

MASTERCARD INC  
Form DEF 14A  
April 26, 2007  
Table of Contents

## SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |  |  |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement   | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement                                       |  |
| <input type="checkbox"/> Definitive Additional Materials   |  |
| <input type="checkbox"/> Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-2. |  |

# MASTERCARD INCORPORATED

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

Table of Contents

Edgar Filing: MASTERCARD INC - Form DEF 14A

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

---

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

April 26, 2007

Dear Stockholder:

The 2007 Annual Meeting of Stockholders of MasterCard Incorporated will be held on Thursday, June 7, 2007, at 10:00 a.m. (local time) at the MasterCard Incorporated headquarters, 2000 Purchase Street, Purchase, New York. A notice of the meeting, a proxy card and a proxy statement containing information about the matters to be acted upon are enclosed. You are cordially invited to attend.

All holders of record at the close of business on April 9, 2007 of the Company's outstanding shares of Class A Common Stock, Class B Common Stock and Class M Common Stock will be entitled to vote at the Annual Meeting, at which stockholders, depending on their class of stock ownership, will be asked to elect two persons to serve as Class A directors, belonging to Class I with a term to expire in 2010; approve the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan; approve an amendment of Section 4.3 of our amended and restated certificate of incorporation; ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007; and, to act on any other business that may properly come before the Annual Meeting or any adjournment or postponement thereof. While stockholders may exercise their right to vote their shares in person, we recognize that many stockholders may not be able to attend the Annual Meeting. Accordingly, we have enclosed a proxy card that will enable you to vote your shares at the Annual Meeting even if you are unable or choose not to attend. We request that you promptly sign, date and return the enclosed proxy card in the accompanying postage-paid envelope or authorize the individuals named on your proxy card to vote your interests by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting form.

Thank you for your support of MasterCard.

Richard Haythornthwaite  
Chairman of the Board

Very truly yours,

Robert W. Selander  
President and Chief Executive Officer

**Table of Contents**

**MASTERCARD INCORPORATED**

**2000 Purchase Street**

**Purchase, New York 10577**

---

**NOTICE OF 2007 ANNUAL MEETING OF STOCKHOLDERS**

**To be held on June 7, 2007**

---

To the Stockholders of MasterCard Incorporated:

The 2007 Annual Meeting of Stockholders of MasterCard Incorporated (the Company) will be held on Thursday, June 7, 2007, at 10:00 a.m. (local time) at the MasterCard Incorporated headquarters, 2000 Purchase Street, Purchase, New York, to:

1. Elect two persons to serve on the Board of Directors as Class A Directors, belonging to Class I;
2. Approve the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan;
3. Approve an amendment of Section 4.3 of our amended and restated certificate of incorporation;
4. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007; and
5. Act on any other business which may properly come before the Annual Meeting or any adjournment or postponement thereof.

The close of business on April 9, 2007 has been fixed as the record date for determining those stockholders entitled to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting. A list of eligible stockholders of record as of the close of business on the record date will be available for inspection for any purpose germane to the meeting during normal business hours at the offices of the Company's Secretary at 2000 Purchase Street, Purchase, New York and at the Annual Meeting by any stockholder or the stockholder's attorney or agent. Please note that by delivering a proxy to vote at the Annual Meeting, you are also granting a proxy voting in favor of any adjournments of the Annual Meeting.

Whether or not you plan to attend the Annual Meeting, please sign, date and return the enclosed proxy card in the accompanying postage-paid envelope or authorize the individuals named on your proxy card to vote your interests by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card. If you attend the meeting, you may vote in person, which will revoke any proxy you have already submitted. You may also revoke your proxy at any time before the meeting by notifying us in writing.

If you attend the Annual Meeting in person, you will be asked to present photo identification and an admission ticket, which is the top half of your proxy card. See Introduction Attending the Annual Meeting in the attached proxy statement for further instructions.

Edgar Filing: MASTERCARD INC - Form DEF 14A

The Company must receive your proxy card by 5:00 p.m. (local time) on June 6, 2007.

A copy of the Company's Annual Report, which contains the Company's annual report on Form 10-K for the year ended December 31, 2006, is also enclosed herewith.

By Order of the Board of Directors

NOAH J. HANFT

*Secretary*

Purchase, New York

April 26, 2007

**Your vote is very important. Please complete, sign, date and promptly return the enclosed proxy card in the envelope provided or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card.**

