



Press Release

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MasterCard Incorporated Reports Record Results for the Year Ended December 31, 2005

- ***Double-Digit Net Revenue Growth, Up 13.3% to \$2.9 Billion***
- ***Record Net Income of \$267 Million or \$2.67 Per Share***
- ***749.3 Million MasterCard Cards Issued Globally, Up 10.5%***
- ***More than 24 Million Acceptance Locations***

Purchase, NY, March 16, 2006 – MasterCard Incorporated today reported that 2005 was a record year as a result of outstanding performance achieved with the support of its member financial institutions globally. In 2005, net revenue was \$2.9 billion, a 13.3% increase versus 2004. This growth was not significantly impacted by currency fluctuations. Net income for the year was a record \$267 million, or \$2.67 per share on a diluted basis, compared to \$238 million, or \$2.38 per share on a diluted basis in 2004.

The increase in revenue was due primarily to higher gross dollar volume (GDV) on MasterCard branded cards, up 11.9% to \$1.7 trillion, and growth in the number of transactions processed by MasterCard in 2005. GDV growth was fueled by cardholders using the 749.3 million MasterCard cards issued by the company's global customer base at more than 24 million acceptance locations around the world. MasterCard achieved strong international growth, driven primarily by an increase in cross-border travel. Certain pricing changes that went into effect on April 1, 2005 also fueled the increase in revenue.

"MasterCard is delivering results that reflect our customer-focused strategy and the value of our key strategic assets -- our brand, our global network and our payments expertise," said Robert W. Selander, president and chief executive officer. "Over the past year, MasterCard's ability to effectively deliver against the needs of our key customers, establish tangible relationships with the merchant community and make inroads in processing demonstrates the strength of our global business model."

Total operating expenses increased 13.3% in 2005, primarily driven by additional advertising and market development and personnel costs, including additional severance costs, an adjustment related to the accounting for the company's performance award programs, and the hiring of additional staff to support the company's strategic initiatives.

Advertising and market development expenses to promote the company's brands and assist its customers in raising consumer awareness and card usage grew to \$1.0 billion, a 10% increase versus 2004.

Based on progress in ongoing settlement discussions related to the company's currency conversion litigation, certain of which were favorable to MasterCard, the company increased its reserve related to this litigation to \$89 million, \$75 million of which was recorded in 2005.

Other income and expense increased \$37 million to \$14 million in 2005. Contributing to this improvement was a \$12 million increase in interest income from higher cash and investment balances and interest rates earned on those balances. Additionally, the company recognized a \$17 million gain related to the settlement of a customer business agreement dispute, and \$9 million in gains related to the sale of two investments.

The effective tax rate in 2005 was 34.5% versus 26.5% in 2004, due principally to the favorable settlement and reassessment, during 2004, of various tax and audit issues.

Commenting on the company's financial performance, Chris A. McWilton, chief financial officer, said, "Our financial performance in 2005 demonstrates MasterCard's strength and positioning at the center of a rapidly growing global payments industry."

Results of Operations for the Years Ended December 31, 2005 and 2004

	<u>For the Years Ended December 31,</u>		<u>2005 vs. 2004</u>
	<u>2005</u>	<u>2004</u>	
	(In millions, except per share and percent amounts)		
Operations fees.....	\$ 1,941	\$ 1,637	18.6%
Assessments	997	956	4.3%
Net revenue	2,938	2,593	13.3%
General and administrative	1,352	1,186	14.0%
Advertising and market development	1,008	916	10.0%
Legal Settlements	75	22	240.9%
Depreciation and amortization	110	122	(9.8)%
Total operating expenses.....	2,545	2,246	13.3%
Operating income	393	347	13.3%
Total other income (expense).....	14	(23)	160.9%
Income before income tax expense and cumulative effect of accounting change	407	324	25.6%
Income tax expense	140	86	62.8%
Net income	<u>\$ 267</u>	<u>\$ 238</u>	12.2%
Net income per share (basic and diluted)	\$ 2.67	\$ 2.38	12.2%
Weighted average shares outstanding (basic and diluted).....	100	100	—
Effective income tax rate	34.5%	26.5%	**

** Not meaningful

Fourth Quarter 2005

The net loss in the fourth quarter of 2005 was \$53 million or \$.53 per share on a diluted basis, versus net income of \$1.3 million or \$.01 per share on a diluted basis in 2004. The fourth quarter is typically a period of low profitability due to heavy advertising, promotions and incentives. Net revenue in the fourth quarter grew 4.7% from \$684 million in 2004 to \$716 million in 2005. Currency fluctuations negatively impacted revenue growth in the fourth quarter by 1%.

