

MASTERCARD INC  
Form DEF 14A  
July 30, 2010  
Table of Contents

## SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-2.

**MASTERCARD INCORPORATED**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: MASTERCARD INC - Form DEF 14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

(1) Title of each class of securities to which transaction applies:

-

(2) Aggregate number of securities to which transaction applies:

-

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

-

(4) Proposed maximum aggregate value of transaction:

-

(5) Total fee paid:

-

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

-

(2) Form, Schedule or Registration Statement No.:

-

(3) Filing Party:

-

(4) Date Filed:

-

**Table of Contents**

July 30, 2010

Dear Stockholder:

The 2010 Annual Meeting of Stockholders of MasterCard Incorporated will be held on Tuesday, September 21, 2010, at 10:00 a.m. (local time) at the MasterCard Incorporated headquarters, 2000 Purchase Street, Purchase, New York. A notice of the meeting, a proxy card and a proxy statement containing information about the matters to be acted upon are enclosed. You are cordially invited to attend.

All holders of record at the close of business on July 26, 2010 of the Company's outstanding shares of Class A Common Stock will be entitled to vote at the Annual Meeting, at which holders of Class A Common Stock will be asked to: (1) approve the amendment and restatement of our current certificate of incorporation to: (A) declassify the Board of Directors in phases and effect related changes in director vacancy and removal procedures; (B) eliminate a supermajority voting requirement for amending our certificate of incorporation; (C) revise requirements applicable to the composition of the Board of Directors; and (D) revise requirements applicable to the ownership of our stock and delete related obsolete provisions; (2) approve the adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve each of the proposals comprising Proposal 1 at the time of the Annual Meeting; (3) elect the four nominees named in the accompanying proxy statement to serve as directors (Class I) with a term to expire in 2013; (4) re-approve our Senior Executive Annual Incentive Compensation Plan; (5) ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2010; and (6) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement thereof. While stockholders may exercise their right to vote their shares in person, we recognize that many stockholders may not be able to attend the Annual Meeting. Accordingly, we have enclosed a proxy card that will enable you to vote your shares at the Annual Meeting even if you are unable or choose not to attend. We request that you promptly sign, date and return the enclosed proxy card in the accompanying postage-paid envelope or authorize the individuals named on your proxy card to vote your interests by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card or voting form.

The Board of Directors unanimously recommends that holders of Class A Common Stock vote **FOR** each of the proposals and nominees set forth above.

Thank you for your support of MasterCard.

Richard Haythornthwaite  
Chairman of the Board

Very truly yours,

Ajay Banga  
President and Chief Executive Officer

**Table of Contents**

**MASTERCARD INCORPORATED**

**2000 Purchase Street**

**Purchase, New York 10577**

**NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS**

**To be held on September 21, 2010**

To the Stockholders of MasterCard Incorporated:

The 2010 Annual Meeting of Stockholders (the "Annual Meeting") of MasterCard Incorporated (the "Company") will be held on Tuesday, September 21, 2010, at 10:00 a.m. (local time) at the MasterCard Incorporated headquarters, 2000 Purchase Street, Purchase, New York, to:

1. Approve the amendment and restatement of the Company's current certificate of incorporation to:
  - (A) declassify the Board of Directors in phases and effect related changes in director vacancy and removal procedures;
  - (B) eliminate a supermajority voting requirement for amending the Company's certificate of incorporation;
  - (C) revise requirements applicable to the composition of the Board of Directors;
  - (D) revise requirements applicable to the ownership of the Company's stock and delete related obsolete provisions;
2. Approve the adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve each of the proposals comprising Proposal 1 at the time of the Annual Meeting;
3. Elect the four nominees named in the accompanying proxy statement to serve on the Company's Board of Directors as directors (Class I);
4. Re-approve the Company's Senior Executive Annual Incentive Compensation Plan;

## Edgar Filing: MASTERCARD INC - Form DEF 14A

5. Ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2010; and

6. Act on any other business which may properly come before the Annual Meeting or any adjournment or postponement thereof. Each of the proposals comprising Proposal 1 is an element of a comprehensive updating of the Company's governance arrangements. Accordingly, each of the proposals comprising Proposal 1 is cross-conditioned upon all of the other proposals comprising Proposal 1 being approved by the stockholders, and the entire Proposal 1 will fail if any such proposal does not pass.

The close of business on July 26, 2010 has been fixed as the record date for determining those stockholders entitled to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting. A list of eligible stockholders of record as of the close of business on the record date will be available for inspection for any purpose germane to the meeting during normal business hours at the offices of the Company's Secretary at 2000 Purchase Street, Purchase, New York and at the Annual Meeting by any stockholder or the stockholder's attorney or agent.

Whether or not you plan to attend the Annual Meeting, please sign, date and return the enclosed proxy card in the accompanying postage-paid envelope or authorize the individuals named on your proxy card to vote your interests by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy

**Table of Contents**

card. If you attend the meeting, you may vote in person, which will revoke any proxy you have already submitted. You may also revoke your proxy at any time before the meeting by notifying us in writing.

