

MASTERCARD INC

FORM 8-K (Current report filing)

Filed 05/03/04 for the Period Ending 05/03/04

Address	2000 PURCHASE STREET PURCHASE, NY 10577
Telephone	9142492000
CIK	0001141391
Symbol	MA
SIC Code	7389 - Business Services, Not Elsewhere Classified
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

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

Date of Report (Date of earliest event reported): May 3, 2004

MASTERCARD INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other
jurisdiction
of incorporation)

000-50250
(Commission
File Number)

13-4172551
(IRS Employer
Identification No.)

2000 PURCHASE STREET
PURCHASE, NEW YORK
(Address of principal executive offices)

10577
(Zip Code)

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

NOT APPLICABLE
(Former name or former address, if changed since last report)

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits.

Exhibit 99.1 Press Release of MasterCard International Incorporated, dated May 3, 2004.

ITEM 9. REGULATION FD DISCLOSURE.

Set forth below are tables that provide information regarding the performance results for the three months ended March 31, 2004 for the payment programs of MasterCard International Incorporated and MasterCard Europe sprl (collectively, "MasterCard"), the principal operating subsidiaries of MasterCard Incorporated. In addition, set forth below are tables that provide information regarding MasterCard's payment programs for the years ended December 31, 2003 and 2002, in each case restated to present the information on the same basis as the information in the tables for the three months ended March 31, 2004.

The tables set forth the gross dollar volume ("GDV"), purchase volume, cash volume and the number of purchase transactions, cash transactions, accounts and cards on a regional basis for MasterCard(R)-branded and MasterCard Electronic(TM)-branded cards. Growth rates over prior periods are provided for volume-based data.

FOR THE 3 MONTHS ENDED MARCH 31, 2004

ALL PROGRAMS EXCEPT	GDV	GROWTH	PURCHASE VOLUME	GROWTH	PURCHASE TRANSACTIONS	CASH VOLUME	GROWTH	CASH TRANSACTIONS	ACCOUNTS	CARDS
ON-LINE DEBIT PROGRAMS	(Billions)	(Local)	(Billions)	(Local)	(Millions)	(Billions)	(Local)	(Millions)	(Millions)	(Millions)
South Asia / Middle East Africa	\$3.4	27.4%	\$ 2.3	25.3%	43.6	\$1.0	32.5%	9.0	8.7	10.3
Asia / Pacific	55.5	-3.0%	36.6	10.8%	379.3	18.9	-21.9%	53.2	111.0	122.6
Europe	89.7	14.4%	69.0	16.1%	896.2	20.6	9.3%	174.4	90.4	101.9
Latin America	15.0	30.8%	6.6	23.8%	186.1	8.5	36.8%	72.9	39.3	49.2
Canada	10.8	13.3%	8.9	12.9%	131.4	1.9	15.1%	4.4	20.8	27.1
United States	157.5	7.3%	120.8	12.5%	1,681.0	36.7	-6.9%	112.5	261.4	316.4
Worldwide	331.9	8.4%	244.3	13.6%	3,317.6	87.6	-3.8%	426.5	531.6	627.5
CREDIT PROGRAMS										
United States	126.7	8.0%	99.6	12.0%	1,178.7	27.1	-4.5%	18.0	211.8	262.0
Worldwide	270.1	8.9%	208.8	14.0%	2,570.0	61.3	-5.6%	180.0	457.1	542.3
OFF-LINE DEBIT PROGRAMS										
United States	30.8	4.6%	21.2	15.0%	502.3	9.6	-12.9%	94.5	49.6	54.4
Worldwide	61.7	6.7%	35.4	11.6%	747.6	26.3	0.7%	246.5	74.5	85.2

