



MasterCard
Worldwide

MasterCard Incorporated 2nd Quarter 2008 Financial Results Conference Call

July 31, 2008

2nd Quarter Financial Results

- Net income of \$276 million, or \$2.11 per diluted share, excluding a special item related to the American Express settlement*
- Net loss of \$747 million, or \$5.74 per diluted share, including the special item
- Net revenue of \$1.2 billion, representing growth of 25.0% from Q2 2007 due to:
 - Gross dollar volume growth (12.8% ** to \$655 billion)
 - Increase in processed transactions (13.6% to 5.2 billion)
 - Increase in cross-border volumes (18.9% **)
 - Pricing changes (5 percentage points)
 - Currency fluctuations (5.4 percentage points)
- Improved operating margin by 6.1 ppts., to 33.4%, from 27.3% in Q2 2007, excluding special items*

* See Appendix A for a GAAP reconciliation of special items for the three months ended June 30, 2007 and 2008

** On a local currency basis

Business Update

- Economic Overview
- IPS Debit Processing
- Legal and Regulatory Update
- Share Repurchase and Conversion Programs



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2nd Quarter Selected Financial Performance

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

	2Q 2008 Actual	2Q 2008 adjusted for special items*	2Q 2007 adjusted for special items*	YOY adjusted Growth %
Net revenue	\$ 1,247	\$ 1,247	\$ 997	25.0
Total operating expenses	<u>2,480</u>	<u>830</u>	<u>725</u>	14.6
Operating income	(1,233)	416	272	52.9
<i>Operating margin</i>	(98.9%)	33.4%	27.3%	6.1 pts
Net income (loss)	\$ <u>(747)</u>	\$ <u>276</u>	\$ <u>195</u>	41.0
Diluted EPS	\$ <u>(5.74)</u>	\$ <u>2.11</u>	\$ <u>1.43</u>	47.8

Note: Figures may not sum due to rounding

*See Appendix A for a GAAP reconciliation of special items for the three months ended June 30, 2007 and 2008

MasterCard Branded Volume (GDV) 2nd Quarter 2008

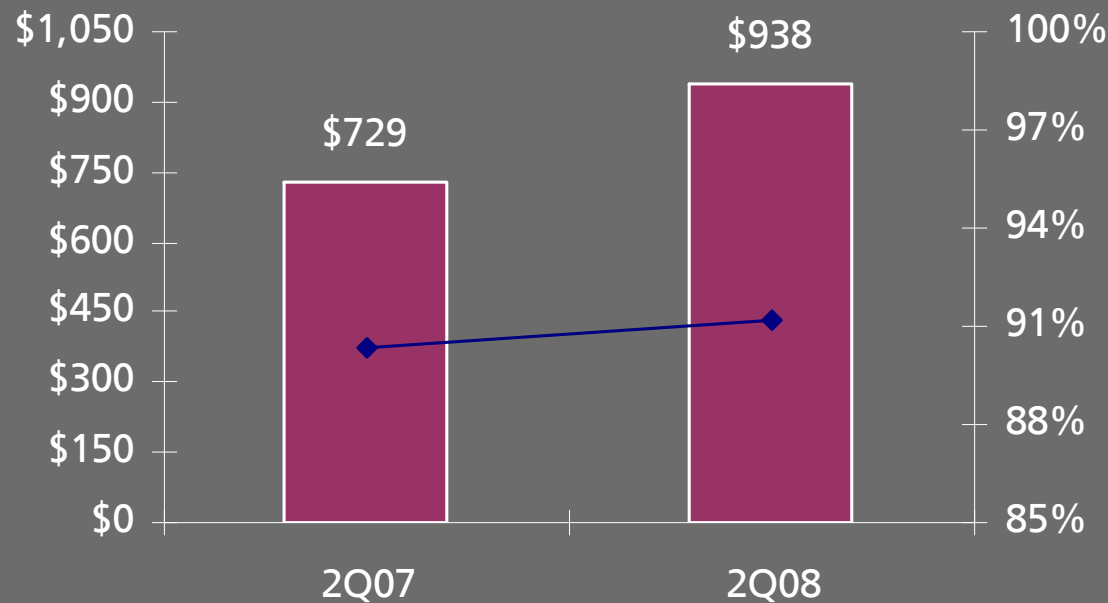


	GDV (\$ billions)	YOY Growth Rate %	
		U.S. Dollar	Local Currency
Asia Pacific	93	26.6	18.8
Canada	27	22.2	12.4
Europe	204	30.7	17.8
Latin America	47	26.5	17.4
South Asia/Middle East/Africa (SAMEA)	13	28.3	31.9
United States	<u>271</u>	6.2	6.2
Worldwide	655	18.2	12.8

Note: Figures may not sum due to rounding

2nd Quarter Revenue - Operations Fees

(\$ in millions)



