MASTERCARD INC
Form 10-K/A
April 22, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1)

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-32877

MasterCard Incorporated

(Exact name of registrant as specified in its charter)

Delaware	**13-4172551**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2000 Purchase Street, Purchase, New York	**10577**
(Address of Registrant s principal executive offices)	**(zip code)**

Registrant s telephone number, including area code (914) 249-2000

Securities registered pursuant to Section 12(b):

Title of each Class	**Name of each exchange on which registered**
Class A common stock, par value $.0001 per share	**New York Stock Exchange**
Class B common stock, par value $.0001 per share	
Class M common stock, par value $.0001 per share	

Securities registered pursuant to Section 12(g): None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The aggregate market value of the registrant s Class A common stock, par value $.0001 per share, held by non-affiliates (using the New York Stock Exchange closing price as of June 30, 2009, the last business day of the registrant s most recently completed second fiscal quarter) was approximately $19.5 billion. There is currently no established public trading market for the registrant s Class B common stock, par value $.0001 per share, or the registrant s Class M common stock, par value $.0001 per share. As of April 15, 2010, there were 110,822,372 shares outstanding of the registrant s Class A common stock, par value $.0001 per share, 19,977,657 shares outstanding of the registrant s Class B common stock, par value $.0001 per share, and 1,846 shares outstanding of the registrant s Class M common stock, par value $.0001 per share.

DOCUMENTS INCORPORATED BY REFERENCE

None.

MASTERCARD INCORPORATED

FISCAL YEAR 2009 FORM 10-K/A ANNUAL REPORT

(AMENDMENT NO. 1)

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EXPLANATORY NOTE

MasterCard Incorporated (the Company , MasterCard , we , us or our) is filing this Amendment No. 1 on Form 10-K/A (this Amendment) t Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (the Original Filing or Form 10-K), which was originally filed with the U.S. Securities and Exchange Commission (the SEC) on February 18, 2010, solely to set forth information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K because a definitive proxy statement containing such information will not be filed within 120 days after the end of the fiscal year covered by the Original Filing. This Amendment amends and restates in its entirety Items 10, 11, 12, 13 and 14 of Part III and amends Part IV of the Original Filing. Except as expressly set forth herein, this Amendment does not reflect events occurring after the date of the Original Filing or modify or update any of the other disclosures contained therein in any way other than as required to reflect the amendments discussed above. Accordingly, this Amendment should be read in conjunction with the Original Filing and the Company’s other filings with the SEC.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

DIRECTORS

Below is biographical information for each director who serves on the Company s Board of Directors (the Board of Directors).

In assessing the qualities of directors to serve as members of the Board of Directors, the Nominating and Corporate Governance Committee (the Nominating Committee) believes that directors should meet the highest standards of professionalism, integrity and ethics and be committed to representing the long-term interests of its stockholders. The Nominating Committee further believes all directors should possess strength of character and maturity in judgment. In addition, although the Board of Directors does not have a specific diversity policy, the Nominating Committee seeks to foster diversity on the Board of Directors by taking into account geographic diversity to reflect the geographic regions in which the Company operates in a manner approximately proportional to its business activity, as well as diversity of age, gender, race, ethnicity and cultural background. In selecting directors, the Nominating Committee also endeavors to have a Board of Directors representing a range of leadership and other experiences relevant to the Company s global activities.

The following are key experiences, qualifications and skills that the Company s directors bring to the Board of Directors and that the Nominating Committee believes are desirable in light of the Company s business and structure:

- Global business experience (including significant experience in the geographic regions in which the Company operates);
- Leadership experience (including service as a chief executive officer and/or other senior executive level positions);
- Relevant industry experience (including in the retail banking and payments industry, telecommunications and with merchants);
- Finance experience;
- Regulatory experience (including with governments and regulatory bodies);
- Technology experience; and
- Brand and marketing expertise.

Important elements of each of the director s experiences, qualifications and skills that the Board of Directors considered in leading it to conclude that each such individual should serve as a director of the Company is included in the biographies below.

Class A Directors

The following Class A Directors 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 in each individual s biography:

Richard Haythornthwaite, age 53

Mr. Haythornthwaite is Chairman of the Company s Board of Directors and has served on the Board of Directors since May 2006. Mr. Haythornthwaite s term as a director expires in 2012. Mr. Haythornthwaite is Non-Executive Chairman of Network Rail, President of PSI UK Ltd and an advisor to Star Capital Partners Limited. From 2006 until 2008, Mr. Haythornthwaite was a partner of Star Capital Partners. 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 Chairman of Southbank Centre Board. Within the last five years, Mr. Haythornthwaite has also served as a non-executive director, chairman of the remuneration committee and member of the audit and nominating committees of Imperial Chemical Industries plc, and also as a director of Land Securities Group plc.

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Director Qualifications:

Global business, Leadership and Relevant industry experience Former CEO of Invensys plc and Blue Circle Industries plc, UK public multinational corporations; senior level executive at BP

Regulatory experience Current non-executive chairman of Network Rail, a UK rail infrastructure company; former Chairman of both the Risk and Regulation Advisory Council and the Better Regulation Commission, each in the UK

Finance experience Former member of the audit committee of Imperial Chemical Industries plc; former member of the audit committee of Cookson Group plc; active supervision of principal financial officer while Group Chief Executive of Blue Circle Industries plc and CEO of Invensys plc; member of MasterCard Incorporated s audit committee since May 2006

Ajay Banga, age 50

Mr. Banga has been appointed Chief Executive Officer of MasterCard Incorporated and MasterCard International, effective as of July 1, 2010. Mr. Banga is President and Chief Operating Officer of MasterCard Incorporated and MasterCard International. In this capacity, he is responsible for the Company's relationships with its customers globally, including the delivery of products, services and marketing, and technology and operations. Mr. Banga was appointed to the Company s Board of Directors on April 12, 2010. His term as a director expires in 2012. Mr. Banga is also a member of the Executive Committee. Prior to joining MasterCard as President and Chief Operating Officer in August 2009, Mr. Banga served as Chief Executive Officer of Citigroup s Asia Pacific region from March 2008 until August 2009. Since joining Citigroup in 1996, Mr. Banga had served in several positions of increasing responsibility, including Chairman and Chief Executive Officer of Citigroup s International Global Consumer Group, Executive Vice President of Citigroup s Global Consumer Group, President of Citigroup's Retail Banking North America, business head for CitiFinancial and the U.S. Consumer Assets Division and division executive for the consumer bank in Central/Eastern Europe, Middle East, Africa, and India. Prior to joining Citigroup, Mr. Banga spent 13 years with Nestle India and two years with PepsiCo. Mr. Banga serves on the board of directors of Kraft Foods Inc., is on the board of trustees of the Asia Society, is a member of The Council on Foreign Relations and The Economic Club of New York, and is a fellow of the Foreign Policy Association. He is also a member of the Financial Services Roundtable, an industry organization. Within the last five years, Mr. Banga has also served on the boards of trustees of Enterprise Community Partners, Inc., the National Urban League and the New York Hall of Science, and was a director of the Council for Economic Education.

Director Qualifications:

Global business, Leadership and Relevant industry experience President and Chief Operating Officer of MasterCard Incorporated and MasterCard International from August 2009, and CEO, effective July 1, 2010; extensive senior level experience in the global retail banking and payments industry through various positions at CitiBank, N.A., including Chief Executive Officer of Citigroup s Asia Pacific region; extensive senior level business experience in North America, Asia Pacific, Central/Eastern Europe, Middle East, Africa and India

Brand and marketing expertise marketing experience at Nestle India, a global food and beverage company; brand and marketing experience at PepsiCo, a global food and beverage company; director of Kraft Foods Inc., a global food company

David R. Carlucci, age 55

Mr. Carlucci has served on the Company s Board of Directors since May 2006. Mr. Carlucci is the Chairman, Chief Executive Officer and President of IMS Health Incorporated. Mr. Carlucci s term as a

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director expires in 2012. Mr. Carlucci has served as Chief Executive Officer and President of IMS Health Incorporated since January 2005 and served as President and Chief Operating Officer of IMS Health Incorporated from October 2002 until January 2005. 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 Health Incorporated, 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. Within the last five years, Mr. Carlucci also served as a member of the advisory board of Mitsui USA.

Director Qualifications:

Global business, Leadership and Technology experience Current CEO of IMS Health Incorporated, a US-based multinational corporation which is a leader in providing market intelligence to the pharmaceutical and healthcare industries; several senior executive level positions at IBM, including operations and management experience in the U.S., Canada, Latin America and Asia Pacific

Bernard S.Y. Fung, age 56

Mr. Fung has served on the Company s Board of Directors since June 2006. Mr. Fung s term as a director expires in 2011. Mr. Fung is Chairman and Chief Executive Officer, Aon Asia Pacific region, a subsidiary operation of the Chicago-based Aon Corporation. He is a member of Aon Corporation s Executive Committee. 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 an audit manager and chartered accountant with KPMG International.

Director Qualifications:

Global business, Leadership and Finance experience Current CEO of Aon Asia Pacific region, which constitutes the Asia Pacific operations of Aon Corporation, a multinational reinsurance company; member of Aon Corporation s executive committee; extensive senior level business experience in the U.S., Canada and Asia

Finance experience Former audit manager and chartered accountant with KPMG International

Nancy J. Karch, age 62

Ms. Karch has served on the Company s Board of Directors since January 2007. Ms. Karch s term as a director expires in 2010. Ms. Karch 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 serves as a director and audit committee chair for, and member of the nominating and corporate governance committee of, Liz Claiborne Inc., an apparel company; a director and member of the compensation committee and chair of the nominating and governance 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 and Northern Westchester Hospital, both not-for-profit organizations. Within the last five years, Ms. Karch has also served as a member of the board of directors of The Gillette Company and Toys R Us Inc.

