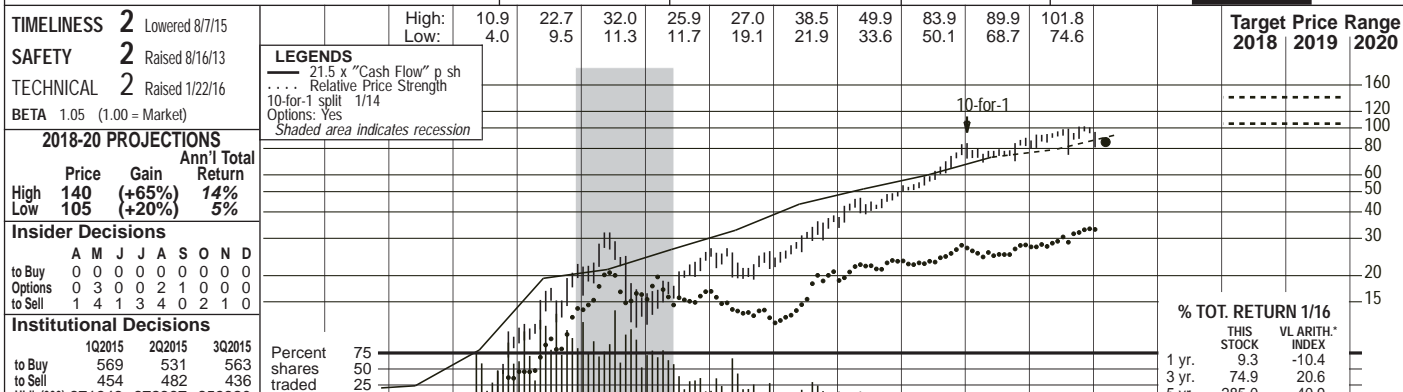


MASTERCARD INC. NYSE-MA

RECENT PRICE **85.93** P/E RATIO **24.2** (Trailing: 25.7 Median: NMF)

RELATIVE P/E RATIO **1.43** DIV/D YLD **0.9%**

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.

	2005 ^C	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
2.18	2.46	3.10	3.86	3.93	4.23	5.25	5.91	6.89	8.13	8.52	9.35	9.35	Revenues per sh	12.65
.28	.41	.90	.99	1.24	1.52	2.03	2.39	2.79	3.38	3.68	4.10	4.10	"Cash Flow" per sh	5.70
.20	.34	.80	.90	1.12	1.41	1.87	2.19	2.56	3.10	3.35	3.75	3.75	Earnings per sh ^A	5.25
-.03	.05	.06	.06	.04	.05	.06	.08	.13	.15	.17	.17	.17	Div'ds Decl'd per sh ^E	.76
.87	1.75	2.31	1.49	2.70	3.98	4.58	5.53	6.18	5.83	5.30	7.30	7.30	Cap'l Spending per sh	27.20
1350.0	1349.7	1312.7	1292.4	1297.7	1309.0	1280.0	1250.0	1211.0	1165.0	1134.00	1120.00	1120.00	Book Value per sh ^D	1.85
--	20.1	18.0	23.7	16.8	16.3	15.9	19.7	24.1	25.0	27.6			Common Shs Outst'g ^{BC}	1100.00
--	1.09	.96	1.43	1.12	1.04	1.00	1.25	1.35	1.32	1.40			Avg Ann'l P/E Ratio	23.0
--	.1%	.4%	.3%	.3%	.3%	.2%	.3%	.5%	.6%	.7%			Relative P/E Ratio	1.45
													Avg Ann'l Div'd Yield	.6%

CAPITAL STRUCTURE as of 9/30/15
 Total Debt \$1495.0 bill. Due in 5 Yrs \$500.0 mill.
 LT Debt \$1495.0 bill. LT Interest \$48.0 mill.

Leases, Uncapitalized: Annual rentals \$30.0 mill.
Pension Assets-12/14 \$283.0 mill.
Oblig. \$291.0 mill.

