

Mastercard Incorporated

Fourth-Quarter and Full-Year 2016 Financial Results Conference Call

January 31, 2017



Business Update

————— Financial & Operational Overview

————— Economic Update

————— Business Highlights

4th Quarter Selected Financial Performance

(\$ in millions, except per share data)

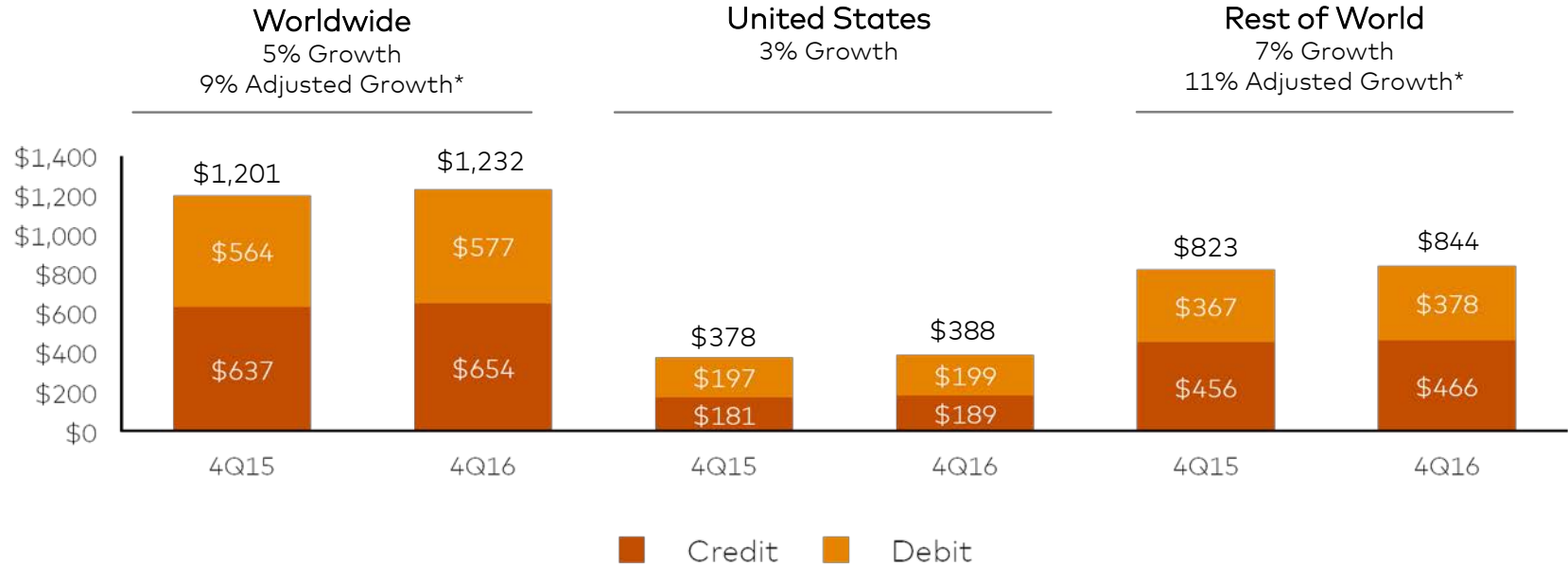
	4Q 16		4Q 15		YOY Growth	
	Non-GAAP*		Non-GAAP*		Non-GAAP*	Currency Neutral
Net revenue	\$	2,756	\$	2,517	9%	10%
Total operating expenses		1,383	\$	1,410	(2)%	(1)%
Operating income		1,373		1,107	24%	23%
<i>Operating margin</i>		49.8%		44.0%	5.8 <i>ppts</i>	5.4 <i>ppts</i>
Net income	\$	940	\$	890	6%	5%
Diluted EPS	\$	0.86	\$	0.79	9%	7%
Effective tax rate		28.7%		13.1%		

Note: Figures may not sum due to rounding.

