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Minutes of the Meeting of the
Board of Directors of
MasterCard International Incorporated
London, England
June 29, 1996

A meeting of the Board of Directors of MasterCard International Incorporated (hereinafter referred to as the "Corporation" or "MasterCard") was held, commencing at 11:00 A.M., local time, on Saturday, June 29, 1996, at The Berkeley Hotel in London, England. The following directors were present: Messrs. Boylan, Field, Garcia, Greenawalt, Grether, Hoch, Ledru, Lockhart, Loy, Lucas, McGuinn, Martinez, Nigg, Nissen, Oh, Ribourdouille, Richolt, Rogers, Saunders, Tice, Tsujino, Wall, Walsh, Webb, Wright, Zhou and Ziegler, thereby constituting a quorum. The following staff members participated in the meeting or a portion thereof: Messrs. Bagley, Cassin, Child, Heuer, Hogan, and Jacobs, Ms. Johnsson, Messrs. McMillan, Mundt, Norton, and Orrell, Ms. Rigione, Ms. Rush, Mr. Selander, Ms. Stavchansky, and Messrs. Thom, Timko and Verdi. Mr. Joly of Europay International and Mr. Fujimoto of UC Card Co. were present during the meeting. Mr. Saunders, Chairman of the Corporation, chaired the meeting, and Mr. Norton, Secretary of the Corporation, kept the Minutes thereof.

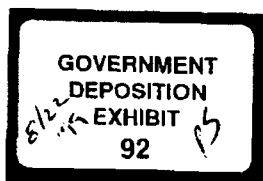
Introductory Remarks and Items for Decision

Mr. Saunders called the meeting to order and welcomed Messrs. Nigg and Webb to their first Board meeting. He stated that the first order of business was consideration of Agenda Items 1 through 5. There being no discussion, upon motion duly made and seconded, the following resolution was approved.

RESOLUTION OF THE BOARD OF DIRECTORS:

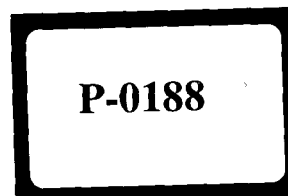
RESOLVED, that, the actions proposed in Agenda Items 1, 2, 3, 4 and 5 be, and hereby are, approved and adopted in accordance with the resolutions set forth in each such Agenda Item.

A director abstained with respect only to the interchange rate for international Purchasing Card transactions set forth in Agenda Item 4.



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MasterCard/Europay Alliance Agreement

Mr. Selander updated the Board on recent negotiations between MasterCard and Europay regarding a new alliance agreement between them and requested that the Board authorize the Corporation to enter into the agreement. See Agenda Item 6. Mr. Lockhart reported that MasterCard management strongly supported the new agreement and that, at its meeting the previous day, the Executive Committee had recommended approval by the Board.

Mr. Selander reviewed the history of the MasterCard/Europay alliance and the rationale for negotiating a new agreement. He reviewed the primary objectives addressed in the October 1995 Heads of Agreement and summarized significant issues that have been difficult to resolve since that time. He reported that senior management of MasterCard and Europay were proposing use of a revised, optional acceptance brand in Europe consisting of the MasterCard mark on a blue background also bearing the word "Eurocard." Mr. Selander reported the associations had been unable to resolve Maestro governance issues, and that senior management of MasterCard and Europay were recommending approval of a new alliance agreement addressing credit issues, and that debit and Cirrus be addressed in a separate agreement. He reported that, at its meeting the previous day, the Executive Committee had recommended approval of the new agreement by the Global Board provided MasterCard retain a right to exit from the agreement should the associations be unable to reach agreement with respect to Maestro within six months.

Mr. Selander then reviewed each section of the proposed new alliance agreement in detail. He then outlined additional steps leading to implementation of the new agreement. He reported that, provided the Global Board approved the agreement, the Europay Board would be asked to take similar action at its July 1, 1996 meeting. He reported that the associations would then begin to develop the country-specific plans, and that the agreement would be formally executed by Fall, 1996.

