MASTERCARD INC
Form S-4/A
February 14, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 14, 2002

REGISTRATION NO. 333-67544

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 5

TO

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MASTERCARD INCORPORATED
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	7389	I.R
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	IDENTI

2000 PURCHASE STREET
PURCHASE, NEW YORK 10577
(914) 249-2000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

ROBERT W. SELANDER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
MASTERCARD INTERNATIONAL INCORPORATED
2000 PURCHASE STREET
PURCHASE, NEW YORK 10577
(914) 249-2000
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

NOAH J. HANFT, ESQ.	VINCENT PAGANO, ES
GENERAL COUNSEL AND SECRETARY	SIMPSON THACHER & BAR
MASTERCARD INTERNATIONAL INCORPORATED	425 LEXINGTON AVEN
2000 PURCHASE STREET	NEW YORK, NEW YORK 1
PURCHASE, NEW YORK 10577	(212) 455-2000
(914) 249-2000	

APPROXIMATE DATE OF COMMENCEMENT OF THE PROPOSED SALE TO THE PUBLIC: As soon as practicable after this registration statement becomes effective and after all other conditions to the conversion and integration described herein have been satisfied or waived.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [X]

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE(1)

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PRO FORMA BOOK VALUE PER SHARE AS OF JUNE 30, 2001	PRO MAXIMUM OFFERI
Class A Redeemable Common Stock, par value $.01 per share(3)	84,000,000	$7.82	$656,
Class B Convertible Common Stock, par value $.01 per share(3)	16,000,000	$7.82	$125,
Rights to receive additional shares of Class A Redeemable Common Stock(4)	(4)	(4)	(

(1) Pursuant to Rule 457(a), no additional filing fee is required since a filing fee has previously been paid based on a bona fide estimate of the maximum offering price.

(2) Since no market for the common stock of MasterCard Incorporated exists, the registration fee is calculated based on book value pursuant to Rule 457(f) under the Securities Act of 1933.

(3) The common stock of MasterCard Incorporated being registered is to be offered in connection with the transactions described in this registration statement in which common stock of MasterCard Incorporated will be issued in exchange for (i) the equity rights associated with membership interests in MasterCard International Incorporated and (ii) the capital stock of Europay International S.A.

(4) Represents rights to receive additional shares of class A redeemable common stock of MasterCard Incorporated under certain circumstances. No additional filing fee is required for the registration of the rights.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

[MASTERCARD LOGO]

PROXY STATEMENT-PROSPECTUS
MASTERCARD INTERNATIONAL INCORPORATED
MASTERCARD INCORPORATED

, 2002

Dear MasterCard International Principal, Association or Travelers Cheque Member:

You are invited to attend the special meeting of the principal, association and travelers cheque members of MasterCard International Incorporated to be held on , 2002, at 9:00 a.m., local time, at MasterCard International Incorporated's offices located at 2000 Purchase Street, Purchase, New York 10577. You are being asked to vote on a proposed plan to convert MasterCard International Incorporated to a private stock corporation. This plan was approved by your board of directors at a meeting held on February 8, 2001. At that same meeting, your board of directors also approved the integration of Europay International S.A. and MasterCard through the acquisition by MasterCard Incorporated, a Delaware holding company, of all the outstanding shares of Europay International S.A. in exchange for MasterCard Incorporated common stock. The conversion and the integration are important steps in enhancing our position as an integrated, global organization that is able to respond effectively to challenges and opportunities in today's fast-paced payments industry.

In the conversion, each MasterCard International Incorporated principal member, which for purposes of this proxy statement-prospectus includes principal, association and travelers cheque members, will receive shares of class A redeemable and class B convertible common stock of MasterCard Incorporated, together with a right to receive additional shares of class A redeemable common stock under certain circumstances, and a class A membership interest in MasterCard International Incorporated, a Delaware non-stock corporation and subsidiary of MasterCard Incorporated. The class A membership interest will represent your continued rights as a licensee to use MasterCard's brands, programs and services.

Immediately after the closing of the conversion and integration, 84,000,000 shares of class A redeemable common stock and 16,000,000 shares of class B convertible common stock of MasterCard Incorporated will be held by the stockholders of MasterCard Incorporated. Each share of class A redeemable and class B convertible common stock will be entitled to one vote. Following a three-year transition period, most of the class B convertible common stock will be converted to class A redeemable common stock and the remaining shares of class B convertible common stock will lose their voting rights. Except in limited circumstances, shares of common stock cannot be transferred during the transition period. After the transition period, shares of common stock may be

transferred only among the holders of class A membership interests in MasterCard International, and no stockholder together with its affiliates may own more than 15% of the outstanding shares. Additionally, following the transition period, each stockholder will be required to maintain its ownership of MasterCard Incorporated common stock within a range determined by a new global proxy formula that includes revenues and transaction volume generated by the stockholder principally in connection with its MasterCard(R), Maestro(R) and Cirrus(R) branded activity. Following the conversion and integration, European member-stockholders will hold 33 1/3% of MasterCard Incorporated common stock with the remaining 66 2/3% being held by non-European member-stockholders. These percentages will be reallocated at the end of the three-year transition period and could result in the European member-stockholders receiving between 26% and 44% of MasterCard Incorporated's common stock.

WE ENCOURAGE YOU TO READ THE ACCOMPANYING PROXY STATEMENT-PROSPECTUS CAREFULLY. IN PARTICULAR, PLEASE READ THE SECTION OF THE PROXY STATEMENT-PROSPECTUS ENTITLED "RISK FACTORS" ON PAGE 18 FOR A DISCUSSION OF RISKS THAT YOU SHOULD CONSIDER IN EVALUATING THE TRANSACTIONS DESCRIBED IN THE PROXY STATEMENT-PROSPECTUS.

The conversion plan requires the approval of at least a majority of the votes cast at the special meeting of MasterCard International principal members at which a quorum is present. It is important that as many of our principal members as possible be present or represented by proxy at the special meeting to consider and approve the plan of conversion. I look forward to seeing all of you who attend in person.

Sincerely,

ROBERT W. SELANDER
President and Chief Executive Officer

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE CONVERSION AND INTEGRATION, OR DETERMINED IF THE ACCOMPANYING PROXY STATEMENT-PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement-prospectus is dated , 2002, and was first mailed to the principal members of MasterCard International Incorporated on or about , 2002.

[MASTERCARD LOGO]

MASTERCARD INTERNATIONAL INCORPORATED
2000 PURCHASE STREET
PURCHASE, NEW YORK 10577

NOTICE OF SPECIAL MEETING OF PRINCIPAL, ASSOCIATION AND TRAVELERS CHEQUE MEMBERS

TO BE HELD ON , 2002

To the Principal, Association and Travelers Cheque Members of
MasterCard International Incorporated:

The special meeting of principal members of MasterCard International Incorporated will be held at 9:00 a.m., local time, on , 2002 at MasterCard International Incorporated's offices located at 2000 Purchase Street, Purchase, New York 10577 to consider and vote on a plan to convert MasterCard International Incorporated to a private stock corporation. In particular, the board of directors is asking you to consider and approve the merger of

MasterCard International Incorporated with MasterCard Merger Sub, Inc., a wholly-owned subsidiary of MasterCard Incorporated formed solely for the purpose of completing the merger. MasterCard International Incorporated will survive this merger and become a subsidiary of MasterCard Incorporated. In the conversion, each MasterCard International Incorporated principal member will receive shares of class A redeemable and class B convertible common stock of MasterCard Incorporated, a Delaware holding company, together with a right to receive additional shares of class A redeemable common stock under certain circumstances, and a class A membership interest in MasterCard International Incorporated, a Delaware non-stock corporation and subsidiary of MasterCard Incorporated. The class A membership interest will represent your continued rights as a licensee to use MasterCard's brands, programs and services. For purposes of this notice and the accompanying proxy statement-prospectus, the principal members of MasterCard International Incorporated are comprised of MasterCard International Incorporated's principal, association and travelers cheque members.

We will not transact any other business at the special meeting.

The close of business on , 2002 has been fixed as the record date for determining those members entitled to vote at the special meeting and any adjournments or postponements of the meeting. A list of eligible members of record as of the close of business on the record date will be available at the special meeting for examination by any member or the member's attorney or agent. Please note that by delivering a proxy to vote at the special meeting, you are also granting a proxy voting in favor of any adjournments of the special meeting.

Whether or not you plan to attend the special 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 card. If you attend the meeting, you may vote in person, which will revoke any signed proxy you have already submitted. You may also revoke your proxy at any time before the meeting by notifying us in writing.

MasterCard International Incorporated must receive your proxy card by 5:00 p.m., New York time, on , 2002.

By Order of the Board of Directors,

NOAH J. HANFT
Secretary

, 2002
Purchase, New York

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 INTERESTS BY CALLING THE TOLL-FREE TELEPHONE NUMBER OR BY USING THE INTERNET AS DESCRIBED IN THE INSTRUCTIONS INCLUDED WITH YOUR PROXY CARD.

THE BOARD OF DIRECTORS OF MASTERCARD INTERNATIONAL INCORPORATED RECOMMENDS THAT MEMBERS VOTE FOR APPROVAL OF THE CONVERSION PLAN.

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Annex A -- Agreement and Plan of Merger

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Annex F -- Amended and Restated Certificate of Incorporation of MasterCard International Incorporated

Annex G -- Amended and Restated Bylaws of MasterCard International Incorporated

Annex H -- Opinion of Financial Advisor to MasterCard International

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The registered trademarks of MasterCard International Incorporated, which we refer to as MasterCard International, include MasterCard(R) and Cirrus(R). Maestro(R) is a registered trademark of Maestro International Incorporated and Mondex(R) is a registered trademark of Mondex International Limited. The registered trademarks of Europay International and its subsidiaries are Eurocard(R), ec eurocheque(R), ec Pictogram(R), Clip(R) and etc euro travellers cheque(R). Upon completion of the conversion and integration, all of these trademarks will be the property of MasterCard Incorporated or its subsidiaries. Other trademarks used in this proxy statement-prospectus are the property of their respective owners. References in this proxy statement-prospectus to MasterCard generally mean the MasterCard trademark or the business conducted by MasterCard International prior to the conversion and integration and by MasterCard Incorporated following the conversion and integration.

As of February 12, 2002, the exchange rate between U.S. dollars and euros was 1.1396 euros per U.S. dollar. As of September 30, 2001 and December 31, 2000, the period end exchange rate between U.S. dollars and euros was 1.10 and 1.07 euros per U.S. dollar, respectively, while the average exchange rate for the nine month period ended September 30, 2001 and the year ended December 31, 2000 was 1.12 and 1.11 euros per U.S. dollar, respectively. The exchange rates referred to above are based on the noon buying rate in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York. We make no representation that the dollar or euro amounts referred to in this proxy statement-prospectus could have been or could in the future be converted into euros or dollars, as the case may be, at any particular rate or at all.