* Represents effect of excluding a special item relating to the U.K. merchant litigation provision. See Appendix A for Non-GAAP reconciliation.

4th Quarter Gross Dollar Volume (GDV)

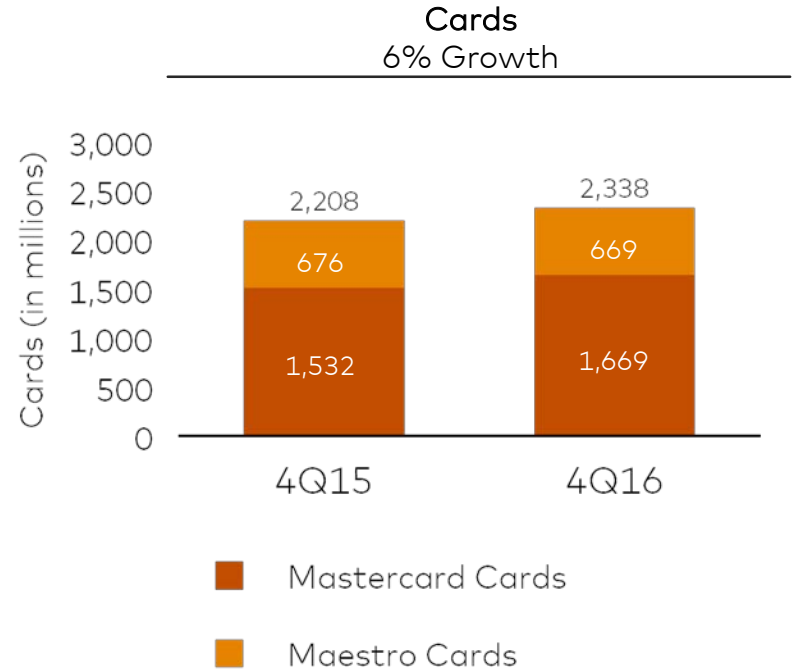
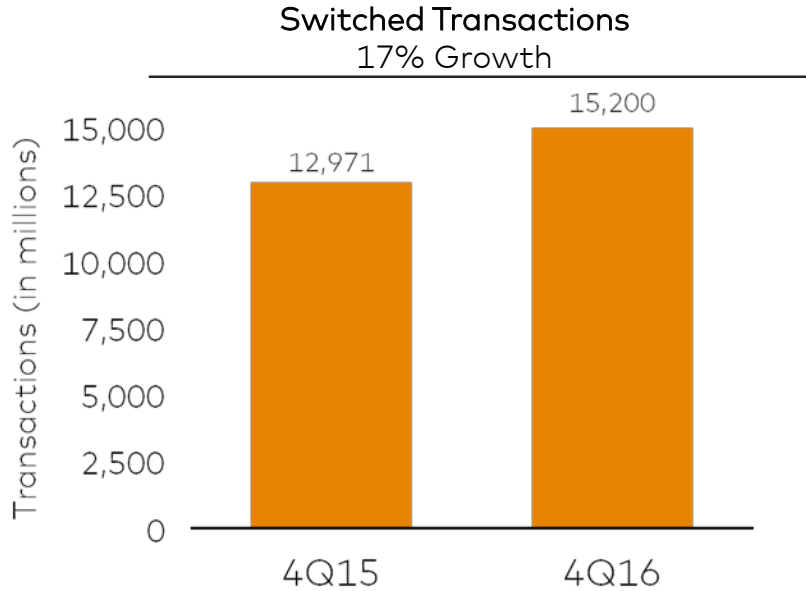
(\$ in billions)



* Adjusted for the impact of recent EU regulatory changes

- Notes: 1. Growth rates are shown in local currency
- 2. Figures may not sum due to rounding

