

MASTERCARD INC
Form 10-Q
August 01, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2007

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
*(State or other jurisdiction of
incorporation or organization)*

2000 Purchase Street

13-4172551
*(IRS Employer
Identification Number)*

10577

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Purchase, NY

(Address of principal executive offices)

(Zip Code)

(914) 249-2000

(Registrant's telephone number, including area code)

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 No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of July 26, 2007, there were 79,837,897 shares outstanding of the registrant's Class A common stock, par value \$.0001 per share, 55,337,407 shares outstanding of the registrant's Class B common stock, par value \$.0001 per share, and 1,636 shares outstanding of the registrant's Class M common stock, par value \$.0001 per share.

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MASTERCARD INCORPORATED
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2007	December 31, 2006
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 1,520,323	\$ 1,185,080
Investment securities, at fair value:		
Trading	5,342	12,261
Available-for-sale	1,304,920	1,286,580
Accounts receivable	480,939	451,261
Settlement due from members	276,409	311,953
Restricted security deposits held for members	122,153	109,897
Prepaid expenses	169,200	130,849
Other current assets	109,248	89,348
Total Current Assets	3,988,534	3,577,229
Property, plant and equipment, at cost (less accumulated depreciation of \$236,246 and \$220,720)	269,985	252,731
Deferred income taxes	278,337	216,782
Goodwill	222,543	217,013
Other intangible assets (less accumulated amortization of \$330,269 and \$309,110)	286,289	271,373
Municipal bonds held-to-maturity	192,989	193,477
Prepaid expenses	261,849	235,654
Other assets	106,023	118,211
Total Assets	\$ 5,606,549	\$ 5,082,470
LIABILITIES AND STOCKHOLDERS EQUITY		
Accounts payable	\$ 236,662	\$ 278,656
Settlement due to members	256,602	286,059
Restricted security deposits held for members	122,153	109,897
Obligations under U.S. merchant lawsuit and other litigation settlements – current (Note 9)	120,675	117,275
Accrued expenses	889,279	936,427
Short-term debt	80,000	
Other current liabilities	122,245	83,276
Total Current Liabilities	1,827,616	1,811,590
Deferred income taxes	67,029	66,198
Obligations under U.S. merchant lawsuit and other litigation settlements (Note 9)	377,799	359,640
Long-term debt	149,647	229,668
Other liabilities	325,842	246,395
Total Liabilities	2,747,933	2,713,491
Commitments and Contingencies (Notes 12 and 14)		
Minority interest	4,620	4,620
Stockholders Equity		
Class A common stock, \$.0001 par value; authorized 3,000,000,000 shares, 79,837,897 and 79,631,983 shares issued and outstanding, respectively	8	8
Class B common stock, \$.0001 par value; authorized 1,200,000,000 shares, 55,337,407 shares issued and outstanding, respectively	6	6
Class M common stock, \$.0001 par value, authorized 1,000,000 shares, 1,635 and 1,600 shares issued and outstanding, respectively		

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Additional paid-in capital	3,268,457	3,289,879
Accumulated deficit	(540,830)	(1,029,196)
Accumulated other comprehensive income, net of tax:		
Cumulative foreign currency translation adjustments	144,514	119,655
Defined benefit pension and other postretirement plans	(9,679)	(11,402)
Investment securities available-for-sale	(5,966)	(3,065)
Derivatives accounted for as hedges	(2,514)	(1,526)
Total accumulated other comprehensive income, net of tax	126,355	103,662
Total Stockholders Equity	2,853,996	2,364,359
Total Liabilities and Stockholders Equity	\$ 5,606,549	\$ 5,082,470

The accompanying notes are an