

MASTERCARD INCORPORATED
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------------------------|----------------|----------------------------|-----------------|
| | December 31, | | December 31, | |
| | 2011 | 2010 | 2011 | 2010 |
| | (in millions, except per share data) | | | |
| Revenues, net | \$ 1,728 | \$ 1,438 | \$ 6,714 | \$ 5,539 |
| Operating Expenses | | | | |
| General and administrative | 597 | 522 | 2,196 | 1,857 |
| Advertising and marketing | 319 | 305 | 841 | 782 |
| Provision for litigation settlement | 770 | - | 770 | - |
| Depreciation and amortization | 52 | 42 | 194 | 148 |
| Total operating expenses | <u>1,738</u> | <u>869</u> | <u>4,001</u> | <u>2,787</u> |
| Operating income (loss) | (10) | 569 | 2,713 | 2,752 |
| Other Income (Expense) | | | | |
| Investment income | 12 | 23 | 52 | 57 |
| Interest expense | (7) | (9) | (25) | (52) |
| Other income (expense), net | (7) | (1) | 6 | - |
| Total other income (expense) | <u>(2)</u> | <u>13</u> | <u>33</u> | <u>5</u> |
| Income (loss) before income taxes | (12) | 582 | 2,746 | 2,757 |
| Income tax expense (benefit) | (30) | 167 | 842 | 910 |
| Net income | 18 | 415 | 1,904 | 1,847 |
| Loss (income) attributable to non-controlling interests | 1 | - | 2 | (1) |
| Net Income Attributable to MasterCard | <u>\$ 19</u> | <u>\$ 415</u> | <u>\$ 1,906</u> | <u>\$ 1,846</u> |
| Basic Earnings per Share | <u>\$ 0.15</u> | <u>\$ 3.17</u> | <u>\$ 14.90</u> | <u>\$ 14.10</u> |
| Basic Weighted Average Shares Outstanding | <u>127</u> | <u>131</u> | <u>128</u> | <u>131</u> |
| Diluted Earnings per Share | <u>\$ 0.15</u> | <u>\$ 3.16</u> | <u>\$ 14.85</u> | <u>\$ 14.05</u> |
| Diluted Weighted Average Shares Outstanding | <u>127</u> | <u>131</u> | <u>128</u> | <u>131</u> |

MASTERCARD INCORPORATED
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

December 31, **December 31,**
2011 **2010**
(in millions, except share data)

ASSETS

| | | |
|---|------------------|-----------------|
| Cash and cash equivalents | \$ 3,734 | \$ 3,067 |
| Investment securities available-for-sale, at fair value | 1,215 | 831 |
| Investment securities held-to-maturity | - | 300 |
| Accounts receivable | 808 | 650 |
| Settlement due from customers | 601 | 497 |
| Restricted security deposits held for customers | 636 | 493 |
| Prepaid expenses and other current assets | 404 | 400 |
| Deferred income taxes | 343 | 216 |
| Total Current Assets | 7,741 | 6,454 |
| Property, plant and equipment, at cost, net of accumulated depreciation | 449 | 439 |
| Deferred income taxes | 88 | 5 |
| Goodwill | 1,014 | 677 |
| Other intangible assets, net of accumulated amortization | 665 | 530 |
| Auction rate securities available-for-sale, at fair value | 70 | 106 |
| Investment securities held-to-maturity | 36 | 36 |
| Other assets | 630 | 590 |
| Total Assets | \$ 10,693 | \$ 8,837 |