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Director Qualifications:

Global business, Leadership and Relevant industry experience and Brand and marketing expertise Extensive focus on merchants and retail industry, as well as strategy and marketing, for global clients as a former senior partner of McKinsey & Company, a global management consulting firm; merchant and retail experience through positions as a current director of Liz Claiborne Inc. and as a former director of several retail and retail-centric companies, including The Gillette Company and Toys R Us Inc.; extensive experience as a director of U.S. public companies

Finance experience Audit Committee chair of Liz Claiborne Inc.; director and member of the audit committee of The Corporate Executive Board, a business research firm; director of Genworth Financial, Inc., a leading life insurance and financial services company; former member of the audit committees of The Gillette Company and Toys R Us Inc.; member of MasterCard Incorporated s audit committee since February 2007

José Octavio Reyes Lagunes, age 58

Mr. Reyes has served on the Company s Board of Directors since January 2008. Mr. Reyes term as a director expires in 2010. Mr. Reyes is President, Latin America Group at The Coca-Cola Company, a position he has held since December 2002. Mr. Reyes began his career at The Coca-Cola Company in 1980 at Coca-Cola de Mexico as Manager of Strategic Planning. In 1987, he was appointed Manager of the Sprite and Diet Coke brands at corporate headquarters in Atlanta. In 1990, he was appointed Marketing Director for Brazil, and he later became Vice President of Marketing and Operations for Coca-Cola de Mexico. Mr. Reyes became President for Coca-Cola de Mexico in 1996. In September 2002, Mr. Reyes was named President of the North Latin America Division at Coca-Cola, comprising Mexico, Venezuela, Colombia, Central America and the Caribbean. Prior to joining Coca-Cola, Mr. Reyes spent five years with Grupo IRSA, a Monsanto Company joint venture. He is a member of the advisory board of the NFL Mexico and is a Director of the Papalote Museo de Niño and a member of the advisory board of Casa de la Amistad, both not-for-profit organizations.

Director Qualifications:

Global business, Leadership and Relevant industry experience and Brand and marketing expertise Merchant and retail experience as current president of Latin America group of The Coca-Cola Company, a global leading multinational public company in the beverage industry; former brand manager for The Coca-Cola Company, with marketing positions of increasing responsibility in North America and Latin America

Marc Olivié, age 56

Mr. Olivié has served on the Company s Board of Directors since May 2006. Mr. Olivié's term as a director expires in 2011. Mr. Olivié is President, Chief Executive Officer and a Director of W.C. Bradley Co. He is also the Chairman of MRO Management BVBA. From July 2007 to October 2008, he was Chief Executive Officer of MRO Management BVBA. From April 2005 to June 2007, Mr. Olivié was President and Chief Executive Officer of the Agfa-Gevaert Group. During that time, he also served as the Executive Director of the board of directors and Chairman of the Executive Committee of Agfa-Gevaert N.V. 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. On December 6, 2000, Armstrong World Industries, Inc., the major operating subsidiary of Armstrong Holdings, Inc., filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

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Director Qualifications:

Global business, Leadership, Relevant industry and Technology experience Merchant experience as current CEO of W.C. Bradley Co., a privately held corporation which operates several consumer durables businesses and retail operations; former CEO of Agfa-Gevaert Group, a European multinational technology company; merchant experience as former President and CEO of Armstrong Floor Products and Armstrong Building Products for Armstrong Holdings, Inc.; extensive business experience in the U.S., Europe and the Middle East

Finance experience active supervision of principal financial officer as CEO of several corporations, including W.C. Bradley Co.; former President and CEO of the Afga-Geveart Group; member of MasterCard Incorporated s audit committee since May 2006

Mark Schwartz, age 55

Mr. Schwartz has served on the Company s Board of Directors since May 2006. Mr. Schwartz s term as a director expires in 2011. Mr. Schwartz is Chairman of MissionPoint Capital 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 currently serves as a director of Softbank Corp. and Voltaix, LLC. He is a Trustee, member of the Executive Committee and Vice Chairman of the Audit Committee of NewYork-Presbyterian Hospital, member of the Executive Committee of the Morgan Stanley Children s Hospital of New York-Presbyterian, and Vice Chairman of the Columbia Presbyterian Health Sciences Advisory Council. He is also a Director of the President s Council at Massachusetts General Hospital, on the board of directors of the Ragon Institute of MGH, MIT and Harvard (formerly the Partners AIDS Research Center), and on the advisory board of the Center for Regenerative Medicine. Mr. Schwartz is the Chairman of the Visiting Committee of the Harvard Business School, as well as a member of the Dean s Council at Harvard College, the Committee on University Resources Executive Committee of Harvard University, the New York Major Gifts Committee, the Dean s Executive Committee of the Harvard Kennedy School, and the Asia Center and Harvard China Fund Advisory Committees. Within the last five years, Mr. Schwartz has also served as a director of Harbor Point Limited, a private reinsurance company in Bermuda.

Director Qualifications:

Global business, Leadership and Relevant industry experience Current chairman of MissionPoint Capital Partners LLC, a multinational investment fund; former CEO of Soros Fund Management LLC, an investment fund; former partner of The Goldman Sachs Group, Inc., a leading investment bank, as well as former holder of various senior level leadership positions with Goldman Sachs, including positions in Asia Pacific region and member of Goldman Sachs Management Committee

Finance experience In addition to Goldman Sachs and other experiences described above, current Vice Chairman of the audit committee of New York Presbyterian Hospital; former Chairman of the audit committee of Northern Westchester Hospital; determined by MasterCard Incorporated s Board of Directors to be an audit committee financial expert and chairman of MasterCard Incorporated s audit committee since September 2006

Robert W. Selander, age 59

Mr. Selander is Chief Executive Officer of MasterCard Incorporated and MasterCard International. Effective July 1, 2010, Mr. Selander will become Executive Vice Chairman of MasterCard Incorporated and MasterCard International. He will retire from the Company in December 2010. Mr. Selander has served on the Board of Directors since June 2002 and the MasterCard International board of directors since 1997. Mr. Selander s term as a director will conclude upon his retirement. Mr. Selander also leads the

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Company s Executive Committee. He has served as Chief Executive Officer of MasterCard Incorporated and MasterCard International since his elections in June 2002 and April 1997, respectively. In addition, until August 2009, Mr. Selander served as President of MasterCard Incorporated and MasterCard International from June 2002 and April 1997, respectively. 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. Mr. Selander is a member of the board of directors of The Financial Services Roundtable, an industry organization. Within the last five years, Mr. Selander has also served as a director and member of the Audit, Nominating and Corporate Executive committees of the Hartford Financial Services Group, Inc.

Director Qualifications:

Global business, Leadership and Relevant industry experience Thirteen-year tenure as Chief Executive Officer of MasterCard Incorporated and MasterCard International, with prior global senior level leadership responsibilities; senior executive experience with Citicorp/Citibank N.A.

Finance experience active supervision of chief financial officer as CEO of MasterCard Incorporated and MasterCard International; member of the board of directors of The Financial Services Roundtable; former member of the audit committee of the Hartford Financial Services Group, Inc.

Edward Suning Tian, age 46

Mr. Tian has served on the Company s Board of Directors since May 2006. Mr. Tian s term as a director expires in 2010. Mr. Tian 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. Mr. Tian also served as Vice President, China Network Communications Corporation Ltd., parent company of China Netcom Group Corporation (Hong Kong) Limited during that period. 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 was the Vice Chairman of the board of directors of PCCW Limited from 2005 to 2007. He is a Member of the International Business Council of the World Economic Forum, the Harvard Business School Asia Advisory Committee, and 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 serving as non-executive director of Lenovo Group Limited since August 2007. Mr. Tian also serves as Senior Advisor to Kohlberg Kravis Roberts & Co., a private equity firm. Since July 2008, he has been a director of Taikang Life Insurance Company Limited.

Director Qualifications:

Global business, Leadership, Relevant industry and Technology experience Founder and current Chairman of China Broadband Capital Partners, L.P., a private equity fund primarily focused on investments in telecom, broadband, media and technology in China; former Vice Chairman and CEO of China Netcom Group Corporation (Hong Kong) Limited, a leading multinational telecommunications and international data communications operator in China and throughout the Asia Pacific region; co-founder, former CEO and current director of AsiaInfo Holdings, Inc., a leading telecommunications and technology corporation in China

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Class M Directors

The following Class M Directors 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 in each individual s biography:

Silvio Barzi, age 62

Mr. Barzi has served on the Company s Board of Directors since January 2008. Mr. Barzi s term as a director expires in 2010. Mr. Barzi previously served on the Company s Board of Directors from April 2003 until May 2006 and again from June 2007 until January 2008 as a non-voting observer to the Board of Directors. He also served as a member of the MasterCard Europe Region board from 2001 until May 2006, and has been a member of the MasterCard European board since the Company s initial public offering in May 2006. Mr. Barzi has served as Chairman of the MasterCard European board since June 2007. Mr. Barzi is the founder and Chairman of UniCredit Family Financing (formerly known as UniCredit Commercial Financing), a bank specializing in credit cards, consumer credit and mortgages. Mr. Barzi was Executive Vice President of UniCredit Group until his retirement at the end of 2009. From February 2001 until May 2007, he served as Chief Executive Officer of UniCredit Commercial Financing. Prior to joining UniCredit Group in 2000, Mr. Barzi was a Vice President at Booz Allen & Hamilton. From 1995 until 1998, he worked for the Credit Suisse-Winterthur Group, where as Chief Operating Officer he was responsible for the merger and integration of six Italian-based insurance companies. From 1981 to 1995, Mr. Barzi was a partner in the Italian office and a leader within the European Financial Institutions and Information Technology practices of McKinsey & Company. Mr. Barzi serves as a director at SinSys. Within the last five years, Mr. Barzi has also served as a director at Quercia Software.