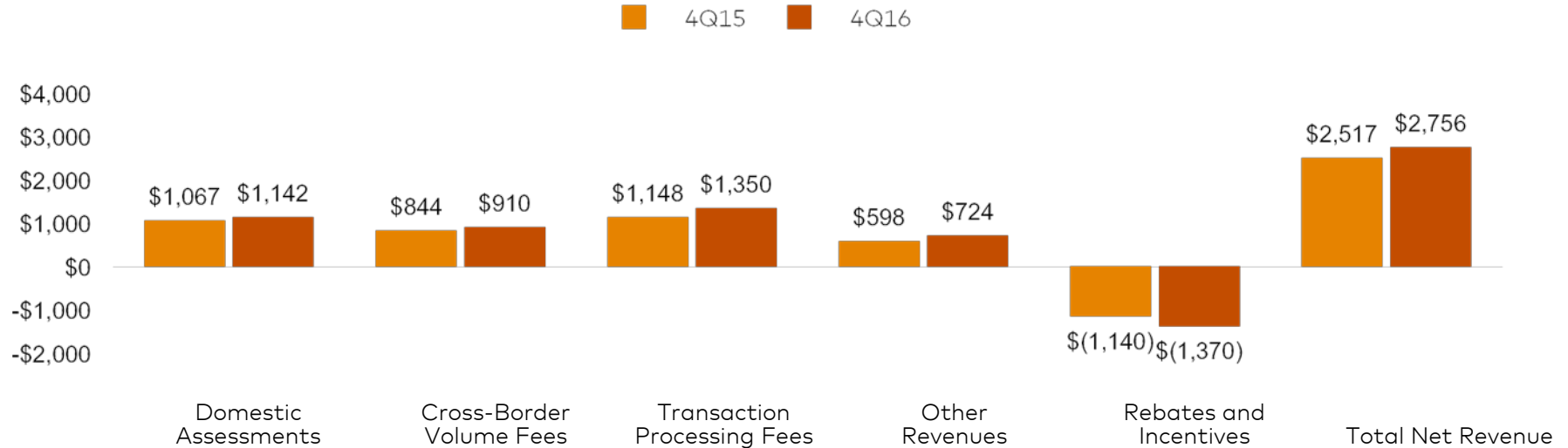
4th Quarter Switched Transactions and Cards



Note: Figures may not sum due to rounding

4th Quarter Revenue

(\$ in millions)

