



MasterCard Incorporated Fourth-Quarter and Full-Year 2008 Financial Results Conference Call

February 5, 2009

Business Update

- Economic Overview
- Business Overview
- Capital Structure



4th Quarter Selected Financial Performance

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

	4Q 2008 Actual	4Q 2008 adjusted for special items*	4Q 2007 adjusted for special items*	YOY adjusted Growth %
Net revenue	\$ 1,225	\$ 1,225	\$ 1,073	14.2
Total operating expenses	<u>762</u>	<u>756</u>	<u>901</u>	(16.0)
Operating income	462	468	172	172.2
<i>Operating margin</i>	<i>37.7%</i>	<i>38.2%</i>	<i>16.0%</i>	<i>22.2ppts</i>
Net income	\$ <u>239</u>	\$ <u>243</u>	\$ <u>304</u>	(20.1)
Diluted EPS	\$ <u><u>1.84</u></u>	\$ <u><u>1.87</u></u>	\$ <u><u>2.26</u></u>	(17.3)

Note: Figures may not sum due to rounding

*See Appendix A for a GAAP reconciliation of special items for the three months and twelve months ended December 31, 2007 and 2008

MasterCard Branded Volume (GDV) 4th Quarter 2008

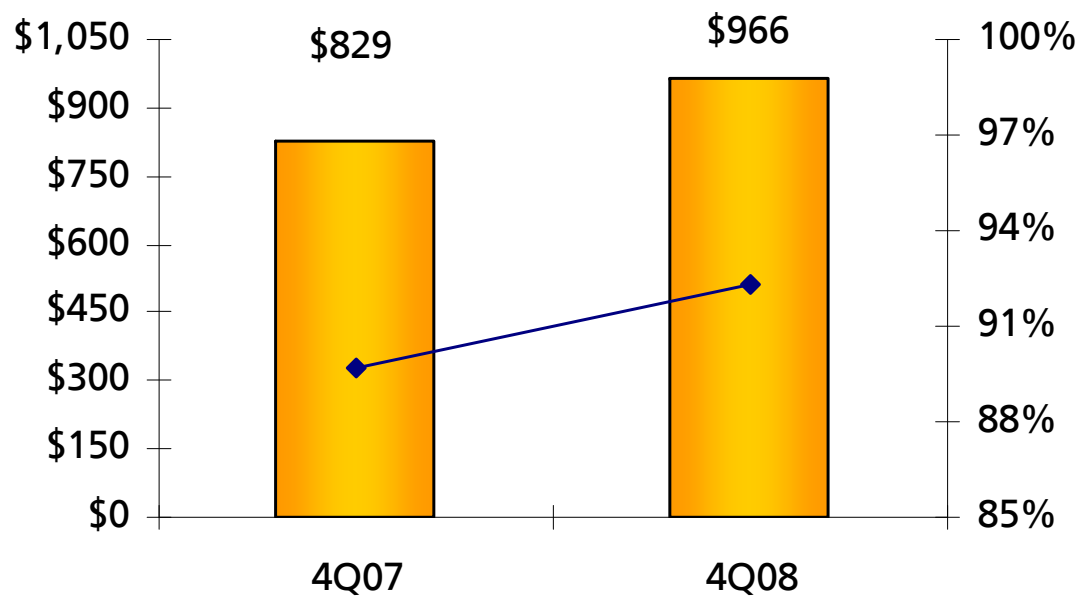


	YOY Growth Rate %		
	GDV (\$ billions)	U.S. Dollar	Local Currency
Asia Pacific	91	3.8	14.6
Canada	23	-15.1	5.3
Europe	176	-7.1	8.3
Latin America	44	- 6.0	11.4
South Asia/Middle East/Africa (SAMEA)	14	9.3	30.6
United States	<u>256</u>	-5.2	- 5.2
Worldwide	605	- 4.7	3.4


Note: Figures may not sum due to rounding

4th Quarter Revenue - Operations Fees

(\$ in millions)