Pfd Stock None
Common Stock 1,122,768,757 shs. ^B
 as of 7/22/15

MARKET CAP: \$96.5 billion (Large Cap)

CURRENT POSITION	2013	2014	9/30/15
Cash Assets	3599	5137	3877
Receivables	966	1109	1081
Securities	2696	1168	1232
Other	3689	3583	3435
Current Assets	10950	10997	9625
Accts Payable	338	419	381
Debt Due	--	--	--
Other	5694	5803	5562
Current Liab.	6032	6222	5943

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	14.0%	14.0%	10.5%
"Cash Flow"	26.5%	22.5%	12.5%
Earnings	31.0%	23.0%	12.5%
Dividends	--	37.5%	20.0%
Book Value	23.5%	22.0%	20.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2012	1758	1820	1918	1895	7391.0
2013	1906	2096	2218	2126	8346.0
2014	2177	2377	2503	2416	9473.0
2015	2230	2390	2530	2517	9667.0
2016	2425	2585	2725	2715	10450

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2012	.54	.56	.62	.49	2.19
2013	.62	.69	.73	.52	2.56
2014	.73	.80	.87	.69	3.10
2015	.89	.81	.86	.79	3.35
2016	1.00	.90	.95	.90	3.75

Cal-endar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2012	.015	.03	.03	.03	.11
2013	.03	.06	.06	.06	.21
2014	.11	.11	.11	.11	.44
2015	.16	.16	.16	.16	.64
2016	.19				

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 10,300 employees. Officers and directors own less than 1% of Class A and Class B common stock; MasterCard Foundation, 10.4%; (4/15 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.

Shares of MasterCard have registered a modest correction of late. Indeed, the stock's price has declined 14% since our November review. This comes after a relatively unchecked rise in MA's quotation for almost six years. In comparison, the S&P 500 Index logged a pullback of about 6% over the past three months. **Meanwhile, the company did post healthy 2015 financial results.** The top line increased a somewhat modest 2%, to \$9.667 billion. The revenue gains stemmed from an advance in cross-border volumes, gross dollar volumes, and overall processed transactions of 16%, 13%, and 12%, respectively. These advances were partially moderated by higher rebates and incentives needed to lock in new contracts and renewals. Finally, smaller bolt-on acquisitions contributed nicely to top-line growth. On the profitability front, overall operating expenses increased 160 basis points as a function of revenues. This reflected higher general and administrative, depreciation, and litigation costs. Nonetheless, after accounting for aggressive stock repurchases, MasterCard's annual bottom line ticked 8.1% higher, to \$3.35 a share.

This was \$0.05 better than our earlier expectations. **Still, we have tempered our outlook for this year.** Our top- and bottom-line estimates have been reduced to account for economic headwinds and geopolitical factors that could easily weigh on consumer spending in the months ahead, particularly pertaining to emerging market countries, which had been a source of growth for some time. That said, we still expect MasterCard to register revenue and earnings advances of 8% and 12%, respectively. The company continues to innovate and offer new payment options as well as sign new processing agreements and expand its geographic footprint, all of which augur well for prospects. **These shares are ranked to outpace the broader market averages in the coming year.** However, we believe the aforementioned six-year steady uptrend in MA's price, resulted in the stock already realizing much of its 3- to 5-year capital appreciation potential. Consequently, it is not a standout on that front when compared to the Value Line median.

Bryan J. Fong February 12, 2016

(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 April. (B) Includes Class A, Class B, and Class M shares. Adjusted for stock split. (C) In millions. Shares outstanding in 2005 have been retroactively adjusted for IPO. (D) Includes intangibles. In 2014: \$2,236.0 million, \$1.92/share. (E) Dividends paid early Jan., April, July, Oct.

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Company's Financial Strength	A++
Stock's Price Stability	70
Price Growth Persistence	100
Earnings Predictability	100

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