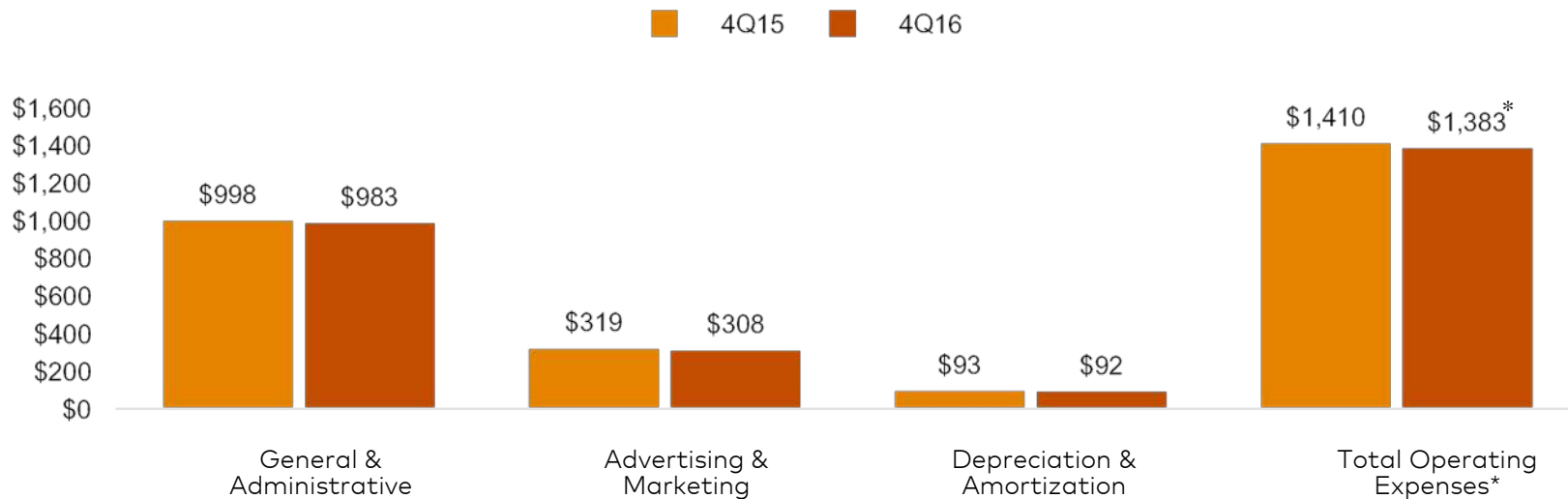


	Domestic Assessments	Cross-Border Volume Fees	Transaction Processing Fees	Other Revenues	Rebates and Incentives	Total Net Revenue
Growth						
As-reported	7%	8%	18%	21%	20%	9%
Currency-Neutral	7%	10%	17%	20%	21%	10%

Note: Figures may not sum due to rounding.

4th Quarter Operating Expenses

(\$ in millions)



Growth				
Non-GAAP	(1)%	(4)%	(2)%	(2)%
Currency Neutral	—%	(3)%	1%	(1)%

Note: Figures may not sum due to rounding

* Excluding a special item representing effect of U.K. Merchant Litigation. See Appendix A for Non-GAAP reconciliation.

Looking Ahead

———— Business update through January 28th

———— Long-Term Performance Objectives

———— Thoughts for 2017

Appendices

Appendix A

Non-GAAP Reconciliation

(\$ in millions, except per share data)

	Three Months Ended December 31,						
	2016			2015		Percent Increase/(Decrease)	
	Actual	Special Item	Non-GAAP ¹	Actual	Actual	Special Item	Non-GAAP ¹
Operating expenses	\$ 1,393	\$ (10)	\$ 1,383	\$ 1,410	(1)%	1%	(2)%
Operating income	\$ 1,363	\$ 10	\$ 1,373	\$ 1,107	23%	(1)%	24%
<i>Operating margin</i>	49.4%		49.8%	44.0%			
Income tax expense	\$ 378	\$ 3	\$ 381	\$ 135	180%	(2)%	182%
Effective income tax rate	28.8%		28.7%	13.1%			
Net income	\$ 933	\$ 7	\$ 940	\$ 890	5%	(1)%	6%
Diluted earnings per share	\$ 0.86	\$ —	\$ 0.86	\$ 0.79	9%	—%	9%

Note: Figures may not sum due to rounding

¹ Represents effect of excluding a special item relating to the U.K. merchant litigation provision (\$10M pre-tax, \$7M after-tax, \$0.01 per diluted share)

Appendix B

Article 8 Impacts on Europe and Worldwide GDV and Purchase Volume Growth Rates

	Growth (Local Currency)									
	2015Q1	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3	2016Q4	FY 2015	FY 2016
GDV										
Europe as reported	15%	17%	17%	16%	18%	14%	5%	4%	16%	10%
Europe adjusted for Article 8	19%	20%	20%	18%	20%	19%	18%	17%	19%	18%
Worldwide as reported	12%	13%	13%	13%	13%	12%	7%	5%	13%	9%
Worldwide adjusted for Article 8	13%	14%	14%	13%	14%	13%	11%	9%	13%	11%
Purchase Volume										
Europe as reported	13%	15%	15%	13%	15%	9%	(3)%	(3)%	14%	4%
Europe adjusted for Article 8	18%	19%	18%	16%	16%	16%	16%	16%	18%	16%
Worldwide as reported	12%	12%	12%	12%	12%	9%	5%	4%	12%	7%
Worldwide adjusted for Article 8	13%	13%	13%	12%	12%	11%	9%	8%	13%	10%

Note: Article 8 of the EU Interchange Fee Regulation related to card payments, that became effective June 9, 2016, states that a network can no longer charge fees on domestic EEA payment transactions that do not use its payment brand. Prior to that, Mastercard collected a de minimis assessment fee in a few countries, particularly France, on transactions with Mastercard co-badged cards if the brands of domestic networks (as opposed to Mastercard) were used. As a result, the non-Mastercard co-badged volume is no longer being included.