LIABILITIES AND EQUITY

| | | |
|--|------------------|-----------------|
| Accounts payable | \$ 360 | \$ 272 |
| Settlement due to customers | 699 | 636 |
| Restricted security deposits held for customers | 636 | 493 |
| Obligations under litigation settlements | 4 | 298 |
| Accrued litigation | 770 | - |
| Accrued expenses | 1,610 | 1,315 |
| Other current liabilities | 138 | 129 |
| Total Current Liabilities | 4,217 | 3,143 |
| Deferred income taxes | 113 | 74 |
| Other liabilities | 486 | 404 |
| Total Liabilities | 4,816 | 3,621 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Class A common stock, \$0.0001 par value; authorized 3,000,000,000 shares, 132,771,392 and 129,436,818 shares issued and 121,618,059 and 122,696,228 outstanding, respectively | - | - |
| Class B common stock, \$0.0001 par value; authorized 1,200,000,000 shares, 5,245,676 and 8,202,380 issued and outstanding, respectively | - | - |
| Additional paid-in-capital | 3,519 | 3,445 |
| Class A treasury stock, at cost, 11,153,333 and 6,740,590 shares, respectively | (2,394) | (1,250) |
| Retained earnings | 4,745 | 2,915 |
| Accumulated other comprehensive (loss) income: | | |
| Cumulative foreign currency translation adjustments | 30 | 105 |
| Defined benefit pension and other postretirement plans, net of tax | (32) | (12) |
| Investment securities available-for-sale, net of tax | - | 2 |
| Total accumulated other comprehensive (loss) income | (2) | 95 |
| Total Stockholders' Equity | 5,868 | 5,205 |
| Non-controlling interests | 9 | 11 |
| Total Equity | 5,877 | 5,216 |
| Total Liabilities and Equity | \$ 10,693 | \$ 8,837 |

MASTERCARD INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

| | Twelve Months Ended | |
|---|---------------------|----------|
| | December 31, | |
| | 2011 | 2010 |
| | (in millions) | |
| Operating Activities | | |
| Net income | \$ 1,904 | \$ 1,847 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 194 | 148 |
| Share based payments | 80 | 63 |
| Stock units withheld for taxes | (33) | (126) |
| Tax benefit for share based compensation | (12) | (85) |
| Accretion of imputed interest on litigation settlements | 5 | 35 |
| Deferred income taxes | (175) | 248 |
| Other | 14 | 6 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (162) | (115) |
| Income taxes receivable | - | (50) |
| Settlement due from customers | (114) | (61) |
| Prepaid expenses | 27 | (48) |
| Obligations under litigation settlements | (303) | (603) |
| Accrued litigation | 770 | - |
| Accounts payable | 67 | (19) |
| Settlement due to customers | 74 | 186 |
| Accrued expenses | 296 | 265 |
| Net change in other assets and liabilities | 52 | 6 |
| Net cash provided by operating activities | 2,684 | 1,697 |
| Investing Activities | | |
| Acquisition of business, net of cash acquired | (460) | (498) |
| Purchases of property, plant and equipment | (77) | (61) |
| Capitalized software | (100) | (90) |
| Purchases of investment securities available-for-sale | (899) | (329) |
| Proceeds from sales of investment securities available-for-sale | 485 | 297 |
| Proceeds from maturities of investment securities available-for-sale | 63 | 110 |
| Proceeds from maturities of investment securities held-to-maturity | 300 | - |
| Investment in nonmarketable equity investments | (74) | (67) |
| Other investing activities | 14 | (3) |
| Net cash used in investing activities | (748) | (641) |
| Financing Activities | | |
| Purchases of treasury stock | (1,148) | - |
| Payment of debt | (21) | - |
| Dividends paid | (77) | (79) |
| Tax benefit for share based compensation | 12 | 85 |
| Investment in non-controlling interest | - | 2 |
| Cash proceeds from exercise of stock options | 19 | 11 |
| Net cash (used in) provided by financing activities | (1,215) | 19 |
| Effect of exchange rate changes on cash and cash equivalents | (54) | (63) |
| Net increase in cash and cash equivalents | 667 | 1,012 |
| Cash and cash equivalents - beginning of period | 3,067 | 2,055 |
| Cash and cash equivalents - end of period | \$ 3,734 | \$ 3,067 |