**Table of Contents****TABLE OF CONTENTS**

|  | <b>Page</b> |
|--|-------------|
| <b><u>Introduction</u></b>   | 1           |
| <u>The Voting Stock</u>  | 1           |
| <u>Quorum and Voting Requirements</u>  | 2           |
| <u>Broker Authority to Vote Under Rules of the New York Stock Exchange</u>   | 2           |
| <u>Broker Non-votes</u>  | 2           |
| <u>Election of Directors</u>   | 2           |
| <u>Approval of the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan</u>                                  | 2           |
| <u>Approval of the Amendment of Section 4.3 of the Company's Amended and Restated Certificate of Incorporation</u>                 | 3           |
| <u>Ratification of the Appointment of PricewaterhouseCoopers LLP as Our Independent Registered Public Accounting Firm for 2007</u> | 3           |
| <u>Stockholders Entitled to Vote</u>   | 3           |
| <u>Voting Procedures</u>   | 3           |
| <u>Solicitation of Proxies</u>   | 4           |
| <u>Householding</u>  | 5           |
| <u>Attending the Annual Meeting</u>  | 5           |
| <b><u>Election of Directors</u></b>  | 6           |
| <u>The Company's Board of Directors</u>  | 6           |
| <u>The Company's European Board</u>  | 6           |
| <b><u>Proposal 1 Election of Class A Directors</u></b>   | 8           |
| <b><u>Board of Directors and Corporate Governance</u></b>  | 11          |
| <u>Qualifications of Directors</u>   | 11          |
| <u>Director Independence</u>   | 11          |
| <u>Nomination of Directors</u>   | 13          |
| <u>Non-Management Director Meetings</u>  | 14          |
| <u>Documents Available</u>   | 14          |
| <b><u>Committees of the Board of Directors</u></b>   | 15          |
| <u>Audit</u>   | 15          |
| <u>Human Resources and Compensation</u>  | 15          |
| <u>Nominating and Corporate Governance</u>   | 15          |
| <b><u>Attendance at Meetings</u></b>   | 16          |
| <u>Attendance at Meetings by Directors</u>   | 16          |
| <u>Attendance at Annual Meetings</u>   | 16          |
| <b><u>Stockholder Communications with the Board of Directors</u></b>   | 16          |
| <b><u>Executive Officers of the Company</u></b>  | 17          |
| <b><u>Code of Conduct and Supplemental Code of Ethics</u></b>  | 17          |
| <b><u>Security Ownership of Certain Beneficial Owners and Management</u></b>   | 18          |
| <b><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></b>  | 20          |
| <b><u>Certain Relationships and Related Transactions</u></b>   | 21          |
| <u>Board of Director Approval of Related Party Transactions</u>  | 22          |

**Table of Contents**

|   | <b>Page</b> |
|---|-------------|
| <b><u>Executive Compensation</u></b>  | 24          |
| <u>Compensation Discussion and Analysis</u>   | 24          |
| <u>Compensation Committee Report</u>  | 34          |
| <u>Compensation Committee Interlocks and Insider Participation</u>  | 34          |
| <u>Summary Compensation Table</u>   | 35          |
| <u>All Other Compensation</u>   | 36          |
| <u>Grants of Plan-Based Awards</u>  | 38          |
| <u>Outstanding Equity Awards at Fiscal Year-End</u>   | 39          |
| <u>Option Exercises and Stock Vested</u>  | 41          |
| <u>Pension Benefits</u>   | 42          |
| <u>Nonqualified Deferred Compensation</u>   | 43          |
| <u>Potential Payments Upon Termination or Change-In-Control</u>   | 44          |
| <b><u>Director Compensation</u></b>   | 51          |
| <u>2006 Pre-IPO Director Compensation</u>   | 52          |
| <u>2006 Post-IPO Director Compensation</u>  | 53          |
| <b><u>Equity Compensation Plans</u></b>   | 54          |
| <b><u>Proposal 2 Approval of the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan</u></b>                 | 55          |
| <u>Introduction</u>   | 55          |
| <u>General</u>  | 56          |
| <u>Summary of the LTIP</u>  | 57          |
| <b><u>Proposal 3 Approval of an Amendment of Section 4.3 of the Company's Amended and Restated Certificate of Incorporation</u></b> | 64          |
| <u>General</u>  | 64          |
| <b><u>Proposal 4 Ratification of the Appointment of Independent Registered Public Accounting Firm for 2007</u></b>                  | 66          |
| <b><u>Auditors Services and Fees</u></b>  | 67          |
| <b><u>Audit Committee Report</u></b>  | 68          |
| <b><u>Other Matters</u></b>   | 69          |
| <b><u>Appendix A Amended and Restated 2006 Long Term Incentive Plan</u></b>   | A-1         |
| <b><u>Appendix B Revised Section 4.3 of the Amended and Restated Certificate of Incorporation of MasterCard Incorporated</u></b>    | B-1         |

---

**Table of Contents**

**MASTERCARD INCORPORATED**

**2000 Purchase Street**

**Purchase, New York 10577**

**April 26, 2007**

---

**PROXY STATEMENT**

---

**INTRODUCTION**

This proxy statement (the *Proxy Statement*) is furnished in connection with the solicitation of proxies by the Board of Directors of MasterCard Incorporated (the *Company*) for use at the 2007 Annual Meeting of Stockholders of the Company to be held on Thursday, June 7, 2007 at 10:00 a.m. (local time), or any adjournment or postponement thereof (the *Annual Meeting*). The Company expects to mail this Proxy Statement and the accompanying proxy card on or about April 26, 2007 to the holders of record of the Company's Class A Common Stock, par value \$0.0001 per share (the *Class A Common Stock*), Class B Common Stock, par value \$0.0001 per share (the *Class B Common Stock*), and Class M Common Stock, par value \$0.0001 per share (the *Class M Common Stock*), as of the close of business on April 9, 2007 (the *Record Date*).

*The Voting Stock.* The holders of Class A Common Stock (the *Class A Stockholders*) are entitled to one vote per share on all matters on which stockholders generally are entitled to vote (except the election of up to three directors, who are elected by the holders of the Company's Class M Common Stock (the *Class M Directors*)). With respect to the election of directors at the Annual Meeting, the Class A Stockholders will vote as a separate class for the election of two Class A directors (the *Class A Directors*), each members of Class I of the Board of Directors, approval of the Amended and Restated 2006 MasterCard Incorporated Long Term Incentive Plan, approval of the amendment of Section 4.3 of our amended and restated certificate of incorporation and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007. As of the Record Date, 79,748,393 shares of Class A Common Stock were outstanding.

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, the holders of Class B Common Stock (the *Class B Stockholders*) are not permitted to vote on any matter. However, Section 242 of the General Corporation Law of the State of Delaware entitles the Class B Stockholders to vote as a separate class on the amendment of Section 4.3 of our amended and restated certificate of incorporation because their rights will be adversely affected by such amendment. The Class B Stockholders will not be entitled to vote on the election of the two Class A Directors, approval of the Amended and Restated 2006 MasterCard Incorporated Long Term Incentive Plan or the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007. As of the Record Date, 55,337,407 shares of Class B Common Stock were outstanding.

