



Advancing commerce for everyone, everywhere

MasterCard Annual Report 2006





○ **Paris, France**

From Paris to Beijing, MasterCard is building connections that advance commerce around the world.



How are we achieving success at MasterCard Worldwide?

By creating more value, for more people, in more ways and in more places than ever before.

Our brands are becoming universal symbols of welcome and acceptance — brands cardholders know they can count on everywhere they go.

We're using our global technology network to advance intelligent commerce worldwide and create connections that benefit everyone, on every side of every transaction.

We're translating a wealth of market intelligence into insights that drive innovation and growth, expanding the promise of electronic payments around the world.

In short, we're increasing our value to everyone by leveraging all of our strengths.

The result has been one of our best years — and a clear path to sustainable growth.

Summary Consolidated Financial and Other Data

All figures throughout report in U.S. dollars

| Years Ended December 31 (in millions except per-share and operating data) | 2006 | 2005 | 2004 |
|---|----------|----------|----------|
| Statement of Operations Data | | | |
| Revenue | \$ 3,326 | \$ 2,938 | \$ 2,593 |
| General and Administrative | 1,505 | 1,352 | 1,186 |
| Advertising and Marketing | 1,052 | 1,008 | 916 |
| Litigation Settlements | 25 | 75 | 22 |
| Charitable Contributions to The MasterCard Foundation | 415 | — | — |
| Depreciation and Amortization | 100 | 110 | 122 |
| Total Operating Expenses | 3,097 | 2,545 | 2,246 |
| Operating Income | 229 | 393 | 347 |
| Total Other Income (loss) | 65 | 14 | (23) |
| Income before Income Tax Expense | 294 | 407 | 324 |
| Net Income | \$ 50 | \$ 267 | \$ 238 |
| Net Income per Share (basic) ¹ | \$ 0.37 | \$ 1.98 | \$ 1.76 |
| Weighted Average Shares Outstanding (basic) ¹ | 135 | 135 | 135 |
| Net Income per Share (diluted) ¹ | \$ 0.37 | \$ 1.98 | \$ 1.76 |
| Weighted Average Shares Outstanding (diluted) ¹ | 136 | 135 | 135 |
| Balance Sheet Data (at period end) | | | |
| Cash and Cash Equivalents | \$ 1,185 | \$ 545 | \$ 329 |
| Investment Securities — Current | 1,299 | 737 | 809 |
| Total Assets | 5,082 | 3,701 | 3,265 |
| Long-Term Debt | 230 | 230 | 230 |
| Obligations under U.S. Merchant Lawsuit and Other Litigation Settlements — Current | 360 | 416 | 469 |
| Total Stockholders' Equity | 2,364 | 1,169 | 975 |
| Operating Data | | | |
| Gross Dollar Volume (in billions) | \$ 1,956 | \$ 1,690 | \$ 1,478 |
| Processed Transactions (in millions) ² | 16,137 | 13,733 | 12,152 |

(1) As more fully described in Note 2 to the Consolidated Financial Statements included in Item 8 in MasterCard Incorporated's 2006 Form 10-K, in connection with the ownership and governance transactions, we reclassified all of our approximately 100 outstanding shares of existing Class A redeemable common stock so that our previous stockholders received 1.35 shares of our Class B common stock for each share of Class A redeemable common stock that they held prior to the reclassification and a single share of our Class M common stock. Accordingly, shares and per-share data were retroactively restated in the financial statements subsequent to the reclassification to reflect the reclassification as if it were effective at the start of the first period being presented in the financial statements.

(2) The data set forth for processed transactions represents all transactions processed by MasterCard, including PIN-based online debit transactions. Prior to 2005, processed transactions reported by MasterCard included certain MasterCard-branded (excluding Maestro and Cirrus) transactions for which we received transaction details from our customers but which were not processed by our systems. In the first quarter of 2006, we updated our transaction detail to remove online balance inquiry transactions, as well as online transactions that were declined for various reasons. Management determined that it would be more appropriate to exclude such transactions from the processed transactions calculation. The processed transactions for the years ended December 31, 2005 and 2004, have been restated to be consistent with the calculation of processed transactions in 2006. Revenue has not been impacted by this change.



"It is clear to me that MasterCard is well positioned to capitalise on the many emerging opportunities in the world of payments."

Richard Haythornthwaite (left),
Chairman of the Board of Directors

"We delivered exceptional financial results and transformed our company into a publicly traded enterprise, committed to increasing shareholder value."

Robert W. Selander (right), President and Chief Executive Officer

Letter from the Chairman of the Board

Dear Fellow Shareholders,

With markets across the globe moving from traditional to electronic forms of payment, this is a very exciting time for MasterCard. We are in an extraordinary position to deliver value to stakeholders around the world: to the financial institutions that offer our products and services, consumers and businesses who use them, merchants who accept them and regional economies that enjoy the rise in economic activity. Importantly, I believe our success in 2006 demonstrated our commitment to deliver value to you, our shareholders.

As a new publicly traded company, one of our highest priorities was to build a strong, independent board of directors. As a member of the selection committee, I know, firsthand, the high level of rigour and consideration that went into the search process, which we completed in early 2007. I believe we've assembled a team with admirable depth and breadth of experience, as well as valuable geographical diversity that extends from the Americas to Asia and Europe. As a board, we're firmly committed to working with management to drive shareholder value through sound, transparent corporate governance practices and solid counsel as the company pursues its vision of advancing commerce globally.

It is clear to me that MasterCard is well positioned to capitalise on the many emerging opportunities in the world of payments. No competitor has the combination of a corporate strategy focused on the needs of customers, a unified global structure, world-renowned brands, innovative payment solutions, an advanced processing platform and MasterCard Advisors, a professional services organisation solely dedicated to the payments industry. I believe we are effectively leveraging all of these assets for our constituents — and that shows in our impressive results.

A handwritten signature in black ink, appearing to read 'R. Haythornthwaite'.

Richard Haythornthwaite

Chairman of the Board of Directors

April 2007

Letter from the President and Chief Executive Officer

Dear Fellow Shareholders,

For MasterCard, 2006 was no ordinary year. Through the talent and dedication of our 4,600 employees around the world, we delivered exceptional financial results and transformed our company into a publicly traded enterprise, committed to increasing shareholder value. This transformation took years of hard work, and I thank our employees for their extraordinary accomplishments. Today, with our corporate strategy and unique business model as a franchisor, processor and advisor, we are firmly positioned to deliver value to each of our constituents.

More than ever, our business depends on the strength of the relationships we foster. We are a critical link among tens of thousands of financial institutions, millions of businesses and hundreds of millions of cardholders. What's more, we are a driving force in revolutionizing the way the world does business, advancing commerce through innovations that benefit everyone, everywhere.

To customer financial institutions, MasterCard is an essential engine of growth, expanding the use of electronic payments, providing an unsurpassed technology network, leveraging powerful global brands and delivering efficiencies through a unified global structure.

