



MasterCard Incorporated 4th Quarter and Full-Year 2006 Financial Results Conference Call

February 9, 2007

4th Quarter Financial Results

- Delivered net income of \$41 million and earnings per share of \$0.30
- Achieved strong revenue growth of 17.2% primarily due to:
 - Gross dollar volume growth (13.8% to 532 billion)
 - Increase in processed transactions (17.4% to 4.4 billion)
 - Restructured cross-border pricing (implemented April 2006)
- Contributed \$14.5 million in cash to the MasterCard Foundation
- Improved operating margin to 5.5% from (13.7%) in 2005
- Maintained already solid financial position - \$2.5 billion of cash, cash equivalents and available-for-sale securities at year-end

2006 Accomplishments

- Largest U.S. listed IPO in 2006
- Transformed governance structure - new Board of Directors with global representation
- Celebrated 40th anniversary and successfully launched new corporate brand
- Established The MasterCard Foundation
- Made great progress with *PayPass* initiative
- Maestro announced as Belgium's national debit brand
- Launched World Elite product and won Sam's Club acceptance
- Achieved full-year GDV of almost \$2 trillion and card growth of 12.3%

4th Quarter Selected Financial Performance

(\$ in Millions, except percentages and per share data)

	4Q 2006 GAAP	4Q 2006 adjusted for special items*	4Q 2005 adjusted for special items*	YOY % Growth Rate
Revenues, net	\$ 839	\$ 839	\$ 716	17.2%
General and administrative	399	399	375	6.4%
Advertising and marketing	353	353	386	(8.5%)
Litigation settlements	2	—	—	NM
Charitable contributions to the MasterCard Foundation	14	14	—	NM
Depreciation and amortization	<u>25</u>	<u>25</u>	<u>26</u>	(3.8%)
Operating income (expense)	46	48	(71)	167.6%
<i>Operating Margin</i>	5.5%	5.7%	(9.9%)	NM
Investment income	41	41	21	95.2%
Interest expense	(17)	(17)	(18)	(5.6%)
Other income	—	—	7	NM
Income tax expense	<u>(29)</u>	<u>(30)</u>	<u>26</u>	140.0%
Net Income (loss)	41	42	(35)	218.5%
EPS	\$0.30	\$0.31	(\$0.26)	218.5%

* See Appendix A for a GAAP reconciliation of special items for the three and twelve months ended December 31, 2005 and 2006
NM = Not meaningful

MasterCard Branded Volume (GDV) Fourth Quarter 2006

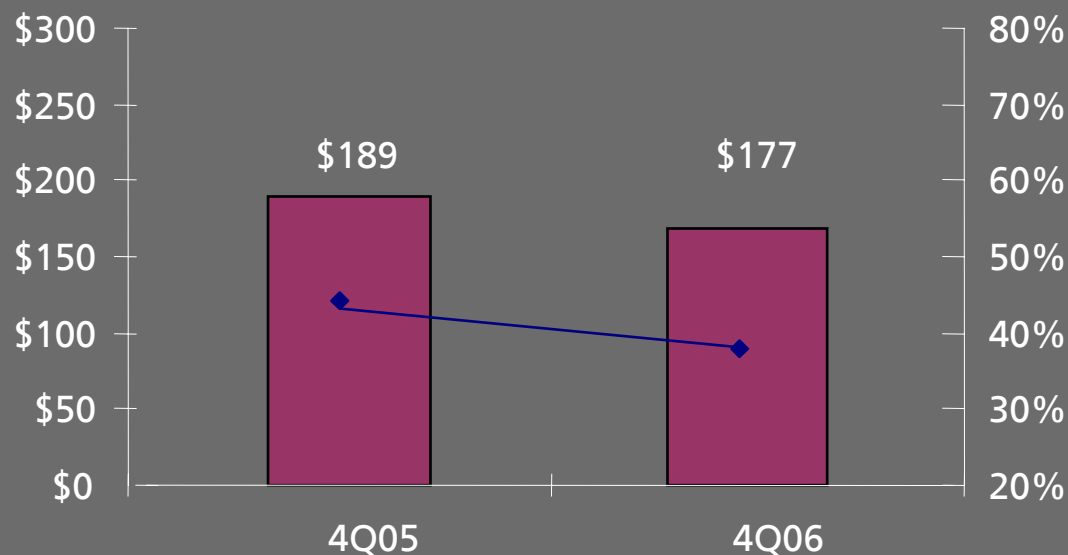


		<u>YOY Growth Rate %</u>	
	<u>GDV</u> <u>(\$ billions)</u>	<u>U.S.</u> <u>Dollar</u>	<u>Local</u> <u>Currency</u>
Asia Pacific	77	11.2	6.8
Canada	20	16.8	13.2
Europe	145	21.5	12.9
Latin America	37	24.5	24.8
South Asia / Middle East / Africa	9	30.9	38.3
United States	<u>244</u>	<u>14.5</u>	<u>14.5</u>
Worldwide	532	16.8	13.8