To aid in understanding the underlying trends in the business, the table above reflects adjusted 2015 and 2016 growth rates for the impact of Article 8, by eliminating the related co-badged volumes in prior periods.

Appendix C

Non-GAAP Reconciliation

2016 Diluted EPS Growth Normalized for Taxes

	2016 vs. 2015 Increase/(Decrease)	
	QTD	YTD
Non-GAAP Diluted EPS - Excluding Special Items, Currency-Neutral, Normalized Taxes	31%	19%
Significant Tax Items ¹	(24)%	(7)%
Non-GAAP Diluted EPS - Excluding Special Items, Currency-Neutral	7%	11%
Special Items ²	—	—
FX ³	1%	(1)%
GAAP Diluted EPS	9%	10%

¹Impact of discrete tax benefits and the tax impact of non-recurring repatriation benefits occurring in 2016 and 2015.

²Impact of the U.K. merchant litigation provisions (Q4 2016: \$10 million pre-tax, \$7 million after-tax, \$0.01 per diluted share; Q2 2016: \$107 million pre-tax, \$78 million after-tax, \$0.07 per diluted share; Q2 2015: \$61 million pre-tax, \$44 million after-tax, \$0.04 per diluted share) and the termination of the U.S. employee pension plan (Q3 2015: \$79M pre-tax, \$50M after-tax, \$0.04 per diluted share)

³ Impact of foreign currency for both the translational and transactional impacts

Note: Figures may not sum due to rounding

Appendix D

Non-GAAP Reconciliation Long-term Performance Objectives

	2016-2018 3-Year CAGR Increase/(Decrease)	
	Net Revenue	EPS ¹
Non-GAAP - Excluding Special Items, Currency-Neutral, Normalized Taxes	Low-double digit	Mid-teens
U.S. Employee Pension Plan Settlement Charge ²	—	—
Provision for Litigation Settlement ³	—	—
FX ⁴	(1)%	(1)%
Significant Tax Items ⁵	—	(4)%
GAAP	Low-double digit	Low-double digit

¹Based on 2015 proforma diluted EPS utilized to measure 3-year diluted EPS target performance (2016-2018)

²Impact of the termination of the U.S. employee pension plan in 2015 (\$0.04 per diluted share)

³Impact of the U.K. merchant litigation provision in 2015 (\$0.04 per diluted share)

⁴Impact of foreign currency for both the translational and transactional impacts

⁵Impact of discrete tax benefits and the tax impact of non-recurring repatriation benefits in 2015 (\$0.31 per diluted share)

Appendix E

Non-GAAP Reconciliation Thoughts for Full-Year 2017

Non-GAAP - Excluding Special Items, Currency-Neutral

Special item¹

FX²

As-Reported Growth

2017 vs. 2016 Increase/(Decrease)	
Revenue	Operating Expenses
Low-double digits	High-single digit
—	(2)%
(2)%	(1)%
High-single digit	Mid-single digit

¹Impact of the U.K. merchant litigation provision (2016: \$117M pre-tax)

²Impact of foreign currency for both the translational and transactional impacts

Appendix F

4th Quarter G&A Detail

(\$ in millions)

	<u>Three Months Ended December 31,</u>		<u>Dollar Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2016</u>	<u>2015</u>		
Personnel	\$ 579	\$ 565	\$ 14	3%
Professional fees	106	111	(5)	(4)%
Data processing and telecommunications	108	107	1	1%
Foreign exchange activity	(9)	(2)	(7)	**
Other	199	217	(18)	(8)%
General and administrative expenses	<u>\$ 983</u>	<u>\$ 998</u>	<u>\$(15)</u>	<u>(1)%</u>

Note: Figures may not sum due to rounding

** Not meaningful