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EDMOND P. JENSEN
[illegible]

November 22, 1995

Mr. H. Eugene Lockhart
President & Chief Executive Officer
MasterCard International
2000 Purchase Street
Purchase, NY 10577-2509

P-0537

Dear Gene:

Thank you for your letter of November 13, 1995.

I want to reiterate our desire to promulgate with you a single industry standard for electronic commerce as soon as possible. Any delay in establishing this standard could put our members and our respective systems at risk and it could delay expanded card usage for Internet transactions. Delays also could build cardholder anxiety causing a future predisposition of consumer resistance to card use on the Internet.

Our members want a single standard. We are committed to that goal.

While we each have published our own specification, I can assure you that Visa is ready, able and willing to merge its specification into your specification, in order to adopt a common standard. The goal of this process should be to adopt a single standard by taking the best of each and combining them. Both standards have their strengths and weaknesses.

If we are unable to reach agreement, we should consider engaging a neutral third-party expert to mediate the process. If that doesn't work, we may need to convene an ad hoc joint Board Committee to resolve the differences.

With respect to the principles enumerated in Ed Hogan's draft letter and your letter to me of November 13, 1995, I see no differences of opinion, except I question the suggestion of a vendor group or standards body assisting in the management of the standard. Certainly we should consult with vendor groups and eventually turn the standard over to the appropriate standard body, preferably an international group. In my view, our respective organizations and Boards should maintain control over the functionality and security of our products.

You indicate that it is essential that efforts to implement STT and SEPP be put on hold. This is not feasible as software vendors, including Netscape, are developing and will be distributing secure software, meeting either STT or SEPP specification.

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I believe we have the basis to agree on a single standard without delay. We can name the standard something other than STT or SEPP and together we can own it and lead it. We can announce that common standard before year end if we take the best of each. Both standards have strengths and weaknesses.
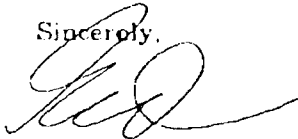
As for vendor advantage, we should not try to put ourselves in the role as regulator of competitive pace. Rather, we should be assertive in giving the industry what they want, a single definitive standard, sooner rather than later. Collectively we have that power, it's now a matter of will, independent of manipulation by vendors. I think we both may have unwittingly allowed vendor rivalry to influence the process excessively.

Francois Dutray has advised me that Visa and MasterCard had a good meeting on November 16 to be followed up with a meeting on November 28. I have attached a summary of that meeting I have instructed him to produce a document which merges STT and SEPP by adopting the best of each specification and sending it to MasterCard before the next meeting. If you could do the same, we may find that we are closer than we think

I would ask that MasterCard dampen the fervor of its vendor partners who seek advantage through SEPP and I would hope that the rhetoric will cease long enough to reach a common standard. We will do our part. We need both parties to operate in good faith, in the best interest of our membership

I hope the letter meets with your approval. Please give me a call so we can discuss the matter.

Sincerely,

Edmund P. Jensen
President & CEO