To merchants, we're a business partner offering valuable co-branding opportunities and commerce intelligence that drive incremental revenue while providing a connection to hundreds of millions of cardholders who live around the world.

To consumers, we're a convenient way to pay for everything that matters, offering brands that say "yes" in any language at over 25 million locations — not to mention hundreds of thousands more online.

Indeed, we are now so much a part of everyday life and business, it's easy to take our role for granted. Yet without our products and services, I believe that much of modern commerce would be affected. By advancing new and better ways to pay and building a global web of economic connections, we have positioned ourselves at *The Heart of Commerce*.™

A Year of Exceptional Results

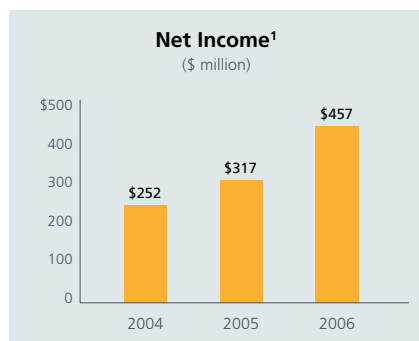
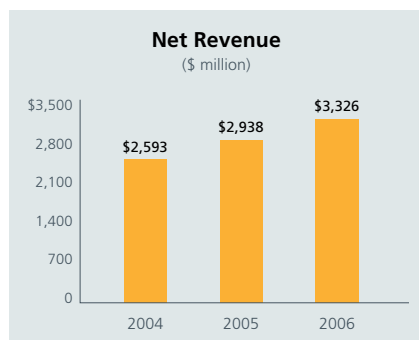
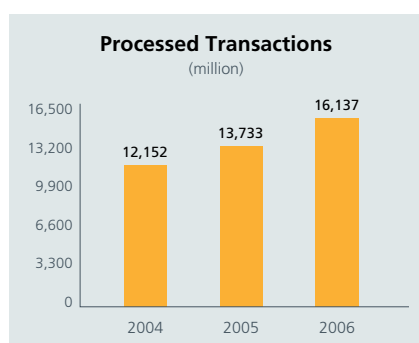
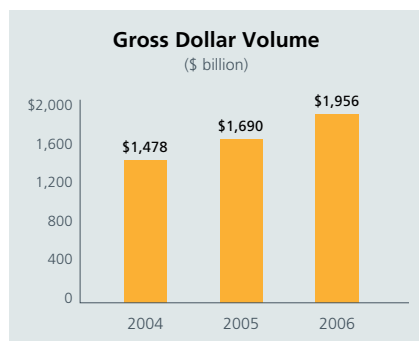
In 2006, we met or exceeded the expectations we had set for ourselves.

Revenue for the year grew by 13.2%, from \$2.9 billion to \$3.3 billion. We also generated net income of \$457 million¹ for the year, or \$3.37¹ per share, compared with \$317 million¹ or \$2.35¹ per share, a year ago.

MasterCard generated worldwide gross dollar volume (GDV) of almost \$2 trillion, up 14.9% in local currency terms over 2005. It is worth noting that this level is double the GDV we reported just five years ago. Also in 2006, worldwide purchase volume rose 16.9% in local currency terms, to \$1.4 trillion, driven by increased cardholder spending on a growing number of our cards. At the end of 2006, our financial institution customers had issued 817 million MasterCard® cards, an increase of 12.3% over the cards issued in 2005. Transactions processed across the MasterCard network increased 17.5% to 16.1 billion transactions.

In addition to these results, 2006 was a year of accomplishment on many strategic fronts. Chief among these was the completion of our initial public offering — the largest listing in the United States during 2006 — and the election of what I believe to be an exceptional board of directors.

I thank the members of our former board who had the vision and the fortitude to lead us through the company's transformation, and for whose support and courage we are all grateful. I also welcome the members of our new board, who offer a collective wealth of business know-how, strategic insight and global experience. In particular, I am pleased to welcome Rick Haythornthwaite as our new chairman. His deep knowledge of international markets and his strong leadership skills will surely prove valuable as we execute our strategy around the world.



Accomplishments and Initiatives

The year 2006 saw many significant accomplishments and initiatives, such as the launch of our new corporate positioning. The name MasterCard Worldwide embraces what MasterCard represents, from our world-renowned brands and advanced network, to our unified global structure and our talented, multinational workforce. Importantly, the name underscores our commitment to meeting the unique needs of customers worldwide.

To that end, we substantially advanced our strategy by deepening relationships with target customers around the world. Throughout the year, we shared industry insights, delivered custom-tailored solutions and provided innovative payments options, such as *MasterCard PayPass*® contactless technology and the *World Elite MasterCard*™. We will continue to demonstrate the value we bring by leveraging our assets to the advantage of our customers.

In 2006, we also continued to build upon major upgrades to our core technologies, enabling our customers to connect to a single, unified network with unsurpassed speed, flexibility and scale. Through our leading-edge technology and applications, our customers have the ability to expand operations worldwide, deliver customized value to partners and cardholders, and introduce breakthrough technologies without making major changes to their own infrastructures.

We also strengthened ties with major merchants and launched a number of significant co-branding programs. To give merchants a stronger voice on strategic business initiatives that can benefit them and their customers, we held Merchant Advisory Group meetings in Australia, Canada, Mexico, South Africa, the United Kingdom and the United States. In addition, MasterCard endeavored to meet a key merchant demand to bring greater transparency to the way we conduct business. Thus in 2006, we became the first payments company to announce that we would publish our interchange rates that apply to merchants in the United States, along with comprehensive information that merchants need to better understand these rates.

At the same time, we continued to address mutually critical security issues. We co-hosted Payment Card Industry Security Forums in Australia, Japan and New Zealand; piloted advanced counterfeit card detection systems with retailer Best Denki in Singapore; and advanced MasterCard SecureCode® as a superior e-commerce security solution for customers and online merchants. We also hosted four Global Risk Management Symposia, bringing together bank and security experts from around the world.

Meanwhile, financial institutions in Europe continue to accommodate the requirements of the Single Euro Payments Area (SEPA) initiative. In 2006, we established SEPA fall-back interchange rates for Maestro® that are necessary for a competitive, transparent payment system across the euro zone. We believe that Maestro is firmly positioned as the solution that will best enable a smooth transition from national-use-only debit payment schemes to global and pan-European solutions.

Letter from the President and Chief Executive Officer

On the legal and regulatory front, we proactively dealt with numerous challenges. Though challenges of this nature will undoubtedly continue to affect the payments industry, we believe that as a publicly traded company, we are in a better position to address them. Importantly, we will continue to remind the public of the vital role we play in advancing commerce around the world.