You should rely only on the information contained in this proxy statement-prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. Information on the Web sites of MasterCard International and Europay International is not part of this document. This proxy statement-prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information in this proxy statement-prospectus may be accurate only as of the date of this proxy statement-prospectus.

QUESTIONS AND ANSWERS ABOUT THE CONVERSION

Q. WHAT IS THE CONVERSION?

A. The conversion refers to the process by which MasterCard International will merge with a subsidiary of MasterCard Incorporated, a newly formed stock holding company. After the conversion, MasterCard International will continue as a non-stock corporation and will be a subsidiary of MasterCard Incorporated. As a result of the conversion, MasterCard Incorporated will hold the only class B membership interest in MasterCard International, entitling MasterCard Incorporated to substantially all voting power, and all economic rights, in MasterCard International. In addition, the current principal members of MasterCard International will hold the class A membership interests in MasterCard International and the common stock of MasterCard Incorporated. A diagram showing the structure of MasterCard Incorporated and MasterCard International after the conversion and integration (described below) can be found on page 11.

Q. WHAT WILL HAPPEN TO MY MASTERCARD INTERNATIONAL MEMBERSHIP IN THE CONVERSION?

A. In the conversion, each principal member of MasterCard International will receive shares of class A redeemable and class B convertible common stock of MasterCard Incorporated, representing that member's equity interest in MasterCard Incorporated, and a class A membership interest in MasterCard International, representing that member's continued rights to use MasterCard's brands, programs and services under the member's current MasterCard license. See "Comparison of Rights of MasterCard International Members Before and After the Conversion and Integration."

Q. WHAT ARE THE REASONS FOR THE CONVERSION?

A. We believe that the conversion will enhance the value of our business and our future opportunities by aligning more closely the interests of MasterCard and our member-stockholders and providing a more flexible structure to respond to opportunities in the marketplace. In particular, we believe the conversion will help enhance our member-stockholders' commitment to MasterCard because their relative shareholdings in MasterCard Incorporated may increase as they increase their MasterCard business. For more information, see "The Conversion -- Considerations Relating to the Conversion," and "Risk Factors -- Risks Relating to the Conversion."

Q. WHY IS MASTERCARD INTERNATIONAL BEING REORGANIZED AS A TWO-TIERED HOLDING COMPANY?

A. The proposed structure will give MasterCard many of the advantages of a stock corporation at the holding company level, while enabling it to maintain the flexibility of a membership association in governing the operations of its global payments programs at the subsidiary level. As is typical of a holding company structure, the holding company, MasterCard Incorporated, will control the voting power of its operating subsidiary, MasterCard International, with regard to nearly all items that currently require a vote of MasterCard International's members.

Q. WILL I CONTINUE TO HAVE VOTING RIGHTS?

A. Yes. As a stockholder of MasterCard Incorporated, you will be able to vote on all matters submitted to the stockholders for a vote, including the election of the board of directors, and extraordinary transactions, such as a merger, consolidation or sale of all or substantially all of the assets or dissolution of MasterCard Incorporated. Each share of class A redeemable and class B convertible common stock will be entitled to one vote. Each stockholder, together with its affiliates, will be subject to a 7% voting cap in the election of directors regardless of the number of shares owned. For more information, see "Description of Capital Stock of MasterCard Incorporated."

The board of directors of MasterCard International will be identical to the board of directors of MasterCard Incorporated. In addition, you will continue to be able to vote on proposed changes to Article I (Membership) of the bylaws of MasterCard International, which will require the approval of the holders of at least two-thirds of the voting power held by the class A members, but you will no longer be entitled to vote directly with respect to any other amendments of the charter or bylaws of MasterCard International. See "Comparison of Rights of MasterCard International Members Before and After the Conversion and Integration."

Q. ARE THERE ANY RESTRICTIONS ON MY ABILITY TO SELL MY SHARES OF CLASS A REDEEMABLE OR CLASS B CONVERTIBLE COMMON STOCK OR MY CLASS A MEMBERSHIP INTEREST?

A. Yes. Shares of MasterCard Incorporated class A redeemable or class B convertible common stock cannot be transferred for three years after the conversion except in certain limited circumstances. After three years, each stockholder must maintain an ownership percentage of outstanding common stock not less than 75% nor more than 125% of that stockholder's most recent global proxy calculation. The global proxy calculation is determined by a formula specified in the share exchange and integration agreement. If you do not satisfy these ownership requirements based on the annual calculation of the global proxy, you may be required to purchase or sell shares of MasterCard Incorporated.

In addition, class A redeemable and class B convertible common stock will be permitted to be traded only among institutions holding class A membership interests in MasterCard International. No stockholder, together with its affiliates, may own more than 15% of the outstanding voting stock of MasterCard Incorporated.

Class A membership interests, like your existing membership interests, are not transferable. For more information, see "Description of Capital Stock of MasterCard Incorporated -- Transfer Restrictions."

Q. WILL THE CONVERSION AFFECT THE RULES FOR QUALIFICATION AS A MEMBER OF MASTERCARD INTERNATIONAL?

A. No. The rules for the qualification of members of MasterCard International following the conversion will be the same as the current rules for the qualification of members of MasterCard International.

Q. WHAT ARE THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE CONVERSION?

A. Based on the opinion of our special tax counsel, we believe that we, our principal members and the shareholders of Europay and MasterCard/Europay U.K. Limited, which we refer to in this proxy statement-prospectus as MEPUK, will not recognize any gain or loss for U.S. federal income tax purposes in the conversion or integration, except that, as to a portion of any MasterCard Incorporated stock received at the end of the three year transition period or thereafter pursuant to the integration agreement, a principal member or shareholder otherwise subject to U.S. federal income taxation will recognize imputed interest income. Notwithstanding the foregoing, a portion of the MasterCard Incorporated shares received by a principal member or shareholder may be treated for U.S. federal income tax purposes as not having been received in exchange for property, in which case the member or shareholder could be required to recognize ordinary income.

We have requested that the Internal Revenue Service issue a ruling on key aspects of the conversion and integration, and we expect to receive a response during the first quarter of 2002. Receipt of an IRS ruling is not a condition to the closing of the conversion or the integration. Principal members and Europay and MEPUK shareholders should consult their own tax advisors regarding the U.S. federal, as well as any state, local or non-U.S., tax consequences to them of the conversion and integration. For more information, see "Federal Income Tax Consequences of the Conversion and the Integration."

Q. WHAT ARE THE ACCOUNTING IMPLICATIONS OF THE CONVERSION?

A. Members should consult their financial advisors regarding the potential accounting implications of the conversion to them.

Q. WHEN WILL THE CONVERSION BE COMPLETED?

A. The conversion will be completed as soon as practicable after the conditions to the conversion are satisfied, including approval of the plan of conversion by the members, the expiration or termination of any waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to together as the HSR Act, and approval of antitrust authorities in certain European countries. We anticipate that these conditions will be satisfied and that the conversion will be completed in the first half of 2002. Members should consult their advisors to determine whether they are required to make any filings under the HSR Act.

Q. WHAT WILL HAPPEN IF THE MEMBERS DO NOT APPROVE THE PLAN OF CONVERSION?

A. If the members do not approve the plan of conversion, or if the conversion is not completed for any reason, the board of directors of MasterCard International presently intends to continue to operate MasterCard International in its current form. Completion of the conversion is a condition to the integration. If the conversion does not occur for any reason, MasterCard International will not be able to proceed with the integration.

Q. WILL THE CONVERSION OCCUR EVEN IF THE INTEGRATION WITH EUROPAY IS NOT

COMPLETED?

A. No, not in its present form. We will not proceed with the conversion in its present form if the integration will not also be completed. The board of directors of MasterCard International may, however, determine in the future that a conversion in some form is in the best interests of MasterCard International and its members. If so, MasterCard International would, at that time, seek member approval for that transaction.

Q. WHAT ARE MY RIGHTS IF I VOTE AGAINST THE PLAN OF CONVERSION, BUT THE PLAN OF CONVERSION PASSES ANYWAY?

A. You are not entitled to rights of appraisal or similar rights for any matter to be acted on at the meeting.

Q. WHAT VOTE IS REQUIRED FOR THE PLAN OF CONVERSION PROPOSAL TO PASS?

A. The proposal requires the affirmative vote of a majority of the votes cast at the MasterCard International special meeting at which a quorum is present, either in person or by proxy.

Q. WHAT DO I NEED TO DO NOW?

A. After carefully reading and considering the information contained in this proxy statement-prospectus, please indicate on your proxy card how you want to vote and mail your signed and dated form in the enclosed return 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.

Q. CAN I VOTE BY TELEPHONE OR ELECTRONICALLY?

A. Yes. You may vote by telephone, or electronically through the Internet, by following the instructions included with your proxy card.

Q. WHAT DO I DO IF I WANT TO CHANGE MY VOTE?

A. Just send in a later-dated, signed proxy card to the Secretary of MasterCard International or authorize the individuals named on your proxy card to vote your interests by telephone or by Internet before the special meeting or attend the meeting in person and vote.

Q. WHO CAN HELP ANSWER MY QUESTIONS?

A. If you have questions about this proxy statement-prospectus, including questions relating to the number of shares of MasterCard Incorporated common stock you will receive in the conversion and integration, you should contact:

MasterCard International Incorporated
2000 Purchase Street
Purchase, New York 10577
Attention: Noah J. Hanft
Secretary
Telephone: (914) 249-2000
Facsimile: (914) 249-4262

or Georgeson Shareholder Communications Inc.
17 State Street
10th Floor
New York, New York 10004
Telephone: (212) 440-9800
Facsimile: (212) 440-9009

QUESTIONS AND ANSWERS ABOUT THE INTEGRATION

Q. WHAT IS THE INTEGRATION?

A. The integration refers to the acquisition of Europay by MasterCard Incorporated and the combination of the businesses of Europay and MasterCard International. In connection with the integration, Europay's shareholders, other than MasterCard International and MEPUK, will exchange their shares of Europay capital stock for shares of class A redeemable common stock and class B convertible common stock of MasterCard Incorporated. In a related transaction, shareholders of MEPUK will exchange their shares of MEPUK capital stock for shares of class A redeemable common stock and class B convertible common stock of MasterCard Incorporated. Upon completion of the conversion and integration, the European principal members of MasterCard International, including the former MEPUK shareholders, will own 33 1/3% of the outstanding capital stock of MasterCard Incorporated and the non-European principal members will own 66 2/3%. The shares of class A redeemable and class B convertible common stock of MasterCard Incorporated will be initially allocated within each of the European and non-European shareholder groups in accordance with the new global proxy formula described in this proxy statement-prospectus. Shares will be reallocated at the end of a three-year transition period following the closing of the conversion and integration, which could result in the European member-stockholders receiving between 26% and 44% of MasterCard Incorporated's common stock. For a summary of the integration, see "The Integration" and "Share Allocation and the Global Proxy." For a description of the related share exchange proposed for shareholders of MEPUK, see "The Integration -- MEPUK."

