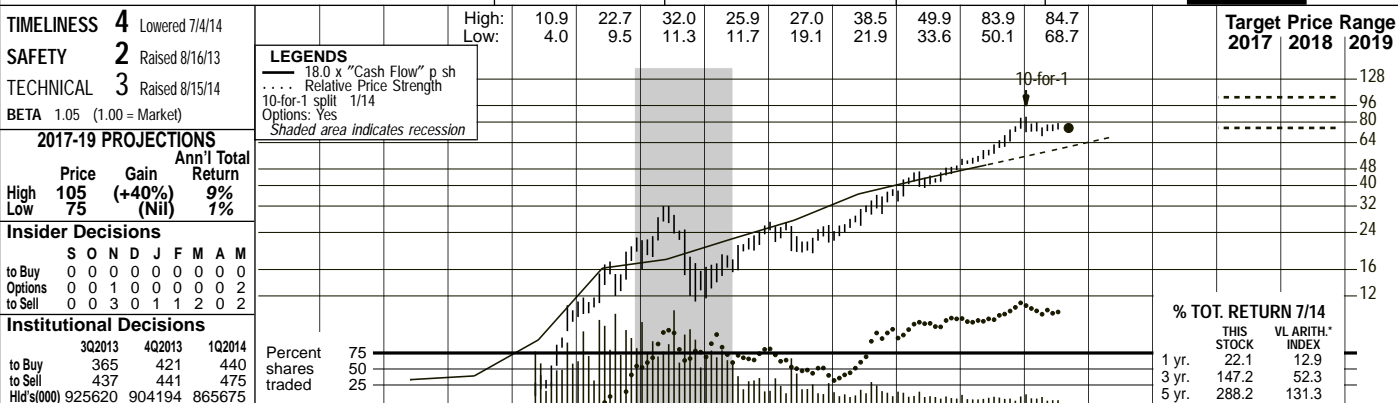


MASTERCARD INC. NYSE-MA

RECENT PRICE **75.20** P/E RATIO **25.1** (Trailing: 27.1 Median: NMF) RELATIVE P/E RATIO **1.37** DIV'D YLD **0.6%** VALUE LINE



MasterCard, Inc., was founded in 1966 when a group of banks formed the Interbank Card Association. In 1969 this association bought the rights to use "Master Charge" from the California Bank Association; it was renamed MasterCard in 1979. The company completed an initial public offering on May 25, 2006, selling 61.5 million shares of Class A common stock at a price of \$39 a share. Lead underwriters of the offering were Goldman Sachs, Citigroup, and HSBC.

	2004	2005 ^c	2006 ^c	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
Revenues per sh	1.92	2.18	2.46	3.10	3.86	3.93	4.23	5.25	5.91	6.89	8.20	9.30		12.70
"Cash Flow" per sh	.27	.28	.41	.90	.99	1.24	1.52	2.03	2.39	2.79	3.25	3.80		5.10
Earnings per sh ^A	.18	.20	.34	.80	.90	1.12	1.41	1.87	2.19	2.56	3.00	3.50		4.80
Div'ds Decl'd per sh ^E	--	--	.01	.05	.06	.06	.06	.06	.12	.29	.44	.44		.44
Cap'l Spending per sh ^D	.02	.03	.05	.06	.06	.04	.05	.06	.08	.13	.17	.17		.20
Book Value per sh ^D	.72	.87	1.75	2.31	1.49	2.70	3.98	4.58	5.53	6.18	5.70	8.45		19.15
Common Shs Outst'g ^{BC}	1350.0	1350.0	1349.7	1312.7	1292.4	1297.7	1309.0	1280.0	1250.0	1211.0	1140.00	1130.00		1100.00
Avg Ann'l P/E Ratio	--	--	20.1	18.0	23.7	16.8	16.3	15.9	19.7	24.1	Bold figures are Value Line estimates			19.0
Relative P/E Ratio	--	--	1.09	.96	1.43	1.12	1.04	1.00	1.25	1.35				1.20
Avg Ann'l Div'd Yield	--	--	1.1%	.4%	.3%	.3%	.2%	.3%	.3%	.5%				.5%

CAPITAL STRUCTURE as of 6/30/14
 Total Debt \$1494.0 bill. Due in 5 Yrs \$35.0 mill.
 LT Debt \$1494.0 bill. LT Interest \$24.0 mill.

Leases, Uncapitalized: Annual rentals \$24.0 mill.
Pension Assets-12/13 \$275.0 mill.
Oblig. \$361.0 mill.

Pfd Stock None
Common Stock 1,157,971,184 shs. ^B
 as of 7/24/14

MARKET CAP: \$87.1 billion (Large Cap)