MASTERCARD INCORPORATED OPERATING PERFORMANCE

For the 3 Months ended December 31, 2011

| All MasterCard Credit, Charge and Debit Programs | GDV (Bil.) | Growth (USD) | Growth (Local) | Purchase | | Purchase | | Cash | | Cash | | Accounts (Mil.) | Cards (Mil.) | Acceptance Locations (Mil.) |
|---|---------------|-----------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------|-------|--------------------|-----------------|-----------------------------------|
| | | | | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | | | | | |
| APMEA | \$219 | 22.8% | 21.8% | \$152 | 23.5% | 1,563 | \$67 | 18.1% | 486 | 304 | 330 | 9.8 | | |
| Canada | 31 | 5.5% | 6.5% | 29 | 9.3% | 316 | 2 | -17.2% | 6 | 41 | 50 | 0.9 | | |
| Europe | 257 | 13.6% | 16.7% | 184 | 12.6% | 2,455 | 72 | 28.6% | 425 | 225 | 241 | 9.4 | | |
| Latin America | 74 | 12.6% | 20.4% | 45 | 24.8% | 777 | 29 | 14.3% | 180 | 108 | 131 | 4.7 | | |
| Worldwide less United States | 581 | 16.3% | 18.4% | 410 | 17.4% | 5,111 | 172 | 20.8% | 1,096 | 678 | 751 | 24.7 | | |
| United States | 282 | 12.1% | 12.1% | 239 | 11.5% | 4,242 | 43 | 15.6% | 280 | 276 | 308 | 8.6 | | |
| Worldwide | 863 | 14.9% | 16.3% | 648 | 15.2% | 9,353 | 215 | 19.7% | 1,377 | 953 | 1,059 | 33.3 | | |
| MasterCard Credit and Charge Programs | 405 | 14.9% | 16.4% | 346 | 16.8% | 3,967 | 59 | 13.9% | 260 | 469 | 530 | | | |
| Worldwide less United States | 143 | 6.6% | 6.6% | 134 | 6.3% | 1,616 | 9 | 10.7% | 8 | 146 | 176 | | | |
| Worldwide | 549 | 12.6% | 13.6% | 481 | 13.7% | 5,584 | 68 | 13.5% | 268 | 615 | 705 | | | |
| MasterCard Debit Programs | 176 | 19.6% | 23.4% | 63 | 21.0% | 1,144 | 113 | 24.8% | 836 | 209 | 221 | | | |
| Worldwide less United States | 139 | 18.4% | 18.4% | 104 | 19.0% | 2,625 | 35 | 16.9% | 272 | 129 | 133 | | | |
| Worldwide | 315 | 19.1% | 21.2% | 168 | 19.7% | 3,769 | 147 | 22.9% | 1,109 | 338 | 354 | | | |

For the 12 Months ended December 31, 2011

| All MasterCard Credit, Charge and Debit Programs | GDV (Bil.) | Growth (USD) | Growth (Local) | Purchase | | Purchase | | Cash | | Cash | | Accounts (Mil.) | Cards (Mil.) |
|---|---------------|-----------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------|-------|--------------------|-----------------|
| | | | | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | | | | |
| APMEA | \$805 | 30.1% | 22.9% | \$549 | 24.9% | 5,734 | \$256 | 18.9% | 1,803 | 304 | 330 | | |
| Canada | 119 | 11.7% | 7.3% | 108 | 9.4% | 1,171 | 11 | -9.6% | 22 | 41 | 50 | | |
| Europe | 979 | 21.0% | 16.7% | 709 | 13.3% | 9,027 | 271 | 26.6% | 1,573 | 225 | 241 | | |
| Latin America | 277 | 25.5% | 22.6% | 164 | 27.2% | 2,750 | 113 | 16.4% | 683 | 108 | 131 | | |
| Worldwide less United States | 2,180 | 24.2% | 19.1% | 1,529 | 18.3% | 18,682 | 651 | 20.9% | 4,081 | 678 | 751 | | |
| United States | 1,069 | 10.4% | 10.4% | 901 | 11.0% | 15,917 | 168 | 7.8% | 1,080 | 276 | 308 | | |
| Worldwide | 3,249 | 19.3% | 16.1% | 2,430 | 15.5% | 34,599 | 819 | 17.9% | 5,161 | 953 | 1,059 | | |
| MasterCard Credit and Charge Programs | 1,521 | 21.2% | 16.0% | 1,296 | 17.3% | 14,614 | 225 | 9.3% | 972 | 469 | 530 | | |
| Worldwide less United States | 543 | 6.0% | 6.0% | 508 | 6.1% | 6,065 | 35 | 5.2% | 31 | 146 | 176 | | |
| Worldwide | 2,064 | 16.8% | 13.2% | 1,804 | 13.9% | 20,680 | 260 | 8.7% | 1,003 | 615 | 705 | | |
| MasterCard Debit Programs | 659 | 31.8% | 26.8% | 233 | 24.7% | 4,068 | 426 | 28.0% | 3,108 | 209 | 221 | | |
| Worldwide less United States | 526 | 15.4% | 15.4% | 393 | 17.9% | 9,852 | 133 | 8.5% | 1,050 | 129 | 133 | | |
| Worldwide | 1,185 | 24.0% | 21.5% | 626 | 20.4% | 13,920 | 559 | 22.7% | 4,158 | 338 | 354 | | |