Q. WHAT ARE THE REASONS FOR THE INTEGRATION?

A. The integration will allow MasterCard and Europay to form an integrated, global company with a single management team and governance structure. Accordingly, we expect that MasterCard Incorporated will be able to respond more effectively to the challenges and opportunities in today's fast-paced global payments industry than either MasterCard International or Europay could separately. We expect that the integration will combine MasterCard International's strengths in global brand building, transaction processing and marketing consulting services with Europay's strengths in debit, mobile commerce and chip-based card programs. As a result, we anticipate that we will be able to manage our collective brands and combined companies more effectively, take advantage of many potential operating synergies between the two companies and reduce costs and thereby improve profitability. For more information, see "The Integration -- Considerations Relating to the Integration," and "Risk Factors -- Risks Related to the Integration."

Q. ARE MASTERCARD INTERNATIONAL PRINCIPAL MEMBERS BEING ASKED TO APPROVE THE INTEGRATION OF MASTERCARD AND EUROPAY?

A. Approval by the members of MasterCard International is not required for the acquisition of Europay by MasterCard Incorporated in the integration. However, approval of the members is required for the plan of conversion, which is a condition for the integration.

Q. HOW MANY SHARES OF MASTERCARD INCORPORATED WILL I RECEIVE?

A. Features of both the conversion and integration will determine the number of shares of MasterCard Incorporated you receive. The accompanying proxy card sets forth the number of class A redeemable and class B convertible shares of

MasterCard Incorporated that you will receive upon the closing of the conversion and integration. For more information, see "Share Allocation and the Global Proxy."

Q. WHAT ARE THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE INTEGRATION?

A. Based on the opinion of our special tax counsel, we believe that we, our principal members and the Europay and MEPUK shareholders will not recognize any gain or loss for U.S. federal income tax purposes in the conversion or integration, except that, as to a portion of any MasterCard Incorporated stock received at the end of the three year transition period or thereafter pursuant to the integration agreement, a principal member or shareholder otherwise subject to U.S. federal income taxation will recognize imputed interest income. Notwithstanding the foregoing, a portion of the MasterCard Incorporated shares received by a

principal member or shareholder may be treated for U.S. federal income tax purposes as not having been received in exchange for property, in which case the member or shareholder could be required to recognize ordinary income.

We have requested that the Internal Revenue Service issue a ruling on key aspects of the conversion and integration, and we expect to receive a response during the first quarter of 2002. Receipt of an IRS ruling is not a condition to the closing of the conversion or the integration. Principal members and Europay and MEPUK shareholders should consult their own tax advisors regarding the U.S. federal, as well as any state, local or non-U.S., tax consequences to them of the conversion and integration. For more information, see "Federal Income Tax Consequences of the Conversion and the Integration."

Q. WHAT ARE THE ACCOUNTING IMPLICATIONS OF THE INTEGRATION?

A. Members should consult their financial advisors regarding the potential accounting implications of the integration to them.

Q. WHAT ARE THE CONDITIONS TO THE INTEGRATION?

A. The integration will not occur if the conversion is not also completed. In addition, the integration is subject to customary closing conditions, among others. For more information, see "The Integration -- Conditions to Closing of the Integration."

Q. WHEN WILL THE INTEGRATION BE COMPLETED?

A. If the conditions to the integration have been satisfied or waived, we expect to close the integration immediately after the completion of the conversion.

Q. WHAT APPROVALS MUST EUROPAY OBTAIN BEFORE PROCEEDING WITH THE INTEGRATION?

A. Europay's board of directors has already approved the integration. However, before proceeding with the integration, Europay shareholders, other than MasterCard International and MEPUK, must agree to exchange their shares in Europay in accordance with the share exchange and integration agreement. MEPUK shareholders must agree to exchange their shares in MEPUK in accordance with a related share exchange agreement, which we refer to as the MEPUK agreement.

SUMMARY

This summary highlights information contained elsewhere in this proxy statement-prospectus. This summary does not contain all of the information you should consider with regard to the transactions described in this proxy statement-prospectus. You should read this summary together with the entire proxy statement-prospectus, including MasterCard International's and Europay's financial statements and the notes to those statements, carefully. See "Where You Can Find More Information." We have included page references parenthetically to direct you to more complete descriptions of the topics presented in this summary.

MASTERCARD INTERNATIONAL (PAGE 83)

MasterCard International is a leading global payment solutions company owned by over 1,500 financial institutions worldwide that participate directly in the business of MasterCard International as its principal members. We manage a family of well-known, widely accepted payment card brands including MasterCard, Maestro and Cirrus on behalf of these members and approximately 13,500 affiliate members that participate indirectly in our business. We license our brands to members, provide a sophisticated set of information and transaction processing services to members and establish and enforce rules and standards surrounding the use of cards carrying our brands. We also undertake a variety of marketing activities designed to maintain and enhance the value of our brands. As an industry leader in technological innovation, we are developing highly secure, efficient payment programs for electronic and mobile commerce applications and helping members launch chip-based card programs in countries throughout the world.

On a global scale, we process transactions denominated in more than 180 currencies. In 2000, our gross dollar volume ("GDV"), which represents gross spending (purchases and cash disbursements) on MasterCard-branded cards for goods and services, including balance transfers and convenience checks, increased 22% to $858 billion from $726 billion in 1999. In 2001, our GDV was $986 billion, an 18% increase over the GDV generated in 2000. At December 31, 2001, the total number of MasterCard cards in circulation worldwide as reported by our members was 520 million, a 19% increase from 2000, reflecting strong performance in a number of countries. In addition, our members estimate that cards carrying MasterCard brands were accepted at over 22 million locations around the world as of December 31, 2001.

Our revenue is comprised of operations fees and member assessments. Operations fees represent user fees for authorization, clearing, settlement and other member services that facilitate transaction and information management among our members on a global basis. Member assessments are based principally upon the GDV of transactions generated by MasterCard-branded cards. In addition to transaction processing and brand building, we also provide a growing set of marketing and technology consulting, card enhancement and loyalty rewards support, and information-based performance analysis services to our members. We do not issue cards, set fees or determine the interest rates that cardholders are charged for use of their cards. In addition, we do not solicit merchants to accept MasterCard cards or establish the discount rate that merchants are charged for card acceptance. These matters are the responsibility of our members.

EUROPAY INTERNATIONAL (PAGE 111)

Europay International is a leading payment solutions company in Europe. Headquartered in Waterloo, Belgium, Europay is owned and controlled by European financial institutions and serves approximately 1,200 principal members, who participate directly in its card business, and approximately 2,700 affiliate members, who participate in Europay's card business indirectly through a principal member. Europay offers its member financial institutions a full range of payment programs and services, including ec eurocheque, Maestro, Cirrus, Eurocard-MasterCard and ec Pictogram, which they in turn can provide to their customers -- cardholders and retailers. Europay's primary role is to license the above brands to its members, provide a sophisticated set of information processing and transaction delivery services to members and establish and enforce rules and standards surrounding the use of payment cards carrying the brands.

Europay has a long-standing strategic alliance with MasterCard, originating with Eurocard International's alliance with Interbank Card Association, MasterCard International's predecessor, in 1968 and enhanced by more recent agreements. Europay has been granted exclusive licensing rights in Europe for

certain MasterCard brands and is responsible for the marketing of these brands and transaction processing throughout Europe. In addition, Europay and MasterCard are equal partners in Maestro International, a joint venture which oversees the global development of the Maestro debit service.

CONVERSION OF MASTERCARD INTERNATIONAL (PAGE 36)

In connection with the conversion, MasterCard International will merge with MasterCard Merger Sub, Inc., a wholly-owned subsidiary of MasterCard Incorporated formed solely for the purpose of completing the merger. Each issued and outstanding principal membership interest in MasterCard International will be automatically converted by virtue of the merger into a class A membership interest of MasterCard International and a specified number of shares of class A redeemable common stock and class B convertible common stock of MasterCard Incorporated. After a three-year transition period, the principal members of MasterCard International will be able to trade the common stock of MasterCard Incorporated among themselves, subject to certain restrictions. The class A membership in MasterCard International will continue each member's right to use MasterCard International's brands, programs and services under the member's current MasterCard license.

MasterCard Incorporated will be issued the sole outstanding class B membership interest in MasterCard International. The class B membership interest will entitle MasterCard Incorporated to substantially all of the voting power, and all economic rights, in MasterCard International. MasterCard Incorporated's stockholders will participate indirectly in the voting power and economic rights associated with the class B membership interest through their ownership of the common stock of MasterCard Incorporated.

For a description of the material terms of the conversion, see "The Conversion."

CONSIDERATIONS RELATING TO THE CONVERSION (PAGE 37)

We believe that conversion will enhance the value of the MasterCard enterprise by:

- permitting member-stockholders to realize the value of their investment in MasterCard as an asset and, subject to certain restrictions, trade MasterCard Incorporated shares among themselves.

- aligning more closely the interests of MasterCard and our member-stockholders and helping to enhance our member-stockholders' commitment to MasterCard;

- providing a more flexible structure to respond to opportunities in the marketplace;

- resulting in greater financial transparency for our member-stockholders; and

- making it easier, if desired, for MasterCard Incorporated to raise financing in the public securities markets.

We also considered the following disadvantages relating to the conversion:

- a market for MasterCard Incorporated common stock may not develop sufficiently to provide member-stockholders with enough liquidity in trading their shares;

- stockholders may be required to purchase or sell shares of MasterCard Incorporated in order to satisfy certain requirements, which may be disadvantageous to them;

- the conversion may facilitate future strategic transactions that could reduce the influence of current MasterCard International members;

- MasterCard Incorporated and certain member-stockholders will be subject to additional regulatory burdens, including Securities and Exchange Commission regulations, as a result of the conversion; and

- the conversion could subject some members to tax liabilities.

For more information, see "The Conversion -- Considerations Relating to the Conversion," and "Risk Factors -- Risks Related to the Conversion."

THE INTEGRATION (PAGE 40)

MasterCard Incorporated and MasterCard International intend to enter into an integration agreement with Europay that provides for MasterCard Incorporated to acquire Europay's capital stock in exchange for shares of class A redeemable and class B convertible common stock of MasterCard Incorporated. MasterCard Incorporated will acquire Europay capital stock directly from Europay's shareholders and indirectly by acquiring the capital stock of MEPUK from MEPUK's shareholders. Following this acquisition, Europay will become a consolidated subsidiary of MasterCard Incorporated. As a result, Europe, like MasterCard's other regions, will be managed by a regional board of directors that operates under delegated authority from MasterCard's global board of directors. At the closing of the conversion and integration, all Europay and MEPUK shareholders will also be principal members of MasterCard International. For a description of the material terms of the acquisition of Europay, see "The Integration."