If you attend the Annual Meeting in person, you will be asked to present photo identification and an admission ticket, which is the top half of your proxy card. See Introduction Attending the Annual Meeting in the attached proxy statement for further instructions.

The Company must receive your proxy card by 5:00 p.m. (local time) on September 20, 2010.

A copy of each of the Company's 2009 Annual Report and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 is also enclosed herewith.

By Order of the Board of Directors

NOAH J. HANFT

*Corporate Secretary*

Purchase, New York

July 30, 2010

**Your vote is very important. Please complete, sign, date and promptly return the enclosed proxy card in the envelope provided or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card.**

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b><u>Introduction</u></b>	1
<u>The Voting Stock</u>	1
<u>Former Class M Common Stock</u>	2
<u>Quorum Requirements</u>	2
<u>Broker Authority to Vote Under Rules of the New York Stock Exchange</u>	2
<u>Vote Required for Amendment and Restatement of Certificate of Incorporation to (A) Declassify the Board of Directors in Phases and Effect Related Changes in Director Vacancy and Removal Procedures; (B) Eliminate a Supermajority Voting Requirement for Amending the Company's Certificate of Incorporation; (C) Revise Requirements Applicable to the Composition of the Board of Directors; and (D) Revise Requirements Applicable to the Ownership of the Company's Stock and Delete Related Obsolete Provisions</u>	3
<u>Vote Required for Adjournment of Meeting (if necessary or appropriate)</u>	3
<u>Vote Required for Election of Directors</u>	3
<u>Vote Required for Re-approval of the Company's Senior Executive Annual Compensation Plan</u>	3
<u>Vote Required for Ratification of the Appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for the Company for 2010</u>	3
<u>Stockholders Entitled to Vote</u>	3
<u>Voting Procedures</u>	3
<u>Solicitation of Proxies</u>	5
<u>Householding</u>	5
<u>Attending the Annual Meeting</u>	5
<b><u>Proposal 1 Amendment and Restatement of Certificate of Incorporation</u></b>	6
Background	6
Summary of Proposed Amendments to the Certificate of Incorporation	7
<u>Proposal 1A. Approve the Amendment and Restatement of the Old Certificate of Incorporation to Declassify the Board of Directors in Phases and Effect Related Changes in Director Vacancy and Removal Procedures</u>	9
<u>Proposal 1B. Approve the Amendment and Restatement of the Old Certificate of Incorporation to Eliminate a Supermajority Voting Requirement for Amending the Company's Certificate of Incorporation</u>	11
<u>Proposal 1C. Approve the Amendment and Restatement of the Old Certificate of Incorporation to Revise Requirements Applicable to the Composition of the Board of Directors.</u>	12
<u>Proposal 1D. Approve the Amendment and Restatement of the Old Certificate of Incorporation to Revise Requirements Applicable to the Ownership of the Company's Stock and Delete Related Obsolete Provisions</u>	14
Amendment and Restatement of the Company's Bylaws	16
<b><u>Proposal 2 Adjournment of the Meeting</u></b>	18
<b><u>Proposal 3 Election of Directors</u></b>	19
General	19
<u>Nominees for Election as Director</u>	20
<u>Continuing Directors</u>	23
<b><u>Board of Directors and Corporate Governance</u></b>	28
<u>Qualifications of Directors</u>	28
<u>Director Independence</u>	28
<u>Nomination of Directors</u>	30
<u>Board Leadership Structure</u>	31
<u>Non-Management Director Meetings</u>	31
<u>Board Risk Oversight</u>	31
<u>Stockholder Communications</u>	33
<u>Documents Available</u>	33
<b><u>Committees of the Board of Directors</u></b>	34
<u>Audit</u>	34
<u>Nominating and Corporate Governance</u>	34
<u>Human Resources and Compensation</u>	34





**Table of Contents**

	<b>Page</b>
<b><u>Attendance at Meetings</u></b>	36
<u>Attendance at Meetings by Directors</u>	36
<u>Attendance at Annual Meetings</u>	36
<b><u>Stockholder Communications with the Board of Directors</u></b>	36
<b><u>Executive Officers of the Company</u></b>	37
<b><u>Code of Conduct and Supplemental Code of Ethics</u></b>	38
<b><u>Security Ownership of Certain Beneficial Owners</u></b>	39
<b><u>Security Ownership of Management</u></b>	40
<b><u>Section 16(a) Beneficial Ownership Reporting Compliance</u></b>	41
<b><u>Certain Relationships and Related Transactions</u></b>	42
<b><u>Executive Compensation</u></b>	43
<u>Compensation Discussion and Analysis</u>	43
<u>Compensation Committee Report</u>	55
<u>Compensation Committee Interlocks and Insider Participation</u>	55
<u>Summary Compensation Table</u>	56
<u>All Other Compensation in 2009</u>	57
<u>Grants of Plan-Based Awards in 2009</u>	58
<u>Outstanding Equity Awards at 2009 Fiscal Year-End</u>	59
<u>Option Exercises and Stock Vested in 2009</u>	61
<u>Pension Benefits in 2009</u>	62
<u>Nonqualified Deferred Compensation in 2009</u>	64
<u>Potential Payments Upon Termination or Change-In-Control</u>	65
<b><u>Director Compensation</u></b>	84
<u>Cash Compensation</u>	84
<u>Stock-Based Compensation</u>	84
<b><u>2009 Director Compensation</u></b>	85
<b><u>Equity Compensation Plan Information</u></b>	87
<b><u>Proposal 4 Re-Approval of the Company's Senior Executive Annual Incentive Compensation Plan</u></b>	88
<u>Background</u>	88
<u>Description of Section 162(m)</u>	88
<u>Description of SEAICP</u>	88
<b><u>Proposal 5 Ratification of the Appointment of Independent Registered Public Accounting Firm for 2010</u></b>	91
<b><u>Auditors Services and Fees</u></b>	92
<b><u>Audit Committee Report</u></b>	93
<b><u>Stockholder Proposals and Director Nominations</u></b>	94
<b><u>Other Matters</u></b>	95
<b>Annex A Amended and Restated Certificate of Incorporation of Mastercard Incorporated</b>	A-1
<b>Annex B Amended and Restated By-laws of Mastercard Incorporated</b>	B-1
<b>Annex C Mastercard Senior Executive Annual Incentive Compensation Plan</b>	C-1

