

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

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	2,480	830	725	14.6
Operating income	(1,233)	416	272	52.9
Operating margin	*(98.9%)*	*33.4%*	*27.3%*	*6.1 ppts*
Net income (loss)	$ (747)	$ 276	$ 195	41.0
Diluted EPS	$ (5.74)	$ 2.11	$ 1.43	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

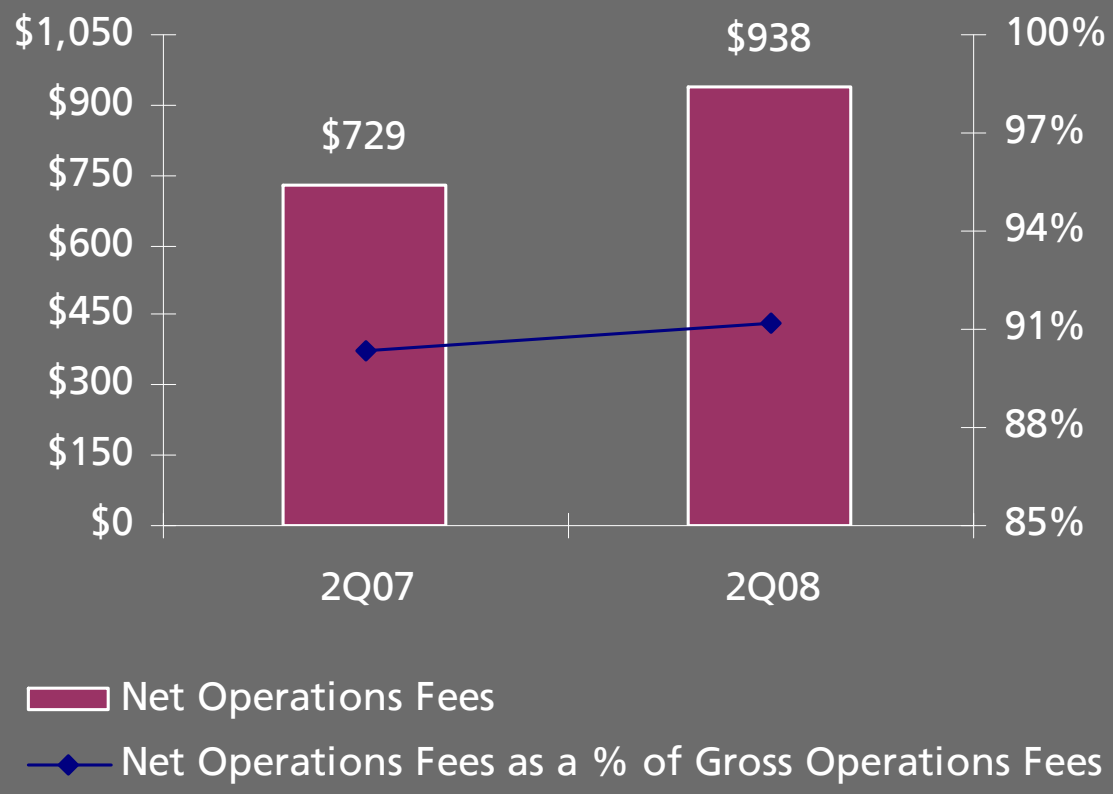
MasterCard Branded Volume (GDV)
2nd Quarter 2008

	GDV ($ billions)	YOY Growth Rate % U.S. Dollar	YOY Growth Rate % 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	271	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)

