



MasterCard
Worldwide

MasterCard Incorporated 3rd Quarter 2006 Financial Results Conference Call

November 1, 2006

3rd Quarter Financial Results

- Delivered net income of \$193 million and earnings per share of \$1.42
- Achieved strong revenue growth of 13.9% primarily due to:
 - Gross dollar volume growth (15.0% to \$502 billion)
 - Increased processed transactions (18.9% to 4.2 billion)
 - Restructured cross-border pricing (implemented April 2006)
- Achieved operating margin of 30.5%
- Continued already solid financial position - \$2.3 billion of cash, cash equivalents and available-for-sale securities at quarter end

3rd Quarter Selected Financial Performance

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

	3Q 2006	3Q 2005 adjusted for special items	YOY % Growth Rate
Net Revenue	\$902	\$792	13.9
General and Administrative	393	331 ^a	18.7
Advertising and Market Development	209	219	(4.6)
Litigation Settlements	-	- ^a	NM
Depreciation and Amortization	25	27	(4.3)
Operating Income	275	215 ^a	27.9
Net Income	193	139 ^a	38.8
Basic and Diluted EPS	1.42	1.03 ^a	37.3
<i>Effective Tax Rate</i>	<i>33.9%</i>	<i>35.3%</i>	<i>(1.4) ppts.</i>

a. See Appendix A for GAAP reconciliation of special items

MasterCard Branded Volume (GDV) Third Quarter 2006

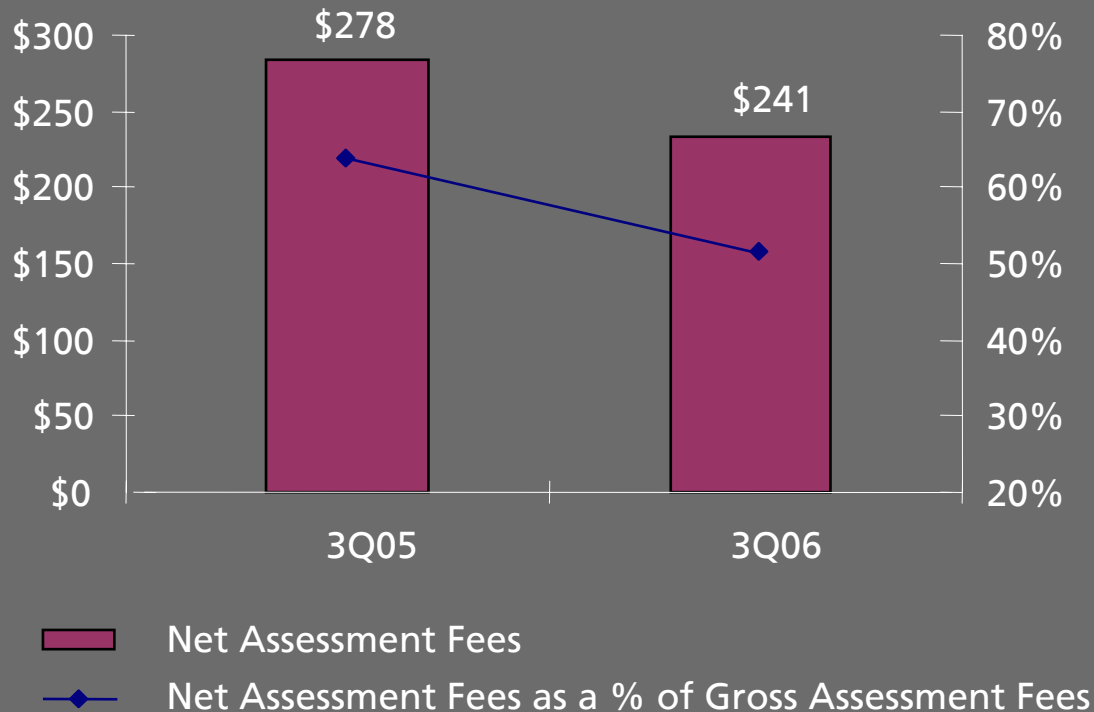


	GDV (\$ Billions)	% Year-Over-Year Growth	
		<u>U.S. Dollar</u>	<u>Local Currency</u>
Asia Pacific	70	7.8	6.1
Canada	19	21.2	13.0
Europe	135	16.7	12.9
Latin America	31	25.1	25.2
South Asia / Middle East / Africa	8	36.7	44.6
United States	<u>238</u>	<u>17.3</u>	<u>17.3</u>
Worldwide	502	16.5	15.0