**Table of Contents**

**MASTERCARD INCORPORATED**

**2000 Purchase Street**

**Purchase, New York 10577**

**July 30, 2010**

**PROXY STATEMENT**

**INTRODUCTION**

This proxy statement (this Proxy Statement) is furnished in connection with the solicitation of proxies by the Board of Directors (the Board of Directors) of MasterCard Incorporated (the Company) for use at the 2010 Annual Meeting of Stockholders of the Company to be held on Tuesday, September 21, 2010 at 10:00 a.m. (local time), or any adjournment or postponement thereof (the Annual Meeting). The Company expects to mail this Proxy Statement and the accompanying proxy card on or about July 30, 2010 to the holders of record of the Company's Class A Common Stock, par value \$0.0001 per share (the Class A Common Stock) as of the close of business on July 26, 2010 (the Record Date).

The Annual Meeting is being held to:

1. Approve the amendment and restatement of the Company's current certificate of incorporation to:
  - (A) declassify the Board of Directors in phases and effect related changes in director vacancy and removal procedures;
  - (B) eliminate a supermajority voting requirement for amending the Company's certificate of incorporation;
  - (C) revise requirements applicable to the composition of the Board of Directors;
  - (D) revise requirements applicable to the ownership of the Company's stock and delete related obsolete provisions;
2. Approve the adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve each of the proposals comprising Proposal 1 at the time of the Annual Meeting;
3. Elect the four nominees named in this Proxy Statement to serve on the Company's Board of Directors as directors (Class I);

Edgar Filing: MASTERCARD INC - Form DEF 14A

4. Re-approve the Company's Senior Executive Annual Incentive Compensation Plan;
5. Ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2010; and
6. Act on any other business which may properly come before the Annual Meeting or any adjournment or postponement thereof.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**

**FOR THE 2010 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON SEPTEMBER 21, 2010**

**This Proxy Statement, the Company's 2009 Annual Report and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 are available at [www.envisionreports.com/ma](http://www.envisionreports.com/ma).**

*The Voting Stock.* The Company has two classes of stock outstanding: Class A Common Stock and Class B Common Stock, par value \$0.0001 per share (the Class B Common Stock). Except as may be required by the

---

**Table of Contents**

General Corporation Law of the State of Delaware, holders of Class B Common Stock have no voting power and are not entitled to vote on the proposals hereby presented to the holders of Class A Common Stock (the Class A Stockholders ). The Class A Stockholders are therefore the only stockholders entitled to vote on proposals at the Annual Meeting.

The Class A Stockholders are entitled to one vote per share on all matters on which stockholders generally are entitled to vote. With respect to the Annual Meeting, the Class A Stockholders will vote as a separate class for the election of four directors, each a member of Class I of the Board of Directors; for the approval of each of the proposals comprising the proposal to approve the amendment and restatement of the Company's certificate of incorporation; for the re-approval of the Company's Senior Executive Annual Incentive Compensation Plan; and for the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2010. As of the Record Date, 118,834,396 shares of Class A Common Stock were outstanding.

*Former Class M Common Stock.* Prior to June 1, 2010, the Company had an additional class of stock outstanding Class M Common Stock, par value \$0.0001 per share (the Class M Common Stock ). Although the Class M Common Stock was generally non-voting, the holders of Class M Common Stock ( Class M Stockholders ) had the right to elect up to three of our directors (but not more than one-quarter of all directors) and approve specified significant corporate actions under our certificate of incorporation.

On June 1, 2010, the outstanding shares of the Class B Common Stock first represented less than 15% of the aggregate outstanding shares of the Class A Common Stock and Class B Common Stock. Accordingly, pursuant to Article IV, Section 4.3(G) of the Company's current certificate of incorporation, all outstanding shares of the Class M Common Stock were at such date automatically transferred to the Company and retired, and are not available for issue or reissue. Additionally, the Company no longer has authority to issue additional shares of Class M Common Stock.

