



April 27, 2018

Dear Fellow Stockholder,

In 2017 our business continued to perform well, driven by the solid execution of our strategy. We remain focused on growing our core business, diversifying our customer base and building new businesses and new services. We are also using our business model in an intelligent way to advance financial inclusion and develop a healthy middle class across the globe. This is a long-term drive that enhances lives and creates more small businesses and consumers.

Our long-term vision is contingent on continuing to deliver the best experience for every end-user, across every device and every channel—and to enable our customers to do the same. That means enhancing core products and driving acceptance while also delivering industry-leading security for every transaction and digitizing new payment flows. That means building out our services platforms in ways that simplify access for our customers and move their businesses forward. And that also means expanding what's possible in payments, often in the form of offering up our platforms as a basis for co-creating the innovations and products that are meaningful to our clients' customers.

Overall, our continued success as a company is possible because we are focused on the capabilities that will sustain our business—and help society—in the long-term.

Enhancing Core Products and Driving Acceptance

Our core products remain our strong foundation. How? Because we are working to make them digital by default. That means delivering the best experience everywhere by creating seamless combinations of our core products and our digital assets.

Our tokenization solutions have helped create a world in which a tap, a dip, or a swipe all mean the same thing: a smooth, secure payment. As well, Masterpass QR continues to drive acceptance in emerging regions. As a purely software-driven solution, it doesn't need any equipment beyond a mobile device. This technology lowers acquisition costs for acquirers and enables the expansion of merchant acceptance. Masterpass QR is now live in 11 markets and poised to roll out in an additional 13 markets, including countries in Asia Pacific, Latin America, the Middle East and Africa. And we've been working specifically with South Africa, Nigeria and Egypt to use QR codes as a means of driving financial inclusion.

As always, and across all our products, services, systems and networks, safety and security are an integral part of our design. In 2017, we enhanced our capabilities even further with the acquisitions of Brighterion, Inc.—a software company specializing in artificial intelligence—and NuData Security—a company that helps prevent online and mobile fraud using session and behavioral biometric indicators. The integration of these capabilities, combined with products we can provide to our customers such as our Early Detection System, our Decision Intelligence Tool and our expanded Safety Net offering, help us enhance the security of transactions across a wide range of devices and channels.

Building Services on Core Platforms

Services help us differentiate and diversify. Our range of services extends to meet our customer's needs in a way that very clearly links back to our core business: safety and security products, information services and consulting, loyalty and reward programs and issuer and acquirer processing. Meanwhile, we are using our data-driven insights to help national and local governments drive increased financial inclusion and efficiency, reduce costs, increase transparency to reduce crime and corruption and advance social programs.

We also want to make it easy for our customers and partners to leverage the many digital assets that we have and easily integrate them into their solutions by providing access to our APIs. Through our developer portal at Mastercard.com, our partners have front-door access to our services, as well as the tools they need to efficiently and effectively take new solutions to market.

These efforts make us a valued partner in building businesses and solutions, in growing them, and in maintaining them in best-in-class fashion. Because, when our customers' businesses grow, we grow.

Expanding What's Possible in Payments

Our goal is to move money from any funding source—cash, card, bank account, mobile money account—to any destination globally, securely, and in real time. This focus allows us to further expand into payment flows such as business to business (B2B), business to consumer (B2C), person to person (P2P) and government to consumer (G2C), etc., both domestically and across borders—and the channels that can best support these flows safely and seamlessly. With the finalization of the Vocalink acquisition in 2017, we have expanded our capability to support bank account payments via real-time ACH. And, as the only global network with card as

well as real-time account to account payment solutions, we are well positioned to offer differentiated solutions to our customers.

Meanwhile, our push payment solution, which delivers money to endpoints from Indonesia to Canada and beyond, continues to grow. Uber and Lyft are using Mastercard Send to pay their drivers. Allstate Insurance is using it to pay out claims. And our new Assemble offering combines the power of Mastercard Send payments with money management capabilities such as budgeting and savings goals. This year, we also launched the innovative Mastercard B2B Hub platform to enable small and mid-sized businesses to optimize their invoice and payment processes with automation tools that improve the speed, ease and security of their commercial payments.

Investing in Positive Social Impact

Our commitment to bring at least 500 million un- and underbanked into the financial mainstream by 2020 is our pathway to prosperity for everyone. By creating business solutions to support financial inclusion, we are setting companies, micro-enterprises and small merchants up to enter the market in a domestically relevant way. At the same time, we are developing platforms with the potential to be scalable solutions.

To date, we have already connected more than 330 million people to the financial mainstream. We have 1300 programs with governments in 60 countries. In 2017, we matched our digital payments network with Unilever's distribution network to empower small and micro-business owners in Kenya. We also began a partnership with Care.com to provide caregivers with the tools to maintain financial resiliency.

This is the key to our long-term sustainability: growing the customer base and continuing to create new products and services that can scale into platforms for solutions around the world. When we do it right, we can make a difference in people's lives and promote prosperity.

Looking Ahead

We are leading the way as a multi-rail company using technology to enable commerce anywhere, anytime, through any device. But, we could not deliver such continued success and sustained growth without a deep understanding of who we are serving. That understanding comes from our best-in-class people who are passionate about their role in society—as drivers of business and drivers of social good. It's their talent and decency that help us see the untapped opportunities

ahead, whether they lie in the channels we consider part of our network, in the value-added services that stem from our core products, or in our commitment to advance financial inclusion. This is how we deliver a great commerce experience—for everyone.

We continue to believe that it's our commitment to execute day-to-day, while investing the effort, energy, and money to make sure we can recognize and act on evolving opportunities that makes our company interesting, unique, attractive and strongly positioned to deliver top and bottom line growth over the long run.

Thank you for your continued support.



Richard Haythornthwaite
Chairman of the Board



Ajay Banga
President and Chief Executive Officer