Although the Class M Common Stock is generally non-voting, the holders of Class M Common Stock (the *Class M Stockholders*) and together with the Class A Stockholders and Class B Stockholders, the *Voting Stockholders*) have the right to vote as a separate class on, among other

## Edgar Filing: MASTERCARD INC - Form DEF 14A

things, specified significant corporate actions under our amended and restated certificate of incorporation. The proposed amendment of Section 4.3 of our amended and restated certificate of incorporation falls within the scope of matters that Class M Stockholders are entitled to vote on as a separate class. The Class M Stockholders, collectively, will have the right to cast 1,000 votes, with each Class M Stockholder entitled to the number of votes that is equal to the product of 1,000 multiplied by the stockholder's global proxy calculation for the twelve months ended June 30, 2006. The global proxy calculation is a fraction that is determined annually by a formula based on the relative level of revenues and transaction volume we generated from such stockholder. The sum of the global proxy calculation for all the Class M Stockholders is one.

## **Table of Contents**

The Class M Stockholders will not be entitled to vote on the election of the two Class A Directors, approval of the Amended and Restated 2006 MasterCard Incorporated Long Term Incentive Plan or the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007. As of the Record Date, 1,632 shares of Class M Common Stock were outstanding.

*Quorum and Voting Requirements.* The presence in person or by proxy at the Annual Meeting of the holders of:

a majority of the shares of Class A Common Stock outstanding and entitled as of the Record Date to vote on the election of two Class A Directors, the approval of the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan, the amendment of Section 4.3 of our amended and restated certificate of incorporation and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007 will constitute a quorum of the Class A Common Stock with respect to these proposals;

a majority of the shares of Class B Common Stock outstanding and entitled as of the Record Date to vote on the amendment of Section 4.3 of our amended and restated certificate of incorporation will constitute a quorum of the Class B Common Stock with respect to this proposal; and

a majority in voting power of the Class M Common Stock outstanding and entitled as of the Record Date to vote on the amendment of Section 4.3 of our amended and restated certificate of incorporation will constitute a quorum of the Class M Common Stock with respect to this proposal.

*Broker Authority to Vote Under Rules of the New York Stock Exchange ( NYSE ).* Class A Stockholders who do not submit voting instructions to their brokers may still have their shares voted by their brokers under the following circumstances:

*Routine items.* The election of directors and ratification of the appointment of the independent registered public accounting firm are considered routine items. Generally, brokers that do not receive instructions from beneficial owners may vote on these proposals in their discretion.

*Non-routine items.* The approval of any other non-routine proposals may normally only be voted on by brokers who have received specific voting instructions from beneficial owners.

We believe that under the rules of the NYSE, the election of directors and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007 are routine proposals on which brokers may vote. We believe that the approval of the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan and the approval of the amendment of Section 4.3 of our amended and restated certificate of incorporation are non-routine proposals on which brokers may not vote absent instruction from beneficial owners.

*Broker Non-votes.* A broker non-vote occurs when the broker or other entity is unable to vote on a proposal because the proposal is not routine and the beneficial owner does not provide any instructions.

*Election of Directors.* You may vote for or withhold with respect to any or all director nominees. Votes that are withheld and broker non-votes will be excluded entirely from the vote and will have no effect on the outcome of the vote. The two nominees for Class A Directors receiving the

## Edgar Filing: MASTERCARD INC - Form DEF 14A

greatest number of votes cast by Class A Stockholders will be elected to serve as Class A Directors and members of Class I of the Board of Directors of the Company.

*Approval of the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan.* Class A Stockholders may vote for, against or abstain with respect to the adoption of this proposal. In order to approve this proposal, the proportion of votes required is the affirmative vote of a majority of the votes cast, provided a majority of the outstanding shares of Class A Common Stock are voted. Abstentions and broker non-votes will have no impact on the outcome of the proposal as long as a majority of the outstanding shares of Class A Common Stock are voted.

## **Table of Contents**

*Approval of the Amendment of Section 4.3 of the Company's Amended and Restated Certificate of Incorporation.* Class A Stockholders, Class B Stockholders and Class M Stockholders may vote for, against or abstain with respect to the adoption of this proposal. The adoption of the proposed amendment requires the affirmative vote of the holders of at least a majority of the outstanding shares of the Class A Common Stock, at least a majority of the outstanding shares of the Class B Common Stock and a majority of the votes cast by holders of the Class M Common Stock. Abstentions and broker non-votes by Class A Stockholders and Class B Stockholders will have the effect of votes against the proposal. Abstentions and broker non-votes by Class M Stockholders will have no impact on the outcome of the proposal.

*Ratification of the Appointment of PricewaterhouseCoopers LLP as Our Independent Registered Public Accounting Firm for 2007.* Class A Stockholders may vote for, against or abstain with respect to the adoption of this proposal. The affirmative vote of a majority of the votes cast must be voted for this proposal in order for it to be adopted. Abstentions and broker non-votes will have no effect on the outcome of the proposal.