Net Operations Fees

Net Operations Fees as a % of Gross Operations Fees

- Net operations fees increased 28.7%, or \$209 to \$938
- Gross operations fees increased 27.5%, or \$222 to \$1,029. Key drivers included:
 - Processed transactions growth of 13.6%
 - Cross-border volume growth of 18.9%
 - GDV growth of 18.2%*
 - Pricing changes
- Net operations fees as a % of gross improved slightly

* On a U.S. dollar basis

2nd Quarter Revenue - Assessments

(\$ in millions)



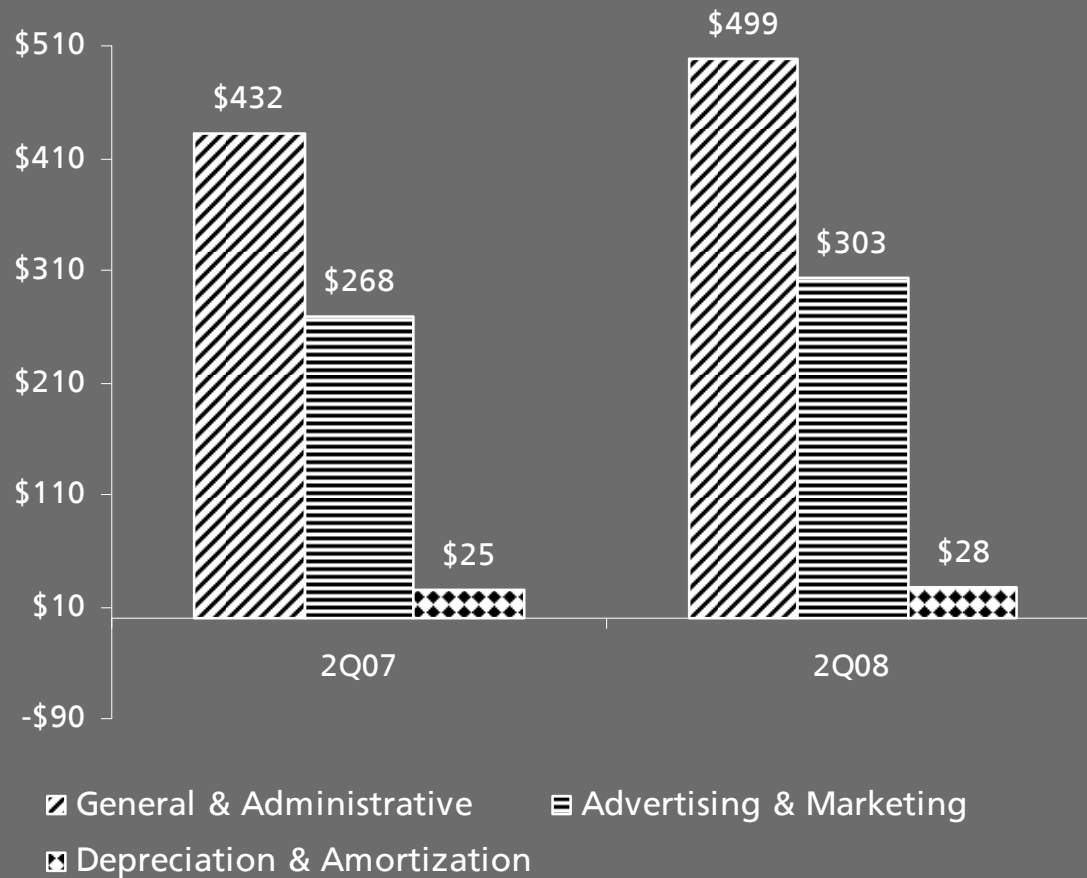
- Net assessments increased 14.9%, or \$40, to \$308
- Gross assessments increased 15.9%, or \$80 to \$583 due to strong GDV growth of 18.2%*
- Net assessments as a % of gross assessments declined slightly

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

* On a U.S. dollar basis

2nd Quarter Operating Expenses

(\$ in Millions)



Excluding the special items*:

- Total operating expenses increased 14.6%, or \$106, to \$830
- G&A increased 15.7%, or \$67, to \$499 primarily due to:
 - Higher personnel costs for new hires
 - Higher severance costs
- A&M increased 13.0%, or \$35, to \$303 primarily due to:
 - Currency fluctuations
 - Timing of certain expenses for sponsorships and promotions

*See Appendix A for a GAAP reconciliation of special items for the three months ended June 30, 2007 and 2008

Cash Flow Statement and Balance Sheet Highlights

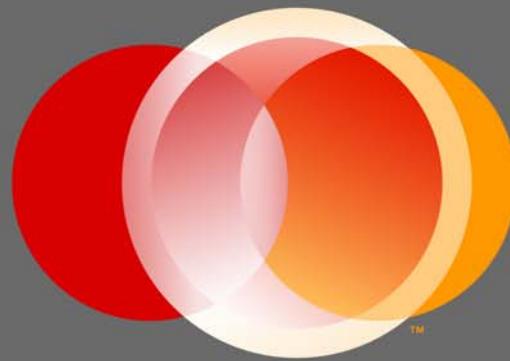


- Generated \$319 million in cash flow from operations during the quarter
- Cash, cash equivalents and available-for-sale securities of \$2.7 billion at June 30, 2008
- Available-for-sale securities decreased \$84 million during the quarter primarily due to the sale of short-term bond funds
- Impact of American Express settlement:
 - Increased litigation liability by \$1.65 billion
 - Deferred income tax assets increased by \$530 million
- Acquisition of Europay France increased long-term debt by \$20 million
- Repurchases of approximately 1.3 million Class A shares for \$355 million

