

MASTERCARD INC

FORM 8-K (Current report filing)

Filed 09/15/06 for the Period Ending 09/14/06

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| Address | 2000 PURCHASE STREET PURCHASE, NY 10577 |
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| Industry | Consumer Financial Services |
| Sector | Financial |
| 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): September 14, 2006

MasterCard Incorporated

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation)*

001-32877
(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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On September 14, 2006, the Board of Directors of MasterCard Incorporated (the “Company”) elected Richard Haythornthwaite as Chairman of the Board of Directors and Steven J. Freiberg as a Class M director, or one of three directors elected by financial institutions that are holders of the Company’s Class M common stock. Mr. Freiberg does not currently serve on any committees of the Board. Attached hereto as Exhibit 99.1 is a press release announcing these elections.

Mr. Freiberg is Chairman and Chief Executive Officer of Citigroup’s Global Consumer Group NA and Co-Chair of Citigroup’s Global Consumer Group. As previously reported by the Company in its June 16, 2006 proxy statement filed with the Securities and Exchange Commission, and as required pursuant to Item 404 of Regulation S-K, affiliates of Citigroup are members of MasterCard International Incorporated and have entered into agreements with MasterCard International Incorporated in connection with, among other things, their payment programs. As of June 12, 2006, Citigroup and its affiliates had approximately 8.98% of the total voting power of the Company’s Class M common stock. For the full year 2005, the Company earned approximately \$244 million in net revenues from Citigroup and its affiliates and paid Citigroup and its affiliates approximately \$1 million for treasury and other related services.

Pursuant to the terms of Section 6.1 of the Company’s 2006 Non-Employee Director Equity Compensation Plan, on September 14, 2006, Mr. Haythornthwaite and Mr. Freiberg received 1,071 and 1,345 MasterCard deferred stock units, respectively. These awards of deferred stock units will be settled on September 14, 2010 under the terms of the plan.

The deferred stock units allocated to Mr. Haythornthwaite were awarded to him in his capacity as the newly-elected Chairman of the Board. Under the terms of the plan, annual awards of deferred stock units to the non-employee directors of the Company are determined by dividing \$100,000 (\$150,000 in the case of the Chairman of the Board) by the average of the high and low price for the Company’s Class A common stock on the New York Stock Exchange on the grant date. However, under the plan, each non-employee director who was elected at, or whose term of office would continue after the Company’s July 18, 2006 annual meeting would instead be awarded 2,565 deferred stock units and the Chairman of the Board would be awarded 3,850 deferred stock units. Since Mr. Haythornthwaite, along with the Company’s other non-employee directors, was already awarded 2,565 deferred stock units upon his election by shareholders at the Company’s July 18, 2006 annual meeting, Mr. Haythornthwaite’s September 14, 2006 award was determined by pro-rating the difference between 3,850 and 2,565 to correspond to the approximately 10-month portion of the period from annual meeting to annual meeting that Mr. Haythornthwaite will serve as Chairman of the Board.

Mr. Freiberg's award represents a pro-rated portion of deferred stock units awarded to a non-employee director of the Company joining the Board at a time other than an annual meeting of shareholders, determined by dividing \$100,000 by \$61.98, the average of the high and low price for the Company's Class A common stock on the New York Stock Exchange on the September 14, 2006 grant date, pro-rated to correspond to the approximately 10-month portion of the period from annual meeting to annual meeting that Mr. Freiberg will serve as a director.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit 99.1 Press Release of MasterCard Incorporated, dated September 14, 2005.

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: September 15, 2006

By /s/ Noah J. Hanft

Noah J. Hanft

General Counsel and Secretary

News Release



MasterCard Announces Election of Richard Haythornthwaite as
Chairman of the Board of Directors

Steven J. Freiberg Elected as a Member of the Board

Purchase, NY – September 14, 2006 – MasterCard Incorporated (NYSE: MA) today announced that Richard Haythornthwaite, a member of the MasterCard Board of Directors, has been elected as the non-executive chairman of its board, effective immediately. Mr. Haythornthwaite is a managing director of UK-based Star Capital Partners.

In addition, Steven J. Freiberg, chairman and chief executive officer of Citigroup's Global Consumer Group NA, and co-chair of Citigroup's Global Consumer Group, has been elected a director of the MasterCard Board of Directors.