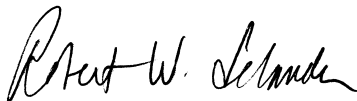
Our list of accomplishments would not be complete without noting our success in attracting new talent, developing leaders and fostering diversity and inclusion within our ranks. These areas continue to be company-wide priorities. Also notable were our efforts to support communities where we and our customers operate. One of these initiatives was the formation of The MasterCard Foundation, whose twofold goal is to build entrepreneurship through microfinance programs in developing countries and to prepare young people for success in a global workforce. I thank our financial institution shareholders and former board of directors for their support in creating this independent foundation. I believe it demonstrates both a substantial and meaningful commitment to economic development.

Creating Value across the Board

In many ways and in many places, our innovations and our connections are making us more valuable to everyone, on every side of every transaction. For every rushed commuter in Kaohsiung, Taiwan, who boards the bus using a TaiwanMoney card powered by *MasterCard PayPass*, there is a transit hub with shorter lines and a financial institution with a new stream of revenue. For every financial institution in Europe that converts its debit program to Maestro, there are consumers with more freedom to shop wherever they please, and storeowners benefiting from a boost in sales. For every retailer in Asia or Latin America who applies our powerful marketplace insights, there is a financial institution that sees increased card usage, and a cardholder who gains another *Priceless*[®] experience.

In short, MasterCard is at the center of it all, advancing commerce and making it more secure for everyone. That is largely why, when the investment community looks at our business, they see what we see: a company firing on all cylinders, driving commerce on a global basis and leading innovation in the payments industry.

In 2007, we will continue to advance commerce globally, helping our customers grow profitable businesses, forging stronger ties with merchants, offering consumers more convenient ways to pay and utilizing our strengths every way we can. After all, with 40 years of innovation and insight behind us, no company is in a better position than MasterCard to lead the way.



Robert W. Selander

President and Chief Executive Officer

April 2007

(1) For the full-year 2004, net income excludes a special item, a \$14 million after-tax litigation settlement, and is a non-U.S. GAAP financial measure. For the full-years 2005 and 2006, total net income and earnings per share, each of which excludes special items, are non-U.S. GAAP financial measures that are reconciled to their most directly comparable U.S. GAAP measures in the financial table on page 20.

In a world of billions of consumers and millions of businesses, **MasterCard is winning in the marketplace** by delivering value that matters most to each constituent:

- Working with financial institutions to drive revenues by capturing an ever-increasing number of the world's payment transactions
- Helping merchants increase sales and enhance customer loyalty
- Providing cardholders greater convenience and ready acceptance, wherever they live, wherever they go

From major cities to emerging markets, we're changing the way the world does business — and making it clear that MasterCard is at *The Heart of Commerce*.TM



○ **Kaohsiung, Taiwan**
MasterCard PayPass technology is increasingly being tested and deployed by transportation systems worldwide, including buses, ferries and trains in the city of Kaohsiung, Taiwan, and the Metropolitan Transportation Authority in New York City.

Around the world,
MasterCard innovations
are making commerce
more efficient and
productive — making
transactions faster, easier,
more convenient and
more secure.

In 2006, MasterCard continued to offer a wide range of innovative payment options — including credit, debit, chip, prepaid, contactless and mobile payments — to meet the evolving needs of modern commerce.

Whether in the form of a card, key fob or wristband, *MasterCard PayPass* — the world's leading *Tap & Go™* payment option — proved to be a better way to accomplish even the smallest transactions at gas stations, movie theaters, concession stands, vending machines, quick-serve restaurants, taxi cabs and more. For banks, *PayPass* increases revenues by capturing millions of small transactions. For merchants, it delivers a host of efficiencies and increases customer satisfaction. For consumers, it means no more fumbling for cash. That's why uptake soared in 2006. By year's end, millions of *PayPass* cards and devices were in circulation worldwide.

We also moved forward with next-generation initiatives, including pilot programs in Dallas, Edinburgh, New York and Seoul, to advance mobile phones as the latest, most convenient way to pay. In addition, we've seen growth in prepaid programs around the world and introduced the *rePower®* Load Network, creating a new way for people to load cash onto MasterCard cards.

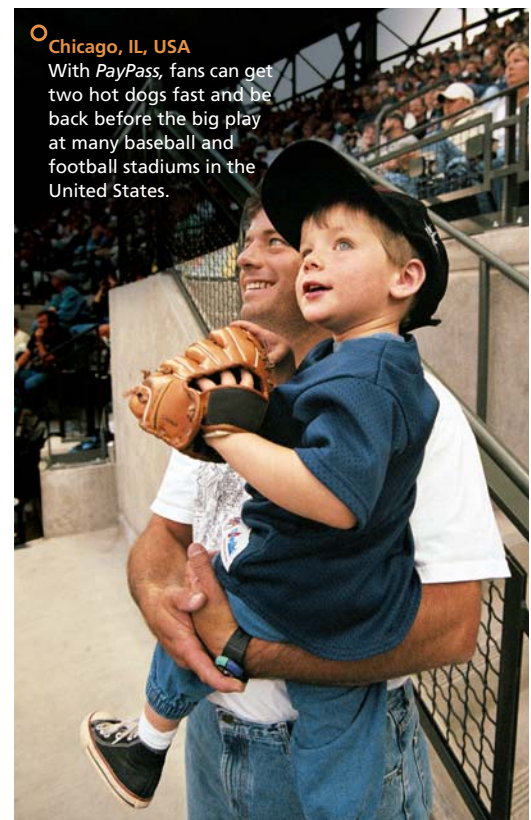
At the same time, MasterCard continued to make life simpler for businesses. In Latin America, we rolled out *Maestro for Small Business*, the first integrated debit card for small businesses in Brazil. We were also the first to extend our zero liability policy to small business credit and debit cardholders in the United States. Now, issuers protect these cardholders and their businesses from unauthorized spending.



○ **Johannesburg, South Africa**
MasterCard is making it easier for consumers everywhere to make payments via mobile devices.



○ **Toronto, ON, Canada**
MasterCard supports small businesses with solutions to help them manage costs and streamline processes.

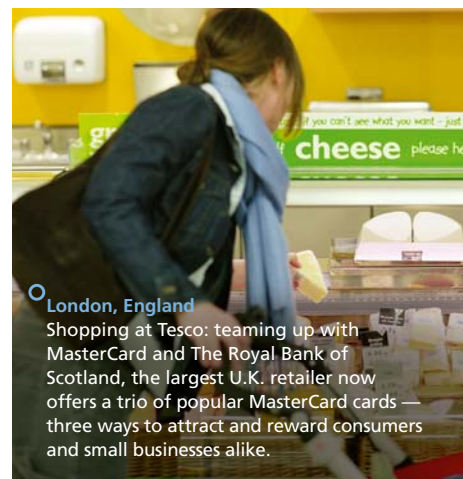


○ **Chicago, IL, USA**
With *PayPass*, fans can get two hot dogs fast and be back before the big play at many baseball and football stadiums in the United States.

By leveraging the power of our brands and payment platforms, we're **fostering relationships among financial institutions, merchants and consumers** in ways that deliver increasing value.

