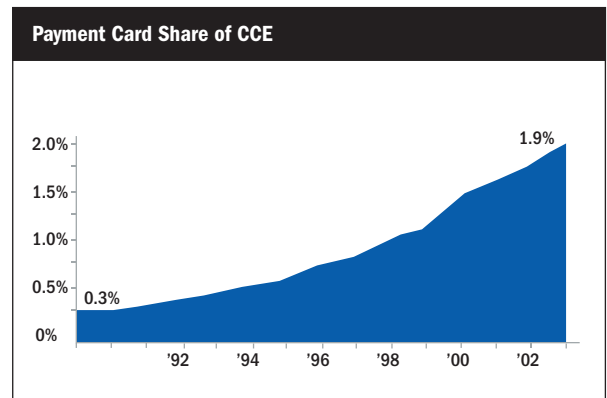
Recently, the Visa CCE initiative was expanded to include a detailed segmentation analysis of spending data in the United States, as well as a summary of global commercial spending. This expanded analysis reveals additional detailed information on commercial spending categories and business-to-business payments trends useful to Visa Member financial institutions' development and delivery of payment tools and services to help their commercial clients improve the efficiency of their commercial payment and cash management processes.

Commercial Spending Overview

Visa now estimates that business and government spending, excluding payroll and certain other expenditures, will reach \$15 trillion by the end of 2005. This is more than a 3.4 percent increase over 2004 CCE estimates (\$14.5 trillion). Based on current economic data, the Visa CCE index projects that commercial spending in the United States will continue to rise, reaching nearly \$18 trillion by 2010.



Payments made via commercial cards represent only 2 percent of the current \$15 trillion in estimated business-to-business spending in the United States. The Visa CCE index spending forecasts and segmentation analysis are significant as Visa seeks new ways to support its Member financial institutions to better meet the needs of the commercial payments marketplace and help today's businesses transition from costly paper-based forms of payment to more efficient electronic payment solutions.



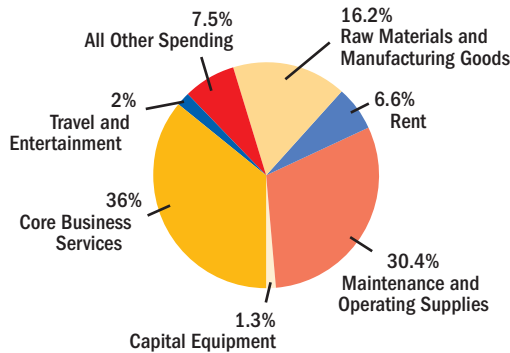
Visa CCE is a trademarked proprietary technology available exclusively to Visa Member financial institutions



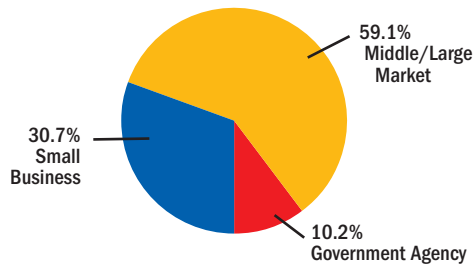
CCE Segmentation Analysis

In addition to a broad economic perspective, the Visa CCE index offers detailed data by industry and by the types of purchases that businesses make. Examples of industries include manufacturing, financial services, education and healthcare, and many others. Business purchase categories include office supplies, shipping and overnight delivery, gasoline, rent and more.

CCE Category Spending View 2004



CCE Major Market Segment View 2004



CCE Industry View 2004 (In billions of dollars)

Industry	Dollars	% of CCE
Manufacturing	3,000	20.2%
Retail Trade	2,514	17.8%
Wholesale Trade	2,242	16.0%
Finance, Insurance, Real Estate	1,278	8.9%
State and Local Government	896	6.4%
Professional and Business Services	824	5.5%
Information	591	4.2%
Education and Healthcare	615	4.1%
Federal Government	586	4.0%
Construction	580	3.5%
Arts, Entertainment and Recreation	385	2.6%
Transportation and Warehousing	308	2.2%
Other Services (Except Government)	239	1.6%
Agriculture	182	1.2%
Utilities	159	1.1%
Mining	85	0.7%
Total CCE	14,484	100%

In addition to basic segmentation, the Visa CCE index enables Member financial institutions to see actual and forecast growth rates, measure share of each spending segment, and review data and forecast information organized to help target commercial spending opportunities. Members can view industry-by-industry, category-by-category, and market segment-specific profiles.

A Proven Methodology

CCE numbers are derived from the Bureau of Economic Analysis (BEA) and the Census Bureau - the same two government organizations behind the Personal Consumption Expenditure (PCE) index. Additional proprietary data is provided by Global Insight. Visa plans to

update its CCE forecast once a year. By using the same source of published government agency measures, which includes gross domestic product, CCE offers an unbiased and consistent way to monitor business expenditure within the United States.

Calculating CCE		
Data Element	% of CCE	Description
Intermediate inputs	56.0%	Computed by the BEA, this measurement is obtained by subtracting the value of all final goods and services, including intermediate purchase transactions made to produce final goods or services (gross output).
Wholesale and retail purchases	36.5%	Taken from the Census Bureau, these are added to the CCE equation because they are not captured through intermediate inputs. This data represents industries that handle final goods.
Private fixed investment	3.5%	Extracted from BEA's gross domestic product and National Income Product Accounts tables, this business capital expenditure represents significant purchasing opportunities for financial institutions. Capitalized purchases and investments, such as buildings and air craft, are not included.
Government capital expenditures	4.0%	The CCE splits government spending into two categories, defense spending and non-defense spending. Each of these two categories accounts for approximately 2 percent of the CCE.

Using the Data

The Visa CCE index functions as a benchmarking tool that can track and forecast the penetration of various commercial payment products compared with the total market. Using the Visa CCE metric, Member financial institutions can segment their view of spending and target the categories and segments with the greatest contribution to the total commercial spending as well as those that are expected to grow at

a faster rate during the next five years. Member financial institutions also can use this data to better serve the commercial payments marketplace, helping their clients benefit from the efficiency and cost savings of electronic commercial payment solutions. Access to the complete CCE data set and segmentation analysis is reserved exclusively for Visa Member financial institutions.

For More Information

For information about Visa Commercial Solutions, please visit www.visa.com/commercial