CONSIDERATIONS RELATING TO THE INTEGRATION (PAGE 45)

The integration will allow MasterCard and Europay to form an integrated, global company with a single management team and governance structure. Accordingly, we expect that MasterCard Incorporated will be able to respond more effectively to the challenges and opportunities in today's fast-paced global payments industry than either MasterCard International or Europay could

separately. MasterCard and Europay are expected to benefit from the integration through the establishment of:

- one global management team and governance structure;
- improved delivery of customized relationship management and professional services to customers in all key regions, including Europe; and
- synergies to reduce costs and improve service, thereby improving profitability.

The integration will allow MasterCard to:

- establish a more consistent global marketing message, particularly in Europe, that is intended to increase MasterCard's presence in Europe and thereby make the European region more attractive to all MasterCard members; and
- take advantage of Europay's expertise in debit and chip cards and mobile commerce.

For Europay, the integration represents the opportunity to merge with a well-capitalized industry leader and, as a result, to leverage its own strengths based on the broader resources of the MasterCard brand and organization. Integration with MasterCard provides the opportunity for European members to:

- participate in the MasterCard system on a much more significant scale than they currently do;
- utilize MasterCard's expertise in brand building and customer-centered service; and
- utilize MasterCard's marketing consulting, internet and corporate product management expertise.

MasterCard and Europay also considered the following disadvantages relating to the integration:

- expected synergies may never materialize because of our possible failure to reduce costs, merge effectively our management structures, improve our programs and services or combine our systems efficiently;
- the integration will significantly dilute the equity percentage of non-European members of MasterCard International in MasterCard Incorporated as compared to the non-European members' current equity percentage (including voting power and economic rights) in MasterCard International; and
- the integration will adversely impact some members through the introduction of the new global proxy formula.

We retained Credit Suisse First Boston, which we refer to as CSFB, to provide us with a fairness opinion relating to the integration. In rendering its opinion, CSFB relied on projections of MasterCard's and Europay's management and did not independently verify those projections.

For more information, see "The Integration -- Considerations Relating to the Integration," and "Risk Factors -- Risks Related to the Integration."

SHARE ALLOCATION AND THE GLOBAL PROXY (PAGE 59)

As a result of the conversion and integration, the principal members of MasterCard International, including all Europay and MEPUK shareholders, will receive shares of class A redeemable common stock and class B convertible common stock of MasterCard Incorporated, together with a right to receive additional shares of class A redeemable common stock under certain circumstances, and class A membership interests in MasterCard International. The number of shares of class A redeemable and class B convertible common stock that you will receive upon the closing of the conversion and integration is set forth on the accompanying proxy card. For principal members that are also shareholders of Europay or MEPUK, the number of shares reported on the proxy card includes all shares issued in connection with the acquisition of their Europay or MEPUK stock in the integration. The number of shares that each principal member will receive is the result of two factors:

- Whether you are a European or non-European member. In consideration for the acquisition of Europay in the integration, European member-stockholders will hold shares of class A redeemable and class B convertible common stock at the closing that, together with the shares they receive in the conversion, represent 33 1/3% of all shares of class A redeemable and class B convertible common stock together then outstanding. Non-European member stockholders will hold the remaining shares of class A redeemable and class B convertible common stock, representing 66 2/3% of all shares together then outstanding. The allocation of 33 1/3% of outstanding shares to European member-stockholders was determined as a result of extensive negotiations between MasterCard International and Europay, as described more fully under the heading "The Integration -- Background of the Integration." Although this initial allocation is within the range of allocations considered by the CSFB fairness opinion, it exceeds the allocation supported by MasterCard's valuation analysis. See "Risk Factors -- Risks Related to the Integration."

- Your proportionate share of the new global proxy formula. The global proxy represents an approximation of each member's proportionate share of MasterCard's total business and revenues and has traditionally been employed to determine the equity rights each principal member receives at annual meetings of members of MasterCard International, among other things. In connection with the conversion and integration, the global proxy will be adjusted from the historic formula that takes into account only revenue from MasterCard transactions to a new formula that includes transaction volume and revenue earned principally in connection with MasterCard, Cirrus and Maestro cards.

Accordingly, the new global proxy formula based on the 12 month period ended December 31, 2000, applied on a regional basis to the European pool of shares (representing 33 1/3% of total shares outstanding) and the non-European pool of shares (representing 66 2/3% of total shares outstanding), will determine the number of shares that members receive initially in the conversion and integration. The application of the new global proxy formula on a European and non-European basis to determine the allocation of shares to members is the result of an integrated series of transaction steps in the conversion and integration, as described more fully under the heading "Share Allocation and the Global Proxy."

Three years after the closing, and as an integral component of the conversion and integration, MasterCard Incorporated shares will be reallocated, with European members owning between 26% and 44% of the total common stock then outstanding, based in part on the aggregate global proxy calculation of European

members at that time, and non-European members owning the remaining shares. Shares of common stock will be allocated to each member within each stockholder group on the basis of each member's new global proxy

calculation in effect at that time. Under the terms of the integration agreement and as provided for in the bylaws of MasterCard Incorporated, holders of class A redeemable and class B convertible common stock have a right to receive additional shares of class A redeemable common stock if such holders are entitled to receive additional shares in the reallocation. Each right is transferable only with the applicable shares of class A redeemable and class B convertible common stock, expires or terminates upon completion of the final reallocation described below and is not redeemable except together with the redemption of a share of class A redeemable or class B convertible common stock. In addition, at the end of the three year transition period, most of the class B convertible shares will be converted into class A redeemable shares. The class B convertible shares not converted into class A redeemable shares will by their terms become non-voting, and after an additional two-year period will convert to class A redeemable shares and be subject to reallocation. Shareholders receiving additional shares in this subsequent reallocation will do so pursuant to the right described above.

As a result of these provisions, the equity percentage of non-European members of MasterCard International in MasterCard Incorporated will be significantly diluted when compared to their current equity percentage in MasterCard International.

For more information, see "Share Allocation and the Global Proxy."

STRUCTURE OF MASTERCARD BEFORE AND AFTER THE CONVERSION AND INTEGRATION

MasterCard International is currently a Delaware membership corporation owned by over 1,500 principal members that participate directly in the MasterCard business. Each principal member owns a membership interest that gives it rights to vote for the election of directors and to receive distributions upon the liquidation of MasterCard International, as well as rights to use MasterCard's brands, programs and services under license. Each principal member is entitled to a number of votes determined in accordance with the historic global proxy calculation. For a description of the historic global proxy calculation, see "Share Allocation and the Global Proxy -- Introduction." For a description of the allocation of voting rights to principal members under the existing bylaws of MasterCard International, see "The Special Meeting -- Record Date; Votes Required for Approval." MasterCard International also has approximately 13,500 affiliate members that participate indirectly in our business through their affiliation with one or more principal members. Affiliate members do not have voting rights and will not receive shares in connection with the conversion and integration.

The diagrams below show the approximate ownership structure of MasterCard and Europay before and after the conversion and integration. MasterCard International currently owns 12 1/4% of Europay and 15% of EPSS, Europay's transaction processing subsidiary, of which Europay owns the remainder. Based on the relative values of Europay and EPSS, this is equivalent to an approximate 15% ownership interest in Europay on a consolidated basis, as shown in the first diagram below.

BEFORE CONVERSION AND INTEGRATION

[Diagram showing (1) Non-European Members owning 66 2/3% of MasterCard Incorporated and class A membership interests in MasterCard International, (2) European Members owning 33 1/3% of MasterCard Incorporated and class A

membership interests in MasterCard International and (3) MasterCard Incorporated owning 100% of Europay International and the class B membership interest in MasterCard International.]

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IMMEDIATELY AFTER CLOSING OF CONVERSION AND INTEGRATION

[Diagram showing (1) Non-European Members owning 93% of MasterCard International, (2) European Members owning 7% of MasterCard International and 87 3/4% of Europay International and (3) MasterCard International owning 12 1/4% of Europay International.]

THREE YEARS AFTER CLOSING OF CONVERSION AND INTEGRATION

[Diagram showing (1) Non-European Members owning 56%-74% of MasterCard Incorporated and class A membership interests in MasterCard International, (2) European Members owning 26%-44% of MasterCard Incorporated and class A membership interests in MasterCard International and (3) MasterCard Incorporated owning 100% of Europay International and the class B membership interest in MasterCard International.]

* Assumes each Europay shareholder agrees to exchange its shares of Europay, and each shareholder of MEPUK agrees to exchange its shares of MEPUK, for common stock of MasterCard Incorporated as described in this proxy statement-prospectus. MasterCard Incorporated will own Europay shares directly and indirectly through MasterCard International and MEPUK.

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TRANSFER RESTRICTIONS (PAGE 144)

No stockholder of MasterCard Incorporated, together with its affiliates, may own more than 15% of MasterCard Incorporated's outstanding voting stock. For three years after completion of the conversion and integration, no transfer of class A redeemable or class B convertible common stock will be permitted except in the limited circumstances described under the heading "Description of Capital Stock of MasterCard Incorporated -- Transfer Restrictions." After three years, transfers are permitted among stockholders who also own a class A membership interest in MasterCard International, subject to the requirement that each stockholder maintain an ownership percentage of outstanding class A redeemable and class B convertible (if any) common stock not less than 75% nor more than 125% of that stockholder's most recent global proxy calculation. Stockholders may be required to purchase or sell shares of MasterCard Incorporated in order to satisfy these requirements. Any sale of MasterCard Incorporated shares would ordinarily constitute a taxable transaction. Stockholders who need to sell shares in order to satisfy the 125% requirement are obligated under the bylaws of MasterCard Incorporated to accept the highest price offered to them for the shares that are required to be sold. Class C shares, which will be authorized but unissued at the closing of the conversion and integration, may or may not be subject to transfer restrictions. In addition, affiliates of MasterCard International may not sell their shares of MasterCard Incorporated common stock acquired in the conversion and integration except pursuant to an effective registration statement under the Securities Act or an applicable exemption from the requirements of the Securities Act, including Rules 144 and 145 issued by the SEC under the Securities Act. See "Description of Capital Stock of MasterCard Incorporated -- Transfer Restrictions."

BOARDS OF DIRECTORS FOLLOWING THE CONVERSION AND INTEGRATION (PAGE 36)

The directors and executive officers of MasterCard Incorporated after the conversion and integration will be the same as the directors and executive officers of MasterCard International before the conversion and integration except for the addition of two voting directors who will be affiliated with European members and the addition of Dr. Peter Hoch, currently Chief Executive Officer of Europay, who will be President of MasterCard's Europe region (an officer of MasterCard Incorporated) and a non-voting director. The board of directors of MasterCard Incorporated will initially consist of 18 voting members -- six from the U.S., six from Europe, three from Asia/ Pacific, one from Canada, one from Latin America and the Caribbean and the President and Chief Executive Officer of MasterCard Incorporated. The directors will be elected by the stockholders subject to a voting cap and a limit on the number of representatives that may come from any single region.