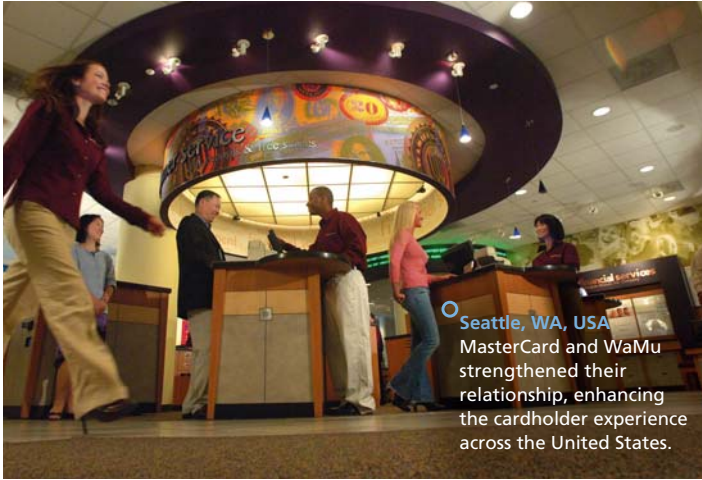
In 2006, we helped financial institutions and merchants differentiate their brands by offering new, advanced payment solutions that drive revenue, increase customer satisfaction and enhance cardholder loyalty. That's why many of the world's largest financial institutions continued to work, or formed new relationships, with MasterCard over the past year, including ABN Amro, Bank of America, Barclays, Capital One, Citi, GE Money, HSBC, JPMorgan Chase, The Royal Bank of Scotland, Santander and WaMu. It's also why so many leading merchants chose to partner with us, such as Virgin Money in Australia and South Africa; Best Buy, Barnes & Noble and Travelocity in the United States; Sam's Club in Canada, Puerto Rico and the United States; Tesco in the United Kingdom; Tata Group in India; and a number of air carriers, including Air China, Malaysia Airlines and Gol Airlines in Brazil.

Building on our World MasterCard platform, in 2006, we introduced the new *World Elite MasterCard*, demonstrating clear benefits to constituents across the board. More than any other card, *World Elite* enables banks and merchants to forge relationships with today's most sought-after demographic groups: executives and elite affluent consumers. The card succeeds by offering an unbeatable mix of benefits and rich rewards, including travel services provided exclusively through the leading luxury travel network, Virtuoso. MasterCard also continued to expand its affluent strategy with new programs in India, Latin America, Singapore, South Africa and South East Asia.



London, England
Shopping at Tesco: teaming up with MasterCard and The Royal Bank of Scotland, the largest U.K. retailer now offers a trio of popular MasterCard cards — three ways to attract and reward consumers and small businesses alike.

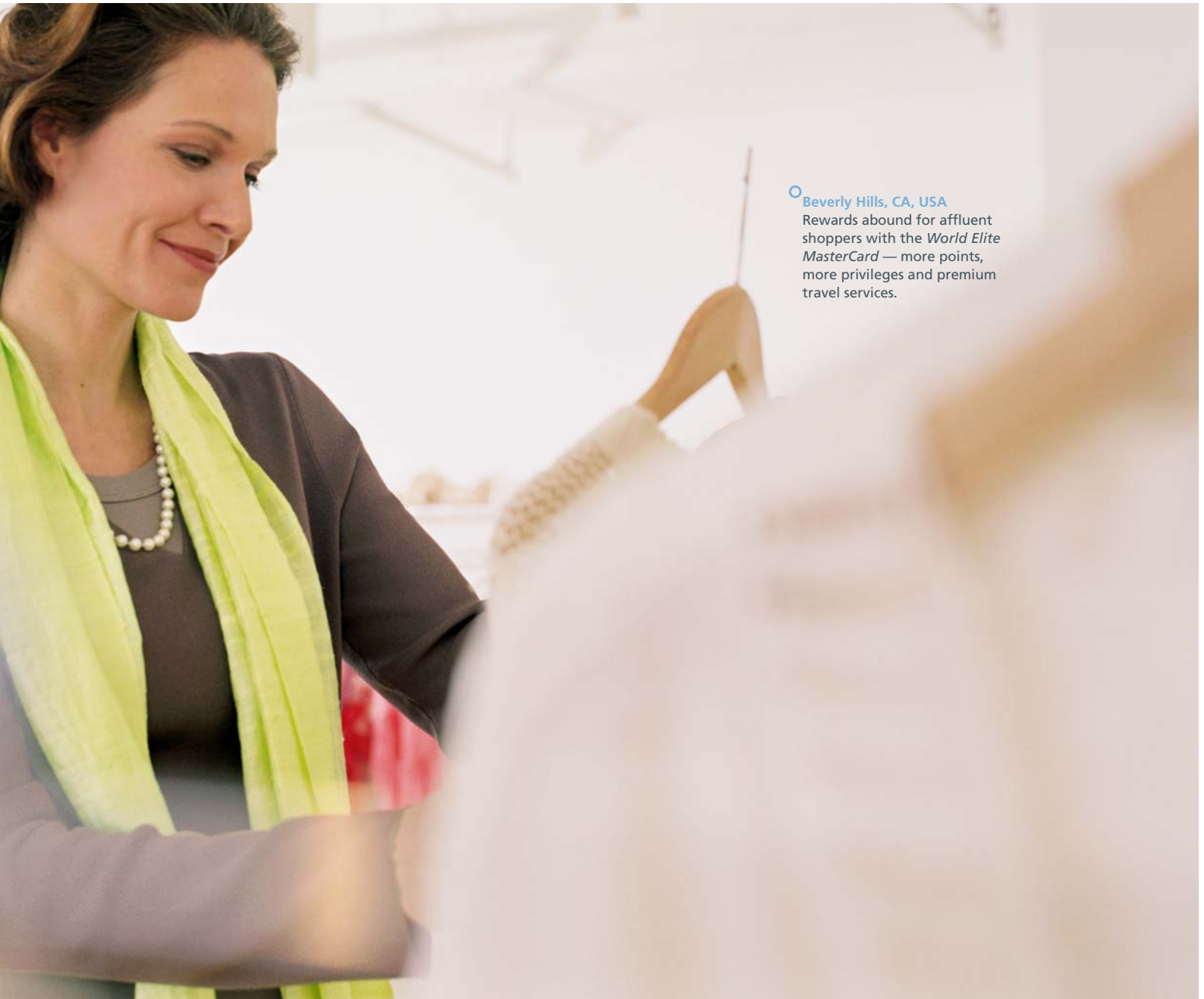




○ **Seattle, WA, USA**
MasterCard and WaMu strengthened their relationship, enhancing the cardholder experience across the United States.



○ **Mumbai, India**
Working together, MasterCard, the State Bank of India and the Indian conglomerate Tata Group developed exciting new rewards programs for shoppers across India.