FOR THE YEAR ENDED DECEMBER 31, 2003

ALL PROGRAMS EXCEPT	GDV	GROWTH	PURCHASE VOLUME	GROWTH	PURCHASE TRANSACTIONS	CASH VOLUME	GROWTH	CASH TRANSACTIONS	ACCOUNTS	CARDS
ON-LINE DEBIT PROGRAMS	(Billions)	(Local)	(Billions)	(Local)	(Millions)	(Billions)	(Local)	(Millions)	(Millions)	(Millions)
South Asia / Middle East Africa	\$11.3	18.1%	\$8.0	17.9%	158.3	\$3.4	18.6%	31.8	8.4	9.8
Asia / Pacific	213.1	-9.0%	128.8	1.2%	1,440.6	84.2	-21.1%	197.2	110.5	122.1
Europe	315.8	13.3%	239.8	14.3%	3,524.1	75.9	10.5%	709.8	89.7	100.3
Latin America	53.0	31.3%	24.0	20.3%	689.5	29.0	42.0%	269.8	37.9	47.7
Canada	41.7	14.7%	34.7	14.9%	538.4	7.0	13.7%	17.8	20.2	26.6
United States	636.6	5.7%	481.1	8.9%	6,840.2	155.5	-2.9%	557.6	263.9	319.9
Worldwide	1,271.5	5.9%	916.4	9.6%	13,191.1	355.1	-2.7%	1,784.1	530.6	626.4
CREDIT PROGRAMS										
United States	514.5	5.9%	399.6	7.3%	4,889.9	114.9	1.3%	82.1	215.8	266.7
Worldwide	1,034.8	5.1%	783.0	8.9%	10,249.8	251.8	-5.2%	691.6	458.6	543.5
OFF-LINE DEBIT PROGRAMS										
United States	122.2	5.1%	81.5	17.2%	1,950.3	40.6	-13.1%	475.5	48.1	53.2
Worldwide	236.6	9.2%	133.4	13.7%	2,941.3	103.2	3.8%	1,092.5	72.0	82.9

FOR THE YEAR ENDED DECEMBER 31, 2002

ALL PROGRAMS EXCEPT	GDV	GROWTH	PURCHASE VOLUME	GROWTH	PURCHASE TRANSACTIONS	CASH VOLUME	GROWTH	CASH TRANSACTIONS	ACCOUNTS	CARDS
ON-LINE DEBIT PROGRAMS	(Billions)	(Local)	(Billions)	(Local)	(Millions)	(Billions)	(Local)	(Millions)	(Millions)	(Millions)
South Asia / Middle East Africa	\$7.9	22.9%	\$5.6	23.4%	141.2	\$2.4	21.7%	26.1	6.7	7.7
Asia / Pacific	223.2	10.6%	121.3	6.9%	1,304.9	101.9	15.4%	213.0	100.9	112.1
Europe	242.0	14.8%	183.4	14.6%	3,104.7	58.7	15.2%	672.3	77.2	86.9
Latin America	44.3	67.8%	21.6	16.9%	598.9	22.7	186.6%	219.6	35.2	44.4
Canada	32.3	18.0%	26.8	18.2%	473.4	5.5	16.9%	16.8	18.5	24.3
United States	602.2	16.2%	442.0	15.4%	6,245.0	160.2	18.3%	638.0	251.5	315.8

Worldwide	1,151.9	16.2%	800.6	14.0%	11,868.1	351.3	21.5%	1,785.8	490.0	591.2
CREDIT PROGRAMS										
United States	485.9	15.3%	372.4	14.7%	4,569.7	113.5	17.5%	93.7	210.0	267.5
Worldwide	945.8	14.1%	690.5	13.3%	9,269.7	255.3	16.3%	674.5	425.7	515.0
OFF-LINE DEBIT PROGRAMS										
United States	116.3	19.8%	69.5	19.4%	1,675.3	46.7	20.3%	544.3	41.5	48.3
Worldwide	206.1	26.8%	110.1	18.6%	2,598.4	96.0	37.8%	1,111.4	64.3	76.2

Maestro(R) and Cirrus(R) on-line debit transactions, Mondex(R) transactions and other branded transactions are not included in the preceding tables.

For purposes of the tables: GDV represents purchase volume plus cash volume and includes the impact of balance transfers and convenience checks; purchase volume means the aggregate dollar amount of purchases made with MasterCard-branded cards for the relevant period; and cash volume means the aggregate dollar amount of cash disbursements obtained with MasterCard-branded cards for the relevant period. The number of cards includes virtual cards, which are MasterCard-branded payment accounts in connection with which functional cards are not generally issued.

The MasterCard payment product is comprised of both credit programs and off-line debit programs, and certain data relating to each type of program is included in the tables. Credit programs include MasterCard-branded credit and charge programs. Off-line debit programs include MasterCard-branded debit programs where the primary means of cardholder validation at the point of sale is for cardholders to sign a sales receipt.

Information denominated in U.S. dollars is calculated by applying an established U.S. dollar/local currency exchange rate for each local currency in which MasterCard volumes are reported. These exchange rates are calculated on a quarterly basis using the average exchange rate for each quarter. However, MasterCard reports period-over-period rates of change in GDV, purchase volume and cash volume solely on the basis of local currency information, in order to eliminate the impact of changes in the value of foreign currencies against the U.S. dollar in calculating such rates of change. Accordingly, the period-over-period rates of change set forth in the tables cannot be extrapolated directly by reference to dollar volume information presented by MasterCard for the current and historical periods.