Since the retirement of the Class M Common Stock: (1) the Class A Common Stock is the Company's only class of voting stock (except as otherwise described above) and (2) all directors are elected by the Class A Stockholders and will continue to be so following the adoption of the New Certificate of Incorporation (as defined below and described under Proposal 1 Amendment and Restatement of Certificate of Incorporation ).

*Quorum Requirements.* The presence in person or by proxy at the Annual Meeting of the holders of a majority of the shares of Class A Common Stock outstanding and entitled to vote as of the Record Date on each of the proposals to be voted upon at the Annual Meeting will constitute a quorum of the Class A Common Stock with respect to such proposals.

*Broker Authority to Vote Under Rules of the New York Stock Exchange.* Class A Stockholders who do not submit voting instructions to their brokers may still have their shares voted by their brokers in certain circumstances:

Routine items. The adjournment proposal and the ratification of the appointment of the independent registered public accounting firm are considered routine items. Generally, brokers that do not receive instructions from beneficial owners may vote on these proposals in their discretion.

Non-routine items. The approval of any other non-routine proposals may normally only be voted on by brokers who have received specific voting instructions from beneficial owners. A broker non-vote occurs when the broker is unable to vote on a proposal because the proposal is not routine and the beneficial owner does not provide any instructions.

New Rule. As a result of a change to a rule of the New York Stock Exchange ( NYSE ) which is effective for the Annual Meeting, brokers are no longer permitted to vote in the election of directors if the broker has not received specific instructions from the beneficial owner. This represents a change from prior years, when election of directors was considered a routine item and brokers had discretionary voting authority for such elections.

---

**Table of Contents**

We believe that under the rules of the NYSE, the adjournment proposal and the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2010 are routine proposals on which brokers may vote. We believe that the approval of each of the proposals comprising the proposal to approve the amendment and restatement of the Company's certificate of incorporation, the election of directors, and the re-approval of the Company's Senior Executive Annual Incentive Compensation Plan are non-routine proposals on which brokers will not be able to vote absent instruction from beneficial owners.

*Vote Required for Amendment and Restatement of Certificate of Incorporation to (A) Declassify the Board of Directors in Phases and Effect Related Changes in Director Vacancy and Removal Procedures; (B) Eliminate a Supermajority Voting Requirement for Amending the Company's Certificate of Incorporation; (C) Revise Requirements Applicable to the Composition of the Board of Directors; and (D) Revise Requirements Applicable to the Ownership of the Company's Stock and Delete Related Obsolete Provisions.* Voting Stockholders may vote for, against or abstain with respect to the adoption of each of the proposals comprising the proposal to approve the amendment and restatement of the Company's certificate of incorporation. The adoption of each of these proposals requires the affirmative vote of the holders of at least 80% of the outstanding shares of Class A Common Stock. Abstentions and broker non-votes by Class A Stockholders will have the effect of votes against these proposals.

*Vote Required for Adjournment of Meeting (if necessary or appropriate).* Class A Stockholders may vote for, against or abstain with respect to the adoption of this proposal. The affirmative vote of a majority of the votes cast by Class A Stockholders must be voted for this proposal in order for it to be adopted. Abstentions by Class A Stockholders and the failure of either a beneficial owner or the broker thereof to vote shares of Class A Common Stock will have no effect on the outcome of the proposal. No proxy that is specifically marked AGAINST any of the proposals comprising the proposal to approve the amendment and restatement of the Company's certificate of incorporation will be voted in favor of the adjournment proposal, unless it is specifically marked FOR the proposal to adjourn the meeting.

*Vote Required for Election of Directors.* You may vote for or withhold with respect to any or all director nominees. The four nominees for directors receiving the greatest number of votes cast by Class A Stockholders will be elected to serve as directors and members of Class I of the Board of Directors. Votes by Class A Stockholders that are withheld and broker non-votes will be excluded entirely from the vote and will have no effect on the outcome of the vote.

*Vote Required for Re-Approval of the Company's Senior Executive Annual Incentive Compensation Plan.* Class A Stockholders may vote for, against or abstain with respect to the adoption of this proposal. The affirmative vote of a majority of the votes cast by Class A Stockholders must be voted for this proposal in order for it to be adopted. Abstentions by Class A Stockholders and broker non-votes will have the effect of votes against the proposal.

*Vote Required for Ratification of the Appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for the Company for 2010.* Class A Stockholders may vote for, against or abstain with respect to the adoption of this proposal. The affirmative vote of a majority of the votes cast by Class A Stockholders must be voted for this proposal in order for it to be adopted. Abstentions by Class A Stockholders and the failure of either a beneficial owner or the broker thereof to vote shares of Class A Common Stock will have no effect on the outcome of the proposal.