*Stockholders Entitled to Vote.* Only holders of record of our Class A Common Stock, Class B Common Stock and Class M Common Stock on the Record Date are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

*Voting Procedures.* If a Voting Stockholder attends the Annual Meeting in person or sends a representative to the meeting with a signed proxy, that Voting Stockholder may vote or such representative may vote on the Voting Stockholder's behalf. Voting Stockholders unable to attend the Annual Meeting can ensure that their votes are cast at the meeting by signing and dating the enclosed proxy card and returning it in the envelope provided or by authorizing the individuals named on the proxy card to vote their shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with the proxy card or voting form. When a proxy card is returned properly signed and dated or a Voting Stockholder's vote is authorized by telephone or Internet, the vote of the Voting Stockholder will be cast in accordance with the instructions on the proxy card or authorized by telephone or Internet. If a Voting Stockholder does not return a signed proxy card, authorize such Voting Stockholder's vote by telephone or Internet or attend the meeting in person or by representative and vote, no vote will be cast on behalf of that Voting Stockholder. For Class A Stockholders and Class B Stockholders, the enclosed proxy card indicates on its face the number of shares of Class A Common Stock and Class B Common Stock, respectively, registered in the name of each such holder at the close of business on April 9, 2007, which number corresponds to the number of votes such Voting Stockholder will be entitled to cast at the meeting. For Class M Stockholders, the enclosed proxy card indicates on its face the number of votes such Class M Stockholder will be entitled to cast at the Annual Meeting. The current global proxy calculation for each holder of Class M Common Stock is on file at the Company's principal office and will be made available to any stockholder of the Company upon request. See *The Voting Stock* above for further discussion of the voting power of Class A Common Stock, Class B Common Stock and Class M Common Stock.

Voting Stockholders are urged to mark the box on the proxy card to indicate how their vote is to be cast. If a Voting Stockholder returns a signed proxy card but does not indicate on the proxy card how it wishes to vote on a proposal, the vote represented by the proxy card will be cast FOR such proposal.

Pursuant to Section 212(c) of the General Corporation Law of the State of Delaware, Voting Stockholders may validly grant proxies over the Internet. Your Internet vote authorizes the named proxies on the proxy card to vote your shares in the same manner as if you had returned your proxy card. In order to vote over the Internet, follow the instructions provided on your proxy card or voting form.

Any Voting Stockholder who executes and returns a proxy card or authorizes its vote by telephone or by Internet may revoke the proxy before it is voted by:

Edgar Filing: MASTERCARD INC - Form DEF 14A

notifying in writing Noah J. Hanft, Secretary of MasterCard Incorporated, at 2000 Purchase Street, Purchase, New York 10577;

executing and returning a subsequent proxy;

**Table of Contents**

subsequently authorizing the individuals named on its proxy card to vote its interests by calling the toll-free telephone number or by using the Internet as described in the instructions included with its proxy card; or

appearing in person or by representative with a signed proxy and voting at the Annual Meeting.

Attendance in person or by representative at the Annual Meeting will not in and of itself constitute revocation of a proxy. **If you plan to vote your shares in person at the Annual Meeting, see the requirements set forth in Attending the Annual Meeting below.**

Unless contrary instructions are indicated on the proxy, all shares represented by valid proxies received pursuant to this solicitation (and not revoked before they are voted) will be voted as follows:

**FOR** the election of the two nominees named in this Proxy Statement to serve as Class A Directors and members of Class I of our Board of Directors;

**FOR** the approval of the Amended and Restated MasterCard Incorporated 2006 Long Term Incentive Plan;

**FOR** the approval of the amendment of Section 4.3 of the Company's amended and restated certificate of incorporation; and

**FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2007.

In the event a Voting Stockholder specifies a different choice on the proxy, that Voting Stockholder's shares will be voted in accordance with the specification so made.

The Company's 2006 Annual Report (the Annual Report), which includes the Company's Form 10-K for the year ended December 31, 2006 (the Form 10-K), as filed with the Securities and Exchange Commission (the SEC) on February 28, 2007, is enclosed herewith. Copies of the Form 10-K are also available through the Company's website at <http://www.mastercard.com>.

**A copy of the Company's Annual Report will be furnished to you upon a request in writing to the Secretary of the Company at the address set forth below under Solicitation of Proxies.**

*Solicitation of Proxies.* The Company will bear the costs of solicitation of proxies, including the cost of preparing, printing and mailing this Proxy Statement. In addition to the solicitation of proxies by use of the mail, proxies may be solicited from Voting Stockholders by directors, officers, employees and agents of the Company in person or by telephone, facsimile or other appropriate means of communication. The Company has engaged Georgeson Inc. to solicit proxies on behalf of the Company. The anticipated cost of Georgeson Inc.'s services is estimated to be approximately \$80,000.00 plus reimbursement of reasonable out-of-pocket expenses. No additional compensation, except for

## Edgar Filing: MASTERCARD INC - Form DEF 14A

reimbursement of reasonable out-of-pocket expenses, will be paid to directors, officers and employees of the Company in connection with the solicitation. Any questions or requests for assistance regarding this proxy statement and related proxy materials may be directed to:

MasterCard Incorporated

Office of the Corporate Secretary

2000 Purchase Street

Purchase, New York 10577

Attention: Noah J. Hanft

Telephone: (914) 249-2000

Facsimile: (914) 249-4262

or

**Table of Contents**

Georgeson Inc.

17 State Street

10th Floor

New York, New York 10004

Telephone: (866) 541-3547

*Householding.* The SEC has adopted rules that allow a company to deliver a single proxy statement or annual report to an address shared by two or more of its stockholders. This method of delivery, known as householding, permits the Company to realize significant cost savings and reduces the amount of duplicate information stockholders receive. In accordance with notices sent to stockholders sharing a single address, the Company is sending only one Annual Report and Proxy Statement to that address unless the Company has received contrary instructions from a stockholder at that address. Any stockholders who object to or wish to begin householding may notify the Secretary of the Company orally or in writing at the telephone number or address, as applicable, set forth above. The Company will send an individual copy of the Annual Report and Proxy Statement to any stockholder who revokes its consent to householding within 30 days of the Company's receipt of such revocation.