The data set forth in the GDV, purchase volume, purchase transactions, cash volume and cash transactions columns is derived from information provided by MasterCard members that is subject to logical and statistical verification by MasterCard and partial cross-checking against information provided by MasterCard's transaction processing systems. The data set forth in the accounts and cards columns is derived from information provided by MasterCard members and is subject to certain limited logical and statistical verification by MasterCard. All data is subject to revision and amendment by MasterCard's members subsequent to the date of its release.

A portion of the data set forth in the accounts and cards columns reflects the impact of routine portfolio changes among members and other practices that may lead to over counting of the underlying data in certain circumstances.

The tables include information with respect to MasterCard-branded transactions that are not processed by MasterCard and transactions for which MasterCard does not earn revenues.

Certain information in the preceding tables has been the subject of prior public release by MasterCard. The information in the preceding tables for the years ended December 31, 2003 and 2002 has been restated to conform to the presentation of information in the tables for the three months ended March 31, 2004 and to reflect revisions to certain historical statistical information provided by MasterCard's members subsequent to the previous release of this information by MasterCard. Among other adjustments, the number of cards has been adjusted for all periods to reflect a change in reporting methodology by a U.S. member.

Attached also as Exhibit 99.1 is a press release issued by MasterCard International Incorporated, dated May 3, 2004, which further discusses the results of MasterCard's payment programs for the three months ended March 31, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Mastercard Incorporated

Date: May 3, 2004

By /s/ Noah J. Hanft

Noah J. Hanft
General Counsel and Secretary

[**MASTERCARD INTERNATIONAL LETTERHEAD**]

Contacts:

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MasterCard International Reports Continued Growth In First Quarter of 2004

All Regions Achieve Double Digit Growth in Purchase Volume For Both Credit and Offline Debit

Purchase, NY, May 3, 2004 - MasterCard International today announced strong performance results for the first three months of 2004, demonstrating continued growth across almost all regions and in key measures of success in the payments industry. Reflecting improving global economic activity, total purchases on MasterCard credit and debit cards rose 13.6% in the first quarter, with each region reporting double-digit growth.

"The year is getting off to a strong start for both MasterCard and our customers," said Robert W. Selander, MasterCard President and CEO. "We have seen an increase in worldwide purchase growth in every region, reflecting the improving global economy. Compared to the same period in 2003, all regions of MasterCard experienced double-digit growth in purchases, including Asia/Pacific, which is turning around after a challenging year in 2003."

Performance highlights for the first three months of 2004, in addition to purchase volume, include:

- o Cardholders across the globe used MasterCard-branded cards (excluding Maestro(R) and Cirrus(R)) for over 3.7 billion transactions, generating gross dollar volume (GDV) of \$331.9 billion, an increase of 8.4% over the same period in 2003. GDV includes both purchase and cash volume;

- o MasterCard's almost 25,000 customer financial institutions around the world had issued more than 627.5 million MasterCard-branded cards, a 6.6% increase over first quarter 2003.

MasterCard's strong growth in the first three months of 2004 was fueled by growth in both credit and debit programs. GDV for worldwide credit and charge programs grew 8.9% to \$270.1 billion, and GDV for offline debit programs rose 6.7% to \$61.7 billion over the same period in 2003. Gross transactions for credit and offline debit programs increased by 10% in 2004 compared to the first quarter in 2003.

Currently, cardholders can use their MasterCard cards at more than 22 million locations around the world. Acceptance locations include merchant locations, ATMs and other locations where cash may be obtained.

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For the 3 Months ended March 31, 2004

All Programs except On-Line Debit Programs	GDV	Growth	Purchase	Growth	Purchase	Cash	Growth	Cash	Accounts	Cards
	(Billions)	(Local)	Volume (Billions)	(Local)	Transactions (Millions)	Volume (Billions)	(Local)	Transactions (Millions)	(Millions)	(Millions)
South Asia/Middle										
East Africa.....	\$3.4	27.4%	\$2.3	25.3%	43.6	\$1.0	32.5%	9.0	8.7	10.3
Asia/Pacific.....	55.5	-3.0%	36.6	10.8%	379.3	18.9	-21.9%	53.2	111.0	122.6
Europe.....	89.7	14.4%	69.0	16.1%	896.2	20.6	9.3%	174.4	90.4	101.9
Latin America.....	15.0	30.8%	6.6	23.8%	186.1	8.5	36.8%	72.9	39.3	49.2
Canada.....	10.8	13.3%	8.9	12.9%	131.4	1.9	15.1%	4.4	20.8	27.1
United States.....	157.5	7.3%	120.8	12.5%	1,681.0	36.7	-6.9%	112.5	261.4	316.4
Worldwide.....	331.9	8.4%	244.3	13.6%	3,317.6	87.6	-3.8%	426.5	531.6	627.5
Credit Programs										
United States.....	126.7	8.0%	99.6	12.0%	1,178.7	27.1	-4.5%	18.0	211.8	262.0
Worldwide.....	270.1	8.9%	208.8	14.0%	2,570.0	61.3	-5.6%	180.0	457.1	542.3
Off-Line Debit Programs										
United States.....	30.8	4.6%	21.2	15.0%	502.3	9.6	-12.9%	94.5	49.6	54.4
Worldwide.....	61.7	6.7%	35.4	11.6%	747.6	26.3	0.7%	246.5	74.5	85.2