*Stockholders Entitled to Vote.* As explained above for each proposal, only holders of record of shares of Class A Common Stock on the Record Date are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

*Voting Procedures.* If a Class A Stockholder attends the Annual Meeting in person or sends a representative to the meeting with a signed proxy, that Class A Stockholder may vote or such representative may vote on the Class A Stockholder's behalf. Class A Stockholders unable to attend the Annual Meeting can ensure that their

---

**Table of Contents**

votes are cast at the meeting by signing and dating the enclosed proxy card and returning it in the envelope provided or by authorizing the individuals named on the proxy card to vote their shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with the proxy card or voting form. When a proxy card is returned properly signed and dated or a Class A Stockholder's vote is authorized by telephone or Internet, the vote of the Class A Stockholder will be cast in accordance with the instructions on the proxy card or authorized by telephone or Internet. If a Class A Stockholder does not return a signed proxy card, authorize such Class A Stockholder's vote by telephone or Internet or attend the meeting in person or by representative and vote, no vote will be cast on behalf of that Class A Stockholder. The enclosed proxy card indicates on its face the number of shares of Class A Common Stock registered in the name of each such holder at the close of business on the Record Date, which number corresponds to the number of votes such Class A Stockholder will be entitled to cast at the meeting on each proposal. See "The Voting Stock" above for further discussion of the voting power of Class A Common Stock.

Class A Stockholders are urged to mark the box on the proxy card to indicate how their vote is to be cast. If a Class A Stockholder returns a signed proxy card but does not indicate on the proxy card how it wishes to vote on a proposal, the vote represented by the proxy card will be cast **FOR** such proposal.

Pursuant to Section 212(c) of the General Corporation Law of the State of Delaware, Class A Stockholders may validly grant proxies over the Internet. Your Internet vote authorizes the named proxies on the proxy card to vote your shares in the same manner as if you had returned your proxy card. In order to vote over the Internet, follow the instructions provided on your proxy card or voting form.

Any Class A Stockholder who executes and returns a proxy card or authorizes its vote by telephone or by Internet may revoke the proxy before it is voted by:

notifying in writing Noah J. Hanft, Corporate Secretary of MasterCard Incorporated, at 2000 Purchase Street, Purchase, New York 10577;

executing and returning a subsequent proxy;

subsequently authorizing the individuals named on its proxy card to vote its interests by calling the toll-free telephone number or by using the Internet as described in the instructions included with its proxy card; or

appearing in person or by representative with a signed proxy and voting at the Annual Meeting.

Attendance in person or by representative at the Annual Meeting will not in and of itself constitute revocation of a proxy. **If you plan to vote your shares in person at the Annual Meeting, see the requirements set forth in "Attending the Annual Meeting" below.**

Unless contrary instructions are indicated on the proxy, all shares represented by valid proxies received pursuant to this solicitation (and not revoked before they are voted) will be voted as follows:

**FOR** each of the proposals comprising the proposal to approve the amendment and restatement of the Company's certificate of incorporation;

**FOR** the approval of the adjournment of the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve each of the proposals comprising Proposal 1 at the time of the Annual Meeting;

**FOR** the election of the four nominees named in this Proxy Statement to serve on the Board of Directors as directors (Class I);

**FOR** the re-approval of the Company's Senior Executive Annual Incentive Compensation Plan; and

**FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2010.





## **Table of Contents**

In the event a Class A Stockholder specifies a different choice on the proxy, that Class A Stockholder's shares will be voted in accordance with the specification so made.

Each of the Company's 2009 Annual Report (the "Annual Report") (which includes the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K"), as filed with the U.S. Securities and Exchange Commission (the "SEC") on February 18, 2010) and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, as filed with the SEC on May 4, 2010, is enclosed herewith. Copies of the Form 10-K, as well as other periodic filings by the Company, are also available on the Company's website at <http://www.mastercard.com>.

**A copy of the Annual Report will be furnished to you upon a request in writing to the Corporate Secretary of the Company at the address set forth below under "Solicitation of Proxies."**

*Solicitation of Proxies.* The Company will bear the costs of solicitation of proxies, including the cost of preparing, printing and mailing this Proxy Statement. In addition to the solicitation of proxies by use of the mail, proxies may be solicited from Voting Stockholders by directors, officers, employees and agents of the Company in person or by telephone, facsimile or other appropriate means of communication. The Company has engaged Georgeson Inc. to solicit proxies on behalf of the Company. The anticipated cost of Georgeson Inc.'s services is estimated to be approximately \$25,000.00 plus reimbursement of reasonable out-of-pocket expenses. No additional compensation, except for reimbursement of reasonable out-of-pocket expenses, will be paid to directors, officers and employees of the Company in connection with the solicitation. Any questions or requests for assistance regarding this Proxy Statement and related proxy materials may be directed to:

MasterCard Incorporated

Office of the Corporate Secretary

2000 Purchase Street

Purchase, New York 10577

Attention: Noah J. Hanft

Telephone: (914) 249-2000

Facsimile: (914) 249-4262

or

Georgeson Inc.