*Attending the Annual Meeting.* If you are a holder of record and plan to attend the Annual Meeting, please indicate this when you vote. The top half of the proxy card is your admission ticket. When you arrive at the meeting, you will be asked to present photo identification, such as a driver's license. If you hold your shares in street name, typically through a brokerage account, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or a letter from your bank or broker are examples of proof of ownership. If you want to vote your shares held in street name in person at the meeting, you must get a written proxy in your name from the broker, bank or other nominee that holds your shares.

---

**Table of Contents**

**ELECTION OF DIRECTORS**

*The Company's Board of Directors.* The Company's Board of Directors currently consists of eleven members. The certificate of incorporation and the by-laws of the Company provide that up to three directors, but not more than one-quarter of all directors, are elected by the Class M Stockholders, voting separately as a class. The remaining members of the Board of Directors, including the Company's Chief Executive Officer, if nominated, are elected by the holders of Class A Common Stock, voting separately as a class.

At the Annual Meeting, two Class A Directors and no Class M Directors are to be elected to the Company's Board of Directors. The directors elected to the Company's Board of Directors will automatically be appointed as members of the board of directors of our operating subsidiary, MasterCard International Incorporated ( MasterCard International ).

Pursuant to the certificate of incorporation and the by-laws of the Company, the Board of Directors is divided into three classes (Class I, Class II and Class III), with each class serving for a staggered, three-year term. In addition, the certificate of incorporation provides that no more than one Class M Director may be allocated to a single class. Upon expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. Accordingly, those directors who are nominated for re-election at the Annual Meeting belong to Class I and are expected to serve until the expiration of their terms at the Company's annual meeting of Stockholders in 2010. The other members of the Company's Board of Directors belong to Class II or III, as indicated in the table below, and will continue to serve on the Company's Board of Directors until the expiration of their terms in 2008 and 2009, respectively, or until their successor is elected.

*The Company's European Board.* The European Board currently consists of eighteen members. The certificate of incorporation and the by-laws of the Company provide that specified aspects of the Company's operations in Europe are managed by or under the direction of the Company's European Board, which is comprised of directors elected by the Class M Stockholders with their principal operations in the Company's Europe region (the European Class M Stockholders ). In particular, our certificate of incorporation provides that the following specified aspects of the Company's operations in Europe will be managed by or under the direction of the European Board: (1) review of applications for membership (subject to guidelines established by the Board of Directors from time to time); (2) fines (subject to guidelines established by the Board of Directors from time to time); (3) intraregional operating rules (subject to guidelines established by the Board of Directors from time to time); (4) assessments and fees to the extent that such assessments and fees do not have an exclusionary effect (subject to guidelines established by the Board of Directors from time to time); (5) intraregional product and enhancement development to the extent that the development initiatives do not relate to competitively sensitive matters; (6) annual expense budget; (7) surplus funds; and (8) affinity and co-branding rules.

Our certificate incorporation also provides, however, that the Board of Directors, acting with at least a 75% majority, may withdraw the authority granted to the European Board in its entirety and may terminate the existence of the European Board if the European Class M Stockholders approve such withdrawal and termination by a majority of votes cast. In addition, the Board of Directors, acting with at least a 75% majority, may permanently withdraw from the European Board any specific authority granted to the European Board. The Board of Directors, acting with at least a two-thirds majority, may also override any decision or otherwise temporarily assume any authority granted to the European Board. Finally, the Board of Directors, acting with a simple majority, may override any decision or otherwise temporarily assume any authority granted to the European Board if, in the Board of Directors' sole judgment and discretion, any action or failure to take action by the European Board (1) could subject the Company to risk of legal or regulatory liability, (2) would be contrary to the global strategy, (3) would be reasonably likely to have an effect outside Europe or on U.S. commerce or (4) relates to any matter outside of the authority granted to the European Board.

**Table of Contents**

Each European Board director that is elected by the European Class M Stockholders serves for a two-year term. Any Class M Director who is designated as a director from our Europe region automatically becomes a member of the European Board until such Class M Director resigns or is removed from our Board of Directors. As provided in our certificate of incorporation and by-laws, the number of members of the European Board will be automatically adjusted to include such Class M Director if the number of members of the European Board would otherwise exceed the number fixed by the European Board. At the 2006 Annual Meeting, seventeen directors were elected to the Company's European Board, each to serve until the 2008 Annual Meeting or until his or her successor is elected and qualified. In addition, Norman McLuskie was automatically appointed to the European Board in connection with his election as a Class M director at the 2006 Annual Meeting pursuant to the Company's certificate of incorporation. Mr. McLuskie, a Class I director, will resign from the Board of Directors at the end of his term on June 7, 2007.

**Table of Contents**

**PROPOSAL 1**

**ELECTION OF CLASS A DIRECTORS**

Each of the following nominees for election to the Board of Directors as a Class A Director has been approved by the Board of Directors: Nancy J. Karch and Edward Suning Tian. Mr. Tian was elected to the Board of Directors at the 2006 Annual Meeting of Stockholders, following his appointment to the Board of Directors after the Company's initial public offering of its Class A Common Stock in May 2006 (the "IPO"). Nancy J. Karch was appointed to the Board of Directors on January 17, 2007 and is standing for election by the Company's Voting Stockholders for the first time. Biographical information for each of the nominees for election as Class A Directors is provided below.

*Nancy J. Karch*, age 59, is Director Emeritus of the consulting firm, McKinsey & Company, where she served as a senior partner from 1988 until 2000, and served in other capacities there beginning in 1974. She also serves as a director and audit committee chair for Liz Claiborne Inc., an apparel company, a director and member of the compensation committee for Genworth Financial, Inc., a life insurance and financial services company, and a director, member of the audit committee and chair of the nominating and corporate governance committee for The Corporate Executive Board Company, a business research firm. She is also a Trustee of The Westchester Land Trust, The American Folk Art Museum, and Northern Westchester Hospital, all not-for-profit organizations.