The certificate of incorporation of MasterCard International requires that MasterCard Incorporated, as the sole class B member, elect its directors to serve as the directors of MasterCard International.

In addition to the board of directors, there will be a regional board for each of MasterCard's six operating regions. For a discussion of the regional boards and their governance rights, see "The Conversion -- Effects of the Conversion."

BOARD OF DIRECTORS' AND PRINCIPAL MEMBERS' APPROVAL OF THE CONVERSION AND THE INTEGRATION (PAGE 38)

On February 8, 2001, the board of directors of MasterCard International approved resolutions recommending the conversion and integration to MasterCard International's principal members. Approval at a special meeting of principal members at which a quorum is present of at least a majority of the votes cast is required to complete the plan of conversion. On February 12, 2001, the board of directors of Europay also approved resolutions recommending the integration to Europay's shareholders. However, approval by the principal members of MasterCard International is not required to complete the integration. If the plan of conversion is approved and the conditions to the integration are satisfied or waived, we will proceed with the conversion and integration.

THE BOARD OF DIRECTORS OF MASTERCARD INTERNATIONAL RECOMMENDS THAT MEMBERS VOTE FOR APPROVAL OF THE PLAN OF CONVERSION.

Principal members of MasterCard International who are represented on MasterCard International's board of directors are entitled to exercise votes representing approximately 32% of the votes entitled to be cast on the proposal regarding the plan of conversion.

ABSENCE OF APPRAISAL OR DISSENTERS' RIGHTS

Members who object to the conversion will have no appraisal or dissenters' rights under applicable law.

OVERVIEW OF THE MERGER AGREEMENT EFFECTING THE CONVERSION (PAGE 38)

The conversion will be effected pursuant to the Agreement and Plan of Merger to be entered into among MasterCard Incorporated, MasterCard International and MasterCard Merger Sub, Inc., which we refer to as the merger

agreement. Under the merger agreement, each issued and outstanding principal membership interest in MasterCard International will be automatically converted by virtue of the merger into a class A membership interest of MasterCard International and a specified number of shares of class A redeemable common stock and class B convertible common stock of MasterCard Incorporated. The number of shares of class A redeemable and class B convertible common stock of MasterCard Incorporated that a principal member receives in the merger will be proportional to the percentage of the total voting power of MasterCard International that such member held in accordance with the historic global proxy formula in effect for the period ended September 30, 2000.

Shares of class A redeemable and class B convertible common stock are fully paid, non-assessable voting equity interests in MasterCard Incorporated and vote together as a single class on all matters. Class A membership interests in MasterCard International represent the members' continued rights to use MasterCard's brands, programs and services under the members' current MasterCard license. In addition, under the merger agreement, MasterCard Incorporated will receive one class B membership interest in MasterCard International and become the sole principal member of MasterCard International for most matters subject to a vote of members.

The merger will not close, and your membership interest will not be exchanged as described above, unless a majority of the votes cast at the special meeting at which a quorum is present approve the plan of conversion. For more information, see "The Conversion -- The Merger Agreement Effecting the Conversion."

OVERVIEW OF THE INTEGRATION AGREEMENT (PAGE 47)

The acquisition of Europay, which we refer to as the integration, will be accomplished pursuant to the Share Exchange and Integration Agreement to be entered into by MasterCard Incorporated, MasterCard International and Europay International. We refer to this agreement as the integration agreement. The integration agreement provides for the following:

- the exchange of shares of Europay and MEPUK for specified numbers of shares of class A redeemable common stock and class B convertible common stock of MasterCard Incorporated. The common stock of MasterCard Incorporated will be issued to the shareholders of Europay and MEPUK, which will be principal members of MasterCard International in Europe at the time of closing. Accordingly, the shares issued in the integration will increase the aggregate shareholding of European members of MasterCard International to 33 1/3% of the outstanding shares;

- as an integral component of the conversion and integration, the reallocation of the shares of class A redeemable and class B convertible common stock of MasterCard Incorporated issued in the conversion and integration within each of the European and non-European member-stockholder groups in accordance with the new global proxy formula based on the 12 month period ended December 31, 2000;

- three years following the closing of the integration, the conversion of the class B convertible common stock, other than a limited number of shares relating to ec Pictogram (if any), into class A redeemable common stock, and the reallocation of the class A redeemable common stock among the stockholders; and

- restrictions on the conduct of business of each of MasterCard International and Europay prior to the closing of the integration.

For more information on the allocation of shares, see "Share Allocation and the Global Proxy." See also "The Integration -- The Integration Agreement."

As a result of the reallocation of shares three years following the closing of the integration, European members will own between 26% and 44% of the total common stock then outstanding, based in part on the aggregate new global proxy calculation of European members at that time, and the remaining shares will be owned by the non-European members. Certain shares of class B convertible common stock relating to ec Pictogram will be subject to reallocation after an additional two year period. As a result of these reallocations, member-stockholders may ultimately receive more or fewer shares than initially allocated to them, depending on the relative performance of the Europe region and their individual global proxy calculations at the time. If a member's revenue contribution, GDV and/or gross acquiring volume ("GAV") during the period prior to reallocation grows more slowly than the membership as a whole, if any of these amounts decline for a member relative to other members, or if a member with ec Pictogram volumes fails to convert these to Maestro as required, the member may be entitled to fewer shares upon reallocation than at the closing.

In the Europay share exchange, stockholders of Europay and MEPUK, other than MasterCard International, will exchange their shares of Europay and MEPUK for 23.76 million shares of MasterCard Incorporated. The value of each MasterCard Incorporated share, immediately before the exchange, is estimated to be $15.21 based on an independent appraisal, resulting in a total purchase price of $361.4 million.

REGULATORY MATTERS (PAGE 52)

Neither MasterCard International nor Europay is required to make filings with the European Commission or United States antitrust authorities in connection with the conversion and integration. As of the date of this proxy statement-prospectus, the transaction has been cleared by the national competition authorities in the four countries within the European Union -- Germany, Finland, Spain and Greece -- in which the conversion and integration required prior notification and regulatory approval in connection with national competition laws and rules.

Some members of MasterCard International and some shareholders of Europay that receive shares of MasterCard Incorporated may be required to make filings with the United States antitrust authorities under the HSR Act if the fair market value of their MasterCard Incorporated shares exceeds $50 million and they do not intend to hold those shares solely for investment purposes. The conversion and the integration would be subject to the expiration or termination of all of these filings.

For a description of the potential application of federal and state banking regulations to the shares received in the conversion and integration, see "Risk Factors -- Risks Related to the Conversion -- U.S. banking regulations may impact our principal members' ownership of the common stock of MasterCard Incorporated." There are no other federal or state regulatory requirements or approvals that must be obtained or satisfied to complete the conversion and integration. For more information, see "The Integration -- Regulatory Matters Relating to the Integration."

FORWARD-LOOKING STATEMENTS (PAGE 31)

Statements in this proxy statement-prospectus include forward-looking statements that involve risks and uncertainties. Actual results may differ

materially from those expressed in forward-looking statements, depending on a variety of factors discussed more fully in this proxy statement-prospectus. You should carefully review all information, including the financial statements and the notes to the financial statements included in this proxy statement-prospectus.

RISK FACTORS (PAGE 18)

You should carefully consider all of the information provided in this proxy statement-prospectus and, in particular, you should evaluate the specific factors described under "Risk Factors" on page 18 for a description of the risks associated with the conversion and integration.

MASTERCARD SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following table sets forth summary consolidated financial and other information for MasterCard for each of the three years in the period ended December 31, 2000 and as of the end of each such fiscal year, and as of and for the nine months ended September 30, 2001 and September 30, 2000, and selected unaudited pro forma financial data for the year ended December 31, 2000 and as of and for the nine months ended September 30, 2001. The summary consolidated financial data as of December 31, 2000 and December 31, 1999 and for the fiscal years ended December 31, 2000, December 31, 1999 and December 31, 1998 have been derived from the audited consolidated financial statements of MasterCard International included elsewhere in this proxy statement-prospectus. The summary consolidated financial data as of December 31, 1998 has been derived from the audited consolidated financial statements of MasterCard International that have not been included in this proxy statement-prospectus. The summary consolidated financial data for the nine months ended September 30, 2001 and September 30, 2000 and as of September 30, 2001 and September 30, 2000 have been derived from the unaudited consolidated financial statements of MasterCard International, which in the opinion of management include all adjustments, consisting only of normal recurring adjustments, that are necessary for a fair statement of the results of operations and financial position of MasterCard International for the periods and at the dates presented. The results of operations for the nine months ended September 30, 2001 are not necessarily indicative of the results to be expected for the full year. The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable. The information set forth below should be read in conjunction with "MasterCard Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements of MasterCard International and the notes thereto, and other financial information, including the pro forma combined financial information, included in this proxy statement-prospectus.

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		
	2001	2000	2000	1999	1998
	(IN THOUSANDS EXCEPT PER SHARE DATA)				
MASTERCARD INTERNATIONAL					
INCOME STATEMENT DATA:					
Revenue	$1,308,630	$1,142,361	$1,571,215	$1,389,155	$1,205,968
Operating Income	228,211	245,119	172,472	115,053	18,254

Net Income.....	145,768	155,646	118,149	86,255	24,183
BALANCE SHEET DATA:					
Total Assets.....	$1,350,115	$1,235,009	$1,181,787	$ 972,477	$ 871,643
Long-Term Debt.....	82,525	82,894	82,992	82,682	82,419
Members' Equity.....	613,183	497,980	462,408	341,520	257,248
MASTERCARD INCORPORATED					
PRO FORMA DATA:					
Earnings per share, basic and diluted.....	$ 1.60	N/A	$ 1.16	N/A	N/A
Book value per share.....	9.80	N/A	8.26	N/A	N/A

EUROPAY SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The summary historical consolidated financial data set forth below for Europay for the year ended December 31, 2000 and as of December 31, 2000 has been derived from Europay's audited consolidated financial statements and related notes which were prepared in accordance with accounting principles generally accepted in Belgium ("Belgian GAAP"). The consolidated financial statements have been audited by PricewaterhouseCoopers Reviseurs d'Entreprises, independent accountants, as stated in their report included elsewhere in this proxy statement-prospectus and should be read in conjunction with their report. The summary historical consolidated financial data set forth below for Europay for the two years ended December 31, 1999 and 1998 and as of December 31, 1999 have been derived from Europay's unaudited consolidated financial statements and related notes which were prepared in accordance with Belgian GAAP and are included elsewhere in this proxy statement-prospectus. The summary consolidated financial information as of June 30, 2001 and 2000 and for the six months then ended has been derived from Europay's unaudited consolidated interim financial statements prepared in accordance with Belgian GAAP, which are included elsewhere in this proxy statement-prospectus. In the opinion of Europay management the unaudited consolidated interim financial statements of Europay have been prepared on the same basis as the audited consolidated financial statements included herein and include all adjustments necessary for the fair presentation of the financial position and results of operation of Europay for these periods, which adjustments are only of a normal recurring nature for the periods and the dates presented. The results of operations for the six months ended June 30, 2001 and 2000 are not necessarily indicative of results that may be expected for a full year.