Note: Figures may not sum due to rounding

3rd Quarter Revenue - Assessments

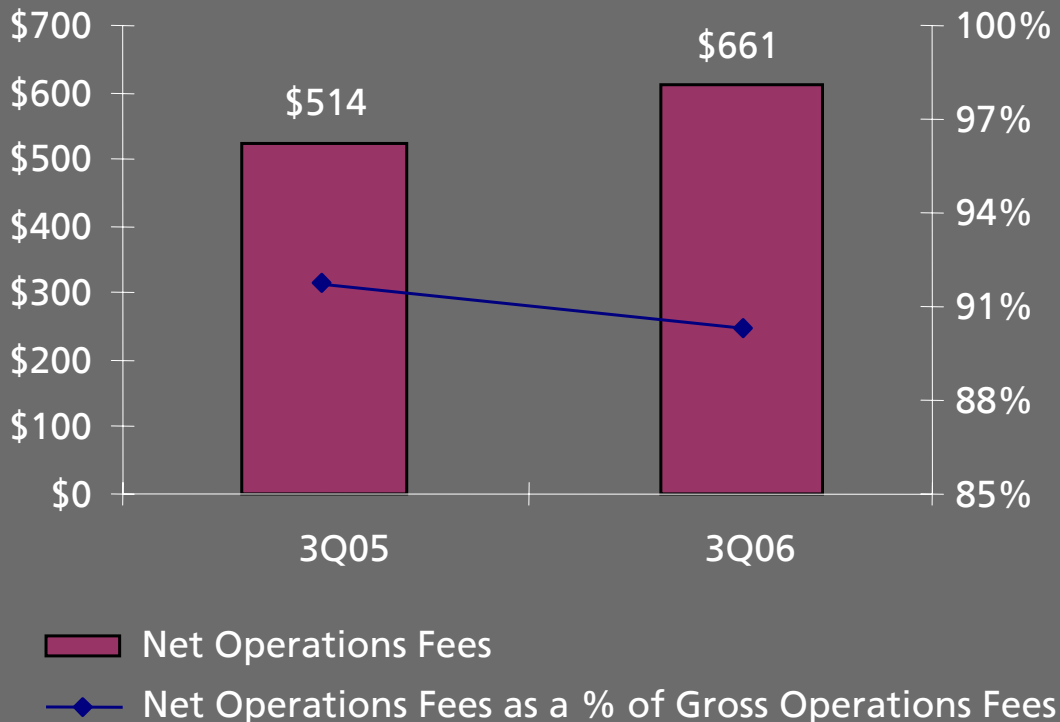
(\$ in Millions)



- Net assessments down \$37 or 13.3%
- Gross assessments increased \$20 or 4.6% over 2005. Key drivers include:
 - GDV increases
 - Restructured pricing, primarily \$42 reclassification to operations fees (offsets gross assessments)
- Net assessments as % of gross assessments declined due to an increase in incentives primarily from:
 - New and renewed customer and merchant agreements

3rd Quarter Revenue - Operations Fees

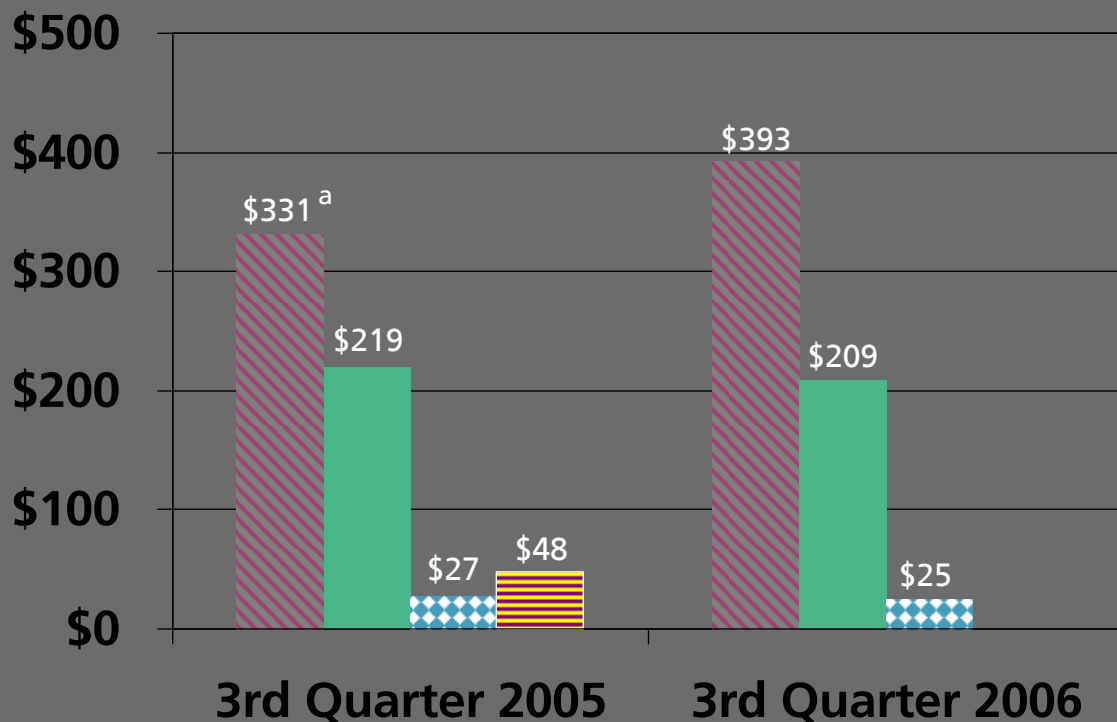
(\$ in Millions)