*Edward Suning Tian*, age 43, is the founder and Chairman of China Broadband Capital Partners, L.P. ("CBC Capital"). Prior to founding CBC Capital, Mr. Tian was the Vice Chairman and Chief Executive Officer of China Netcom Group Corporation (Hong Kong) Limited from November 2004 to May 2006, where he currently serves as Vice Chairman. Since 2002, Mr. Tian has also served as Vice President, China Network Communications Corporation Ltd., parent company of China Netcom Group Corporation (Hong Kong) Limited. From 1999 to 2002, Mr. Tian served as Chief Executive Officer of China Netcom Corporation Ltd. Mr. Tian was the co-founder and Chief Executive Officer of AsiaInfo Holdings, Inc. from 1993 to 1999. Mr. Tian is a Member of the International Business Council of the World Economic Forum, the Asia Pacific Board of New York Stock Exchange, Inc., the Harvard Business School Asia Advisory Committee, the Asia Business Council and the Asia Pacific Council of the Nature Conservancy. In addition, Mr. Tian has been a member of the board of directors of AsiaInfo Holdings, Inc. since 1993 and has been Vice Chairman of the board of directors of PCCW Limited since 2005. Mr. Tian also serves as Senior Advisor to Kohlberg Kravis Roberts & Co., a private equity firm.

Except as stated in the following sentence, the persons specified on the enclosed proxy card intend to vote for the nominees listed above, each of whom has consented to being named in this Proxy Statement and to serving if elected. In the event that any nominee would be unable to serve, the persons designated as proxies reserve full discretion to vote for another person.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR ALL NOMINEES TO SERVE AS CLASS A DIRECTORS.**

The following Class A members of the Board of Directors have not been nominated for election at the Annual Meeting and are expected to serve on the Board of Directors until the expiration of their term at the annual meeting of stockholders for the year indicated below:

**Name**

**Term Expiring in:**

Edgar Filing: MASTERCARD INC - Form DEF 14A

|                         |                  |
|-------------------------|------------------|
| Bernard S.Y. Fung       | 2008 (Class II)  |
| Marc Olivié             | 2008 (Class II)  |
| Mark Schwartz           | 2008 (Class II)  |
| David R. Carlucci       | 2009 (Class III) |
| Richard Haythornthwaite | 2009 (Class III) |
| Robert W. Selander      | 2009 (Class III) |

## Table of Contents

Biographical information for each of these continuing directors is provided below.

*Richard Haythornthwaite*, age 50, is Chairman of the Company's Board of Directors and is a Managing Director of Star Capital Partners Limited, a position that he has held since 2006. From 2001 to 2005, Mr. Haythornthwaite served as Chief Executive Officer and Director for Invensys plc and from 1997 to 2001 he served as Chief Executive, Europe and Asia and then as Group Chief Executive for Blue Circle Industries plc. (acquired by Lafarge SA in 2001). His prior positions include serving as a Director of Premier Oil plc, President of BP Venezuela, and General Manager, Magnus Oilfield, BP Exploration. Mr. Haythornthwaite is also a non-executive director of the main board of Imperial Chemical Industries plc and chairman of Imperial Chemical Industries plc's remuneration committee as well as a member of its audit and nominating committees.

*David R. Carlucci*, age 52, is the Chairman, President and Chief Executive Officer of IMS Health Inc. Mr. Carlucci was appointed Chief Executive Officer and President of IMS Health Incorporated in January 2005 and had been President and Chief Operating Officer of IMS Health Incorporated since October 2002. Mr. Carlucci was appointed to serve as Chairman of IMS Health Incorporated's board of directors effective April 1, 2006. From January 2000 until January 2002, before joining IMS, Mr. Carlucci was General Manager of IBM Americas, which comprises all of IBM's sales and distribution operations in the U.S., Canada and Latin America. Prior to that, Mr. Carlucci held roles of increasing responsibility at IBM, including General Manager of IBM's S/390 Division from January 1998 to January 2000; Chief Information Officer from February 1997 to January 1998; General Manager, IBM Printing Systems Company from July 1995 to January 1997; Vice President, systems, industries and services, Asia Pacific from January 1993 to July 1995; and Vice President, marketing and channel management, IBM Personal Computer Company North America from February 1990 to December 1992.

*Bernard S.Y. Fung*, age 53, is Chairman and Chief Executive Officer, Aon Asia Pacific Region, a subsidiary operation of the Chicago-based Aon Corporation. Mr. Fung was named Chief Executive Officer of Aon Asia Limited in 1997, Chairman and Chief Executive Officer, Asia, in 2000, and Chairman and Chief Executive Officer, Asia Pacific region in 2004. He joined Aon from Inchcape/Bain Hogg where he was CEO when it was acquired by Aon in 1997. Prior to Aon, he worked for Alexander & Alexander Group in several senior management positions in both Toronto, Canada and New York. He began his career as a audit manager and chartered accountant with KPMG International.

*Marc Olivié*, age 53, is the President and Chief Executive Officer of the Agfa-Gevaert Group, a position he has held since April 2005. Mr. Olivié has also served as the Executive Director of the board of directors and Chairman of the Executive Committee of Agfa-Gevaert N.V. since April 2005. From 2004 to April 2005, Mr. Olivié was Executive Vice President of the Agfa-Gevaert Group. From 2001 to 2004, Mr. Olivié was Senior Vice President and President, Global Bath and Kitchen Products for American Standard Companies Inc. Prior thereto, Mr. Olivié was President and Chief Executive Officer of Armstrong Floor Products for Armstrong Holdings, Inc. from 2000 to 2001 and of Armstrong Building Products for Armstrong Holdings, Inc. from 1996 to 2000.