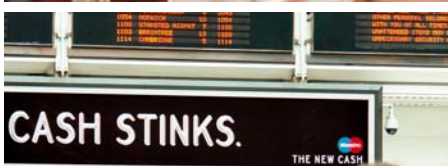
○ **Beverly Hills, CA, USA**
Rewards abound for affluent shoppers with the *World Elite MasterCard* — more points, more privileges and premium travel services.



○ St. Louis, MO, USA

The heart of the MasterCard global network, our Global Technology and Operations center processes transactions in more than 160 currencies from approximately 210 countries. For the third straight year, MasterCard captured the International HP NonStop Users Group top availability award for continuous, near flawless payments network operation on our debit switch.

○ **Dubai, United Arab Emirates**
We offer businesses better ways to increase efficiency, lower costs and track expenditures on a global basis via solutions such as Smart Data Online and the MasterCard Value-Added Tax Recovery Program.



○ **London, England**
By adopting Maestro, financial institutions in Europe create a consistent experience for cardholders throughout the region.



○ **São Paulo, Brazil**
By switching from Redeshop to MasterCard Maestro, financial institutions in Brazil are benefiting from enhanced processing efficiency and accelerated Maestro usage.

More than any competitor, we're meeting the needs of an increasingly global constituency through a **unified organization and processing platform** well suited to cross-border and worldwide commerce.

From regional banks to many of the world's largest financial institutions, MasterCard customers gain clear advantages from our unified global structure. These include ready acceptance, seamless processing, business support and the ability to customize payments solutions to meet emerging opportunities in local markets.

Increasingly, financial institutions are moving from limited domestic processing networks to MasterCard to increase their ability to roll out new and innovative payment solutions. For example, in the United Kingdom and Brazil, banks that once relied, respectively, on Switch and Redeshop debit networks have lowered costs and enhanced relationships with businesses and consumers by migrating to Maestro. As we continue to deliver advanced capabilities to customers across the globe, our platform will facilitate cross-border expansion and enable access to advanced payment forms.

Of course, the underlying value of any network is its speed and reliability. In this regard, MasterCard again proved its excellence in 2006. All told, our global network processed more than 16 billion transactions with virtually perfect reliability.

Applying a wealth of data and expertise, we've moved well beyond the transactional, **delivering value-added services and unique solutions** that enable our customers to grow.

○ Singapore

Dr. Yuwa Hedrick-Wong, Singapore-based MasterCard economic advisor, is known throughout the Asia/Pacific Region for his forecasts and analyses of regional trends. These are delivered through his well-regarded *MasterCard Insights* reports.

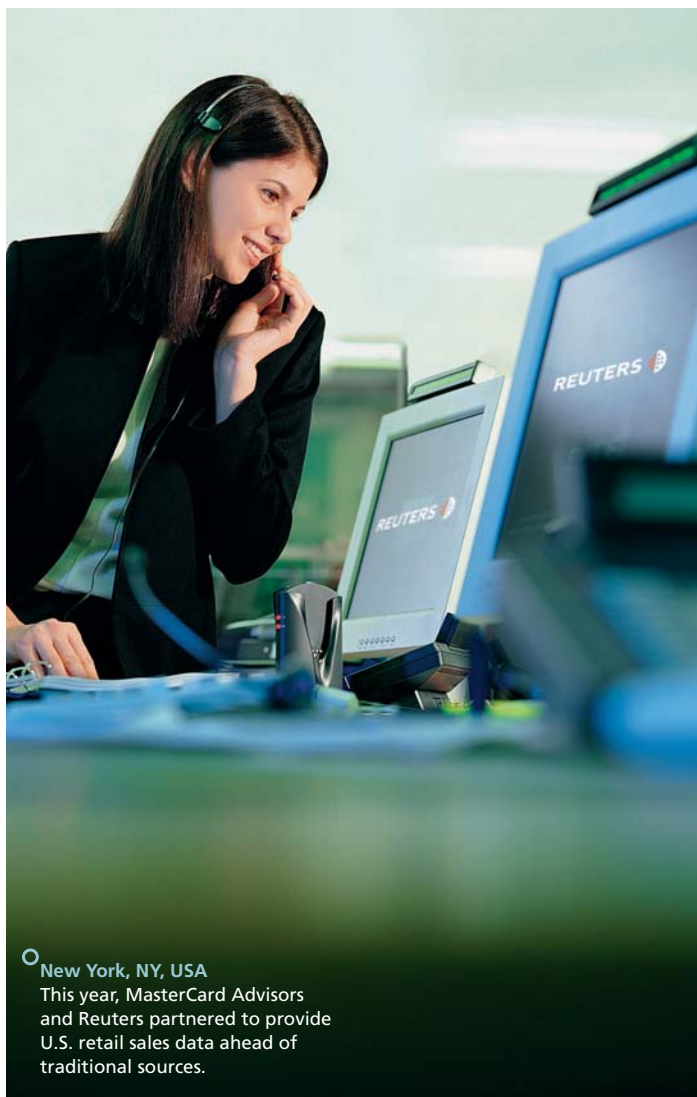


As electronic payments accelerate worldwide — fueled, in large part, by our own innovations — MasterCard is becoming a primary source of market intelligence and expertise.

Our insights are based on timely and granular information: billions of purchases by businesses and consumers in markets around the world. These insights are often applied in the field by MasterCard Advisors, our professional services arm, which provides payments-focused consulting, information and outsourcing services to financial institutions and merchants. They are also delivered through highly regarded surveys and reports, which are followed closely by financial institutions, merchants and industry influencers as they monitor emerging trends.

In 2006, MasterCard Advisors established a partnership with the global information and news service Reuters to distribute *SpendingPulse*® — one of the most frequently cited measures of the U.S. retail economy. In the Asia/Pacific Region, meanwhile, MasterCard sponsored a host of reports and symposia focused on economic developments in this vibrantly growing region.

MasterCard continues to bring the industry together on security issues of concern to financial institutions, merchants, consumers and governments. Our efforts are helping to ensure that payment cards remain the safest and most secure way to pay. For the fourth consecutive year, we hosted risk management forums around the world, attracting security experts from financial institutions, law enforcement and major retailers. This year, the events, held in Cyprus, India, South Africa and the United States, focused on emerging security techniques and the promotion of best practices for combating payment card fraud.



○ New York, NY, USA
This year, MasterCard Advisors and Reuters partnered to provide U.S. retail sales data ahead of traditional sources.



○ Cyprus
In 2006, bank and security experts convened at one of a series of industry-leading MasterCard Risk Management Symposia around the world.