Director Qualifications:

Global business, Leadership and Relevant industry experience Senior executive experience in the retail banking and payments industry as founder and Chairman and former CEO of UniCredit Family Financing (formerly known as UniCredit Commercial Financing), the bank within UniCredit Group which specializes in credit cards, consumer credit and mortgages, and as Executive Vice President of UniCredit Group, a multinational bank operating throughout Central and Eastern Europe; director at SinSys, a European card processor

Finance experience Actively supervised principal financial officer as CEO of UniCredit Commercial Financing; Chief Operating Officer of Credit Suisse-Wintherthur Group, an investment bank; partner in the Italian office and leader within the European Financial Institutions practice of McKinsey & Company, a consulting firm; member of MasterCard Incorporated s audit committee since April 2008

Technology experience Partner in Italian office and leader within the Information Technology practice of McKinsey & Company, a consulting firm; former director at Quercia Software, a technology company

Steven J. Freiberg, age 53

Mr. Freiberg has served on the Company s Board of Directors since September 2006. Mr. Freiberg s term as a director expires in 2012. Previously, Mr. Freiberg served on the former U.S. region board of MasterCard from January 2001 until May 2006 and served as Chairman of the Company s U.S. region board from 2004 until May 2006. Effective April 1, 2010, Mr. Freiberg became Chief Executive Officer of E*TRADE Financial Corporation. From September 2005 until his retirement effective January 31, 2010, Mr. Freiberg served as Executive Vice President of Citibank N.A. From January 2009 until April 2009 Mr. Freiberg held the position of Chairman and Chief Executive Officer of Citi Holdings Global Consumer. Prior to being appointed to this position in January 2009, he served as Chief Executive Officer of Global Cards for Citigroup. From 2005 until March 2008, Mr. Freiberg served as Chairman and Chief Executive Officer of Citigroup s Global Consumer Group N.A. and Co-Chair of the Global Consumer Group. Prior to his appointment as Co-Chairman of the Global Consumer Group in 2005, Mr. Freiberg served as Chairman and Chief Executive Officer 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. Additionally, he 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

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serves on the board of the March of Dimes and he Co-Chairs Habitat for Humanities NYC Council. Within the last five years, Mr. Freiberg has also served on the boards of directors of Direct Marketing Association and Upromise.

Director Qualifications:

Global business, Leadership and Relevant industry experience Extensive senior level experience on a global basis in the retail banking and payments industry through various positions at Citibank N.A., including various executive positions leading Citibank s credit card and payments business; CEO of various units with Citigroup, including its global cards business; CEO of E*TRADE Financial Corporation, effective April 1, 2010

Jackson P. Tai, age 59

Mr. Tai has served on the Company s Board of Directors since September 2008. Mr. Tai s term as a director expires in 2011. Mr. Tai is the former Vice Chairman and Chief Executive Officer of DBS Group and DBS Bank Ltd., having served as Chief Executive Officer from June 2002 until December 2007. Mr. Tai joined DBS Group in July 1999 as Chief Financial Officer, and subsequently served as President and Chief Operating Officer until his appointment as Chief Executive Officer. From June 1974 until July 1999, Mr. Tai held several management positions in the Investment Banking Division at J.P. Morgan & Co. Incorporated in New York, Tokyo and San Francisco. Mr. Tai currently serves as non-executive chairman of the board of directors and member of the audit committee of Brookstone, Inc., a member and chairman of the audit committee of the ING Groep NV supervisory board, the Asia Pacific advisory board of Bloomberg LP, the board of directors of CapitaLand, and the board of directors of Cassis International Pte. Ltd. Mr. Tai has been nominated to serve as a member of the board of directors of NYSE Euronext. Within the last five years, Mr. Tai has also served on the board of directors of Singapore Telecommunications Limited.

Director Qualifications:

Global business, Leadership, Relevant industry and Technology experience Senior executive experience in the retail banking and payments industry as former Vice Chairman and Chief Executive Officer of DBS Group and DBS Bank, Ltd., a Singapore-based bank with operations throughout the Asia Pacific region; various additional leadership positions with DBS Group and DBS Bank, Ltd.; director on ING Groep NV supervisory board, a global finance services company based in Europe with retail and commercial banking operations in the U.S. and Europe; merchant experience as non-executive chairman of the board of directors of Brookstone, Inc., a U.S. specialty retailer; former director at Singapore Telecommunications Limited, a telecommunications company

Finance experience Former Chief Financial Officer of DBS Group and DBS Bank Ltd.; active supervision of principal financial officer as former CEO of DBS Group and DBS Bank, Ltd.; chairman of the audit committee of the ING Groep NV supervisory board, member of the audit committees of Singapore Telecommunications Limited and Jones Lang LaSalle Incorporated, a public financial and professional real estate services firm; several management positions in the Investment Banking Division at JP Morgan & Co. Incorporated; member of the Tapestry Network s European Audit Committee Leadership Network (which provides updates of changes in accounting principles and practices to audit committee chairmen; non-voting participant on MasterCard Incorporated s audit committee since February 2009)

EXECUTIVE OFFICERS OF THE COMPANY

Biographical data for the current executive officers of the Company (Executive Officers) is set forth below, excluding biographies for Messrs. Selander and Banga, which are included above under Directors Class A Directors. Each Executive Officer serves at the discretion of the Chief Executive Officer or the Board of Directors. Each Executive Officer is also a member of the Company s Executive Committee, which manages the Company s corporate performance and develops corporate strategy.

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Gary J. Flood, age 51, is President, Global Products and Solutions for MasterCard Incorporated and MasterCard International. In this capacity, he has responsibility for the products and services that the Company delivers to its customers. Prior to being appointed to his current position in November 2007, Mr. Flood was Executive Vice President of Global Account Management for the Company. In this capacity, Mr. Flood oversaw the Company s efforts to support its largest global customers. Previously, Mr. Flood was Senior Vice President of Consumer Card Product Management and Development, where he spent four years directing all MasterCard consumer credit programs in the United States. Mr. Flood joined the Company in 1986 as Regional Marketing Director. Before joining the Company, he was National Sales Manager for Citicorp s Merchant Business.

Noah J. Hanft, age 57, is General Counsel, Chief Payment System Integrity and Compliance Officer and Corporate Secretary of MasterCard Incorporated and MasterCard International. In this capacity, he is responsible for legal affairs and public policy as well as Payment Systems Integrity and franchise development. Mr. Hanft was appointed as General Counsel and Corporate Secretary of the Company in October 2000. In connection with the formation of the Company s Law and Franchise Integrity Department, Mr. Hanft was appointed as Chief Franchise Officer in 2007, and he has continued to serve in such capacity following the position being renamed as Chief Payment System Integrity and Compliance Officer in 2009. Mr. Hanft has served in various increasingly senior positions at the Company since 1984, except for 1990 to 1993, when Mr. Hanft was Senior Vice President and Assistant General Counsel at AT&T Universal Card Services Corp. Prior to joining MasterCard, Mr. Hanft was associated with the intellectual property law firm of Ladas & Parry in New York. Mr. Hanft began his career as an attorney with the Legal Aid Society and now serves as a member of its board of directors.

Martina Hund-Mejean, age 49, is Chief Financial Officer of MasterCard Incorporated and MasterCard International Incorporated. Prior to becoming Chief Financial Officer in November 2007, Ms. Hund-Mejean served as Senior Vice President and Treasurer of Tyco International Ltd from December 2002 until November 2007. Prior to joining Tyco International Ltd, she was Senior Vice President and Treasurer of Lucent Technologies Inc. (now Alcatel-Lucent). From 1988 to 2000, Ms. Hund-Mejean held a series of finance positions of increasing responsibility at General Motors Corporation, both in the U.S. and U.K., including Assistant Treasurer from 1998 to 2000. She began her corporate career as a credit analyst at Dow Chemical in Frankfurt, Germany.

Walter M. Macnee, age 55, is President, International Markets for MasterCard Incorporated and MasterCard International. In this capacity, he is responsible for MasterCard customer-related activities outside the U.S. Prior to being appointed to his current position, Mr. Macnee was President Global Markets from November 2007 until January 2009. From 2006 until November 2007, Mr. Macnee was President of the Americas, with responsibility for building all aspects of the Company s issuance and acceptance business in the United States, Canada, Latin America and the Caribbean. From 2001 to 2004, Mr. Macnee was President of MasterCard Canada. From 2004 to 2006, Mr. Macnee served as Executive Vice President, Canadian Imperial Bank of Commerce, in Toronto. Previously, he spent 18 years with Toronto Dominion Bank.

Chris A. McWilton, age 51, is President, U.S. Markets for MasterCard Incorporated and MasterCard International. Prior to being appointed to his current position, Mr. McWilton was President, Global Accounts from November 2007 until January 2009. From October 2003 until November 2007, Mr. McWilton was Chief Financial Officer of the Company. Prior to Mr. McWilton s appointment as Chief Financial Officer in October 2003, he served as Senior Vice President and Controller of the Company. Prior to January 2003, Mr. McWilton was a partner at KPMG LLP, an international accounting and tax firm, where he specialized in financial and SEC reporting matters. Mr. McWilton joined KPMG LLP in 1980 and was elected to the partnership in 1992.