*Mark Schwartz*, age 52, is Chairman of MissionPoint Capital Partners LLC, and co-founder of New Silk Route Partners LLC. From late 2002 until early 2005, he served as a senior advisor to George Soros and then as President and Chief Executive Officer of Soros Fund Management LLC. From 1979 to 2001, Mr. Schwartz served in various positions at The Goldman Sachs Group, Inc., including as Chairman, Goldman Sachs Asia, from 1999-2001, Member, Management Committee, from 1998 to 2001, and President, Goldman Sachs Japan, from 1997-2001. Mr. Schwartz was a partner of The Goldman Sachs Group, Inc. from 1988 until he retired in 2001. Mr. Schwartz is a director of Harbor Point Limited, a private reinsurance company based in Bermuda. He is also a Trustee and member of the Executive Committee of New York Presbyterian Hospital, a member of the Executive Committee of Children's Hospital of New York Presbyterian, the Vice-Chairman of Northern Westchester Hospital, and a Director of the President's Council at Massachusetts General Hospital.

**Table of Contents**

*Robert W. Selander*, age 56, is President and Chief Executive Officer of MasterCard Incorporated and MasterCard International. Mr. Selander has served on the Board of Directors since June 2002 and the MasterCard International board of directors since 1997. Mr. Selander also serves on the Company's Policy and Operating Committees. Prior to his election as President and Chief Executive Officer of MasterCard International in April 1997, Mr. Selander was an Executive Vice President and President of the MasterCard International Europe, Middle East/Africa and Canada regions. Before joining MasterCard in 1994, Mr. Selander spent two decades with Citicorp/Citibank, N.A. He currently serves as a director of The Hartford Financial Services Group, Inc.

The two Class M Directors who are expected to serve on the Board of Directors until the expiration of the terms of their classes in 2009 and 2008, respectively, are Steven J. Freiberg (Class III) and Tan Teong Hean (Class II). Biographical information for Messrs. Freiberg and Tan is included below.

*Steven J. Freiberg*, age 50, is Chairman and CEO of Citigroup's Global Consumer Group N.A. and Co-Chair of the Global Consumer Group. Mr. Freiberg joined the former U.S. region board of MasterCard in January 2001 and served as Chairman of MasterCard's U.S. region board from 2004 until May 2006. Mr. Freiberg was appointed to the Board of Directors of the Company in September 2006. Prior to his appointment as Co-Chairman of the Global Consumer Group in 2005, Mr. Freiberg served as Chairman and CEO of Citi Cards from 2001 until 2005. Prior to that, Mr. Freiberg held positions of increasing seniority with Citigroup's predecessor companies and affiliates since joining Citigroup's Card Products Division in 1980. He is a member of Citigroup's Operating and Management Committees. Additionally, he serves or has served on the board of directors of several of Citigroup's affiliates including, Citibank N.A., Citicorp Credit Services Inc., Citicorp Investment Services, Citicorp Insurance Group, Citibank Trust N.A., Citibank FSB and the Citigroup Foundation. Mr. Freiberg also serves on the boards of directors of Direct Marketing Association, Upromise and the Financial Services Roundtable.

*Tan Teong Hean*, age 63, was Chief Executive Officer of Southern Bank Berhad from 1983 until 2006. Mr. Tan served on the Company's Board of Directors from March 2004 until May 2006, just prior to the IPO, and was appointed to serve as a Class M director by the Board of Directors in January 2007. He also served as Chairman of MasterCard's Asia/Pacific region board prior to the IPO, which he joined in July 1997, and currently serves on the Company's Asia/Pacific region advisory board. He is the Chairman of Southern Capital Management, a Fellow of the Institute of Bankers of Malaysia, a Fellow of the Malaysian Institute of Directors and a Member of the Board of Trustees of the Malaysian Institute of Economic Research.

---

**Table of Contents**

**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

*Qualifications of Directors.* Our certificate of incorporation and by-laws provide for the following qualifications for service as a member of the Company's Board of Directors:

except for the up to three directors (but no more than one-quarter of all directors) that are elected by the Class M Stockholders, no director shall be a person who is or has been during the prior three years a director, officer, employee or agent of, or otherwise be affiliated with (1) a member or former member of MasterCard International (a Member), or (2) an operator, member, or licensee of any competing general purpose payment card system (a Similar Person), or otherwise have any business relationship with a Member or Similar Person that is material to such person;

no director shall be a trustee, officer, employee or agent of, or represent or otherwise be affiliated with The MasterCard Foundation, a private charitable foundation incorporated in Canada, or have been a director, officer, employee or agent of, or represented, or otherwise been affiliated with The MasterCard Foundation during the prior three years or otherwise have a business relationship with The MasterCard Foundation that is material to such director; and

no director shall be a director, regional board director, officer, employee or agent of, or represent (1) an entity that owns and/or operates a payment card program that is competitive with any of the Company's card programs, as determined in the sole discretion of the Board of Directors (a Competitor) or (2) an institution that is represented on any board of a Competitor.

In addition, each of our directors must also serve as a director of MasterCard International.