Note: Figures may not sum due to rounding

4th Quarter Revenue - Assessments

(\$ in Millions)

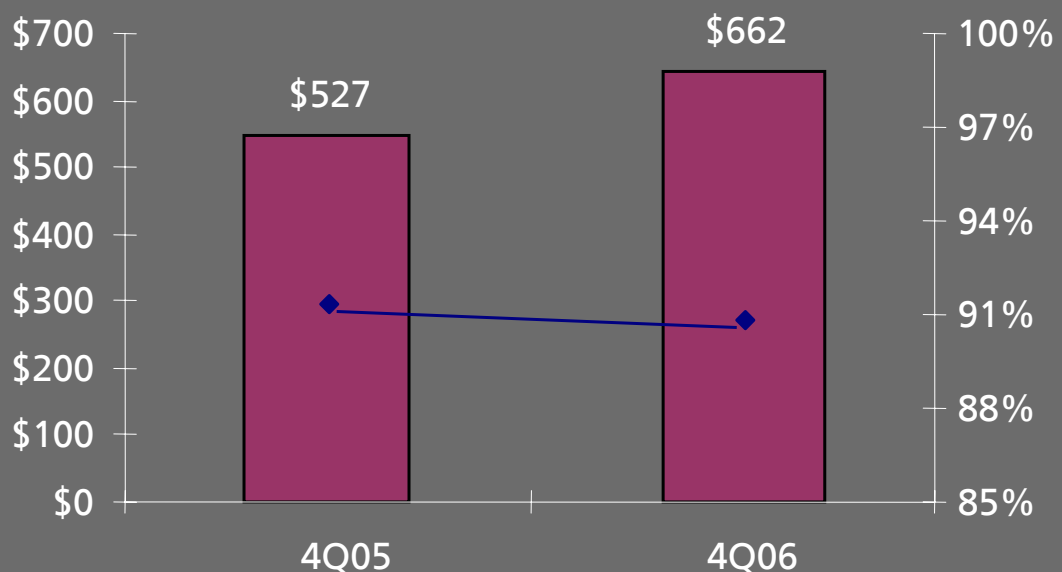


- Net Assessment Fees
- Net Assessment Fees as a % of Gross Assessment Fees

- Net assessments down \$12 or 6.4%
- Gross assessments increased \$53 or 12.4% over 2005. Key drivers include:
 - GDV increases
 - Restructured pricing, primarily \$33 reclassification to operations fees (offsets gross assessments)
- Net assessments as a % of gross assessments declined due to an increase in incentives primarily from:
 - New and renewed customer and merchant agreements

4th Quarter Revenue - Operations Fees

(\$ in Millions)



- Net Operations Fees
- Net Operations Fees as a % of Gross Operations Fees

- Net operations fees up \$135 or 25.6%
- Gross operations fees increased \$159 or 27.3% over 2005. Key drivers include increases in:
 - Processed transactions: 17.4%
 - GDV: 13.8%
 - Restructured pricing, including \$33 reclassification from assessments
- Net operations fees as a % of gross operations fees slightly decreased due to an increase in rebates primarily from:
 - Consolidation of major customers
 - Impact of restructured pricing

4th Quarter Operating Expenses

(\$ in Millions)



General & Administrative

Advertising & Marketing

Depreciation & Amortization

Charitable Contributions

- Total operating expenses decreased 2.6% to \$793:
 - Adjusted for special items, increased 0.5%
- Charitable contributions increased due to \$14.5 cash contribution to the MasterCard Foundation
- G&A increased 6.4% to \$399:
 - Driven by increases in professional fees and personnel costs
- As expected, advertising and market development decreased 8.5% to \$353:
 - Primarily due to focus on World Cup soccer events which concluded early in 3Q06

Cash Flow Statement and Balance Sheet Highlights

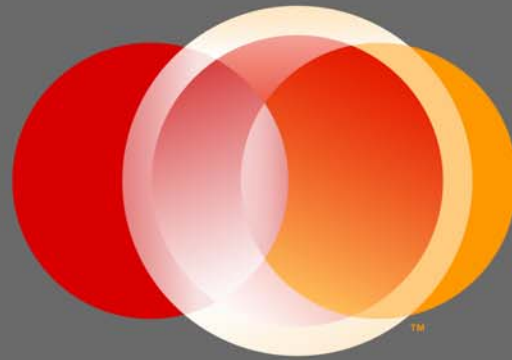
- Generated \$650 million in cash flow from operations during 2006
- Cash, cash equivalents and available-for-sale securities of \$2.5 billion
- Stockholders' equity at \$2.4 billion
- Accounts receivable increased \$104 million primarily due to:
 - Pricing recalibration in Europe
 - Higher volume and assessments on cards
- Accounts payable increased \$94 million due to timing of payments principally related to advertising and amounts due to customers and merchants under incentive agreements
- Accrued expenses increased \$86 million primarily due to higher customer incentives driven by new contracts in 2006
- Obligations under the U.S. Merchant Lawsuit and other litigation settlements decreased \$128 million due to:
 - \$195 million in payments of litigation settlements
 - Offset by \$67 million in accruals and interest accretion