Robert Reeg, age 53, is President, Global Technology and Operations of MasterCard Incorporated and MasterCard International. In this role, Mr. Reeg oversees MasterCard s strategic processing platform, global network and quality of operations and is based at the Company s Global Technology and Operations headquarters in St. Louis, Missouri. Mr. Reeg served as Chief Technology Officer for MasterCard from 2005 until May 2008. In this role, he was responsible for all computer operations, network engineering, technology architecture, database management, program management, and testing/software quality. Prior to joining MasterCard in April 1995, Mr. Reeg held IT and business leadership positions with Sprint Corp., Cleveland Pneumatic, Totco Inc. and Conoco Inc.

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Stephanie E. Voquer, age 58, is Chief Human Resources Officer of MasterCard Incorporated and MasterCard International. In this capacity, she is responsible for Global Human Resources, which includes the corporate and regional Human Resources functions. Prior to assuming this role, Ms. Voquer was responsible for Global Strategy and Operations for the Company from October 2007 to June 2008 and was the group head of Human Resources, MasterCard Europe, based in Waterloo, Belgium from February 2005 to September 2007. Prior to joining MasterCard, in February 2005, Ms. Voquer served as director, Human Resources for Europe/Middle East/Africa (EMEA) for Avaya Communications from May 2001 to January 2005 (based in Belgium) and was the director of Human Resources Operations, Global Services, for IBM Europe, Middle East and Africa in Paris, France from May 1997 to April 2001. Prior to assuming the HR leadership role at IBM Global Services in Europe, Ms. Voquer spent two years at IBM s corporate headquarters in Armonk, New York. She is a member of the Human Resources Roundtable Group.

CODE OF CONDUCT AND SUPPLEMENTAL CODE OF ETHICS

The Company has a written Code of Conduct that applies to all executive officers, employees and directors of the Company and provides a statement of the Company s policies and procedures for conducting business legally and ethically. In addition, the Company has adopted a written Supplemental Code of Ethics that applies to the Chief Executive Officer, President, Chief Financial Officer, Controller and other senior officers. Both the Code of Conduct and the Supplemental Code of Ethics are posted on our website at http://www.mastercard.com and are available free of charge to any person who requests them by writing to the Corporate Secretary, MasterCard Incorporated, 2000 Purchase Street, Purchase, NY 10577.

AUDIT COMMITTEE AND AUDIT COMMITTEE FINANCIAL EXPERT

The Company has a standing Audit Committee of the Board of Directors. The current members of the Audit Committee are Ms. Karch and Messrs. Barzi, Haythornthwaite, Olivié and Schwartz (Chairman), each of whom the Board of Directors has determined qualify as independent according to the corporate governance listing standards of the NYSE (as described below under Item 13 Certain Relationships and Related Transactions and Director Independence - Director Independence) and under the independence criteria established by the SEC. Messrs. Haythornthwaite, Olivié and Schwartz were elected to the Audit Committee on May 31, 2006. Ms. Karch was appointed to the Audit Committee on February 6, 2007 and Mr. Barzi was appointed on April 8, 2008. As of February 3, 2009, Mr. Tai joined the Audit Committee as a non-voting participant. The Board of Directors has identified Mr. Schwartz as an audit committee financial expert under the applicable SEC rules based on his experience and qualifications. No member of the Audit Committee simultaneously serves on the audit committees of more than three public companies.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act) requires the Company s directors and officers, and persons who beneficially own more than ten percent of the Company s common stock, to file initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities with the SEC. Based solely on its review of the copies of such forms received by it and written representations from reporting persons, the Company believes that all of its directors, officers and persons who beneficially own more than ten percent of the Company s Class A common stock complied with all Section 16(a) filing requirements applicable to them with respect to transactions during 2009.

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Item 11. Executive Compensation

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis describes the material elements of compensation for our executive officers who are listed in the Summary Compensation Table following this section (the named executive officers). Our Human Resources and Compensation Committee (the Compensation Committee) is primarily responsible for ensuring on behalf of the Board of Directors that the compensation and benefit programs of the Company are competitive and appropriate to attract, retain and motivate our employees, including our named executive officers, and that the interests of our employees are aligned with stockholders interests.

The Company s Compensation Principles

The Company s compensation decisions for our named executive officers, which are approved by the Compensation Committee, are based on the following core principles:

Executive officer goals are linked with customer and stockholder interests. The Company s compensation policies are designed to align the interests of our executive officers with those of our customers and our stockholders.

Pay is performance-based. We provide a total compensation program consisting of fixed and variable pay, with an emphasis on variable pay to reward short- and long-term performance measured against pre-established goals and objectives.

Compensation opportunities must be competitive to attract and retain talented employees. Each year, the Compensation Committee assesses the competitiveness of total compensation levels for executives to enable us to successfully attract and retain executive talent.

Risk Assessment

The Compensation Committee has reviewed and assessed the Company s compensation policies and practices for all employees, including our named executive officers. Throughout the year, when establishing compensation program elements, making awards and determining final payouts for incentive compensation, the Compensation Committee considers the relationship of the Company s risk oversight practices to employee compensation policies and practices. The Compensation Committee believes that the Company s compensation programs do not create or encourage excessive risk-taking that is reasonably likely to have a material adverse effect on the Company. Several features in the Company s compensation programs and policies mitigate or reduce the likelihood of excessive risk-taking by employees, including the following:

The core principles outlined above and compensation program elements discussed below are designed to align goals with stockholder interests.

Pay typically consists of a mix of fixed and variable compensation, with the variable compensation designed to reward both short- and long-term corporate performance.

A significant portion of our executive officers total direct compensation is in the form of equity awards that usually vest over multiple years.

The number of shares of our Class A Common Stock that can be issued upon satisfaction of the performance goals in the performance share units is capped at 200% of target.

The funded pool of our Senior Executive Annual Incentive Compensation Plan, or SEAICP, is capped at 200% of the aggregate of all target bonuses and individual awards in the plan may not exceed 250% of any individual s target bonus.

The Compensation Committee has the ability to use, and has used, negative discretion to reduce payouts under the SEAICP.

Approximately 65 key managers and executives, including our named executive officers, fall under the Company s stock ownership guidelines, which call for ownership of one to six times the individual s base salary in Company stock.

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Role of Compensation Consultant

The Compensation Committee has retained its own outside compensation consultant, Towers Perrin (upon the merger of Towers Perrin and Watson Wyatt Worldwide, now Towers Watson effective January 1, 2010) to provide the executive compensation consulting services described below. Towers Perrin s responsibilities to the Compensation Committee include: (1) assisting with the development and analysis of peer group companies for comparison of executive compensation, (2) conducting benchmarking of executive officer compensation relative to the peer group, and (3) advising on executive compensation and equity plan design. Towers Perrin s engagement includes reviewing and advising on all material aspects of executive compensation for the Company, including base salaries, bonuses and equity compensation. Among other duties, Towers Perrin: (1) reports on trends, developments and best practices in executive compensation decisions, including the different elements that may be utilized for long-term incentive compensation, (2) discusses the merits of various performance metrics for incentive compensation, and (3) reviews and advises on perquisite practices among peer group and other companies. Towers Perrin also provides advice to the Compensation Committee concerning all aspects of the Company s executive compensation policies and programs.

During 2009, Towers Perrin: (1) gathered and compiled compensation-related information on the peer group companies, including individual elements and amounts of compensation and aggregate compensation information, (2) presented the peer group compensation information to the Compensation Committee, (3) gave an assessment to the Compensation Committee concerning individual elements of compensation payable to the Company s Chief Executive Officer, and (4) provided information to, and gave an assessment to the Compensation Committee and the Chief Executive Officer concerning, individual elements of compensation payable to the other named executive officers.

Towers Perrin regularly attends the meetings of the Compensation Committee. In the course of discharging its responsibilities to the Compensation Committee, Towers Perrin regularly communicates with the Chairman of the Compensation Committee outside of committee meetings. Towers Perrin also meets with management and various members of the Company s executive compensation group, and in particular the Company s Head of Global Rewards and Chief Human Resources Officer, from time to time to, among other things, gather compensation-related information and to review recommendations that the Chief Executive Officer may make to the Compensation Committee concerning executive officer compensation other than his own. Towers Perrin reports to the Compensation Committee on these matters rather than to management. The Compensation Committee considers the consultant s input and advice, yet uses its own independent judgment in making final decisions concerning compensation paid to executive officers of the Company.

Towers Perrin provides other services to the Company, which are authorized by management, including the following: (1) assisting in the development of the Company s healthcare and wellness programs, including plan design and establishing a budget, (2) advising on benchmarking the Company s benefit plans against the competitive marketplace, (3) periodically conducting service and compliance reviews of the Company s employee benefits providers, (4) performing actuarial computations of some of the Company s benefit plans, and (5) consulting with the Company s product management group regarding payment products in healthcare reimbursement (collectively, the non-executive compensation consulting services). Although the Compensation Committee does not approve the non-executive compensation consulting services, the Compensation Committee evaluates the non-executive compensation consulting services Towers Perrin provides to the Company and considers Tower Perrin s independence in light of these other services. MasterCard paid approximately $1.6 million to Towers Perrin for the non-executive compensation consulting services and approximately $600,000 for the executive compensation consulting services provided during 2009.