199 Water Street

26th Floor

New York, New York 10038

Telephone: (866) 541-3547

*Householding.* The SEC has adopted rules that allow a company to deliver a single proxy statement or annual report to an address shared by two or more of its stockholders. This method of delivery, known as "householding," permits the Company to realize significant cost savings and reduces the amount of duplicate information stockholders receive. In accordance with notices sent to stockholders sharing a single address, the Company is sending only one Annual Report and Proxy Statement to that address unless the Company has received contrary instructions from a stockholder at that address. Any stockholders who object to or wish to begin householding may notify the Corporate Secretary of the Company orally or in writing at the telephone number or address, as applicable, set forth above. The Company will send an individual copy of the Annual Report and Proxy Statement to any stockholder who revokes its consent to householding within 30 days of the Company's receipt of such revocation.

## Edgar Filing: MASTERCARD INC - Form DEF 14A

*Attending the Annual Meeting.* If you are a holder of record and plan to attend the Annual Meeting, please indicate this when you vote. The top half of the proxy card is your admission ticket. When you arrive at the meeting, you will be asked to present photo identification, such as a driver's license. If you hold your shares in street name, typically through a brokerage account, you will also need proof of ownership to be admitted to the meeting. A recent brokerage statement or a letter from your bank or broker are examples of proof of ownership. If you want to vote your shares held in street name in person at the meeting, you must get a written proxy in your name from the broker, bank or other nominee that holds your shares.

---

**Table of Contents**

**PROPOSAL 1**

**AMENDMENT AND RESTATEMENT OF CERTIFICATE OF INCORPORATION**

**Background**

At the time of the Company's May 2006 initial public offering (the "IPO"), it had issued three classes of stock: Class A, Class B and Class M. Shares of Class A Common Stock possess voting and dividend rights, are listed on the NYSE and generally may not be owned by Members or Similar Persons (as defined below). Shares of Class B Common Stock possess dividend rights, do not possess voting rights and may only be owned by a Class A member or affiliate member of MasterCard International Incorporated (our operating subsidiary which is a non-stock, or membership, corporation) ("MasterCard International"), the Company or a subsidiary thereof or a director, officer or employee of the Company or a subsidiary thereof. Shares of Class M Common Stock, which have all subsequently been retired as described below, possessed limited voting rights, did not possess dividend rights and were only owned by Class A members of MasterCard International.

Effective June 1, 2010, the outstanding shares of the Class B Common Stock first represented less than 15% of the aggregate outstanding shares of the Class A Common Stock and Class B Common Stock. Accordingly, pursuant to Article IV, Section 4.3(G) of the Company's current certificate of incorporation, all outstanding shares of the Class M Common Stock were at such date automatically transferred to the Company and retired, and are not available for issue or reissue. Additionally, the Company no longer has the authority to issue additional shares of Class M Common Stock.

With the retirement of our Class M Common Stock, the Board of Directors has determined that the Company's governance arrangements should continue to evolve and has proposed changes to the Company's governance structure that include:

declassification of the Board of Directors,

majority voting for the election of directors, and

elimination of a supermajority voting requirement for amendments of the Company's certificate of incorporation.

Accordingly, we are proposing to amend and restate the Company's current certificate of incorporation (the "Old Certificate of Incorporation") to (A) declassify the Board of Directors in phases and effect related changes in director vacancy and removal procedures; (B) eliminate a supermajority voting requirement for amending the Company's certificate of incorporation; (C) revise requirements applicable to the composition of the Board of Directors; and (D) revise requirements applicable to the ownership of the Company's stock and delete related obsolete provisions. A summary of the material changes to the Company's governance that will result if the Company were to adopt the amended and restated certificate of incorporation (the "New Certificate of Incorporation") is set forth below under "Summary of Proposed Amendments to the Certificate of Incorporation."

In connection with the proposed adoption of the New Certificate of Incorporation, the Board of Directors has also approved the amendment and restatement of the Company's current bylaws (the "Old Bylaws"), the effectiveness of which is contingent upon stockholder approval of the New Certificate of Incorporation and its becoming effective thereafter through filing with the Delaware Secretary of State. The Board of Directors has the power to amend the Company's bylaws without stockholder approval. As a result, separate approval by our stockholders is not required to adopt the bylaw amendments. A summary of the material changes to the Company's governance that will result if the proposed amended and restated bylaws (the "New Bylaws") were to be adopted is set forth below under "Amendment and Restatement of the Company's Bylaws," including (A) the adoption of majority voting for the election of directors, (B) the revision of director qualifications (moved from the Old Certificate of Incorporation), (C) the effecting of changes in order to conform the New Bylaws to

## **Table of Contents**

changes that would be effected in the New Certificate of Incorporation and (D) the effecting of technical changes relating to record and notice dates for stockholder meetings.

The following discussion does not purport to be complete and cover all aspects in which the Company's governance would differ from the governance provisions currently in effect. For complete information, you should read the full text of the New Certificate of Incorporation included as Annex A to this Proxy Statement, which has been marked to show changes from the text of the Old Certificate of Incorporation, and the full text of the New Bylaws included as Annex B to this Proxy Statement, which has been marked to show changes from the text of the Old Bylaws.