The financial data in the tables below has been derived from Europay's audited and unaudited consolidated financial statements in accordance with Belgian GAAP, which differs in certain significant respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). These differences have a material effect on the net income and composition of shareholders' equity and are summarized in Note 15 to the unaudited consolidated interim financial statements of Europay as of June 30, 2001 and for the six months ended June 30, 2001 and 2000, and Note 22 to the Consolidated Financial Statements of Europay as of December 31, 2000 and December 31, 1999 and for the years ended December 31, 2000, 1999 and 1998 included elsewhere in this proxy statement-prospectus.

This table should be read in conjunction with the "Europay Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of Europay and the related notes included elsewhere in this proxy statement-prospectus.

Since its inception, Europay has not declared or paid any dividends.

	SIX MONTHS ENDED JUNE 30,			
	2001	2001	2000	2000
	(IN THOUSANDS OF EUROS EXCEPT PER SHARE DATA)			
	US GAAP	BELGIAN GAAP	US GAAP	BELGIAN GAAP
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
INCOME STATEMENT DATA(1):				
Revenue(2)	131,518	191,095	114,859	168,003
Operating Profit	497	1,511	1,399	3,119
Cumulative effect of changes in accounting principle, net of tax	(547)	--	(3,100)	--
Net Income/(Loss)	4,902	4,644	(2,537)	710
Earnings/(Loss) per share	49	--	(25)	--
BALANCE SHEET DATA(1):				
Total Assets	300,392	276,432	N/A	N/A
Long-Term Debt	3,217	--	N/A	N/A
Shareholders' Equity	52,253	46,557	N/A	N/A

	YEAR ENDED DECEMBER 31,				
	2000	2000	1999	1999	1998
	(IN THOUSANDS OF EUROS EXCEPT PER SHARE DATA)				
	US GAAP	BELGIAN GAAP	US GAAP	BELGIAN GAAP	BELGIAN GAAP
	(AUDITED)	(AUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
INCOME STATEMENT DATA(1):					
Revenue(2)	260,093	364,806	215,034	298,206	245,506
Operating Profit	16,241	18,223	8,249	7,321	5,038
Cumulative effect of changes in accounting principle, net of tax	(3,100)	--	--	--	--
Net Income/(Loss)	5,657	9,253	8,546	7,641	278
Earnings/(Loss) per share	57	--	85	--	--
BALANCE SHEET DATA(1):					
Total Assets	275,625	254,169	156,125	138,896	125,897
Long-Term Debt	3,449	--	5,572	2,533	2,533
Shareholders' Equity	44,930	41,857	39,258	31,986	24,345

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(1) Prior year balances have been translated from Belgian francs into euros using the fixed exchange rate on January 1, 1999 of BEF 40.3399 per euro.

(2) Europay acts as an agent on behalf of MasterCard for the billing and

collection of inter-regional transactions with members. Europay does not bear risk and rewards of ownership related to these transactions and therefore, revenue is reported net under U.S. GAAP. See Note 15 to the unaudited consolidated interim financial statements of Europay as of June 30, 2001 and for the six months ended June 30, 2001 and 2000, and Note 22 to Consolidated Financial Statements of Europay as of December 31, 2000 and December 31, 1999 and for the years ended December 31, 2000, 1999 and 1998 included elsewhere in this proxy statement-prospectus.

RISK FACTORS

You should carefully consider the following risk factors, as well as the other information contained in this proxy statement-prospectus, regarding our business, the conversion and the integration before deciding whether to vote on the conversion, if you are a MasterCard member, or execute the applicable share exchange agreement, if you are also a Europay or MEPUK shareholder.

RISKS RELATED TO OUR BUSINESS GENERALLY

IF WE ARE UNABLE TO MAINTAIN OUR RELATIONSHIPS WITH OUR MEMBERS, OR IF OUR MEMBERS ARE UNABLE TO MAINTAIN THEIR RELATIONSHIPS WITH CARDHOLDERS OR THE MERCHANTS WHO ACCEPT OUR CARDS FOR PAYMENT, OUR BUSINESS MAY BE ADVERSELY AFFECTED.

We are and will continue to be significantly dependent on a number of third party relationships, principally our relationships with our issuing and acquiring members and their further relationships with cardholders and merchants, to support our programs and services. Most of our relationships with our members are not exclusive and may be terminated at the convenience of our members. We cannot assure you that our members will not reassess their commitments to us at any time in the future or that they will not develop their own competitive services. In particular, the payments industry is currently undergoing significant consolidations and the merger of one or more of our members with financial institutions aligned with our competitors could have a material adverse impact on our business and prospects.

Our business strategy calls for us to increase our share by, among other things, entering into customized agreements with members around the globe. Like our other member relationships, these agreements are terminable by our members in a variety of circumstances. Examples of provisions appearing in various agreements currently in effect that may permit a member to terminate its agreement include:

- certain members receiving more than one seat on a board of directors while others do not;
- increasing the limit on voting rights of a member to more than 25%; or
- failing to elect certain persons to MasterCard's board (e.g., a member-stockholder holding more than 5% of MasterCard Incorporated common stock is entitled to cancel its agreement if one of its employees does not have a board seat).

A number of our key members are represented on our board of directors. If any of these members were to lose its representation on the board, this could have a detrimental effect on our business relationship with that member.

In addition, we may be required to permit issuers with which we have entered into member business agreements to terminate those agreements without penalty as a result of the current antitrust litigation being brought against us by the United States Department of Justice, which is described in a separate risk factor below. Accordingly, we cannot assure you that the customized agreements contemplated by our business strategy will reduce the risk inherent in our business that members may terminate their relationships with us in favor of our competitors, or for other reasons.

We may not be able to maintain or form new relationships with card issuers, card acquirers, technology providers, transaction processors, merchants or others who provide products and services that are important to our success. Accordingly, we cannot assure you that our existing or prospective relationships will result in sustained business relationships or the generation of significant revenues.

We do not issue cards, set fees or determine the interest rates (if applicable) charged to cardholders carrying MasterCard-branded cards. Each MasterCard issuing member is responsible for determining these and most other competitive card features. In addition, we do not solicit merchants or establish the discount rate that merchants are charged for card acceptance, which are responsibilities of our acquiring members. As a result, much of our business depends on the continued success and competitiveness of our members. In turn, our members' success is dependent upon a variety of factors over which we have little or no influence. In

addition, if our members become financially unstable, we may lose the revenue that we generate by charging them operations fees and assessments.

We rely on the continuing expansion of merchant acceptance of our brands of cards. Although it is our business strategy to invest in strengthening our brands and aggressively expanding our acceptance network, there can be no guarantee that our efforts in these areas will continue to be successful. If the rate of merchant acceptance growth slows or reverses itself, our business could suffer.

A DOWNTURN IN GENERAL ECONOMIC CONDITIONS, PARTICULARLY IN LIGHT OF THE EVENTS OF SEPTEMBER 11, 2001 MAY ADVERSELY AFFECT OUR REVENUES SIGNIFICANTLY.

The payment card industry is heavily dependent upon the overall level of consumer spending. Any substantial deterioration in general economic conditions, particularly in the United States, or increases in interest rates in key countries in which we operate, may adversely affect our financial performance. In the short term, the slowdown in the U.S. economy reported in the second half of 2001, together with the events of September 11, 2001 are likely to reduce the rates at which our transaction volumes and revenues will grow compared to recent years.

OUR OPERATING RESULTS MAY SUFFER BECAUSE OF SUBSTANTIAL AND INCREASINGLY INTENSE COMPETITION WORLDWIDE IN THE GLOBAL PAYMENTS INDUSTRY.

The global payments industry is highly competitive. We compete with all forms of payment including cash, checks and electronic forms of payment. Among general purpose payment cards, we encounter constant and intense competition from systems such as Visa and its related brands (including Plus, Electron and Interlink), American Express, and JCB. In specific countries, we face significant competition from other competitors such as Discover/Novus, Interac, Bancard and EFTPOS. We also encounter competition from businesses such as retail stores and petroleum (gasoline) companies that issue their own private-label

cards, as well as from regional Automated Teller Machine ("ATM") networks such as NYCE, Concord/EFS and others. We also compete against new entrants that have developed alternative payment systems that can reduce the dollar value charged on our cards or the number of transactions for which our cards are used.

Some of our competitors have, or may develop, substantially greater financial and other resources than we have, may offer a wider range of programs and services than we offer or may use more effective advertising and marketing strategies to achieve broader brand recognition or merchant acceptance than we have. Within the global general purpose card industry, we believe that Visa may have approximately twice our purchase volume. In addition, American Express, Discover/Novus and others control proprietary end-to-end payments systems in which they extend credit and charge privileges to consumers and businesses and establish relationships directly with merchants (in our case, both of these functions are the responsibility of our members). These end-to-end systems provide our competitors with certain competitive advantages that we do not enjoy. We may not continue to be able to compete effectively against these threats, and, as a result, our revenues or income may decline. One or more of our members could also seek to merge with, or acquire, one of our competitors, and any such transaction could have a material adverse impact on our business and prospects.

In addition, our business and revenues could be adversely impacted by any tendency among U.S. consumers or financial institutions to migrate from off-line, signature based debit transactions to on-line, PIN-based transactions, because the latter types of transactions are more likely to be processed by regional ATM networks as opposed to ourselves.

IF WE ARE NOT ABLE TO KEEP UP WITH THE RAPID TECHNOLOGICAL DEVELOPMENTS IN OUR INDUSTRY TO PROVIDE MEMBERS, MERCHANTS AND CARDHOLDERS WITH NEW AND INNOVATIVE PAYMENT PROGRAMS AND SERVICES, THE USE OF MASTERCARD-BRANDED CARDS COULD DECLINE, WHICH WOULD REDUCE OUR REVENUES AND INCOME.

The payment card industry is subject to rapid and significant technological changes, such as continuing developments of alternative technologies in the areas of smart cards, electronic commerce and mobile commerce, among others. We cannot predict the effect of technological changes on our business. We rely in part on third parties, including some of our competitors and potential competitors, for the development of and

access to new technologies. We expect that new services and technologies applicable to the payments industry will continue to emerge, and these new services and technologies may be superior to or render obsolete the technologies we currently use in our card programs and services. Our future success will depend, in part, on our ability to adapt to, or develop, technological changes and evolving industry standards and to provide end to end payment solutions for our members. We may be unable to obtain access to new technologies on acceptable terms or at all, and this may cause us to be unable to offer card programs and services competitively.

In many circumstances we believe that the payment card industry should create, and we are working to forge, industry standards to allow for the compatibility of various card programs and technologies. The industry, however, may not set standards on a timely basis or at all, or we may develop a program or technology that is not adapted as an industry standard. These risks could have a material adverse effect on our revenues and income.