Peer Groups

In 2007, the Compensation Committee, with the assistance of Towers Perrin, established a revised methodology for selecting peer group companies. The Compensation Committee applied the same methodology in 2009 as it did in both 2008 and 2007 for selecting peer group companies. The peer group selected by the Compensation Committee was generally composed of publicly-traded and privately-held companies that have one or more of the following characteristics:

companies with whom the Company competes for executive talent, companies that have a similar business or industry classification,

companies that have a strong global brand with an emphasis on marketing and/or technology,

companies that have similar market capitalization, revenues or asset turnover ratios, and

companies that derive a significant portion of revenue from international operations.

After considering companies that have one or more of the foregoing characteristics, the Compensation Committee determined, with the assistance of Towers Perrin, that the companies to compose the MasterCard peer group for 2009 were:

Affiliated Computer Services	Convergys Corp.	Kellogg	Shell Oil
Alliance Data Systems	Dannon USA	Keycorp	Starbucks
Amazon.com	Discover Financial Services Inc.	Kleenex	State Street Corp.
American Express	DST Systems Inc.	M&T Bank Corp.	Synovus Financial Corp
AmeriCredit Corp.	eBay	Marshall & Ilsley Corp.	TCF Financial Corp.
Automatic Data Processing	Fidelity National Information Services	Metavante Technologies Inc.	The Bank of New York Mellon Corp.
Avon Products	Fifth Third Bancorp	MTV Networks	Thomson Reuters
BB&T Corp.	First Horizon National Corp.	Nestle USA	Tiffany s
Broadridge Financial Solutions Inc.	Fiserv Inc.	Nike	Total System Services Inc.
Campbell s	Gap	Northern Trust Corp.	Visa
Capital One Financial Corp.	Global Payments Inc.	Perot Systems Corp.	Wrigley
Cognizant Technology Solutions Group	H.J. Heinz	PNC Financial Services Group	Xerox
Colgate-Palmolive	Harley-Davidson	Popular Inc.	Yahoo!
Comerica Inc.	Huntington Bancshares Inc.	Research In Motion	Yum! Brands

While the Compensation Committee relies on the peer group analysis to provide market data and relevant trend information, it realizes that peer group analysis is not a substitute for its collective business judgment. In that respect, the Compensation Committee considers the peer group compensation information. As described below, it does not rely exclusively on the information when making compensation decisions. On an annual basis, the Compensation Committee evaluates and, if appropriate, modifies the peer group to ensure that it remains representative of the Company s peers, based on the characteristics described above.

Program Elements

The primary elements of our executive compensation program consist of base salary, annual incentive and long-term incentive compensation, which we refer to as total direct compensation. These elements have been weighted to ensure that a substantial amount of named executive officers pay is variable and contingent upon meeting or exceeding pre-determined performance goals. The Company s philosophy is to target compensation levels between the median and 75^{th} percentile of the peer group for its executive officers. While the Compensation Committee reviews the compensation paid to executive officers against the peer group data, the Compensation Committee also considers other factors, including the experience and individual performance of each named executive officer. The Compensation Committee considers all situations where a single element of compensation or the aggregate compensation (total direct compensation) falls outside of the target range (50^{th} to 75^{th} percentile). One or more elements may be outside the target range due to the executive s duration in his or her position, recent changes to competitive market data, individual performance, material changes in job responsibility or internal pay equity considerations.

The Compensation Committee makes decisions on executive compensation from a total direct compensation perspective. The elements of compensation were selected by the Compensation Committee because each element is considered by the Committee to be important in meeting one or more of the objectives of our compensation philosophy. For instance, base salary and annual incentive compensation are designed to attract and retain our named executive officers and to reward them for their performance. Long-term incentive compensation, on the other hand, is designed to motivate, provide incentive and reward the named executive officers for the attainment of long-term business objectives, and to retain executive talent.

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In assessing and determining compensation for our named executive officers, the Compensation Committee examines competitive data for each of the various compensation elements and makes decisions after considering each individual element and its effect on total compensation and the corresponding position in the competitive market range. There is no pre-established policy or target for the allocation between cash and non-cash compensation or short-term and long-term compensation. Work sheets showing, for each named executive officer, the individual compensation elements, amounts of each element, and total compensation relative to the peer group data are prepared by the Compensation Committee s consultants and reviewed by the Compensation Committee.

Base Salary. Base salaries for named executive officers are generally established between the median and 75th percentile of the peer group. The Compensation Committee determines base salaries that are informed by peer group data and reflective of the contributions of the individual to MasterCard. While salaried employees are eligible, at the discretion of management, for annual merit increases based primarily on performance of their job responsibilities and their position relative to the job market, base salaries are generally held constant for senior level executives once market competitive levels have been achieved, subject to competitive factors and/or changing job responsibilities.

Annual Incentive. MasterCard provides named executive officers with an opportunity to earn cash incentive awards through our SEAICP. These awards are designed to reward the attainment of specific performance measures during a fiscal year. The Compensation Committee generally establishes target annual incentives between the median and 75th percentile of the peer group. Each named executive officer s target SEAICP opportunity is determined based on peer group practices and internal pay equity considerations among executive officers within the Company, taking into account seniority, job responsibilities and prior performance.

Performance goals, as well as pre-defined special items (as discussed in the footnote below the chart that follows), for the Company s named executive officers for 2009 under the SEAICP were established by the Compensation Committee in February 2009. The metrics selected for the funding formula were net income and operating margin. The Compensation Committee has determined that net income is a key metric in measuring management s success in executing the Company s strategies and initiatives. The Compensation Committee further determined that operating margin/operating margin improvement is an appropriate secondary measurement because the named executive officers performance can directly impact operating margin in short time horizons. The goals at minimum, target and maximum for 2009 under the SEAICP were as follows:

Measurement	Weighting (%)	Minimum	Target	Maximum	Result*
Net Income	66.7	$ 975MM	$ 1,140MM	$ 1,303MM	$ 1,407MM
Operating Margin (%)	33.3	37.2	39.0	40.8	44.0

* Results shown differ from net income under generally accepted accounting principles, or GAAP, because they exclude (1) approximately $7 million of litigation costs on a pre-tax basis and (2) the impact of foreign exchange rates with respect to the Euro and the Brazilian Real.

Based on the Company s actual achievement of maximum net income and operating margin improvement targets in 2009, pursuant to the terms of the plan, the SEAICP could have been funded at 200% of target. In addition to the SEAICP funding formula, the amount of the payout for each of the SEAICP participants was based upon achievement of pre-determined quantitative and qualitative corporate performance goals, known as the corporate scorecard. The corporate scorecard includes goals related to:

- executing on the Company s customer strategy;
- delivering shareholder value by achieving net income targets, improving the ratio of income to revenue (operating margin improvement), net revenue growth, and return on equity; and
- enhancing organizational capabilities, strengthening leadership and developing people.

Once the Company s performance against operating margin improvement and net income targets has been determined, the Compensation Committee considers the corporate scorecard and then uses its business judgment in determining, within the amounts payable based on performance against the operating margin improvement and net income targets, the amount of the incentive compensation for named executive officers. The Compensation Committee does not attempt to quantify, rank or assign relative weight to the various goals included on the corporate scorecard and no individual goals on the corporate scorecard were material to the Compensation Committee s

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decisions. The Chief Executive Officer presented to the Compensation Committee the Company s results as measured against the quantitative and qualitative corporate scorecard. The Compensation Committee then considered the Company s strong performance against financial targets, as well as the information provided by the Chief Executive Officer concerning the Company s performance against the corporate scorecard and the economic and financial challenges faced by the Company s financial institution customers and consumers. After considering this information, the Compensation Committee exercised a level of negative discretion and reduced the amount of the bonus pool to 135% of target on average.

While each named executive officer shares responsibility for the corporate score, they also have their own personal objectives that are considered by the Compensation Committee in determining actual payout amounts under the SEAICP:

Mr. Selander s personal objectives for 2009 primarily related to refining the Company s overall strategy during challenging economic times and succession planning for the Chief Executive Officer.

Ms. Hund-Mejean s personal objectives for 2009 primarily related to management of Company expenses and the development and implementation of an enhanced forecasting process.

Mr. McWilton s personal objectives for 2009 primarily related to revenue growth in the U.S. region, improving customer satisfaction in the region and managing expenses.

Mr. Flood s personal objectives for 2009 primarily related to global advancement of products, organizational development and managing expenses.

Because Mr. Banga joined the Company at the end of August 2009, after the period in which personal objectives for 2009 were established by the Compensation Committee, Mr. Banga s award corresponds to the corporate scorecard only. The Compensation Committee discussed the performance of the named executive officers in 2009 (other than Mr. Banga) against their personal objectives and determined that, based on the available funded amount under the SEAICP, awards would be allocated as shown in the following table.

The Compensation Committee chose to allocate the funded amount of the bonus pool (135% on average) under the SEAICP among the named executive officers after discussing and considering their contribution to the overall business results, their attainment of individual objectives and their proficiency in displaying the Company s leadership principles and core competencies. This approach led the Compensation Committee to award SEAICP payouts to each named executive officer within a relatively comparable range of percentages of target, as set forth in the far right column in the table below.