 Net Operations Fees

 Net Operations Fees as a % of Gross Operations Fees

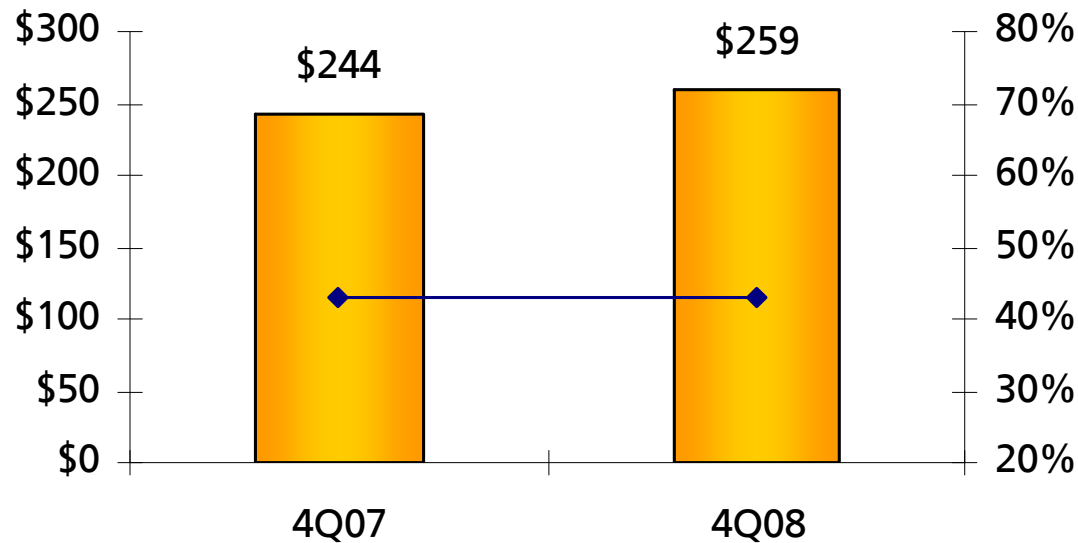
- Net operations fees increased 16.5%, or \$137, to \$966
- Gross operations fees increased 13.2%, or \$122, to \$1,046. Key drivers included:
 - Pricing changes
 - Processed transactions growth of 6.0%
 - GDV growth of 3.4%*
 - Cross-border volume growth of 7.5%*
- Net operations fees as a % of gross improved 2.7%

* On a local currency basis



4th Quarter Revenue - Assessments

(\$ in millions)



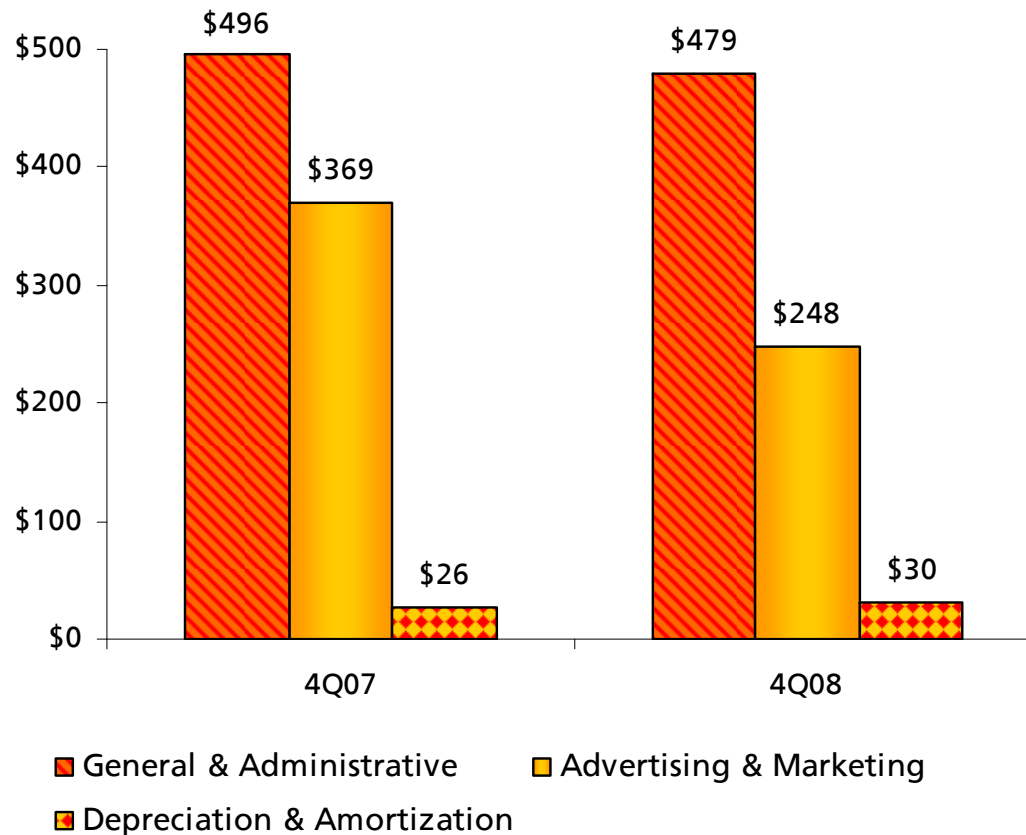
Net Assessment Fees

Net Assessment Fees as a % of Gross Assessment Fees

- Net assessments increased 6.1%, or \$15, to \$259
- Gross assessments increased 6.3%, or \$36, to \$604
- Net assessments as a % of gross assessments was essentially flat