### **Summary of Proposed Amendments to the Certificate of Incorporation**

On June 7, 2010, the Board of Directors adopted resolutions approving, and recommending to our stockholders for approval, the amendment and restatement of the Old Certificate of Incorporation. Stockholders will vote separately on each of the following four proposals (Proposals 1A through 1D).

**Proposal 1(A).** Stockholders will be asked to approve the amendment and restatement of the Old Certificate of Incorporation to declassify the Board of Directors in phases and effect related changes in director vacancy and removal procedures. Although current directors would serve out their full terms, directors would be elected at each annual meeting of stockholders for one-year terms beginning with the 2011 annual meeting of stockholders. Various changes related to the elimination of a classified board would also be effected.

**Proposal 1 (B).** Stockholders will be asked to approve the amendment and restatement of the Old Certificate of Incorporation to eliminate a supermajority voting requirement for amending the Company's certificate of incorporation. The Board of Directors believes that the elimination of supermajority voting for future amendments to the certificate of incorporation would permit the Board of Directors, together with a simple majority vote of stockholders, to act more proactively if future amendments to the certificate of incorporation become advisable.

**Proposal 1 (C).** Stockholders will be asked to approve the amendment and restatement of the Old Certificate of Incorporation to revise requirements applicable to the composition of the Board of Directors. The proposed amendments would introduce the concept of an Industry Director to ensure that directors with industry experience are eligible to serve on the Board of Directors. An Industry Director would be defined as any director, other than a director who is an officer or employee of the Company or any of its subsidiaries, who is presently, or who has been, within the prior eighteen months, previously affiliated with (1) any person that on May 30, 2006 was or thereafter shall have become or shall become, a Class A member or affiliate member of MasterCard International or licensee of any of the Company's or MasterCard International's brands, or an affiliate of any of the foregoing, whether or not such person continues to retain such status (a Member) or (2) any person that is an operator, member or licensee of any general purpose payment card system that competes with the Company, or any affiliate of such a person (a Similar Person). The proposed amendments would also remove unique director qualification provisions presently set forth in the Old Certificate of Incorporation, with such provisions to be instead included in the New Bylaws, and in order to provide the Board of Directors with greater flexibility to adapt these requirements to changing circumstances in the future.

**Proposal 1(D).** Stockholders will be asked to approve the amendment and restatement of the Old Certificate of Incorporation to revise requirements applicable to the ownership of the Company's stock and delete related obsolete provisions. More specifically, the limitation prohibiting any person from beneficially owning more than 15% of the Class B Common Stock would be removed. The Class B Common Stock is non-voting and now represents less than 15% of the Company's total shares outstanding. Moreover, as the number of shares of Class B common stock outstanding continues to decline, this continues to increase the likelihood of a holder exceeding the 15% limit on ownership of this class, while the total ownership represented thereby becomes less and less significant. In addition, the proposed amendments would permit a Member or Similar Person to hold shares of

**Table of Contents**

Class A Common Stock if such Member or Similar Person is the designated market maker on the NYSE for the Class A Common Stock. The activities of an NYSE-listed company's designated market maker are highly regulated and, due to consolidation in that business, there are now very few remaining non-bank-owned market-making firms on the NYSE. In these circumstances, the Board of Directors believes that this exception to the otherwise applicable limitations on ownership by Members and Similar Persons of the Company's Class A Common Stock is both appropriate and, as a practical matter, necessary to ensure that the New Certificate of Incorporation does not in the future result in a circumstance where no appropriate institution is able to make a market in the Company's stock. The proposed amendments would also delete references to concepts in the Old Certificate of Incorporation that have been rendered obsolete.

Each of these proposed amendments are discussed in greater detail below.

Each of the proposals comprising Proposal 1 is an element of a comprehensive updating of the Company's governance arrangements. Accordingly, each of the proposals comprising Proposal 1 is cross-conditioned upon all of the other proposals comprising Proposal 1 being approved by the stockholders, and the entire Proposal 1 will fail if any such proposal does not pass.

If our stockholders approve all of the proposals comprising Proposal 1, we intend to file the New Certificate of Incorporation with the Delaware Secretary of State. The New Certificate of Incorporation will become effective on the date the filing is accepted by the Delaware Secretary of State. Please note, however, that the proposed amendments and restatements of the certificate of incorporation may be abandoned by the Board of Directors, without further action by our stockholders, at any time prior to the filing of the New Certificate of Incorporation with the Delaware Secretary of State if for any reason the Board of Directors deems it advisable.

---

**Table of Contents**

**PROPOSAL 1A. APPROVE THE AMENDMENT AND RESTATEMENT OF THE OLD CERTIFICATE OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS IN PHASES AND EFFECT RELATED CHANGES IN DIRECTOR VACANCY AND REMOVAL PROCEDURES**

Old Certificate of Incorporation Sections Affected: 6.1(B), 6.2 and 6.3.

The Old Certificate of Incorporation divides the directors into three classes, each of which consists, as nearly as possible, of one-third of the total number of directors constituting the entire Board of Directors. The classification of the Board of Directors results in staggered elections, with a different class of directors up for election every third year. If the number of directors is changed, any increase or decrease is apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a newly created directorship resulting from an increase in such class holds office for a term that coincides with the remaining term of that class.