IF OUR TRANSACTION PROCESSING SYSTEMS ARE DISRUPTED OR WE ARE UNABLE TO PROCESS TRANSACTIONS EFFECTIVELY OR EFFICIENTLY OR AT ALL, OUR REVENUES OR INCOME WOULD BE MATERIALLY REDUCED.

Our transaction authorization, clearing and settlement systems may experience service interruptions as a result of fire, natural disasters, power loss, disruptions in long distance or local telecommunications access, or the accidental or intentional actions of others. Nearly all of our transaction processing systems are operated out of a single facility, supported by a separate back-up facility. A natural disaster or other problem at our primary and/or back-up facilities or our other owned or leased facilities could interrupt our services. Additionally, we rely on third party service providers, such as AT&T, for the timely transmission of information across our global data transportation network. If a service provider fails to provide the communications capacity or services we require, as a result of natural disaster, operational disruption or any other reason, the failure could interrupt our services and adversely affect our revenues and income.

A BREACH OF OUR SYSTEMS' SECURITY COULD ADVERSELY IMPACT OUR BUSINESS.

Our security protection measures, including the security of transaction information processed on our systems, may not be sufficient to prevent a disruption of our computer systems as a result of fraud or for other reasons. Unauthorized use of our network could potentially jeopardize the security of confidential information stored in our computer systems or transmitted by our members. These factors may result in liabilities for us or our members, and could reduce our revenues and income.

IN EVERY MASTERCARD CARD TRANSACTION, THERE IS A RISK THAT THE ISSUING OR ACQUIRING MEMBER WILL DEFAULT IN ITS PAYMENT OBLIGATIONS. BECAUSE WE GUARANTEE THE SETTLEMENT OBLIGATIONS OF OUR PRINCIPAL MEMBERS, ONE OR MORE DEFAULTS COULD EXPOSE US TO SIGNIFICANT LOSSES.

As a secondary obligor for certain card obligations among principal members, we are exposed to settlement risk from our members. Settlement exposure materializes when an issuer or acquirer fails to fund daily settlement obligations due to technical reasons, liquidity shortfall or other reasons. For any member, our settlement exposure is comprised of the estimated dollar value of issuing and chargeback transactions that we would need to fund in order to satisfy the member's MasterCard related obligations to other members. If a principal member is unable to fulfill its settlement obligations to other members, we may bear the loss, even if we do not otherwise process the transaction. In addition, although we are not contractually obligated to do so, we may elect to pay merchants for transactions in the event that an acquiring member defaults on its obligations to the merchants, in order to maintain the integrity and guaranteed acceptance of our brands. Accordingly, one or more member defaults could expose us to significant losses and reduce our revenues and income. See "Business of MasterCard International -- Payment Services -- Transaction Processing -- Member Risk Management."

COMPETITION FOR HIGHLY SKILLED PERSONNEL IS INTENSE AND THE SUCCESS OF OUR BUSINESS DEPENDS ON OUR ABILITY TO ATTRACT, RETAIN AND MOTIVATE KEY PERSONNEL.

Our future success depends on our continuing ability to attract, retain and motivate highly skilled employees in a competitive labor market. In the past, our inability to provide stock-based compensation has complicated our efforts to attract and retain highly qualified employees, and we may not be successful in doing

so in the future. If we do not succeed in attracting sufficient new personnel or retaining and motivating our current personnel, our ability to provide our programs and services in a competitive manner could diminish, which could have a

material adverse effect on our business.

MASTERCARD CANNOT PREDICT THE OUTCOME OR IMPACT OF ANTITRUST CLAIMS BY THE U.S. DEPARTMENT OF JUSTICE.

In October 1998, the United States Department of Justice (the "DOJ") filed suit against MasterCard International, Visa U.S.A., Inc. and Visa International Corp. in the U.S. District Court for the Southern District of New York alleging that both MasterCard's and Visa's governance structure and policies violated U.S. federal antitrust laws. First, the DOJ claimed that "dual governance" -- the situation where a financial institution has a representative on the board of directors of MasterCard or Visa while a portion of its card portfolio is issued under the brand of the other association -- was anti-competitive and acted to limit innovation within the payment card industry. At the same time, the DOJ conceded that "dual issuance" -- a term describing the structure of the bank card industry in the United States in which a single financial institution can issue both MasterCard and Visa-branded cards -- was pro-competitive. Second, the DOJ challenged MasterCard's Competitive Programs Policy ("CPP") and a Visa bylaw provision that prohibit financial institutions participating in the respective associations from issuing competing proprietary payment cards (such as American Express or Discover). The DOJ alleged that MasterCard's CPP and Visa's bylaw provision acted to restrain competition. A bench trial concerning the DOJ's allegations was concluded on August 22, 2000. On October 9, 2001, the district court judge issued an opinion upholding the legality and pro-competitive nature of dual governance. In so doing, the judge specifically found that MasterCard and Visa have competed vigorously over the years, that prices to consumers have dropped dramatically, and that MasterCard has fostered rapid innovations in systems, product offerings and services.

However, the judge also held that MasterCard's CPP and the Visa bylaw constitute unlawful restraints of trade under the federal antitrust laws. The judge found that the CPP and Visa bylaw weakened competition and harmed consumers by preventing competing proprietary payment card networks such as American Express and Discover from entering into agreements with banks to issue cards on their networks. In reaching this decision, the judge found that two distinct markets -- a credit and charge card issuing market and a network services market -- existed in the United States, and that both MasterCard and Visa had market power in the network market. MasterCard strongly disputes these findings and believes that the DOJ failed, among other things, to demonstrate that U.S. consumers have been harmed by the CPP.

On November 26, 2001, the judge issued a final judgment that orders MasterCard to repeal the CPP insofar as it applies to issuers and enjoins MasterCard from enacting or enforcing any bylaw, rule, policy or practice that prohibits its issuers from issuing general purpose or debit cards in the United States on any other general purpose card network. The judge also concluded that during the period in which the CPP was in effect, MasterCard was able to "lock up" certain members by entering into long-term agreements with them pursuant to which the members committed to maintain a certain percentage of their general purpose card volume, new card issuance or total number of cards in force in the United States on MasterCard's network. Accordingly, the final judgment provides that there will be a period (commencing on the effective date of the judgment and ending on the later of two years from that date or two years from the resolution of any final appeal) during which MasterCard will be required to permit any issuer with which it entered into such an agreement prior to the effective date of the final judgment to terminate that agreement without penalty, provided that the reason for the termination is to permit the issuer to enter into an agreement with American Express or Discover. MasterCard would be free to apply to the district court to recover funds paid but not yet earned under any terminated agreement. The final judgment imposes parallel requirements on Visa. The judge explicitly provided that MasterCard and Visa would be free to enter into new partnership or member business agreements in the future.

MasterCard believes that it has a strong legal basis to challenge the judge's ruling with respect to the CPP, and presently intends to appeal the decision on that count. On February 6, 2002, the judge issued an order granting MasterCard's and Visa's motion to stay the final judgment pending appeal. The DOJ is also free to appeal the judge's ruling with respect to dual governance.

MasterCard cannot predict the impact that the ultimate resolution of the DOJ litigation will have on our results of operations, financial position or cash flows, although an adverse result of the appeal could have a

material adverse effect on our business, prospects and financial condition. If the repeal of the CPP is upheld on appeal, American Express, Discover and potentially other networks are expected to seek to enter into issuing relationships with our members, which may have an adverse impact on our competitive position. In particular, we are concerned that the repeal of the CPP will allow American Express to "cherry pick" select MasterCard members and funnel high-value transactions through American Express' proprietary network, negatively affecting our ability to support thousands of members that are not targeted by American Express, including many smaller community banks. If the judge's order to permit members to terminate their MasterCard member business agreements is upheld on appeal, our strategy of entering into customized agreements with members to increase our share may be negatively impacted. If one or more members actually terminates its member business agreement, we may lose share or not be able to grow share as aggressively as anticipated, which would adversely impact our financial and competitive position. Finally, if the district court's judgment on dual governance is appealed by the DOJ and dual governance is ultimately eliminated, it is possible that some of our largest members may withdraw from MasterCard governance. Any withdrawal of this nature could have an adverse impact on our business and prospects. See "Business of MasterCard International -- Legal Proceedings -- Department of Justice Antitrust Litigation."

MASTERCARD CANNOT PREDICT THE OUTCOME OR IMPACT OF A PUTATIVE CLASS ACTION LAWSUIT BY U.S. MERCHANTS AGAINST MASTERCARD.

Commencing in October 1996, several putative class action suits were brought by a number of U.S. merchants -- including Wal-Mart Stores, Inc., Sears Roebuck & Co., Inc., The Limited Inc. and Safeway, Inc. -- against MasterCard International and Visa U.S.A., Inc. challenging certain aspects of the payment card industry under U.S. federal antitrust law. Those suits where later consolidated in the U.S. District Court for the Eastern District of New York. The plaintiffs challenge MasterCard's "Honor All Cards" rule (and a similar Visa rule), which ensures universal acceptance for consumers by requiring merchants who accept MasterCard cards to accept for payment every validly presented MasterCard card. Plaintiffs claim that MasterCard and Visa unlawfully have tied acceptance of debit cards to acceptance of credit cards. In essence, the merchants desire the ability to reject off-line, signature-based debit transactions (for example, MasterCard card transactions) in favor of other payment forms, including on-line, PIN-based debit transactions (for example, Maestro or regional ATM network transactions) which generally impose lower transaction costs for merchants. The plaintiffs also claim that MasterCard and Visa have conspired to monopolize what they characterize as the point-of-sale debit card market, thereby suppressing the growth of regional networks such as ATM payment systems. Plaintiffs allege that the plaintiff class has been forced to pay unlawfully high prices for debit and credit card transactions as a result of the alleged tying arrangement and monopolization practices. There are related consumer class actions pending in two state courts that have been stayed pending developments in this matter.

On February 22, 2000, the district court granted the plaintiffs' motion for class certification. MasterCard and Visa subsequently appealed the decision to the Second Circuit Court of Appeals. On October 17, 2001, a three-judge panel affirmed the lower court decision by a two-to-one majority. MasterCard intends to file a petition for a writ of certiorari to the U.S. Supreme Court by early March 2002. Motions seeking summary judgment have been filed by both sides and fully briefed in the district court. As of the date of this proxy statement-prospectus, no argument date for summary judgment and no trial date has been set.

Based upon publicly available information, the plaintiffs previously have asserted damage claims in this litigation of approximately $8 billion, before any trebling under U.S. federal antitrust law. More recent public estimates (including estimates set forth in the opinion of the Second Circuit panel) place the plaintiffs' estimated damage claims at approximately $50 billion to $100 billion, depending on the source. In addition, the plaintiffs' damage claims could be materially higher than these amounts as a result of the passage of time and substantive changes in the theory of damages presented by the plaintiffs.