"I am delighted that Rick has agreed to take on the important role of chairman of the board as MasterCard moves ahead with a new chapter in its 40-year history," said Robert W. Selander, MasterCard president and chief executive officer. "MasterCard is now a publicly traded company with a new governance structure, including a chairman as well as a majority of directors that the board has determined are independent under its established guidelines as well as the corporate governance standards of the New York Stock Exchange.

"Rick's strong leadership and strategic skills, as well as his global experience, should prove invaluable as we pursue our vision of advancing commerce globally," said Selander.

"I'm honored to be chairman of this dynamic company at this very exciting time in MasterCard's history," Haythornthwaite said. "I look forward to working with Bob and my very capable colleagues on the board. As chairman, I will ensure that the board focuses on our shareholder obligations while Bob and his strong management team focus on the company's customers and business as a franchisor, processor and advisor."

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MasterCard Announces Election of Richard Haythornthwaite as Chairman of the Board of Directors

“Steve Freiberg, who will serve as one of three directors elected by the financial institutions that are holders of the company’s Class M common stock, is one of the true leaders of the payments industry, with extensive background in many aspects of financial services,” Selander said. “Having spent more than 25 years in this industry, Steve has a deep understanding of our business and the challenging competitive environment in which we operate. We look forward to benefiting from his insights and guidance.”

With the election of Mr. Freiberg, the MasterCard board now consists of 10 members: two Class M directors; seven Class A directors who are independent; and MasterCard President and CEO Robert Selander, also a Class A director.

Background on Richard “Rick” Haythornthwaite

Richard Haythornthwaite, 49, is a managing director of Star Capital Partners, a private equity partnership focused on European capital-intensive sectors. From 2001 to 2005, he served as CEO and director for Invensys plc, and from 1997 to 2001 was with Blue Circle Industries plc, first as chief executive, Europe and Asia, and then as group chief executive. His prior positions include serving as a director of Premier Oil, president of BP Venezuela and general manager, Magnus Oil Field, BP Exploration. Rick is also a non-executive director of the main board of ICI plc.

Mr. Haythornthwaite is a graduate of Oxford and completed a Sloan Fellowship at the Massachusetts Institute of Technology. He is chairman of the Almeida Theatre and chairman of the Corporate Advisory Group of the Tate Gallery. He is also a trustee of the UK National Museum of Science and Industry and a board member of the British Council.

Background on Steven J. Freiberg

Steven J. Freiberg, 49, is chairman and CEO of Citigroup’s Global Consumer Group NA and co-chair of Citigroup’s Global Consumer Group. He has a long career with Citigroup, having joined its Card Products Division in 1980 as a management associate. His broad experience encompasses senior leadership roles with Citibank Financial Account, Citigroup’s early entry into online banking; Citicorp Investment Services (CIS); and, the Citicorp Insurance Group. In 2000, he was appointed chairman and CEO of Citi Cards and, in 2005, was appointed to his current position as co-chairman, Global Consumer Group. He is currently a member of Citigroup’s Operating and Management Committees.

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MasterCard Announces Election of Richard Haythornthwaite as Chairman of the Board of Directors

Mr Freiberg holds a B.S. degree in Finance as well as an MBA from Hofstra University. He serves or has served on the boards of Citibank NA, Citicorp Credit Services Inc., Citicorp Investment Services, Citicorp Insurance Group, Citibank Trust NA, Citibank FSB, the Citigroup Foundation, the MasterCard U.S. Advisory Board (as chair), Direct Marketing Association board, Habitat for Humanity NYC Council, the Upromise board and the Financial Services Roundtable.

About MasterCard Incorporated

MasterCard Incorporated advances global commerce by providing a critical economic link among financial institutions, businesses, cardholders and merchants worldwide. As a franchisor, processor and advisor, MasterCard develops and markets payment solutions, processes approximately 14 billion payments each year, and provides industry-leading analysis and consulting services to financial institution customers and merchants. Through its family of brands, including MasterCard®, Maestro® and Cirrus®, MasterCard serves consumers and businesses in more than 210 countries and territories. For more information go to www.mastercard.com.

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