The table below sets forth the threshold, target, maximum and actual payout under our SEAICP for 2009 for each of our named executive officers:

	Threshold	**Target**	**Maximum**	**Actual**	**% of Target**
Robert W. Selander	$ 750,000	$ 1,500,000	$ 3,750,000	$ 2,100,000	140%
Martina Hund-Mejean	$ 250,000	$ 500,000	$ 1,250,000	$ 675,000	135%
Ajay Banga	$ 600,000	$ 1,200,000	$ 3,000,000	$ 1,620,000	135%
Chris A. McWilton	$ 275,000	$ 550,000	$ 1,375,000	$ 700,000	127%
Gary J. Flood	$ 250,000	$ 500,000	$ 1,250,000	$ 700,000	140%

Long-Term Incentive. The Compensation Committee uses equity grants as the primary means of providing long-term incentives to our named executive officers. Equity grants are generally established between the median and the 75th percentile of the peer group at the original grant price. Restricted stock units, or RSUs, performance stock units, or PSUs, and non-qualified stock options were granted to employees and executives of the Company in March 2009 during the annual grant cycle. However, named executive officers other than Mr. Banga received only PSUs and stock options during 2009 and Mr. Banga received only RSUs and stock options during 2009.

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Since 2007, named executive officer participation in the long-term incentive plan has been conditioned upon participants signing a non-solicitation and non-competition agreement with the Company that is effective for the greater of twelve months after termination from the Company or the remaining vesting period of any award held by such participant who has retired.

The Compensation Committee determined that for 2009 all named executive officers (other than Mr. Banga, who joined the Company at the end of August 2009) should receive a long-term incentive award that was composed of 50% in value in stock options and 50% in value in PSUs. In making its determination on what type of awards to grant, the Compensation Committee considered (1) peer group information, (2) emerging trends in long-term grants, (3) the deductibility of awards under Section 162(m) of the Internal Revenue Code for performance-based compensation, (4) the effects of pertinent accounting standards on the Company s accounting for stock-based payments, and (5) the effect of having the Chief Executive Officer and other named executive officers receive a significant portion of their total direct compensation in equity awards to motivate and provide an incentive for these officers and to align their interests with those of our stockholders. Mr. Banga did not join the Company until after the 2009 grant had been made and he received an award of RSUs and non-qualified stock options that were designed in part to replace units and options that he forfeited upon his departure from his prior employer, provide an inducement to join the Company and align his interests with those of our stockholders.

The Compensation Committee determined to utilize PSUs as part of 2009 long-term compensation for named executive officers (excluding Mr. Banga) because the Compensation Committee desired to: (1) tie some of long-term incentive compensation to the achievement of the Company s long-term objectives, (2) have the value of the award upon vesting determined by performance against specified objectives rather than solely dictated by the Company s future stock price, and (3) provide an award to the named executive officers that could be deductible under Section 162(m) of the Internal Revenue Code as performance-based compensation. Ultimately, the Compensation Committee determined to use an equal split of stock options and PSUs because it believed that equity compensation should be equally dependent upon stock price appreciation and upon the successful achievement of specified financial results.

Whether, and the extent to which, the PSUs awarded in 2009 vest will be determined based on the Company s performance against a predetermined return on equity goal, with an average of return on equity over the three-year period commencing January 1, 2009 against threshold, target and maximum performance goals. In the event the PSUs do vest on February 29, 2012, the ultimate number of shares to be issued on the vesting date will be based on performance over the three-year period against the average of return on equity goal, with a reduction, if any, determined at the discretion of the Compensation Committee using the corporate scorecard, which comprises quantitative and qualitative goals that are established at the beginning of each year during the performance period. The corporate scorecard includes goals for net income and operating margin improvement and is based upon a range of assumptions used in the Company s budgeting process. The Compensation Committee does not perform any specific analysis on the probability of achievement of the performance goals but instead relies upon its experience and collective business judgment in establishing the goals.

When the Compensation Committee authorized the PSU awards for the 2009-11 performance period, it established return on equity goals to be used to determine the ultimate number of shares to be issued. In addition, the Compensation Committee determined to establish quantitative and qualitative objectives (to be included in the corporate scorecard) at the beginning of each of the three years in the performance period. The Compensation Committee believes that the target performance of the objectives in the corporate scorecard would be attainable, yet would provide appropriate incentives for management to continue to grow and diversify the Company in geographic markets and product offerings. The Compensation Committee believes that achievement of maximum performance goals in the corporate scorecard would require exceptional corporate performance in each year of the three-year performance period. In its financial statements for the year ended December 31, 2009, the Company began accruing the PSU awards made in 2009 at an amount between target and maximum performance level based on the Company s assessment of its obligations after quantitative and qualitative considerations of actual and forecasted results compared to the performance targets for net income and operating margin improvement that are part of the corporate scorecard for these awards as of December 31, 2009. As a result, columns (i) and (j) in the Outstanding Equity Awards at 2009 Fiscal Year-End table that follows this section reflect the estimated number of PSUs granted on March 1, 2009, corresponding to the number of shares that would be issued at maximum performance level. The actual number of PSUs and actual payout value of unearned shares has not been determined and will be determined based on the Company s performance over the three-year performance period ending December 31, 2011.

CEO Performance and Compensation

Mr. Selander s compensation that was awarded for or earned during 2009 included base salary, an annual incentive award and a long-term incentive award. The Compensation Committee determined the level for each of these elements using methods consistent with those used for each of the other named executive officers.

During the year ended December 31, 2009, MasterCard achieved success in several areas, including:

- improved net income over 2008 (excluding litigation settlements and other one-time charges);
- improved operating margin over 2008 (excluding litigation settlements and other one-time charges);
- maintenance of a strong capital position, with $2.9 billion of cash, cash equivalents and available-for-sale securities as of December 31, 2009; and
- increased processed transactions by 6.9% over 2008.

In light of the significant achievement of corporate goals that allowed the SEAICP to be potentially funded at maximum levels for 2009 performance, and Mr. Selander s role in that achievement, in March 2010, Mr. Selander received a cash payment under the SEAICP of $2,100,000 for 2009.

For 2009, the aggregate of Mr. Selander s base salary, actual bonus and target long-term incentive placed him between the 50th and 75th percentile of the peer group. The Compensation Committee believes that he is appropriately positioned given his successful performance in the role during his 13-year tenure as Chief Executive Officer.

Other Named Executive Officers

For 2009, the aggregate of base salaries, actual bonuses and target long-term incentives placed Ms. Hund-Mejean and Messrs. McWilton and Flood between the 50th and 75 th percentile of the peer group. When Mr. Banga joined the Company at the end of August 2009, part of his compensation for 2009 (including the portion of his sign-on bonus paid to him in September 2009) was made to replace equity and deferred cash awards he forfeited upon his departure from his prior employer and to induce him to join the Company. Mr. Banga s total direct compensation for 2009 therefore placed him above the 75th percentile of the peer group.

Role of Executive Officers in Compensation Decisions

Compensation decisions for the named executive officers for the current year are generally discussed in the fourth quarter of the prior year. The decisions are then approved in the first quarter of the current year, when earnings for the prior year have been finalized and the related fiscal year-end financial statements have been audited.

In connection with annual compensation decisions for named executive officers, Mr. Selander, our Chief Executive Officer, discusses with the Compensation Committee the Company s performance for the year. He then provides a summary of business unit and individual performance, their impact on the corporate scorecard and an assessment of each other named executive officer s potential and core competencies. Using information compiled and supplied by Towers Perrin, including peer group compensation information, Mr. Selander presents compensation recommendations for the named executive officers other than himself to the Compensation Committee for its review and discussion. Towers Perrin provides background information on how the peer group data has been generated and discusses the competitive positioning of each executive versus comparable executives in the peer group. When the discussion relates to Mr. Selander s performance and compensation, Mr. Selander meets with the Board of Directors to discuss his own performance and to outline his challenges and successes for the year. Mr. Selander is then excused from the meeting, and the Chairman of the Compensation Committee then leads a discussion among the full Board of Directors (other than Mr. Selander) on Mr. Selander s performance and compensation. The Chairman of the Compensation Committee considers input from the Board prior to making a recommendation to the Compensation Committee concerning Mr. Selander s base salary, annual incentive target and long-term incentive target for the ensuing year and the amount of bonus earned for the most recently-completed year. The Compensation Committee also receives information from Towers Perrin, which includes CEO compensation information from the peer group companies. The Compensation Committee then meets in private to evaluate recommendations and ultimately makes preliminary compensation determinations for the named executive officers (including Mr. Selander), which are conditioned and become final upon a satisfactory outcome of the year-end financial statement audit. Other than Mr. Selander, no named executive officer discusses or makes a recommendation to the Compensation Committee concerning compensation of the named executive officers.

Other Compensation

The other elements of compensation include perquisites, deferred compensation, a profit sharing plan and other benefits.

Perquisites. For 2009, perquisite allowances were approved at the same limits as previously determined for each of the named executive officers and were designed to give each named executive officer a discretionary amount to spend. The Compensation Committee has determined that perquisite allowances are the most effective delivery mechanism because they provide flexibility to the executive and are excluded from ordinary compensation for the purposes of determining benefits or bonuses. Mr. Selander is permitted to use on a limited basis Company-leased aircraft for personal flights and a car service for personal travel. This benefit increases the level of safety and security for Mr. Selander and enables him to make more efficient use of his travel time. The Compensation Committee will continue to evaluate perquisites and appropriate levels annually. For more information on perquisites provided to our named executive officers, refer to the All Other Compensation in 2009 table that follows this Compensation Discussion and Analysis.

Deferred Compensation. In 2009, all U.S. employees, including the named executive officers, who exceeded an annual base salary threshold of $170,000 during 2008, were eligible to defer a portion of future compensation into a non-qualified deferred compensation arrangement, referred to as the MasterCard Incorporated Deferral Plan. None of the named executive officers elected to defer compensation in 2009.