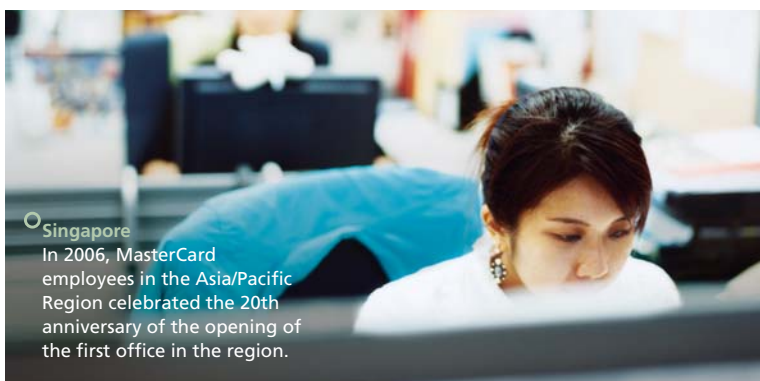


○ Yonkers, NY, USA
Through Junior Achievement
Worldwide, MasterCard
employees bring financial
know-how to local schools.

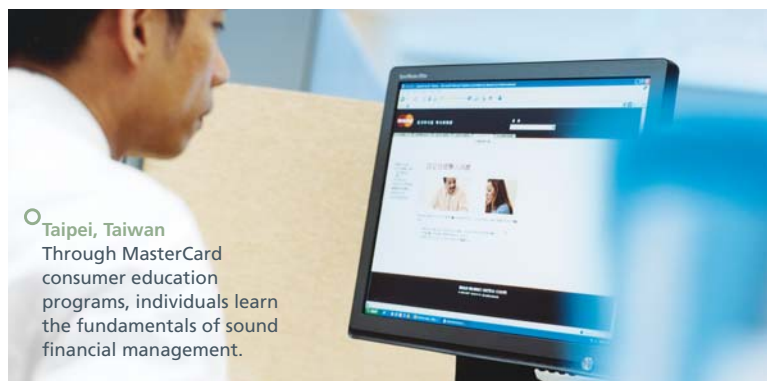
As a company and as a corporate citizen,
MasterCard strives to attract the best people in the
industry while building a culture that encourages
teamwork, leadership and community involvement.



○ Purchase, NY, USA
The 2006 MasterCard Women's Leadership Summit focused on the development and support of employees' professional leadership.



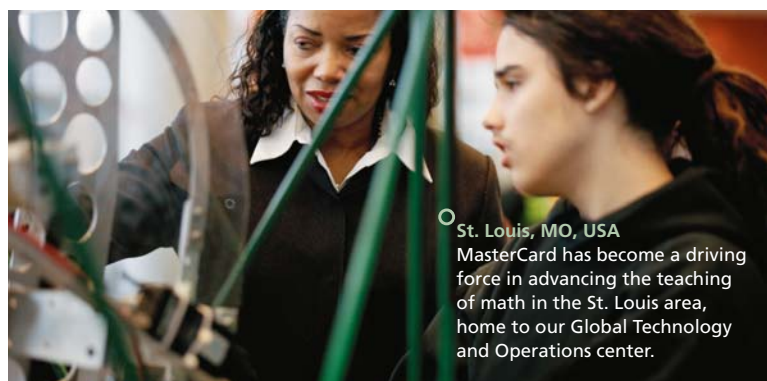
○ Singapore
In 2006, MasterCard employees in the Asia/Pacific Region celebrated the 20th anniversary of the opening of the first office in the region.



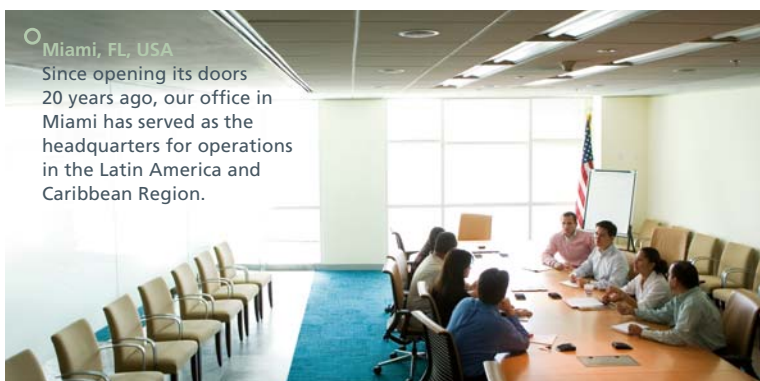
○ Taipei, Taiwan
Through MasterCard consumer education programs, individuals learn the fundamentals of sound financial management.



○ Yonkers, NY, USA
In 2006, MasterCard continued its support of youth education programs in classrooms around the world.



○ St. Louis, MO, USA
MasterCard has become a driving force in advancing the teaching of math in the St. Louis area, home to our Global Technology and Operations center.



○ Miami, FL, USA
Since opening its doors 20 years ago, our office in Miami has served as the headquarters for operations in the Latin America and Caribbean Region.

In 2006, we continued to invest in our organization worldwide, with the aim of recruiting, training and retaining the industry's best and most diverse workforce. This included initiatives with particular emphasis on leadership and the rigors and opportunities of working within a publicly traded enterprise. Without a doubt, it is the quality of our people, more than anything else, that sets our company apart. Our 4,600 employees are key to delivering shareholder value while upholding our high ethical standards.

As a result, we continue to draw recognition from a wide variety of organizations. MasterCard was named among *Fortune* magazine's "America's Most Admired Companies," designated as one of *Latin Trade* magazine's regional "Power Employers" and ranked among *Computerworld's* "Best Places to Work in IT."

Outside the company, we also strived to advance economic development and the quality of life in communities where we and our customers do business. Our robust consumer education initiatives in Mexico, South Africa, Taiwan and the United States teach students the basics of financial management. We help customers, educational organizations and public authorities develop similar programs in their local communities. Our programs for women travel professionals throughout the Asia/Pacific Region — a group that represents the next generation of leaders in the travel industry — also illustrate our support of education.

MasterCard Board of Directors and Executive Management



From left to right: Tan Teong Hean, Marc Oliivié, Norman C. McLuskie, Edward Suning Tian, Steven J. Freiberg, Manoel Luiz Ferrão de Amorim, Robert W. Selander, Richard Haythornthwaite, Bernard S. Y. Fung, Mark Schwartz, Nancy J. Karch and David R. Carlucci

Board of Directors

Richard Haythornthwaite^{1, 3 (Chair)}
Managing Director
Star Capital Partners
Chairman, MasterCard Incorporated

Manoel Luiz Ferrão de Amorim^{2, 4}
Former Chairman
VIVO Participações S.A.

David R. Carlucci^{1, 2 (Chair)}
Chairman and Chief Executive Officer
IMS Health Incorporated

Steven J. Freiberg
Chairman and CEO
Citigroup Global Consumer Group N.A.

Bernard S. Y. Fung²
Chairman and Chief Executive Officer
Aon Asia Ltd.

Tan Teong Hean²
Chairman
Southern Capital Management

Nancy J. Karch^{1, 3}
Director Emeritus
McKinsey & Company

Norman C. McLuskie¹
Former Chairman, Retail Direct
The Royal Bank of Scotland Group

Marc Oliivié^{1, 2}
President and Chief Executive Officer
Agfa-Gevaert Group

Mark Schwartz^{1 (Chair), 3}
Chairman, MissionPoint Capital Partners LLC
Co-Founder, New Silk Route Partners LLC

Robert W. Selander
President and Chief Executive Officer
MasterCard Incorporated

Edward Suning Tian³
Chairman
China Broadband Capital Partners, L.P.