Although GDV in the fourth quarter grew 11.9% to \$445.8 billion, significant promotional expenditures with customers and merchants which are recorded as offsets to revenue, and tiered pricing arrangements which provide higher discounts for greater volume, limited revenue growth.

Operating expenses increased 15.8% from \$704 million in 2004 to \$815 million in 2005. Contributing to this increase was a \$27 million increase to the company's currency conversion litigation reserve and a \$20 million increase in the company's actuarially determined severance reserves.

Other income and expense increased by \$12 million to \$11 million in the fourth quarter primarily due to gains on the sale of two investments previously discussed.

Results of Operations for the Quarters Ended December 31, 2005 and 2004

	<u>For the Quarters Ended December 31,</u>		<u>2005 vs. 2004</u>
	<u>2005</u>	<u>2004</u>	
	(In millions, except per share and percent amounts)		
Operations fees.....	\$ 527	\$ 450	17.1%
Assessments	<u>189</u>	<u>234</u>	(19.2%)
Net revenue	716	684	4.7%
General and administrative	375	339	10.6%
Advertising and market development	386	330	17.0%
Legal Settlements	27	4	**
Depreciation and amortization	<u>27</u>	<u>31</u>	(12.9%)
Total operating expenses.....	815	704	15.8%
Operating loss	(99)	(20)	**
Total other income (expense).....	<u>11</u>	<u>(1)</u>	**
Loss before income tax benefit and cumulative effect of accounting change	(88)	(21)	**
Income tax benefit.....	<u>(35)</u>	<u>(22)</u>	59.1%
Net income (loss)	<u>\$ (53)</u>	<u>\$ 1</u>	**
Net income (loss) per share (basic and diluted)	\$ (.53)	\$.01	**
Weighted average shares outstanding (basic and diluted).....	100	100	—

** Not meaningful

Forward-Looking Statements

This press release contains forward-looking information. Although MasterCard believes that its expectations are based on reasonable assumptions, it can give no assurance that its objectives will be achieved. Important factors that could cause actual results to differ materially from forward-looking information contained in this press release include: global political and economic conditions; MasterCard's ability to achieve its strategic objectives; the performance of MasterCard's member financial institutions and the nature of MasterCard's business relationships with these institutions; substantial and increasingly intense competition in the global payments industry; the success of MasterCard's global advertising, sponsorship, promotion and merchant acceptance initiatives; the functionality and security of MasterCard's transaction processing systems; MasterCard's ability to adapt to industry trends with technological and payment program innovations; the resolution of certain legal proceedings and regulatory actions; changing market dynamics and the other risk factors disclosed in MasterCard Incorporated's most recent Annual Report on Form 10-K. MasterCard disclaims any obligation to publicly update or revise any forward-looking information.

About MasterCard Incorporated

MasterCard Incorporated is a leading global payments solutions company that provides a broad variety of innovative services in support of our global members' credit, deposit access, electronic cash, business-to-business and related payment programs. MasterCard, through its principal operating subsidiary, MasterCard International Incorporated, manages a family of well-known, widely accepted payment card brands including MasterCard®, Maestro® and Cirrus® and serves financial institutions, consumers and businesses in over 210 countries and territories. The MasterCard award-winning Priceless® advertising campaign is now seen in 105 countries and in 48 languages, giving the MasterCard brand a truly global reach and scope. For more information go to www.mastercardinternational.com or refer to the filings of MasterCard Incorporated with the U.S. Securities and Exchange Commission.

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