Significant Milestones Achieved

MasterCard also achieved a wide range of significant business milestones in the first quarter:

o Diners Club, a part of Citigroup, and MasterCard International announced that they are pursuing an alliance to provide enhanced acceptance to Diners Club cardholders. Diners Club cards that are issued in the United States and Canada will be reissued with the MasterCard brand on the front of the card in order to function as MasterCard cards. These cards will be accepted at the over 22 million locations around the world that accept MasterCard credit cards. Diners Club cards issued by Diners Club International franchises (outside the United States and Canada) will include the MasterCard brand on the back of the card, allowing these cards to be accepted at MasterCard merchants in the U.S. and Canada;

o MasterCard and ABN AMRO Bank N.V. signed a multi-year strategic alliance under which MasterCard will be the bank's preferred payment card brand in more than 60 countries. MasterCard will work with ABN AMRO to develop their existing payment card business and will support their entry into new markets;

o MasterCard Advisors' acquisition of Tower Group, the leading research and advisory firm focused on the global financial services industry, significantly strengthened our independent advisory research unit, Purchase Street Research. MasterCard Advisors is a global professional services organization, offering consulting, research, outsourcing and information products and services.

o British Airways became the first global airline to offer MasterCard(R) SecureCode(TM) across multiple regions, with a roll-out to 23 country sites, including the United Kingdom and United States. As more and more consumers purchase tickets via the

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Internet, this signifies an important move from the airline industry in protecting consumers when they shop online.

Note to Editors

Online debit activity, which includes MasterCard's online debit program Maestro and MasterCard's ATM-only brand Cirrus, will be available at a later date.

The data in this press release is provided by the member financial institutions of MasterCard International Incorporated and its affiliates ("MasterCard") and is subject to revision and amendment by such members subsequent to the date of its release. A portion of the data relating to accounts and cards reflects the impact of routine portfolio changes among members and other practices that may lead to over counting of the underlying data in certain circumstances. Information with respect to gross dollar volumes ("GDV") includes the impact of balance transfers and convenience checks. The number of cards includes virtual cards, which are MasterCard-branded payment accounts in connection with which functional cards are not generally issued.

Information denominated in U.S. dollars is calculated by applying an established U.S. dollar/local currency exchange rate for each local currency in which MasterCard volumes are reported.

Period-over-period rates of change in volume-based information are provided on a local-currency basis. Accordingly, the period-over-period rates of change in this press release cannot be extrapolated directly by reference to the U.S. dollar volume information presented for the current and historical periods.

MasterCard-branded data regarding GDV, purchase volume, purchase transactions, cash volume and cash transactions is derived from information provided by MasterCard members that is subject to logical and statistical verification by MasterCard and partial cross-checking against information provided by MasterCard's transaction processing systems. MasterCard-branded data concerning accounts and cards is derived from information provided by MasterCard members that is subject to certain limited logical and statistical verification by MasterCard. Certain information with respect to ATM locations is provided by third parties and has not been independently verified by MasterCard.

The data in this press release includes information with respect to MasterCard-branded transactions that are not processed by MasterCard and transactions for which MasterCard does not earn revenues. Accordingly, the data in this press release cannot be taken as an indication of the financial performance of MasterCard Incorporated.

Acceptance locations include merchant locations, ATMs and other locations where cash may be obtained. In certain countries, reporting of merchant locations includes all acceptance terminals deployed at individual merchants; terminals supported by multiple acquirers of the same merchant may be counted more than once in the compilation of the data.

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About MasterCard International

MasterCard International is a leading global payments solutions company that provides a broad variety of innovative services in support of our global members' credit, deposit access, electronic cash, business-to-business and related payment programs. MasterCard International manages a family of well-known, widely accepted payment cards brands including MasterCard(R), Maestro(R) and Cirrus(R) and serves financial institutions, consumers and businesses in over 210 countries and territories. The MasterCard award-winning Priceless(R) advertising campaign is now seen in 96 countries and in 47 languages, giving the MasterCard brand a truly global reach and scope. For more information go to www.mastercardinternational.com.

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