(1) Audit Committee (2) Human Resources and Compensation Committee (3) Nominating and Corporate Governance Committee
(4) Mr. Amorim ended his service as a director effective March 26, 2007.

Executive Management

Robert W. Selander
President and Chief Executive Officer

Alan J. Heuer
Chief Operating Officer

W. Roy Dunbar
President, Global Technology and
Operations

Lawrence Flanagan
Chief Marketing Officer

Gary Flood
President, Global
Account Management

Noah J. Hanft
General Counsel and
Corporate Secretary

Walter M. Macnee
President, The Americas

Chris A. McWilton
Chief Financial Officer

Michael W. Michl
Chief Administrative Officer

Wendy Murdock
Chief Product Officer

Javier Perez
President, MasterCard Europe

Andre Sekulic
President, Asia/Pacific and
Middle East and Africa

Keith Stock
President, MasterCard Advisors

MasterCard Information and Resources

Global and Regional Offices

Global Headquarters

2000 Purchase Street
Purchase, New York 10577 USA
Telephone: 1.914.249.2000

Global Technology and Operations

St. Louis, Missouri, USA

Asia/Pacific Regional Headquarters

Singapore

Canada Regional Headquarters

Toronto, Ontario, Canada

Europe Regional Headquarters

Waterloo, Belgium

Latin America and Caribbean Regional Headquarters

Miami, Florida, USA

North America Regional Headquarters

Purchase, New York, USA

South Asia, Middle East and Africa Regional Headquarters

Dubai, United Arab Emirates

Online Resources

www.mastercard.com

Key online information hub for consumer and business cardholders, merchants and investors around the globe.

www.mastercardworldwide.com

Global site for corporate news, media information, investor relations and job opportunities.

www.mastercardadvisors.com

Website that describes MasterCard Advisors' payments-focused consulting, information and outsourcing services.

www.mastercardbusiness.com

Dedicated website for small and midsize businesses, corporations and government agencies, with information, application links, tools, tutorials, savings and rewards.

www.mastercardmerchant.com

Website for U.S. merchants and acquirers, with tools and information to maximize the MasterCard relationship.

www.mastercardonline.com

Extranet for customer financial institutions and business partners, providing secure access to MasterCard services, education and documentation.

www.debtknowhow.com

Interactive consumer website, available in English and Spanish, providing easy-to-use debt management information, tips and resources.

www.priceless.com

An interactive consumer website offering the latest *Priceless* experiences, plus unique promotions for cardholders.

www.mastercardsecurity.com

A source for detailed, up-to-date information about security issues and practices available to merchants and others.

Shareholder Information

Investor Relations

1.914.249.4565
investor_relations@mastercard.com

Shareholder Information

Copies of the company's Annual Report on Form 10-K and Form 10-Q reports as filed with the U.S. Securities and Exchange Commission (SEC) are available upon request from the company.

Visit our website, www.mastercardworldwide.com, for updated news releases, stock performance, financial reports, recent investments, community presentations, SEC filings, corporate governance and other investor information.

Annual Shareholders' Meeting

The 2007 Annual Meeting of Shareholders of MasterCard Incorporated will be held on Thursday, June 7, 10 a.m., at the MasterCard Corporate Headquarters, 2000 Purchase Street, Purchase, New York.

Stock Listing and Symbol

New York Stock Exchange
Symbol: MA

Transfer Agent

Mellon Investor Services LLC
480 Washington Blvd., 27th Floor
Jersey City, New Jersey 07310-1900

For Class A common stockholders:

U.S. Telephone: 1.800.837.7579

Non-U.S. Telephone: 1.201.680.6578

For Class B common stockholders:

U.S. Telephone: 1.866.337.6318

Non-U.S. Telephone: 1.201.680.6656

Facsimile: 1.201.680.4668

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
New York, New York



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Reconciliation to Net Income, Earnings Per Share and Total Operating Expenses

| (\$ million) | For the year ended 12/31/06 | | | For the year ended 12/31/05 | | | Year-Over-Year Growth As Adjusted |
|---|-----------------------------|------------------|-----------------|-----------------------------|-------------------|-----------------|--------------------------------------|
| | Actual | Special Items | As Adjusted | Actual | Special Items | As Adjusted | |
| Revenues, Net | \$ 3,326 | — | \$ 3,326 | \$ 2,938 | — | \$ 2,938 | 13.2% |
| Operating Expenses | | | | | | | |
| General and Administrative | 1,505 | — | 1,505 | 1,352 | 19 ³ | 1,333 | 12.9% |
| Advertising and Marketing | 1,052 | — | 1,052 | 1,008 | — | 1,008 | 4.4% |
| Litigation Settlements | 25 | 25 ¹ | — | 75 | 75 ¹ | — | NM |
| Charitable Contributions to The MasterCard Foundation | 415 | 395 ⁴ | 20 ² | — | — | — | NM |
| Depreciation and Amortization | 100 | — | 100 | 110 | — | 110 | (9.1%) |
| Total Operating Expenses | 3,097 | 420 | 2,677 | 2,545 | 94 | 2,451 | 9.2% |
| Operating Income | 229 | 420 | 649 | 393 | 94 | 487 | 33.3% |
| Operating Margin | 6.9% | — | 19.5% | 13.4% | — | 16.6% | 2.9 ppt |
| Other Income (expense) | | | | | | | |
| Investment Income, Net | 125 | (7) ⁵ | 118 | 61 | — | 61 | 93.4% |
| Interest Expense | (61) | — | (61) | (70) | — | (70) | (12.9%) |
| Other Income, Net | 1 | — | 1 | 23 | (17) ⁶ | 6 | (83.3%) |
| Total Other Income (expense) | 65 | (7) | 58 | 14 | (17) | (3) | NM |
| Income before Income Taxes | 294 | 413 | 707 | 407 | 77 | 484 | 46.1% |
| Income Tax Expense | 244 | 6 | 250 | 140 | 27 | 167 | 49.9% |
| Net Income | \$ 50 | \$ 407 | \$ 457 | \$ 267 | \$ 50 | \$ 317 | 44.2% |
| Basic Net Income per Share | \$ 0.37 | \$ 3.00 | \$ 3.37 | \$ 1.98 | \$ 0.37 | \$ 2.35 | 43.4% |
| Diluted Net Income per Share | \$ 0.37 | \$ 3.00 | \$ 3.37 | \$ 1.98 | \$ 0.37 | \$ 2.35 | 43.4% |

(1) Litigation settlements

(2) Contribution of cash to The MasterCard Foundation

(3) Adjustment to reflect accounting methodology change for cash-based executive incentive plans