The directors discussed the proposed new agreement. A director urged MasterCard and Europay to publicly disclose the existence of the new agreement as quickly as feasible. Mr. Lockhart agreed and stated that he and Mr. Joly had tentatively agreed to a public announcement in early July. After further discussion, upon motion duly made and seconded, the Board unanimously approved and adopted the following resolutions.

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RESOLUTIONS OF THE BOARD OF DIRECTORS:

RESOLVED, that, the appropriate officers of the Corporation be, and hereby each of them is, authorized, in the name and on behalf of the Corporation, to enter into a new alliance agreement with Europay International as described in Agenda Item 6; and

RESOLVED FURTHER, that, staff be, and hereby are, authorized and directed to take such action and implement such procedures deemed necessary or appropriate to effectuate the foregoing.

Competitive Programs

Mr. Saunders stated that the next item of business was a discussion regarding MasterCard member participation in "competing general purpose card programs," as such term was defined in Agenda Item 7. Mr. Lockhart reported that the Board was being asked to consider whether to approve a policy on the matter and to also consider whether to authorize each MasterCard regional board to take whatever action, if any, it deems appropriate with respect to the matter. Mr. Lockhart asked regional management for updates. Messrs. Child, Heuer, and Selander reported that the MasterCard regional boards for the Latin America and Caribbean, U.S., Canada and Middle East/Africa regions would accept a delegation of authority by the Global Board to act as they deem appropriate. Messrs. Cassin and Richolt reported that the matter had not been considered by the Asia Pacific Board or the Europay International Board, respectively.

Mr. Norton reported on his recent conversation with representatives of the U.S. Justice Department. The directors discussed the advantages and disadvantages of adopting a global policy, as well as the merits of delegating authority with respect to the matter to the regions. Following such discussion, upon motion duly made and seconded, the following resolution was approved and adopted by a vote of 24 in favor and Messrs. Boylan, Greenawalt and Nissen opposed.

RESOLUTION OF THE BOARD OF DIRECTORS:

RESOLVED, that, each MasterCard regional board be, and hereby is, authorized to take whatever action, if any, it deems appropriate with respect to members participating in competing general purpose card programs in its region.

A director who voted against the resolution stated that his vote signified his opposition to the policy conditionally approved by the U.S. Board the previous day.

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After a luncheon adjournment, followed by additional discussion, upon motion duly made and seconded, the Board defeated a motion to reconsider the resolution just approved by a vote of 3 in favor and 23 opposed. Mr. Martinez was not present in the meeting room while the vote on the motion to reconsider was conducted.

Report on Executive Committee Meeting of June 28, 1996

Mr. Saunders reported that the Executive Committee had met the previous day, and that some matters considered by the Executive Committee were also on the Board Agenda. He reported that the Executive Committee had nominated Norm Tice for election as a director and had recommended that the Board approve a new MasterCard/Europay agreement. He reported that the Executive Committee had approved a Treasury Activity Policy and had authorized the Corporation to enter into a \$100 million unsecured revolving credit facility to ensure the integrity of the settlement process. He reported that management had notified the Executive Committee that the Corporation's intra-day overdraft credit facility would be increased to \$300 million. Mr. Saunders reported the Executive Committee had approved the election of Cirrus directors and had discussed MasterCard member participation in competing general purpose card programs. He reported the Executive Committee had discussed possible MasterCard participation in a Mondex venture and, after the formal conclusion of the meeting, had engaged in a strategic discussion.

President's Report

Mr. Lockhart directed the Board's attention to the written material appearing in Agenda Item 9, and stated that he would briefly comment on the Corporation's recent performance and answer any questions directors may have. Mr. Lockhart reported that, as reflected in the written report, MasterCard delivered sound market and financial performance during the first quarter 1996. He reported that consolidated revenue exceeded expenses by over \$30 million for the first quarter, reflecting lower than planned Card Products Division expenses and strong revenue growth by the subsidiaries. He reported significant new programs in the U.S. region for both credit and debit. He reported that MasterCard share was generally holding firm on a global level, and he expects a slight upturn in second quarter volume growth. Mr. Lockhart reported that MasterCard is delivering strongly against its 1996 objectives and that he expects that strong performance to continue for the remainder of the year.