	2004	2005 ^c	2006 ^c	2007	2008	2009	2010	2011	2012	2013	2014	2015		17-19
Revenues (\$mill)	2593.3	2937.6	3326.1	4067.6	4991.6	5098.7	5539.0	6714.0	7391.0	8346.0	9350	10500		13970
Operating Margin	19.0%	19.7%	23.1%	30.2%	38.4%	47.1%	52.4%	54.8%	56.4%	57.0%	56.5%	57.5%		57.0%
Depreciation (\$mill)	123.3	109.9	99.8	97.6	112.0	141.4	148.0	194.0	230.0	258.0	265	285		315
Net Profit (\$mill)	238.1	266.7	457.1	1085.9	1172.6	1462.6	1847.0	2399.0	2758.0	3116.0	3450	3990		5300
Income Tax Rate	28.1%	38.5%	34.8%	35.0%	40.1%	34.1%	33.0%	31.8%	29.9%	30.8%	30.0%	30.8%		30.0%
Net Profit Margin	9.2%	9.1%	13.7%	26.7%	23.5%	28.7%	33.3%	35.7%	37.3%	37.3%	37.0%	38.0%		38.0%
Working Cap'l (\$mill)	601.4	671.2	1765.6	2228.4	1321.0	1836.1	3311.0	3524.0	4451.0	4918.0	5475	8650		20500
Long-Term Debt (\$mill)	229.6	229.5	229.7	149.8	71.2	73.6	--	--	--	--	1500	1500		1500
Shr. Equity (\$mill)	975.0	1169.1	2364.4	3027.3	1927.4	3503.8	5205.0	5868.0	6917.0	7484.0	6470	9555		21070
Return on Total Cap'l	22.7%	21.6%	18.8%	35.1%	61.3%	42.5%	36.0%	41.1%	40.0%	41.7%	43.5%	36.0%		23.5%
Return on Shr. Equity	24.4%	22.8%	19.3%	35.9%	60.8%	41.7%	35.5%	40.9%	39.9%	41.6%	53.5%	42.0%		25.0%
Retained to Com Eq	24.4%	22.8%	18.8%	33.4%	56.7%	39.5%	34.0%	39.6%	38.0%	38.2%	49.0%	39.0%		24.0%
All Div'ds to Net Prof	--	--	3%	7%	7%	5%	4%	3%	5%	8%	15%	12%		9%

	2012	2013	6/30/14
Cash Assets	2052.0	3599.0	2878.0
Receivables	925.0	966.0	1134.0
Securities	2951.0	2696.0	2836.0
Other	3429.0	3689.0	3729.0
Current Assets	9357.0	10950.0	10577.0
Accts Payable	357.0	338.0	420.0
Debt Due	--	--	--
Other	4549.0	5694.0	5370.0
Current Liab.	4906.0	6032.0	5790.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '17-'19
Revenues	--	14.0%	13.5%
"Cash Flow"	--	25.5%	13.5%
Earnings	--	26.5%	13.5%
Dividends	--	30.5%	11.0%
Book Value	--	24.0%	23.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	1501	1667	1818	1728	6714.0
2012	1758	1820	1918	1895	7391.0
2013	1906	2096	2218	2126	8346.0
2014	2177	2377	2410	2386	9350
2015	2460	2625	2735	2680	10500

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.43	.48	.56	.40	1.87
2012	.54	.56	.62	.49	2.19
2013	.62	.69	.73	.52	2.56
2014	.73	.80	.80	.67	3.00
2015	.85	.91	.92	.82	3.50

Cal-endar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	.015	.015	.015	.015	.06
2011	.015	.015	.015	.015	.06
2012	.015	.03	.03	.03	.11
2013	.03	.06	.06	.06	.21
2014	.11	.11	.11		

BUSINESS: MasterCard, Inc., is a global leader in electronic payments. It serves as a processor, franchisor, and advisor to about 25,000 financial institutions, in support of their credit, debit, and related payment programs. It licenses its card brands, including MasterCard, MasterCard Electronic, Maestro, and Cirrus, to clients worldwide. Revenue is derived from both transaction volume and

dollar volume. Has about 8,200 employees. Officers and directors own less than 1% of Class A and Class B common stock; MasterCard Foundation, 10.5%; (4/14 Proxy). Chairman: Richard Haythornthwaite. President and CEO: Ajaypal S. Banga. Inc.: DE. Address: 2000 Purchase Street, Purchase, New York 10577. Telephone: 914-249-2000. Internet: www.mastercard.com.

MasterCard continued to post solid financial results for the June period. Indeed, revenues increased about 13.5%, to \$2.377 billion. This stemmed from higher cross-border volumes, gross dollar, and overall processed transactions of 16%, 13%, and 12%, respectively. On the profitability front, total operating expenses increased 40 basis points, as a percentage of the top line. This reflected higher costs related to general & administrative and depreciation & amortization. Additionally, increased rebates and incentives to lock in new contracts and renewal agreements squeezed margins further. That said, the company has remained quite active with regard to stock repurchases and, on balance, second-quarter share net advanced almost 16%, to \$0.80 a share. This was in line with our earlier expectation. **Consequently, we have left our 2014 and 2015 earnings estimates unchanged at \$3.00 and \$3.50 a share, respectively.** This would represent healthy double-digit gains for this year and next. It ought to be supported by steady gains in the level of worldwide purchasing volumes. Additional benefits

should stem from new contracts with companies like Wal-Mart, Sam's Club, and Target that were recently signed. **Acquisitions and new product offerings augur well for the company's prospects.** MasterCard recently completed the purchase of ElectraCard Services and Pinpoint Pty. Ltd. The former, should strengthen MA's processing and switching capabilities for its financial institution, retailer, and telecom customers. The latter will enhance its loyalty and reward offerings as well as boost customer service. Financial terms were not released for either deal. Finally, the introduction of *MasterPass*, its new online shopping experience, should help streamline purchases by securely storing consumers' MasterCard and other branded credit, debit, and prepaid card information, as well as shipping details in one place. **At the moment, these untimely shares are not overly compelling.** MA has had a good run-up in price over the past five years, placing it at the low end of our Target Price Range, thus limiting its appreciation potential. *Bryan J. Fong* August 15, 2014

(A) Dil. egs., excl. nonrecurring gain (loss): '06, (\$0.30); '08, (\$1.96); '11, (\$0.39). May not sum due to rounding. Next earnings report due Nov. (B) Includes Class A, Class B, and Class M shares. Adjusted for stock split. (C) In millions. Shares outstanding in 2004 and 2005 have been retroactively adjusted for IPO. (D) Includes intangibles. In 2013: \$1,794.0 million, \$1.48/share. (E) Dividends paid early Jan., April, July, Oct.

Company's Financial Strength	A++
Stock's Price Stability	65
Price Growth Persistence	100
Earnings Predictability	85