- Net operations fees up \$147 or 28.6%
- Gross operations fees increased \$169 or 30.2%. Key drivers include increases in:
 - Processed transactions
 - GDV
 - Restructured pricing, including \$42 million reclassification from assessments
- Net operations fees as % of gross operations fees declined due to an increase in rebates primarily from:
 - Consolidation of major customers
 - Impact of restructured pricing

3rd Quarter Operating Expenses

(\$ in Millions)



- General & Administrative
- Advertising & Marketing
- Depreciation & Amortization
- Litigation Settlements

- Total operating expenses decreased 2.6% to \$627:
 - Adjusted for 2005 special items, increased 8.8%^a
- General and administrative, increased 12.2% to \$393:
 - Adjusted for 2005 special items, increased 18.7%^a
 - Driven by increases in professional fees and personnel costs
- Advertising and market development decreased \$10 or 4.6%:
 - Primarily due to focus on World Cup sponsorship activities which concluded in the beginning of 3Q06
- No litigation settlements were accrued during 3Q06

a. See Appendix A for GAAP reconciliation of special items

Balance Sheet and Cash Flow Statement Highlights

- Cash, cash equivalents and available-for-sale securities of \$2.3 billion
- Stockholders' Equity at \$2.3 billion
- Accounts receivable increased \$97 million primarily due to:
 - Pricing recalibration in Europe
 - Volume increases
 - An increase in VAT receivable due to timing of payments
- Obligations under the U.S. Merchant Lawsuit and other litigation settlements decreased \$40 million due to:
 - \$95 million in payments of litigation settlements
 - Offset by \$55 million in accruals and interest accretion
- Generated \$447 million in cash flow from operations during the nine months ended September 30, 2006

4Q Special Items for Consideration

(\$ in Millions)

4Q05 Special Items:

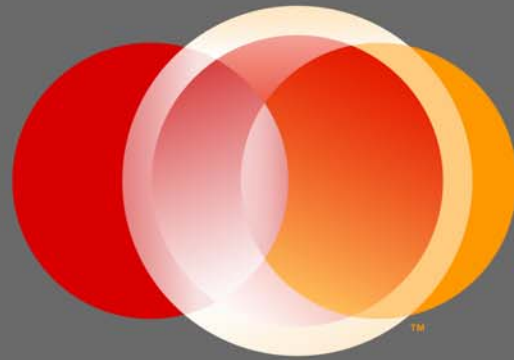
Pre-Tax
(Expense)

Currency Conversion Reserve
(reported as Litigation Settlements expense)

(\$27)

Long-Term Performance Objectives

- Grow revenue
- Continued margin improvement
- Deliver net income growth
- Return on equity



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Appendix A: GAAP Reconciliation

(\$ million)	For the three months ended September 30, 2006			For the three months ended September 30, 2005			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>
Revenue	\$902	-	\$902	\$792	-	\$792	13.9%
General and Administrative	393	-	393	350	19 a	331	18.7%
Advertising and Marketing	209	-	209	219	-	219	(4.6%)
Litigation Settlements	-	-	-	48	48 b	-	NM
Charitable Contributions	-	-	-	-	-	-	NM
Depreciation and Amortization	25	-	25	27	-	27	(4.3%)
Total operating expenses	627	-	627	644	67	577	8.8%
Operating Income	275	-	275	148	67	215	27.9%
Investment Income	34	-	34	16	-	16	112.5%
Other income (expense)	-	-	-	18	(17) c	1	NM
Net Income	193	-	193	106	33	139	38.8%
Earnings Per Share	1.42	-	1.42	0.79	0.24	1.03	37.3%

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

^b Litigation settlements

^c Gains from the settlement of a contractual dispute