For the 3 Months ended December 31, 2010

| All MasterCard Credit, Charge and Debit Programs | GDV (Bil.) | Growth (USD) | Growth (Local) | Purchase | | Purchase | | Cash | | Cash | | Accounts (Mil.) | Cards (Mil.) |
|---|---------------|-----------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------|-----|--------------------|-----------------|
| | | | | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | | | | |
| APMEA | \$178 | 25.9% | 19.2% | \$121 | 19.5% | 1,323 | \$58 | 18.6% | 410 | 269 | 294 | | |
| Canada | 29 | 11.9% | 7.1% | 26 | 6.4% | 291 | 3 | 14.3% | 5 | 40 | 49 | | |
| Europe | 226 | 8.6% | 14.3% | 168 | 13.1% | 2,132 | 58 | 18.0% | 340 | 199 | 214 | | |
| Latin America | 66 | 21.7% | 19.8% | 38 | 25.0% | 627 | 28 | 13.3% | 172 | 100 | 123 | | |
| Worldwide less United States | 500 | 16.2% | 16.3% | 353 | 15.9% | 4,372 | 147 | 17.2% | 928 | 609 | 679 | | |
| United States | 252 | 1.9% | 1.9% | 214 | 3.4% | 3,775 | 38 | -6.0% | 244 | 263 | 294 | | |
| Worldwide | 752 | 11.0% | 11.0% | 568 | 10.8% | 8,147 | 184 | 11.6% | 1,172 | 871 | 972 | | |
| MasterCard Credit and Charge Programs | 353 | 11.5% | 11.7% | 300 | 13.4% | 3,455 | 53 | 2.6% | 234 | 447 | 507 | | |
| Worldwide less United States | 134 | 2.4% | 2.4% | 127 | 3.2% | 1,547 | 8 | -9.1% | 7 | 143 | 171 | | |
| Worldwide | 487 | 8.8% | 9.0% | 427 | 10.2% | 5,001 | 61 | 0.9% | 241 | 590 | 678 | | |
| MasterCard Debit Programs | 147 | 29.0% | 28.9% | 53 | 31.7% | 917 | 94 | 27.4% | 694 | 162 | 172 | | |
| Worldwide less United States | 117 | 1.4% | 1.4% | 88 | 3.7% | 2,228 | 30 | -5.1% | 237 | 119 | 123 | | |
| Worldwide | 264 | 15.1% | 15.0% | 141 | 12.7% | 3,145 | 124 | 17.7% | 931 | 281 | 295 | | |

For the 12 Months ended December 31, 2010

| All MasterCard Credit, Charge and Debit Programs | GDV (Bil.) | Growth (USD) | Growth (Local) | Purchase | | Purchase | | Cash | | Cash | | Accounts (Mil.) | Cards (Mil.) |
|---|---------------|-----------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------|-----|--------------------|-----------------|
| | | | | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | Volume (Bil.) | Growth (Local) | Trans. (Mil.) | | | | |
| APMEA | \$619 | 27.3% | 18.8% | \$411 | 17.1% | 4,848 | \$207 | 22.2% | 1,507 | 269 | 294 | | |
| Canada | 107 | 14.9% | 4.2% | 95 | 5.3% | 1,078 | 12 | -3.2% | 20 | 40 | 49 | | |
| Europe | 809 | 10.9% | 13.6% | 604 | 13.2% | 7,867 | 205 | 14.6% | 1,272 | 199 | 214 | | |
| Latin America | 220 | 23.0% | 17.3% | 125 | 22.4% | 2,208 | 95 | 11.3% | 641 | 100 | 123 | | |
| Worldwide less United States | 1,755 | 17.9% | 15.2% | 1,236 | 14.7% | 16,000 | 520 | 16.4% | 3,440 | 609 | 679 | | |
| United States | 968 | -0.4% | -0.4% | 812 | 1.1% | 14,317 | 156 | -7.4% | 1,003 | 263 | 294 | | |
| Worldwide | 2,723 | 10.7% | 9.1% | 2,048 | 8.9% | 30,317 | 676 | 9.9% | 4,443 | 871 | 972 | | |
| MasterCard Credit and Charge Programs | 1,255 | 12.9% | 10.1% | 1,058 | 12.3% | 12,808 | 197 | -0.6% | 919 | 447 | 507 | | |
| Worldwide less United States | 512 | -1.9% | -1.9% | 479 | 0.5% | 5,853 | 33 | -26.7% | 29 | 143 | 171 | | |
| Worldwide | 1,767 | 8.2% | 6.3% | 1,537 | 8.3% | 18,661 | 230 | -5.4% | 949 | 590 | 678 | | |
| MasterCard Debit Programs | 500 | 32.7% | 30.4% | 178 | 31.2% | 3,192 | 323 | 29.9% | 2,521 | 162 | 172 | | |
| Worldwide less United States | 456 | 1.3% | 1.3% | 333 | 1.9% | 8,464 | 123 | -0.2% | 974 | 119 | 123 | | |
| Worldwide | 956 | 15.6% | 14.7% | 510 | 10.5% | 11,656 | 446 | 19.9% | 3,495 | 281 | 295 | | |