Additionally, awards of RSUs from prior year grants that are not forfeitable by, and have not been released to, named executive officers are considered deferred compensation. Information regarding these payments can be found in the Nonqualified Deferred Compensation in 2009 table that follows this Compensation Discussion and Analysis.

Profit Sharing. In 2009, all U.S. employees, including the named executive officers, were eligible to participate in the MasterCard Incorporated Shared Profit Plan (the SPP). The SPP rewards all eligible employees for their contributions toward MasterCard s profitability during the year. Based upon a qualitative assessment (including a review of financial performance), the Compensation Committee determines profit sharing payments on an annual basis. Payment is a percentage of an individual employee s base salary and, pursuant to the terms of the SPP, can range from 0 - 10% of such base salary. For 2009, the profit sharing payment was 7.6% of each eligible individual employee s base salary.

Other Benefits. The Company maintains several other benefit plans and programs in which named executive officers may be eligible to participate. These plans and programs include: (1) the MasterCard Accumulation Plan (the MAP), (2) the MasterCard Savings Plan (the Savings Plan), (3) Restoration Program, (4) the Supplemental Executive Retirement Plan (the SERP) and (5) our health and welfare programs. The Compensation Committee is responsible for reviewing specific benefit arrangements for named executive officers and other key employees to determine competitiveness in the market, as well as to ensure that these programs are consistent with management s objectives to attract, retain and motivate high-performing employees.

The MAP is a tax-qualified defined benefit pension plan that provides benefits using a cash balance formula. Prior to July 1, 2007, all U.S. employees of the Company, including named executive officers, generally were eligible to participate in this plan. In 2007, MasterCard implemented several changes to the U.S. retirement programs to more appropriately align the benefit level with the competitive marketplace. As part of these changes, MasterCard eliminated the MAP for all new hires after June 30, 2007 and froze the pay credit level (which is the credited percentage of a participant s eligible compensation) for all existing employees at that date.

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The Savings Plan is a retirement plan for U.S. employees, including named executive officers. For 2009, the components of the plan include employee contributions on a before-tax and after-tax basis and an employer matching contribution. Employees hired after June 30, 2007 are eligible for an enhanced 401(k) match (employer matching contribution equal to 125% of employee before-tax and after-tax contributions, up to 6% of eligible compensation). Employees participating in the MAP (those who were hired prior to July 1, 2007) continue to receive an employer matching contribution equal to 100% of employee contributions, up to 6% of eligible compensation. Eligible compensation in the Savings Plan is limited to base salary, up to the limit on compensation under Section 401(a)(17) of the Internal Revenue Code, which was $245,000 in 2009.

The Restoration Program is an arrangement for certain highly-compensated employees, including named executive officers, that provides for annual taxable payments intended to restore benefits that could not be earned under the MAP and Savings Plan due to limits imposed by the Internal Revenue Code. Section 415 of the Internal Revenue Code generally limits the annual benefits that can be earned or paid under the MAP ($195,000 in 2009) and annual contributions that may be credited to a participant s account under the Savings Plan ($49,000 in 2009). Section 401(a)(17) of the Internal Revenue Code limits the annual compensation that can be used to calculate annual pay credits under the MAP and annual contributions to the Savings Plan ($245,000 in 2009). Under the Restoration Program, actively employed eligible employees receive an annual payment that is intended to approximately restore, for a calendar year, the difference between (1) the pay credits under the MAP and contributions in the Savings Plan an employee could have earned in the absence of the limits imposed by the Internal Revenue Code and (2) the pay credits and contributions actually earned under the MAP and the Savings Plan.

The Company also maintains the SERP, a defined benefit pension plan, for three executives who participate in the MAP. Participation in the SERP is restricted solely to the three executives, two of whom are named executive officers. The SERP in 2009 provided that participants who have a vested benefit may receive a benefit following termination of employment equal to a designated percentage of the participant s final 48-month average base pay (determined as of the termination date), that is the lump sum actuarial equivalent of a life annuity for the life of a participant, reduced by (1) a benefit under a hypothetical prior employer benefit plan, (2) the benefits earned under the MAP as of the termination date, (3) the portion of the benefit under the Restoration Program as of the termination date related to the MAP benefit and (4) estimated Social Security. The designated percentages of the final 48-month average base pay are 100% for the Chief Executive Officer, Mr. Selander, and 80% for all other participants. To the extent that the offsets are greater than the aggregate SERP benefit, a participant would not receive a payout under the SERP. Participants in the SERP generally vest in their benefits upon the attainment of age 60 and four years of SERP participation.

The SERP was implemented prior to MasterCard s initial public offering in May 2006 and prior to MasterCard s decision to grant equity to its executives. Following a review of the SERP conducted by the Compensation Committee during 2007, the Compensation Committee approved a recommendation in February 2008 to discontinue the SERP. The participants in the SERP as of February 2008 remain active in the plan and retain their right to receive their vested balances in accordance with the terms of the SERP. For more information on the MAP and the SERP, see the section entitled Pension Benefits in 2009 that follows this Compensation Discussion and Analysis.

Stock Option Grant Practices

The Compensation Committee has adopted a policy with respect to equity awards that contains procedures to prevent stock option backdating or other timing issues. Under the policy, the Compensation Committee has exclusive authority to grant equity awards to our named executive officers and other employees. The policy provides that annual equity grants to employees will be approved by the Compensation Committee at a meeting prior to March 1 each year, with the dollar amounts for such awards to be set at such meeting and grants to be made effective as of, and with an exercise price reflecting the closing price of the stock on, March 1 each year. If March 1 falls on a weekend, the exercise price for any stock options granted will be the closing price of our Class A Common Stock on the NYSE on the last business day prior to March 1. Grants of equity awards to new employees or to reflect promotions or other special events may be made other times in the year. Under the Company s insider trading policy, named executive officers, other employees with access to material non-public information about the Company and directors are prohibited from engaging in transactions in the Company s securities during blackout periods (other than in accordance with a Rule 10b5-1 trading plan), and the Compensation Committee s policy with respect to option grants that occur on dates other than March 1 is consistent with the Company s insider trading policy.

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Stock Ownership Guidelines; Hedging Prohibition

The Compensation Committee believes that stock ownership guidelines are important for the purpose of aligning the interests of named executive officers and key employees with the interests of stockholders. In December 2006, the Compensation Committee adopted executive stock ownership guidelines. These ownership guidelines cover approximately 65 key managers and executives, including the named executive officers. The guidelines call for ownership of one to six times the individual s base salary in Company stock. Under the guidelines, Mr. Selander is expected to hold at least six times his base salary in Company stock, Mr. Banga is expected to hold at least five times his base salary in Company stock, and the other named executive officers are expected to hold at least four times their base salary in Company stock. For purposes of these guidelines, shares of the Company s common stock held directly or indirectly by the named executive officer are included; however, restricted stock, RSUs, PSUs and unexercised stock options held by the named executive officer are excluded. Each active employee at the time the guidelines were established was given three years to attain these ownership levels and new hires and promotions are given five years to attain these ownership levels. The guidelines are waived once an executive reaches the age of 62. In general, the Compensation Committee does not consider any previous awards when determining the compensation of the named executive officers. However, if an executive officer does not meet the stock ownership guidelines described above, the Compensation Committee may direct a larger percentage of the executive officer s future compensation into equity-based compensation.

Under the Company s Code of Conduct, employees are not permitted to hedge their economic exposure to the Company s stock that they own, meaning that employees may not engage in trading in or writing options; buying puts, calls or other derivative securities; short selling or similar types of transactions in the Company s securities.

Tax Implications Deductibility of Executive Compensation

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which requires that public companies meet specific criteria in order to deduct, for federal income tax purposes, compensation over $1,000,000 paid to the Chief Executive Officer and the three highest compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer. Compensation paid under the SEAICP and as part of our long-term incentive compensation is generally intended to be fully deductible for federal income tax purposes. The Compensation Committee continues to use RSUs, which are not deductible under Section 162(m), on a limited basis. The Compensation Committee believes that its primary responsibility is to provide a compensation program that attracts, retains and rewards the executive talent needed for the Company s success. Consequently, as it did in 2009, in any year the Compensation Committee may authorize compensation in excess of $1,000,000 that is not performance-based under Section 162(m). The Compensation Committee recognizes that the loss of a tax deduction may be unavoidable in these circumstances.