4th Quarter Operating Expenses

(\$ in Millions)



Excluding special items*:

- Total operating expenses decreased 16.0%, or \$145, to \$756
- G&A decreased 3.4%, or \$17, to \$479 primarily due to:
 - cost-reduction initiatives to reduce travel, personnel and professional fee costs
 - Foreign currency contributed ~2.0 ppt to the decrease
- A&M decreased 32.8%, or \$121, to \$248 primarily due to:
 - Cost-reduction initiatives
 - Foreign currency contributed ~1.9 ppt to the decrease

*See Appendix A for a GAAP reconciliation of special items for the three months and twelve months ended December 31, 2007 and 2008

Full-Year 2008 Highlights

- Delivered full-year net income of \$1.2 billion and earnings per share of \$9.45, on a diluted basis, of which \$0.42 represented gains from the sale of Redecard securities*
- Achieved full-year net revenue of \$5.0 billion, representing growth of 22.7% primarily due to:
 - Gross dollar volume growth of 10.7%** to \$2.5 trillion
 - Increase in processed transactions of 11.8% to 21.0 billion
 - Increase in cross-border volumes of 16.6%**
 - Pricing adjustments of approximately 6%
- Significantly improved operating margin by 11.7 ppts., to 39.0% from 27.3% in 2007*

* Excluding special items; see Appendix A for a GAAP reconciliation of special items for the three and twelve months ended December 31, 2007 and 2008

** On a local currency basis

Cash Flow Statement and Balance Sheet Highlights



- Generated \$413 million in cash flow from operations for the year ended December 31, 2008
- Cash, cash equivalents and current available-for-sale securities of \$2.1 billion at December 31, 2008
- Litigation settlement impact:
 - Decreased Stockholders' Equity
 - Increased litigation liability, both short and long-term
 - Increased deferred income tax assets
- Orbiscom acquisition reflected as of year-end 2008

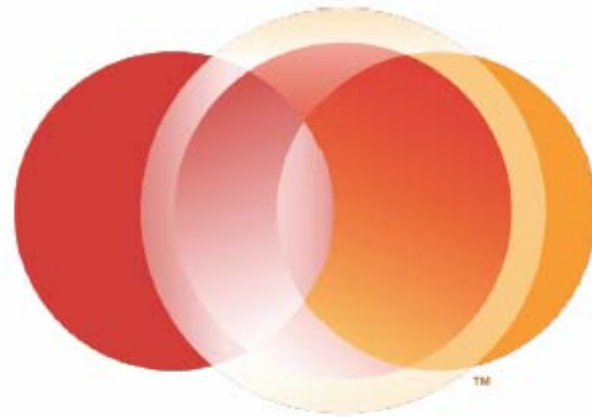
2009 Outlook

- **Thoughts for 2009**

- Net revenue growth will likely be lower than longer-term objective range
- Operating expenses will be essentially flat over 2008 levels

- **Assumptions:**

- Constant foreign exchange
- Effective Tax Rate = 35%
- Continue to monitor global economic and financial environments



MasterCard
Worldwide

The Heart of Commerce™

Appendix A: GAAP Reconciliation



(\$ million except percentages)	For the three months ended 12/31/08			For the three months ended 12/31/07			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	\$ 1,225	\$ -	\$ 1,225	\$1,073	-	\$1,073	14.2%
Operating Expenses							
General and administrative	479	-	479	496	-	496	(3.4%)
Advertising and marketing	248	-	248	369	-	369	(32.8%)
Litigation settlements	6	6 ^a	-	-	-	-	NM
Charitable contributions to the MasterCard	-	-	-	10	-	10	(100.0%)
Depreciation and amortization	30	-	30	26	-	26	14.9%
Total operating expenses	<u>762</u>	<u>6</u>	<u>756</u>	<u>901</u>	<u>-</u>	<u>901</u>	(16.0%)
Operating income	462	6	468	172	-	172	172.2%
Operating Margin	37.7%	-	38.2%	16.0%	-	16.0%	22.2 ppt.
Other Income (Expense)							
Investment income, net	20	-	20	311	-	311	(93.6%)
Interest expense	(37)	-	(37)	(15)	-	(15)	138.5%
Other expense, net	-	-	-	(1)	-	(1)	NM
Total other income (expense)	<u>(17)</u>	<u>-</u>	<u>(17)</u>	<u>295</u>	<u>-</u>	<u>295</u>	(105.9%)
Income before income taxes	445	6	451	467	-	467	(3.4%)
Income tax expense	206	2	208	163	-	163	27.6%
Net Income	<u>\$ 239</u>	<u>\$ 4</u>	<u>\$ 243</u>	<u>\$304</u>	<u>-</u>	<u>\$304</u>	(20.1%)
Basic Net Income per Share	<u>\$ 1.85</u>	<u>\$ 0.03</u>	<u>\$ 1.88</u>	<u>\$2.28</u>	<u>-</u>	<u>\$2.28</u>	(17.5%)
Diluted Net Income per Share	<u>\$ 1.84</u>	<u>\$ 0.03</u>	<u>\$ 1.87</u>	<u>\$2.26</u>	<u>-</u>	<u>\$2.26</u>	(17.3%)

a- Litigation settlements

NM = Not meaningful
Figures may not sum due to rounding

Appendix A (cont.): GAAP Reconciliation



(\$ million except percentages)