2007 Items for Consideration

- No “special items” in 1Q 2006
- 1Q07 last “grow-over” quarter resulting from April 2006 cross-border price restructuring
- Advertising and marketing spend pattern more representative of a non-World Cup soccer year

Full-Year 2006 Progress

	FY 2006
Grow revenue	13.2%
Continued margin improvement*	2.9 ppt improvement versus 2005
Deliver net income growth*	44.2%
Return on equity, excluding IPO proceeds	30.9%



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Appendix A: GAAP Reconciliation

(\$ million)	For the three months ended 12/31/06			For the three months ended 12/31/05			YOY Growth
	<u>Actual</u>	<u>Special Items</u>	<u>As Adjusted</u>	<u>Actual</u>	<u>Special Items</u>	<u>As Adjusted</u>	<u>As Adjusted</u>
Revenues, net	\$839	-	\$839	\$716	-	\$716	17.2%
Operating Expenses							
General and administrative	399	-	399	375	-	375	6.4%
Advertising and marketing	353	-	353	386	-	386	(8.5%)
Litigation settlements	2	2 ^a	-	27	27 ^a	-	NM
Charitable contributions to the MasterCard Foundation	14	-	14 ^b	-	-	-	NM
Depreciation and amortization	25	-	25	26	-	26	(3.8%)
Total operating expenses	793	2	791	814	27	787	0.5%
Operating income (expense)	46	2	48	(98)	27	(71)	167.6%
Operating Margin	5.5%	-	5.7%	(13.7%)	-	(9.9%)	NM
Other Income (Expense)							
Investment income, net	41	-	41	21	-	21	95.2%
Interest expense	(17)	-	(17)	(18)	-	(18)	(5.6%)
Other income, net	-	-	-	7	-	7	NM
Total other income	24	-	24	10	-	10	140.0%
Income (loss) before income taxes	70	2	72	(88)	27	(61)	218.0%
Income tax expense (benefit)	29	1	30	(35)	9	(26)	NM
Net Income (loss)	<u>\$41</u>	<u>1</u>	<u>\$42</u>	<u>(\$53)</u>	<u>\$18</u>	<u>(\$35)</u>	218.5%
Basic Net Income (Loss) per Share	<u>\$0.30</u>	<u>\$0.01</u>	<u>\$0.31</u>	<u>(\$0.39)</u>	<u>\$0.13</u>	<u>(\$0.26)</u>	218.5%
Diluted Net Income (Loss) per Share	<u>\$0.30</u>	<u>\$0.01</u>	<u>\$0.31</u>	<u>(\$0.39)</u>	<u>\$0.13</u>	<u>(\$0.26)</u>	218.5%

^a Litigation settlements

^b Contribution of cash to the MasterCard Foundation

NM = Not meaningful

Appendix A (cont.): GAAP Reconciliation

(\$ million)	For the year ended 12/31/06			For the year ended 12/31/05			YOY Growth
	<u>Actual</u>	<u>Special Items</u>	<u>As Adjusted</u>	<u>Actual</u>	<u>Special Items</u>	<u>As Adjusted</u>	<u>As Adjusted</u>
Revenues, net	\$3,326	-	\$3,326	\$2,938	-	\$2,938	13.2%
Operating Expenses							
General and administrative	1,505	-	1,505	1,352	19 c	1,333	12.9%
Advertising and marketing	1,052	-	1,052	1,008	-	1,008	4.4%
Litigation settlements	25	25 a	-	75	75 a	-	NM
Charitable contributions to the MasterCard Foundation	415	395 d	20 b	-	-	-	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) e	118	61	-	61	93.4%
Interest expense	(61)	-	(61)	(70)	-	(70)	(12.9%)
Other income, net	1	-	1	23	(17) f	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	<u>\$50</u>	<u>\$407</u>	<u>\$457</u>	<u>\$267</u>	<u>\$50</u>	<u>\$317</u>	44.2%
Basic Net Income per Share	<u>\$0.37</u>	<u>\$3.00</u>	<u>\$3.37</u>	<u>\$1.98</u>	<u>\$0.37</u>	<u>\$2.35</u>	43.4%
Diluted Net Income per Share	<u>\$0.37</u>	<u>\$3.00</u>	<u>\$3.37</u>	<u>\$1.98</u>	<u>\$0.37</u>	<u>\$2.35</u>	43.4%

^a Litigation settlements

^b Contribution of cash to the MasterCard Foundation

^c Adjustment to reflect accounting methodology change for cash-based executive incentive plans

^d Contribution of common stock to the MasterCard Foundation

^e Interest income on IPO proceeds which were used for redemption

^f Gains from the settlement of a contractual dispute

NM = Not meaningful