2010 Compensation Decisions

On February 1, 2010, the CEO recommended, and the Compensation Committee approved, raises in base salary for selected named executive officers in 2010 using the methodology discussed previously. Additionally, the Compensation Committee approved performance targets for the year ending December 31, 2010 that will be used to determine funding for cash bonus awards that may be paid to named executive officers under the SEAICP. The funding for cash bonus awards for 2010 under the SEAICP will be based on the Company s actual achievement against predetermined net income and operating margin targets. The amount of the payout for each of the SEAICP participants will then be based upon achievement of pre-determined quantitative and qualitative corporate performance goals included on the corporate scorecard. The goals of the corporate scorecard are discussed above under Program Elements - Annual Incentive. The Compensation Committee believes that it established meaningful incentives for management with quantitative and qualitative performance goals set forth in the corporate scorecard, where target performance (which the Compensation Committee believed to be reasonably attainable) was established based upon internal budgets, the outlook for the economy, past Company performance and corporate objectives in geographic markets and product offerings. Additionally, as part of its qualitative analysis, the Compensation Committee considers relative performance against competitors in assessing corporate performance for the year. The Compensation Committee set the 2010 annual incentive awards (as a percentage of base salary) under the SEAICP for each of our named executive officers as follows:

Name	Threshold	Target	Maximum
Robert W. Selander	75%	150%	375%
Martina Hund-Mejean	50%	100%	250%
Ajay Banga	75%	150%	375%

Chris A. McWilton	57.5%	115%	287.5%
Gary J. Flood	57.5%	115%	287.5%

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Additionally, on March 1, 2010, the Compensation Committee granted the following aggregate dollar amounts of stock options and PSUs under our long-term incentive plan to each of our named executive officers:

Name	Stock Options	Performance Stock Units	Total
Robert W. Selander	$ 2,750,000	$ 2,750,000	$ 5,500,000
Martina Hund-Mejean	$ 550,000	$ 550,000	$ 1,100,000
Ajay Banga	$ 2,200,000	$ 2,200,000	$ 4,400,000
Chris A. McWilton	$ 550,000	$ 550,000	$ 1,100,000
Gary J. Flood	$ 550,000	$ 550,000	$ 1,100,000

The stock option awards have an exercise price of $232.74 per share, which was the closing price of the Company s Class A Common Stock on the NYSE on March 1, 2010, and vest in four equal annual installments beginning on March 1, 2011. The stock option awards have a term of ten years. The number of PSUs awarded were converted from the dollar amount shown above based on a share price of $232.74. Named executive officers will not receive dividend equivalents with respect to the PSU awards prior to vesting. Vesting of the shares underlying the PSUs will occur on February 28, 2013. The ultimate number of shares to be released on the vesting date will be based on meeting or exceeding average annual return on equity goals and achievement of quantitative and qualitative goals determined by the Compensation Committee over the performance period, which includes performance against the corporate scorecard. The PSU awards made in 2010 have similar features to the PSU awards made in 2009.

Severance Agreements

The Company has entered into employment agreements with Mr. Selander, Ms. Hund-Mejean, Mr. Banga and Mr. McWilton, which provide severance under specified circumstances. Mr. Flood is covered by the severance and change in control programs for key executives.

When making compensation decisions for the named executive officers, the Compensation Committee generally does not consider the potential payments that may be made in the future to the named executive officers in the event of termination of employment or a change in control. The employment agreements provide a general framework for compensation, and generally set minimum levels of compensation, job responsibilities and severance arrangements governing the obligations of the parties following a termination of employment or a change in control of the Company. The potential severance payments to named executive officers were approved as part of the employment agreement with the named executive officer after consideration by the Company of the need to attract key employees, preserve employee morale and encourage retention in the face of a potential disruptive impact of a termination of employment or a change in control of the Company. In addition, the Company believes that the severance payments provide an appropriate incentive for the executive to comply with the non-competition, non-solicitation and confidentiality restrictions following a termination of employment. Moreover, the benefits provided to the named executive officers in the event of a change in control of the Company are designed to allow the executives to assess takeover bids objectively, without regard to potential impact on them.

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For a further discussion of these severance arrangements, including a discussion of the Company s severance arrangement with Mr. Selander, refer to the section entitled Potential Payments Upon Termination or Change-in-Control that follows this Compensation Discussion and Analysis.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

David R. Carlucci, Chairman
Bernard S.Y. Fung
Marc Olivié
José Octavio Reyes Lagunes

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee has ever served as an officer or employee of the Company or had any disclosable related person transaction in which the Company was a participant during the last fiscal year. In addition, no executive officer of the Company serves on the compensation committee or board of directors of a company for which any of our directors serves as an executive officer.

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SUMMARY COMPENSATION TABLE

The following table summarizes the total compensation paid or earned for 2009, 2008 and 2007 by each of our principal executive officer, our principal financial officer, the three other most highly compensated executive officers for the year ended December 31, 2009 (collectively, the named executive officers).

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)(1)	Stock Awards ($) (e)(2)	Option Awards ($) (f)(3)	Non-Equity Incentive Plan Compensation ($) (g)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (i)	Total ($) (j)
Robert W. Selander	2009	$ 1,000,000	$ 76,000	$ 2,750,038	$ 2,750,058	$ 2,100,000	$ 1,093,399(5)	$ 562,080(6)	$ 10,331,575
Chief Executive	2008	$ 983,333	$ 68,833	$ 2,750,060	$ 2,750,157	$ 2,220,000	$ 994,051	$ 597,099	$ 10,363,533
Officer	2007	$ 900,000	$ 82,800	$ 2,500,047	$ 2,500,003	$ 2,160,000	$ 379,605	$ 2,884,703	$ 11,407,158
Martina Hund-Mejean	2009	$ 500,000	$ 38,000	$ 500,007	$ 499,935	$ 675,000	$	$ 59,802(6)	$ 2,272,744
Chief Financial Officer	2008	$ 500,000	$ 1,229,375	$ 500,080	$ 500,143	$ 780,000	$	$ 50,350	$ 3,559,948
	2007	$ 68,269	$	$ 3,000,050	$ 859,000	$	$	$ 2,542	$ 3,929,861
Ajay Banga President and Chief Operating Officer	2009	$ 269,744(7)	$ 2,100,000	$ 4,900,089	$ 2,400,006	$ 1,620,000	$	$ 57,266(6)	$ 11,347,105
Chris A. McWilton	2009	$ 550,000	$ 41,800	$ 550,102	$ 549,956	$ 700,000	$ 251,455(5)	$ 109,517(6)	$ 2,752,830
President, U.S. Markets	2008	$ 541,667	$ 37,917	$ 550,050	$ 550,094	$ 800,000	$ 171,445	$ 107,525	$ 2,758,698
	2007	$ 500,000	$ 46,000	$ 1,250,183	$ 500,001	$ 800,000	$ 105,966	$ 233,655	$ 3,435,805
Gary J. Flood	2009	$ 500,000	$ 38,000	$ 500,007	$ 499,935	$ 700,000	$ 49,306(5)	$ 176,406(6)	$ 2,463,654
President, Global Products and Solutions	2008	$ 500,000	$ 35,000	$ 500,080	$ 500,143	$ 750,000	$ 47,087	$ 240,473	$ 2,572,783

(1) For Messrs. Selander, McWilton and Flood and for Ms. Hund-Mejean in 2009, amount represents profit sharing payment pursuant to the SPP. For Ms. Hund-Mejean in 2008, amount represents (a) a one-time signing bonus in the amount of $1,225,000 paid to Ms. Hund-Mejean in January 2008 and (b) a pro-rated profit sharing payment pursuant to the SPP. For Mr. Banga in 2009, amount represents the portion of Mr. Banga s signing bonus paid to him in September 2009.

(2) Represents the aggregate grant date fair value of stock-based awards made to each named executive officer, computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB Topic 718), previously known as FASB Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment (FAS 123R). Each amount represents aggregate grant date fair value reported for stock based awards made with performance conditions, except as follows: (a) for Mr. Banga, amount represents aggregate grant date fair value for a grant of restricted stock units when he joined the Company at the end of August 2009, which were not subject to performance conditions; (b) for Ms. Hund-Mejean in 2007, amount represents aggregate grant date fair value for a grant of restricted stock units when she joined the Company in November 2007, which were not subject to performance conditions; and (c) for Mr. McWilton in 2007, amount represents aggregate grant date fair value of both restricted stock units not subject to performance conditions and stock based awards with performance conditions. Aggregate grant date fair value reported for stock based awards made with performance conditions are based on target performance, which is the probable outcome of the performance conditions as of the grant date. Assuming maximum performance level were to be achieved with respect to awards with performance conditions, the aggregate grant date fair value of the stock-based awards granted to each of the named executive officers as of the grant date are as follows: (a) for 2009 awards: Mr. Selander $5,500,076; Ms. Hund-Mejean $1,000,014; Mr. McWilton $1,100,204; Mr. Flood $1,000,014; (b) for 2008 awards: Mr. Selander $5,500,120; Ms. Hund-Mejean $1,000,160; Mr. McWilton $1,100,100; Mr. Flood $1,000,160; (c) for 2007 awards: Mr. Selander $5,000,094; Mr. McWilton $1,750,277. Assumptions used in the calculation are included in footnote 17 to the Company s audited financial statements for the year ended December 31, 2009 included in the Form 10-K. Amounts in 2007 and 2008 represent recomputed values to reflect aggregate grant date fair value of awards granted in each given year based on target performance, which is the probable outcome of the performance conditions as of the grant date.

(3) Represents the aggregate grant date fair value of stock option awards computed in accordance with FASB Topic 718 made to each named executive officer. Assumptions used in the calculation are included in footnote 17 to the Company s audited financial statements for the year ended December 31, 2009 included in the Form 10-K. Amounts in 2007 and 2008 represent recomputed values to reflect aggregate grant date fair value of stock option awards granted in each given year.

(4) Amount represents performance-based incentive compensation paid in March of the next fiscal year but earned by the named executive officers in the year indicated pursuant to the SEAICP.

(5) Amounts reflect the actuarial increase in the present value of the named executive officer s benefits under the MAP and the SERP determined using interest rate and mortality rate assumptions consistent with those used in the Company s financial statements and include amounts which the named executive officer may not currently be entitled to receive because such amounts are not vested. Amounts reflect: (a) changes to SERP in 2009 (Mr. Selander $1,047,000; Mr. McWilton $237,000), and (b) increases to MAP balances in 2009 (Mr. Selander $46,399; Mr. McWilton $14,455; Mr. Flood $49,306).