APMEA = Asia Pacific / Middle East / Africa

Note that the figures in the preceding tables may not sum due to rounding; growth represents change from the comparable year-ago period

GAAP Reconciliations

(\$ millions, except per share data)

| | Three Months Ended December 31, 2011 | | | Three Months Ended December 31, 2010 |
|---------------------------------------|---|------------------|-----------------------|---|
| | Actual | Special Item | Non -GAAP | Actual |
| | Provision for litigation settlement | \$ 770 | \$ (770) ^a | \$ - |
| Total operating expenses | 1,738 | (770) | 968 | 869 |
| Operating income (loss) | (10) | 770 | 760 | 569 |
| <i>Operating Margin</i> | <i>(0.6%)</i> | | <i>44.0%</i> | <i>39.6%</i> |
| Income (loss) before income taxes | (12) | 770 | 758 | 582 |
| Income tax expense (benefit) | (30) | 275 ^b | 245 | 167 |
| Net Income Attributable to MasterCard | 19 | 495 | 514 | 415 |
| | | | | |
| Basic Net Income per Share | \$0.15 | \$3.90 | \$4.05 | \$3.17 |
| Diluted Net Income per Share | \$0.15 | \$3.88 | \$4.03 | \$3.16 |

| | For the Year Ended December 31, 2011 | | | For the Year Ended December 31, 2010 |
|---------------------------------------|---|------------------|-----------------------|---|
| | Actual | Special Item | Non -GAAP | Actual |
| | Provision for litigation settlement | \$ 770 | \$ (770) ^a | \$ - |
| Total operating expenses | 4,001 | (770) | 3,231 | 2,787 |
| Operating income | 2,713 | 770 | 3,483 | 2,752 |
| Operating Margin | 40.4% | | 51.9% | 49.7% |
| Income before income taxes | 2,746 | 770 | 3,516 | 2,757 |
| Income tax expense | 842 | 275 ^b | 1,117 | 910 |
| Net Income Attributable to MasterCard | 1,906 | 495 | 2,401 | 1,846 |
| | | | | |
| Basic Net Income per Share | \$14.90 | \$3.87 | \$18.77 | \$14.10 |
| Diluted Net Income per Share | \$14.85 | \$3.85 | \$18.70 | \$14.05 |

a- Provision for U.S. merchant litigation settlement

b- Tax effect of provision for litigation settlement

Note that the figures in the preceding tables may not sum due to rounding

Reconciliation to Effective Tax Rate
(\$ millions)

| | <u>GAAP Actual</u> | <u>Provision for Litigation Settlement</u> | <u>Non-GAAP Adjusted</u> |
|---|------------------------|--|------------------------------|
| Three months ended December 31, 2011: | | | |
| Income (loss) before income taxes | \$ (12) | \$ 770 | \$ 758 |
| Income tax expense (benefit) | (30) | 275 | 245 |
| Net income attributable to MasterCard | 19 | 495 | 514 |
| Effective Tax Rate | 251.6% | | 32.3% |
| Twelve months ended December 31, 2011: | | | |
| Income before income taxes | \$ 2,746 | \$ 770 | \$ 3,516 |
| Income tax expense | 842 | 275 | 1,117 |
| Net income attributable to MasterCard | 1,906 | 495 | 2,401 |
| Effective Tax Rate | 30.6% | | 31.8% |

Note that the figures in the preceding tables may not sum / calculate due to rounding