Our certificate of incorporation and by-laws further provide that, to the extent practicable and subject to the Board of Directors' fiduciary duties, the directors nominated by the Board of Directors for election as Class A Directors (other than the chief executive officer) should reflect the geographic diversity and global profile of the Company and that the citizenships and residencies of these directors should reflect the geographic regions in which we operate in a manner approximately proportionate to our business activity as reflected in the global proxy calculation formula contained in our certificate of incorporation. Similarly, to the extent practicable and subject to the Board of Directors' fiduciary duties, the directors nominated by the Board of Directors for election as Class M Directors should include one citizen and resident of a country in, or director, officer, employee, agent or representative of, a member of MasterCard International designated as belonging to our Americas region, one citizen and resident of a country in, or director, officer, employee, agent or representative of a member of MasterCard International designated as belonging to our European region and one citizen and resident of a country in, or director, officer, employee, agent or representative of, a member of MasterCard International designated as belonging to our Asia/Pacific-Middle East/Africa region. No more than one Class M Director may be a director, officer, employee, agent or representative of any single member of MasterCard International or any affiliate thereof. No Class M Director may serve as Chairman of our Board of Directors, and no officer may serve as Chairman of our Board of Directors unless the election or appointment of such officer to so serve is approved by the affirmative vote of at least 75% of the entire Board of Directors. In addition, no more than one Class M Director may serve on our Audit Committee, our Human Resources and Compensation Committee, our Nominating and Corporate Governance Committee or any Executive Committee, and no Class M Director will participate in the process of nominating any person to serve as a director of the Company (unless such person is being nominated to serve as a Class M Director or is the Chief Executive Officer of the Company) or as a director of The MasterCard Foundation. Our certificate of incorporation also provides that no member of the European Board may be a director, regional board director, officer, employee or agent of, or represent a competitor or an institution that is represented on any board of a competitor.

*Director Independence.* Pursuant to the corporate governance listing standards of the NYSE, a majority of the Board of Directors (and each member of the Audit, Human Resources and Compensation and Nominating and Corporate Governance Committees) must be independent. The Board of Directors has adopted director



**Table of Contents**

independence standards, which are contained in the Company's Corporate Governance Guidelines, to assist in its determination of director independence. No director will be considered independent unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). When making independence determinations, the Board of Directors broadly considers all relevant facts and circumstances, as well as any other facts and considerations specified by the NYSE, by law or by any rule or regulation of any other regulatory body or self-regulatory body applicable to the Company. When assessing the materiality of a director's relationship with the Company, the Board of Directors considers the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others). In addition, the Board of Directors applies the independence standards set by the NYSE, which are included in the independence guidelines set forth below.

The Board of Directors has established the following guidelines to assist it in determining director independence :

A director will not be independent if: (i) the director is, or has been within the last three years, employed by the Company, or an immediate family member of the director is, or has been within the last three years, employed by the Company as an executive officer; (ii) the director or an immediate family member of the director has received more than \$100,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service); (iii) (a) the director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor, (b) the director is currently employed by such a firm, (c) the director has an immediate family member who is currently employed by such a firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice, or (d) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time; (iv) the director or an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executives serve on that company's compensation committee; or (v) the director is a current employee, or an immediate family member of the director is a current executive officer, of another company that has made payments to, or receives payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or two percent of the consolidated gross revenues of such other company.

The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence: (i) relationships involving the provision of products or services either by or to the Company or its subsidiaries or affiliates and involving a director, his or her immediate family members, or a company or charitable organization of which the director or an immediate family member is (or, at the time of the transaction, was) a partner, shareholder, officer, employee or director so long as the following condition is satisfied: the products and services are being provided in the ordinary course of business and on substantially the same terms and conditions, including price, as would be available to similarly situated customers; (ii) if a director is an executive officer or an employee, or whose immediate family member is an executive officer, of another company that makes payments to, or receives payment from, the Company for property or services in an amount which, in any single fiscal year, are less than the greater of \$1,000,000 or two percent of the consolidated gross revenues of such other company; (iii) if a director beneficially owns, or is an employee of another company that beneficially owns, less than 10% of the Company's common equity; (iv) if a director is an executive officer or an employee of another company to which the Company is indebted, and the total amount of the indebtedness is less than one percent of the total consolidated assets of the company for which he or she serves as an executive officer or an employee; and (v) if a

**Table of Contents**

director serves as an officer, director or trustee of a charitable organization, and the Company's discretionary charitable contributions to the organization are less than the greater of \$1,000,000 or two percent of that organization's consolidated gross revenues.

Notwithstanding the foregoing, no relationship required to be disclosed by the Company pursuant to Item 404 of Regulation S-K shall be treated as categorically immaterial. The Board of Directors reviews annually all commercial, charitable and other relationships of directors.

For the purpose of applying these director independence standards, an immediate family member includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home.

The Board of Directors has determined that Messrs. Carlucci, Fung, Haythornthwaite, McLuskie, Olivié, Schwartz, Tan and Tian and Ms. Karch qualify as independent directors within the meaning of Section 303A.02 of the NYSE Listed Company Manual and under the independence requirements adopted by the Board of Directors as set forth above. In the course of the Board's determination regarding the independence of each non-management director, it considered any transactions, relationships and arrangements as required by Section 303A.02 of the NYSE Listed Company Manual and under the independence requirements adopted by the Board of Directors as set forth above. In reaching the determination that Ms. Karch and Messrs. McLuskie and Tan are independent, the Board of Directors considered the fact that Ms. Karch is Director Emeritus of McKinsey & Company, a director of The Corporate Executive Board Company and a Trustee of the Westchester Land Trust, that Mr. McLuskie is a director of certain subsidiaries of Royal Bank of Scotland Group and that Mr. Tan is a co-founder and minority owner of Cassis International Pte Ltd. The Company contributed approximately \$200 to the Westchester Land Trust. Although service as a director of another company alone is not a material relationship that would impair a director's independence, the above listed relationships were reviewed by the Board of Directors. Furthermore, although each of the other companies listed above has business relationships with the Company, sales to and purchases from these companies amount to less than the greater of \$1 million or 2% of that company's consolidated gross revenues during each of 2006, 2005 and 2004. During all relevant years, none of these relationships were of an amount or nature to impede the exercise of independent judgment of Ms. Karch or Messrs. McLuskie or Tan.