Items for Consideration

Thoughts for 2008

- Net revenue – continue to expect double-digit growth, excluding FX impact, but lower than 2007 growth rate
- G&A – continue to expect:
 - Full-year growth to be lower than both 2008 top line growth and 2007 G&A growth rate of 16.8%, excluding FX impact
- A&M – now expect:
 - No growth over full-year 2007 level, including FX impact
 - Highest spend in 2Q, declining sequentially over the last 2 quarters
- Impact of interest accretion for Amex settlement will increase interest expense by \$44 million for the Second Half of 2008



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Appendix A: GAAP Reconciliation



(\$ million)	For the three months ended 6/30/08			For the three months ended 6/30/07			YOY Grow
	<u>Actual</u>	<u>Special Items</u>	<u>As Adjusted</u>	<u>Actual</u>	<u>Special Items</u>	<u>As Adjusted</u>	<u>As Adjuste</u>
Revenues, net	\$1,247	-	\$1,247	\$997	-	\$997	25.0%
Operating Expenses							
General and administrative	499	-	499	432	-	432	15.7%
Advertising and marketing	303	-	303	268	-	268	13.0%
Litigation settlements	1,649	1,649 <i>a</i>	-	3	3 <i>a</i>	-	NM
Charitable contributions to the MasterCard Foundation	-	-	-	-	-	-	NM
Depreciation and amortization	28	-	28	25	-	25	11.7%
Total operating expenses	2,480	1,649	830	728	3	725	14.6%
Operating income (expense)	(1,233)	1,649	416	269	3	272	52.9%
Operating Margin	(98.9%)	-	33.4%	27.0%	-	27.3%	6.1 ppt.
Other Income (Expense)							
Investment income, net	26	-	26	36	-	36	(29.6%)
Interest expense	(15)	-	(15)	(11)	-	(11)	38.2%
Other income, net	-	-	-	92	90 <i>b</i>	2	NM
Total other income (expense)	10	-	10	117	90	27	(63.5%)
Income (loss) before income taxes	(1,223)	1,649	426	386	(87)	299	42.2%
Income tax expense (benefit)	(477)	627	150	134	(30)	104	44.4%
Net Income (loss)	<u>(\$747)</u>	<u>\$1,023</u>	<u>\$276</u>	<u>\$252</u>	<u>(\$57)</u>	<u>\$195</u>	41.0%
Basic Net Income (Loss) per Share	<u>(\$5.74)</u>	<u>\$7.86</u>	<u>\$2.12</u>	<u>\$1.86</u>	<u>(\$0.42)</u>	<u>\$1.44</u>	47.8%
Diluted Net Income (Loss) per Share	<u>(\$5.74)</u>	<u>\$7.85</u>	<u>\$2.11</u>	<u>\$1.85</u>	<u>(\$0.42)</u>	<u>\$1.43</u>	47.8%

a Litigation settlements

b Other income related to a settlement agreement to discontinue the company's sponsorship of the 2010 and 2014 World Cup soccer events

NM = Not meaningful
Figures may not sum due to rounding

Appendix B: Amortization Schedule for the American Express Settlement



(\$ million)

	<u>June '08</u>	<u>Sept '08</u>	<u>Dec '08</u>	<u>March '09</u>	<u>June '09</u>	<u>Sept '09</u>	<u>Dec '09</u>
Beginning Principal Balance	\$ 1,649	\$ 1,649	\$ 1,522	\$ 1,394	\$ 1,263	\$ 1,130	\$ 996
Debt Paydown	\$ -	\$ 127	\$ 129	\$ 131	\$ 133	\$ 134	\$ 136
Imputed Interest	\$ -	\$ 23	\$ 21	\$ 19	\$ 17	\$ 16	\$ 14
Quarterly Payments	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>
Ending Principal Balance	\$ 1,649	\$ 1,522	\$ 1,394	\$ 1,263	\$ 1,130	\$ 996	\$ 859

	<u>March '10</u>	<u>June '10</u>	<u>Sept '10</u>	<u>Dec '10</u>	<u>March '11</u>	<u>June '11</u>
Beginning Principal Balance	\$ 859	\$ 721	\$ 581	\$ 439	\$ 295	\$ 148
Debt Paydown	\$ 138	\$ 140	\$ 142	\$ 144	\$ 146	\$ 148
Imputed Interest	\$ 12	\$ 10	\$ 8	\$ 6	\$ 4	\$ 2
Quarterly Payments	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>
Ending Principal Balance	\$ 721	\$ 581	\$ 439	\$ 295	\$ 148	\$ -

Figures may not sum due to rounding