Latin America & Caribbean Region Status Report

Mr. Child provided an update of the Latin America & Caribbean region's first quarter progress against 1996 objectives and identified key issues for the region during the

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remainder of the year. See Agenda Item 10. Mr. Child reported on performance against each of the five regional objectives. By way of highlight, he reported that 1996 first quarter consolidated gross cardholder volume increased 20.8% from first quarter 1995, that the number of cards increased 19%, and that 2,800 ATMs had been added to the network during the first quarter year. He reported on a number of recent initiatives to improve the region's technology capabilities and services, and reported a first quarter net profit of \$2.6 million favorable to budget.

Mr. Child reported on MasterCard performance in key countries. He reported that processing business development and fraud deterrence will be of critical importance during 1996. He reported that regional management will give particular attention to Brazil, where competition is heated and opportunity is enormous. He reported that MasterCard is staffing an office in that country and expanding the processing network, and is about to launch a ten week multimedia advertising program.

Mr. Saunders then stated that Agenda Item 11, a report on how MasterCard has leveraged its sponsorship of Euro '96, would not be addressed due to time constraints.

Mondex International Acquisition Update

Mr. Hogan reported on management's evaluation of Mondex and analysis of the advantages and disadvantages of participating in a Mondex scheme. See Agenda Item 12. Mr. Lockhart reported that he and Messrs. McElhatton, Hogan and Jacobs had recently met with National Westminster Bank, the owner of Mondex.

Before discussing Mondex, Mr. Hogan reported on the current MasterCard chip card status, including the development of EMV standards for cards and terminals. He also reported on industry trends, including the proliferation of stored value products, the scarcity of technical skills, and the willingness of banks to participate in multiple schemes. He reported on the Corporation's stored value product pilot test experience and noted that a significant additional investment would be required to fully develop a product with multiple application capability. Mr. Hogan reported that there is a general consensus that chip proliferation is inevitable and that MasterCard should evaluate a "buy versus build" strategy now. He stated that Mondex participation is a possible solution to a "buy" strategy and he summarized elements critical to executing a successful "buy" strategy.

Mr. Hogan then described the major components of Mondex: security, stored value product, multiple application operating system ("MAOS"), and non-financial value meter applications ("Spondex"). He described the development status of the components, reported that MAOS development is of critical interest to MasterCard,

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and reported that sample MAOS devices are planned for commercial roll-out in December 1997. He reported on management's preliminary analysis of Mondex from a "buy versus build" standpoint. He reported that the cost analysis for the "buy versus build" scenario was not yet finalized, that the Mondex ICCard operating systems are state-of-the-art, and that Mondex provides leadership in technology advances. Mr. Hogan identified eight outstanding issues that must be resolved if MasterCard is to participate in a Mondex scheme. He reported that MasterCard would continue to negotiate with National Westminster Bank, the owner of Mondex, to resolve outstanding issues and would complete the buy versus build analysis.

The Board discussed Mr. Hogan's presentation, including regulatory and licensing concerns, the status of other chip card initiatives, as well as alternative chip card strategies available to MasterCard. Mr. Lockhart stated that management would better articulate the business case and add financial detail to the buy versus build analysis.

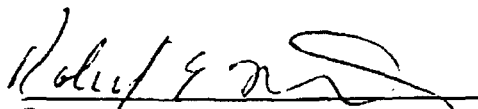
Update on "Brand Building" Subcommittee

Mr. Rogers reported that the Board "Brand Building" subcommittee had held its initial meeting earlier in the day. See Agenda Item 13. After identifying its members, Mr. Rogers reported that the subcommittee had discussed its charter and had agreed on tentative additional meeting dates. He stated that considerable discussion was devoted to brand mark enhancement and that agreement was reached on a refreshed point of interaction decal on which the enlarged word "MasterCard" appears on a blue background. He reported that subcommittee members believe the new decal would improve MasterCard's visibility and brand image strength at the point of interaction.

Mr. Rogers reported that the subcommittee had also conducted a high level branding strategy situation assessment and had discussed branding options without reaching any conclusion. He said the subcommittee would continue the discussion at its next meeting and additionally address brand building opportunities.

Adjournment

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.


Robert E. Norton, Jr.
Corporate Secretary