If any applicable provision of the General Corporation Law of the State of Delaware (the "DGCL") expressly confers powers on stockholders to fill a vacant directorship at a special meeting of stockholders, the Old Certificate of Incorporation requires an affirmative vote at such meeting of at least 80% of the votes cast thereon by outstanding shares of the Company then entitled to vote at an election of directors, voting together as a single class, in order to fill the vacancy.

Additionally, the Old Certificate of Incorporation provides that directors may be removed only for cause, and only by the affirmative vote of at least 80% in voting power of all the then outstanding shares of stock of the Company entitled to vote at an election of directors, voting as a single class.

The New Certificate of Incorporation phases out the classification of the Board of Directors. Although current directors would serve out their full terms, commencing with the 2011 annual meeting of stockholders, directors elected to succeed those directors whose terms then expire would be elected for a term expiring at the next annual meeting of stockholders, which would result in the full declassification of the Board of Directors commencing with the 2013 annual meeting of stockholders. Furthermore, if the number of directors is increased at or following the 2013 annual meeting of stockholders, any additional director elected to fill a newly created directorship resulting from such increase would hold office for a term expiring at the next annual meeting of stockholders.

The New Certificate of Incorporation provides that any newly created directorship on the Board of Directors that results from an increase in the number of directors or any vacancy occurring in the Board of Directors will be filled only by a majority of the directors then in office who are not Industry Directors, although less than a quorum, or by a sole remaining director who is not an Industry Director, unless the Board of Directors will be comprised only of Industry Directors, in which case any newly created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors will be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

The New Certificate of Incorporation states that prior to the 2013 annual meeting of stockholders, directors may be removed with or without cause by the affirmative vote of at least 80% in voting power of all the then outstanding shares of stock of the Company entitled to vote at an election of directors, voting as a single class. Under Delaware law, if the board of a corporation is not classified the requisite majority of stockholders must have the right to remove a director with or without cause (not only with cause). Accordingly, commencing with the 2013 annual meeting of stockholders, directors may be removed with or without cause by the holders of a majority of shares then entitled to vote at an election of directors.

***Vote Required and Board Recommendation***

Proposal 1A requires the affirmative vote of the holders of at least 80% of the voting power of the outstanding shares of the Class A common stock in order to pass.

**Table of Contents**

Each of the proposals comprising Proposal 1 is an element of a comprehensive updating of the Company's governance arrangements. Accordingly, each of the proposals comprising Proposal 1 is cross-conditioned upon all of the other proposals comprising Proposal 1 being approved by the stockholders, and the entire Proposal 1 will fail if any such proposal does not pass. If our Class A Stockholders approve all of the proposals comprising Proposal 1 (1A through 1D), we intend promptly to file the New Certificate of Incorporation with the Delaware Secretary of State.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CLASS A STOCKHOLDERS VOTE FOR PROPOSAL 1A TO APPROVE THE AMENDMENT AND RESTATEMENT OF THE COMPANY'S NEW CERTIFICATE OF INCORPORATION.**

**Table of Contents**

**PROPOSAL 1B. APPROVE THE AMENDMENT AND RESTATEMENT OF THE OLD CERTIFICATE OF INCORPORATION TO ELIMINATE A SUPERMAJORITY VOTING REQUIREMENT FOR AMENDING THE COMPANY S CERTIFICATE OF INCORPORATION**

Old Certificate of Incorporation Section Affected: 10.1.

The Old Certificate of Incorporation provides that the affirmative vote of the holders of at least 80% in voting power of all the outstanding shares of the Company then entitled to vote at an election of directors is required to alter, amend or repeal Article V, Article VI, Article VII or Article X of the Old Certificate of Incorporation or to adopt any provision inconsistent therewith.

The New Certificate of Incorporation eliminates this 80% supermajority voting requirement. Accordingly, under Delaware law, amendments of the Company s certificate of incorporation would require the vote of a majority of the outstanding stock entitled to vote thereon.

The Board of Directors believes that the elimination of supermajority voting for future amendments to the certificate of incorporation would permit the Board of Directors, together with a simple majority vote of stockholders, to act more proactively if future amendments to the certificate of incorporation become advisable.

***Vote Required and Board Recommendation***

Proposal 1B requires the affirmative vote of the holders of at least 80% of the voting power of the outstanding shares of the Class A common stock in order to pass.

Each of the proposals comprising Proposal 1 is an element of a comprehensive updating of the Company s governance arrangements. Accordingly, each of the proposals comprising Proposal 1 is cross-conditioned upon all of the other proposals comprising Proposal 1 being approved by the stockholders, and the entire Proposal 1 will fail if any such proposal does not pass. If our Class A Stockholders approve all of the proposals comprising Proposal 1 (1A through 1D), we intend promptly to file the New Certificate of Incorporation with the Delaware Secretary of State.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT CLASS A STOCKHOLDERS VOTE FOR PROPOSAL 1B TO APPROVE THE AMENDMENT AND RESTATEMENT OF THE COMPANY S NEW CERTIFICATE OF INCORPORATI**