	For the year ended 12/31/08			For the year ended 12/31/07			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	\$ 4,992	\$ -	\$ 4,992	\$4,068	-	\$4,068	22.7%
Operating Expenses							
General and administrative	1,914	-	1,914	1,758	-	1,758	8.8%
Advertising and marketing	1,018	-	1,018	1,080	-	1,080	(5.8%)
Litigation settlements	2,483	2,483 a	-	3	3 a	-	NM
Charitable contributions to the MasterCard	-	-	-	20	-	20	(100.0%)
Depreciation and amortization	112	-	112	98	-	98	14.7%
Total operating expenses	5,526	2,483	3,043	2,959	3	2,956	2.9%
Operating income (loss)	(535)	2,483	1,948	1,108	3	1,111	75.3%
Operating Margin	(10.7%)	-	39.0%	27.2%	-	27.3%	11.7 ppt.
Other Income (Expense)							
Investment income, net	183	-	183	530	-	530	(65.5%)
Interest expense	(104)	-	(104)	(57)	-	(57)	80.9%
Other income, net	72	75 b	(3)	90	90 c	-	NM
Total other income (expense)	151	75	76	563	90	473	(83.9%)
Income (loss) before income taxes	(383)	2,408	2,025	1,671	(87)	1,584	27.8%
Income tax expense (benefit)	(129)	914	785	586	30	556	41.2%
Net Income (Loss)	<u>\$ (254)</u>	<u>\$ 1,494</u>	<u>\$ 1,239</u>	<u>\$1,086</u>	<u>(\$57)</u>	<u>\$1,029</u>	20.4%
Basic Net Income (Loss) per Share	<u>\$ (1.95)</u>	<u>\$ 11.47</u>	<u>\$ 9.52</u>	<u>\$8.05</u>	<u>(\$0.42)</u>	<u>\$7.63</u>	24.8%
Diluted Net Income (Loss) per Share	<u>\$ (1.95)</u>	<u>\$ 11.40</u>	<u>\$ 9.45</u>	<u>\$8.00</u>	<u>(\$0.42)</u>	<u>\$7.58</u>	24.7%

a- Litigation settlements

b- Gain from the termination of a customer business agreement

c- Other income related to a settlement agreement to discontinue the company's sponsorship of the 2010 and 2014 World Cups

NM = Not meaningful

Figures may not sum due to rounding

Appendix B: 4th Quarter Operations Fees Detail



(\$ millions except percentages)	For the three months ended <u>December 31,</u>		Dollar Increase (Decrease)	Percent Increase (Decrease)
	<u>2008</u>	<u>2007</u>	<u>2008 vs. 2007</u>	<u>2008 vs. 2007</u>
Authorization, settlement and switch	\$430	\$382	48	12.6
Currency conversion and cross-border	272	234	38	16.2
Acceptance development fees	77	77	-	-
Warning bulletin fees	17	18	(1)	(5.6)
Connectivity	31	28	3	10.7
Consulting and research fees	32	29	3	10.3
Other operations fees	<u>186</u>	<u>156</u>	<u>30</u>	19.2
Gross operations fees	1,046	924	122	13.2
Rebates	<u>(80)</u>	<u>(96)</u>	<u>(16)</u>	(16.7)
Net operations fees	<u>\$966</u>	<u>\$829</u>	<u>\$137</u>	16.5

Figures may not sum due to rounding

Appendix C: 4th Quarter G&A Detail



(\$ millions except percentages)	For the three months ended <u>December 31,</u>		Dollar Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
	<u>2008</u>	<u>2007</u>	2008 vs. <u>2007</u>	2008 vs. <u>2007</u>
Personnel	\$322	\$333	(11)	(3.3)
Professional fees	50	63	(13)	(20.6)
Telecommunications	19	18	1	5.6
Data processing	22	17	5	29.4
Travel and entertainment	13	25	(12)	(48.0)
Other	<u>53</u>	<u>40</u>	<u>13</u>	32.5
General and administrative expenses	<u>\$479</u>	<u>\$496</u>	<u>(\$17)</u>	(3.4)

Figures may not sum due to rounding