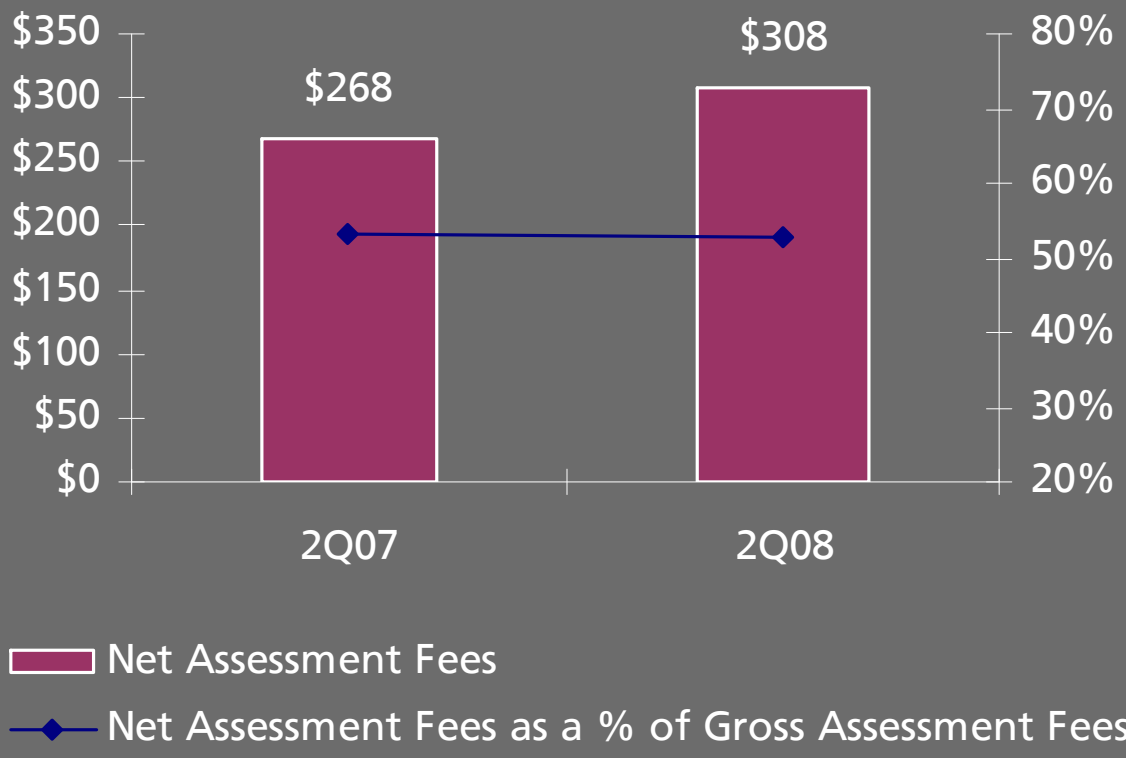


- Net operations fees increased 28.7%, or $209 to $938
- Gross operations fees increased 27.5%, or $222 to $1,029. Key drivers included:
  - Processed transactions growth of 13.6%
  - Cross-border volume growth of 18.9%
  - GDV growth of 18.2%*
  - Pricing changes
- Net operations fees as a % of gross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

* On a U.S. dollar basis

2nd Quarter Revenue - Assessments

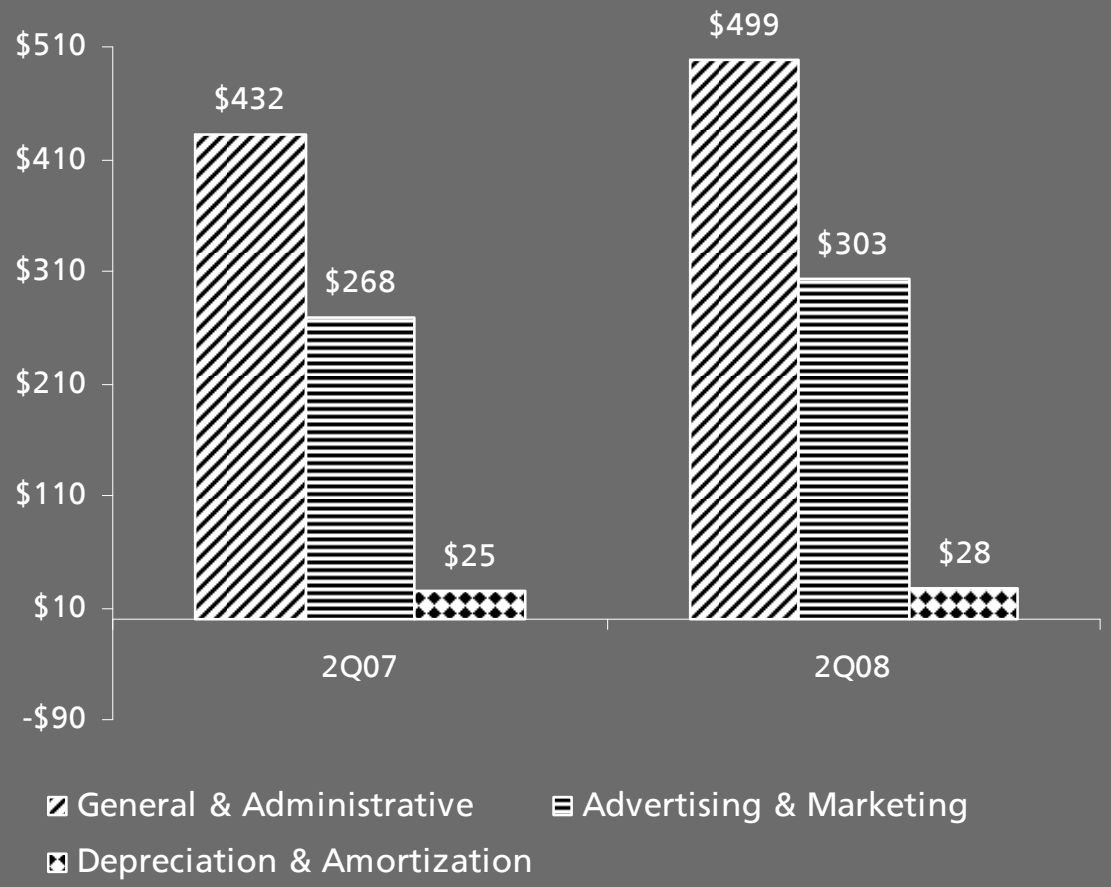
($ in millions)



- 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

* 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

MasterCard Worldwide

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



MasterCard
Worldwide

The Heart of Commerce™

Appendix A:
GAAP Reconciliation

MasterCard Worldwide

($ million)	For the three months ended 6/30/08			For the three months ended 6/30/07			YOY Grow
	Actual	Special Items	As Adjusted	Actual	Special Items	As Adjusted	As Adjuste
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 *a*	-	3	3 *a*	-	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 *b*	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)	($747)	$1,023	$276	$252	($57)	$195	41.0%
Basic Net Income (Loss) per Share	($5.74)	$7.86	$2.12	$1.86	($0.42)	$1.44	47.8%
Diluted Net Income (Loss) per Share	($5.74)	$7.85	$2.11	$1.85	($0.42)	$1.43	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)

	June '08	Sept '08	Dec '08	March '09	June '09	Sept '09	Dec '09
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	$ -	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150
Ending Principal Balance	$ 1,649	$ 1,522	$ 1,394	$ 1,263	$ 1,130	$ 996	$ 859

	March '10	June '10	Sept '10	Dec '10	March '11	June '11
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	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150
Ending Principal Balance	$ 721	$ 581	$ 439	$ 295	$ 148	$ -

Figures may not sum due to rounding