(4) Contribution of common stock to The MasterCard Foundation

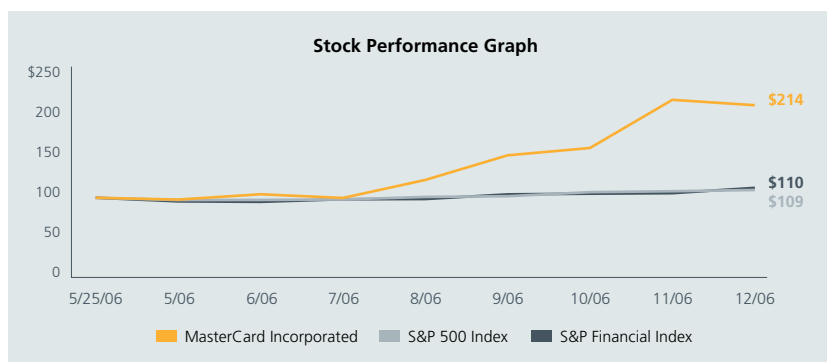
(5) Interest income on IPO proceeds that were used for redemption

(6) Gains from the settlement of a contractual dispute

NM = not meaningful

Stock Performance

The graph to the right and the table below compare the cumulative total stockholder return of MasterCard Incorporated Class A common stock, the S&P 500 Index and the S&P Financial Index for the period beginning on the close of trading on the New York Stock Exchange (NYSE) on May 25, 2006, and ending on the close of trading on the NYSE on December 31, 2006. The graph assumes a \$100 investment in our Class A common stock and each of the indices and the reinvestment of dividends. MasterCard Incorporated's Class B common stock and Class M common stock are not publicly traded or listed on any exchange or dealer quotation system.



| | 5/25/06 | 5/06 | 6/06 | 7/06 | 8/06 | 9/06 | 10/06 | 11/06 | 12/06 |
|-------------------------|---------|-------|--------|-------|--------|--------|--------|--------|--------|
| MasterCard Incorporated | 100.00 | 97.70 | 104.35 | 99.72 | 121.52 | 152.93 | 161.29 | 221.47 | 214.37 |
| S&P 500 | 100.00 | 97.12 | 97.25 | 97.85 | 100.18 | 102.76 | 106.11 | 108.13 | 109.65 |
| S&P Financial | 100.00 | 96.32 | 95.72 | 98.10 | 99.23 | 103.37 | 105.88 | 106.54 | 110.65 |

MasterCard celebrated its 40th anniversary in 2006 — a year marked by significant achievements that transformed our company and demonstrated the strength of our business.

Our success is achieved by leveraging assets that set us apart in the payments industry. These assets include enhanced payments solutions, strong relationships, a unified global organization and processing platform, knowledge leadership, and diverse and talented employees.

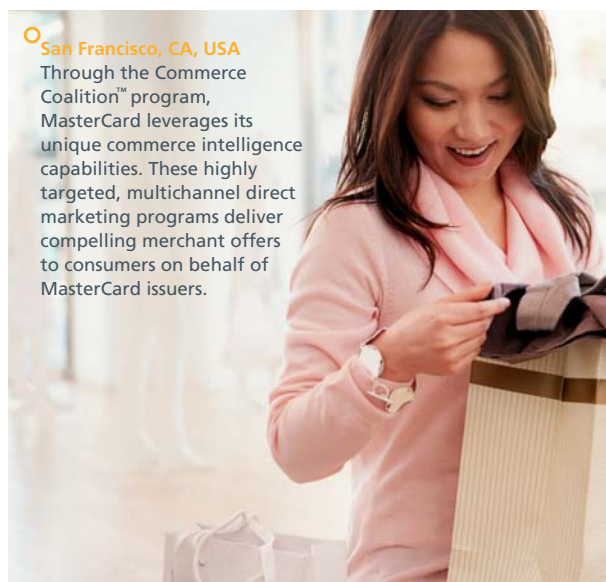
Through these strengths, we continue to deliver increased value to all of our constituents. More than ever, we are well positioned to advance commerce globally.

This annual report contains forward-looking information pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, MasterCard's ability to advance commerce around the world, create connections that benefit everyone, lead innovations in the payments industry, help its customers grow profitable businesses, forge stronger ties with merchants and offer consumers more convenient ways to pay. Although MasterCard believes that its expectations are based on reasonable assumptions, it can give no assurance that its objectives will be achieved. Actual results may differ materially from such forward-looking statements for a number of reasons, including changes in financial condition, estimates, expectations or assumptions, or changes in general economic or industry conditions, or other circumstances such as those set forth in MasterCard Incorporated's filings with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-K for the year ended December 31, 2006, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that it has filed with the SEC. MasterCard disclaims any obligation to update publicly or revise any forward-looking information.



○ **New York, NY, USA**

In destination cities everywhere, we're delivering a message that needs no translation: MasterCard brands are readily accepted wherever travelers go.



○ **San Francisco, CA, USA**

Through the Commerce Coalition™ program, MasterCard leverages its unique commerce intelligence capabilities. These highly targeted, multichannel direct marketing programs deliver compelling merchant offers to consumers on behalf of MasterCard issuers.



○ **Buenos Aires, Argentina**

From polo to football, MasterCard sponsorships and alliances continue to enhance brand awareness and customer value.

Highlights of the year:

- MasterCard is listed on the New York Stock Exchange in May, becoming the largest U.S.-listed IPO of 2006.
- MasterCard announces the election of an independent board of directors, including a nonexecutive chairman.
- MasterCard unveils a new corporate brand and corporate identity — MasterCard Worldwide — that reflect the company's vision, global structure and positioning at *The Heart of Commerce*.™
- MasterCard marks an historic year with its 40th anniversary celebration, as well as its 20th in its Asia/Pacific and Latin America and the Caribbean regions.
- The MasterCard Foundation is established to support microfinance initiatives and youth education around the world.
- MasterCard announces critical initiatives in support of the Single Euro Payments Area (SEPA).
- MasterCard PayPass acceptance advances in markets worldwide, with more than 12 million PayPass devices in 13 countries.
- MasterCard introduces the *World Elite* program, offering an exceptional new card for elite affluent individuals, business owners and corporate executives.
- MasterCard becomes the first payments company to announce its intention to publish its interchange rates that apply to merchants in the United States.
- Capping off a tremendous year, MasterCard reports record revenue of \$3.3 billion and record GDV of almost \$2 trillion — double the GDV reported only five years ago.

Luxembourg

Reaching a universal audience, our award-winning *Priceless* campaign is a corporate asset and has appeared in 108 countries and 50 languages.



Boston, MA, USA

Processing tens of millions of transactions reliably and securely to thousands of billers each month, the MasterCard Remote Payment and Presentment Service reaches virtually every consumer online bill payment service provider in the United States.



Moncton, NB, Canada

As official sponsor of the National and Canadian Hockey Leagues, MasterCard is a prime promoter of one of Canada's favorite pastimes.





www.mastercardworldwide.com



MasterCard Advisors™