MasterCard believes that it is not currently possible to estimate the impact, if any, that the ultimate resolution of this matter will have on MasterCard's results of operations, financial position or cash flows. However, an adverse result could have a material adverse effect on our business, prospects and financial

condition. See "Business of MasterCard International -- Legal Proceedings -- Merchant Antitrust Litigation."

BECAUSE WE HAVE SIGNIFICANT INTERNATIONAL OPERATIONS, WE FACE ADDITIONAL RISKS RELATED TO GLOBAL POLITICAL AND ECONOMIC CONDITIONS.

We operate in and intend to expand our business further in countries throughout the world, including through our integration with Europay. We cannot be sure that we will be able to broaden our global operations in a cost-effective manner or compete effectively in all of our targeted countries. There are risks inherent in conducting business internationally, any of which could adversely affect our operations, including:

- unexpected changes in regulatory requirements;
- challenges in staffing and managing foreign operations;
- reliance on foreign third party service providers;
- differing technology standards;
- employment laws and practices in foreign countries;
- weaker intellectual property protections in certain countries;
- political, social and economic instability;
- foreign exchange restrictions and price controls;
- costs of services tailored to specific markets; and
- potentially adverse tax consequences.

If these risks materialize, they could have a material adverse effect on

our business. We cannot assure you that we will continue to develop and implement effective policies and strategies in each location where we do business.

ADVERSE CURRENCY FLUCTUATIONS AND FOREIGN EXCHANGE CONTROLS COULD DECREASE REVENUES WE RECEIVE FROM OUR INTERNATIONAL OPERATIONS.

During 2000, approximately 33% of our revenues were generated from activities outside the United States. The U.S. dollar is the functional currency of MasterCard's business. Some of the revenues we generate outside the United States are therefore subject to unpredictable and indeterminate fluctuations if the values of international currencies change relative to the U.S. dollar. Resulting exchange gains and losses are included in our net income. Our risk management activities provide protection with respect to adverse changes in the value of only a limited number of currencies. Furthermore, we may become subject to exchange control regulations that might restrict or prohibit the conversion of our revenue currencies into U.S. dollars. The occurrence of any of these factors could have a material adverse effect on our business.

RISKS RELATED TO EUROPAY

EUROPAY'S BUSINESS MAY BE ADVERSELY IMPACTED BY THE EUROPEAN UNION'S RECENT ADOPTION OF REGULATION ON CROSS-BORDER PAYMENTS DENOMINATED IN EUROS.

On December 19, 2001, the European Parliament and the Council of the European Union adopted a new regulation requiring that bank charges for cross-border payments denominated in euros be the same as for similar transactions within a single member state. Under the terms of the regulation, charges for withdrawals from cash machines and the use of bank cards for amounts of up to E12,500 must be the same for both national and cross-border transactions beginning on July 1, 2002. Similarly, charges for credit transfers of up to E12,500 between bank accounts must be the same for both national and cross-border transactions beginning on July 1, 2003. The regulation will be extended to transactions involving amounts of up to E50,000 beginning on January 1, 2006. Payments in non-euro currencies will also be subject to the regulation if the members states where those currencies are used notify the European Commission that they want the rules to apply. Because a reduction in cross-border transaction fees will reduce the profitability of certain services offered by Europay's members, it may cause them to modify or withdraw these services. If such changes result in an overall decline in transaction volumes, Europay's revenues may decline.

EUROPAY'S BUSINESS MAY BE ADVERSELY IMPACTED IF THE MULTILATERAL INTERCHANGE FEES OR MULTILATERAL SERVICE FEES APPLIED BY ITS MEMBERS ARE REQUIRED TO BE CHANGED IN RESPONSE TO CHALLENGES BY THE COMPETITION AUTHORITIES OF THE EUROPEAN UNION AND THE UNITED KINGDOM.

In September 2000, the European Commission issued a "Statement of Objections" challenging Visa International's multilateral interchange fee ("MIF") under European Community competition rules. The MIF is a fee that is paid by the merchant bank, or the "acquirer", to the cardholder bank, or the "issuer", when a payment is made to a merchant using a payment card. The amount of the MIF is set by the payment card system as a default fee that will only apply where the issuer and the acquirer have not agreed on a bilateral interchange fee. Interchange fees represent a sharing of payment system costs between issuers and acquirers. Although Europay is not an addressee of the Statement of Objections, its rules also contain a MIF scheme.

The European Commission announced on August 10, 2001 its intention to take

a favorable view of Visa's MIF in light of certain changes proposed by Visa, most notably the adoption of a methodology for calculating interchange fees similar to that employed by Europay (and MasterCard) and a reduction in the level of fees. On August 11, 2001, the European Commission published a notice containing the details of these changes and invited interested third parties to submit their views to the European Commission, after which it will issue a formal decision. Assuming the European Commission does not change its position, the decision would exempt Visa's modified MIF.

The European Commission's decision in the Visa case would be addressed only to Visa and would not cover Europay's MIF. Europay has submitted comments to the European Commission challenging the proposed changes to Visa's MIF contained in its notice, and is currently involved in separate discussions with the European Commission in order to determine under what conditions it would grant a formal exemption or comfort letter for Europay's MIF.

In connection with a separate inquiry, the Office of Fair Trading of the United Kingdom ("OFT") issued on September 25, 2001 a press release proposing a decision that the establishment of the MIF by MEPUK, which is owned by Europay's and MasterCard's members in the U.K., infringes U.K. competition law and does not qualify for an exemption. The OFT considers that the MEPUK MIF and the MEPUK multilateral service fee ("MSF"), the fee paid by issuing banks to acquiring banks when a customer uses a MasterCard branded card either at an ATM or over the counter to obtain a cash advance, are anti-competitive and increase retail costs and consumer prices. On February 5, 2002, Europay and MEPUK made oral and written representations to the OFT in response to its proposed decision on behalf of MasterCard and Europay members in the U.K., in which they sought to demonstrate that these fees constitute necessary and efficient mechanisms for allocating the costs of a multi-party card payment system between issuers and acquirers.

Because the MIF and MSF constitute essential elements of Europay's payment scheme, changes to them could significantly impact Europay's members. At this time, it is not possible to determine what actions these competition authorities will take with respect to the MIF and MSF, and therefore the financial impact that any changes would have on Europay and its members cannot be estimated. See "Business of Europay International -- Legal Proceedings -- Multilateral Interchange Fee."

EUROPAY'S TAX RETURNS FOR 1997 AND 1998 ARE CURRENTLY BEING INVESTIGATED BY THE BELGIAN TAX AUTHORITIES, WHICH MAY RESULT IN SIGNIFICANT ADDITIONAL TAX LIABILITIES AND PENALTIES.

In April 1999, the Belgian tax authorities initiated an investigation of Europay's tax returns for 1997 and 1998. In June 2001, Europay received a notice from the Belgian tax authorities challenging Europay's deduction of certain card-based incentive program costs. Although Europay challenged these findings in its response to the notice, the Belgian tax authorities reaffirmed their position in a recent letter to Europay and, on December 21, 2001, Europay received a formal notice of assessment imposing an additional tax liability of approximately E16.9 million, including penalties and interest in connection with Europay's tax returns for 1997 and 1998. If Europay's deduction of such costs in 1999 and 2000 is similarly challenged, this could result in a further additional tax liability of up to approximately E9.5 million, including possible penalties. Europay intends to appeal this matter further with the regional tax director in accordance with applicable administra-

tive procedures. Although Europay believes that it has reasonable and meritorious arguments in favor of its characterization of these deductions, Europay cannot predict the outcome of this matter or any additional matters

raised by the Belgian tax authorities in their investigation.

RISKS RELATED TO THE CONVERSION

THERE IS NO EXISTING MARKET FOR OUR COMMON STOCK AND WE DO NOT KNOW IF ONE WILL DEVELOP TO PROVIDE YOU WITH ADEQUATE LIQUIDITY.

There is currently no existing market for our class A redeemable or class B convertible common stock, and we do not anticipate that our class A redeemable or class B convertible common stock will be listed on any securities exchange or quoted on any automated quotation systems or electronic communications network. In addition, due to the significant restrictions on transfer to which our common stock will be subject, we anticipate that only a limited trading market for our common stock will exist following the three year transition period. The lack of a liquid market for our common stock could adversely affect its price. For example, the price of our common stock as determined by our board of directors could be different from the price that might otherwise exist in a more liquid trading market.

THE COMMON STOCK WILL BE SUBJECT TO SIGNIFICANT RESTRICTIONS ON TRANSFER AND OWNERSHIP.

The shares of class A redeemable and class B convertible common stock that will be issued in connection with the conversion and integration are subject to significant ownership and transfer restrictions. Following the conversion and integration, only holders of class A membership interests in MasterCard International may own or purchase shares of class A redeemable and class B convertible common stock of MasterCard Incorporated. No stockholder, together with its affiliates, may own more than 15% of MasterCard Incorporated's outstanding voting stock. In addition, you will not be permitted to transfer any of your shares for a period of three years after the conversion and integration except in the limited circumstances described under the heading "Description of Capital Stock of MasterCard Incorporated -- Transfer Restrictions."

If your status as a principal member terminates for any reason (other than in connection with a permitted transfer of shares) within three years of the conversion and integration, MasterCard Incorporated will redeem your shares for their par value of $0.01 per share. If your principal membership terminates more than three years after the conversion, MasterCard Incorporated will have the right to redeem your shares for their book value based on MasterCard Incorporated's financial statements most recently filed with the Securities and Exchange Commission. If MasterCard Incorporated does not redeem your shares, you will be required to offer the unpurchased shares to other stockholders in accordance with procedures to be established by the board of directors.

STOCKHOLDERS MAY BE REQUIRED TO PURCHASE OR SELL SHARES OF MASTERCARD INCORPORATED IN ORDER TO SATISFY CERTAIN REQUIREMENTS.

Three years after the conversion and integration, no stockholder may own common stock representing more than 125% or less than 75% of that stockholder's most recent global proxy calculation. Stockholders may be required to purchase or sell shares of MasterCard Incorporated in order to satisfy these requirements within 12 months of receipt of notice from MasterCard Incorporated that such purchase or sale is required. Any sales of shares would ordinarily constitute taxable transactions. Stockholders who need to sell shares in order to satisfy the 125% requirement are obligated under the bylaws of MasterCard Incorporated to accept the highest price offered to them for the shares that are required to be sold.

THE VOTING POWER REPRESENTED BY YOUR SHARES OF MASTERCARD INCORPORATED COMMON STOCK MAY BE LIMITED BECAUSE OWNERSHIP OF A SIGNIFICANT PERCENTAGE OF OUR COMMON STOCK WILL BE CONCENTRATED IN A FEW OF OUR LARGEST STOCKHOLDERS.

Upon completion of the conversion and integration with Europay, we expect that five of our member-stockholders will own over 5% of our outstanding common stock. Although our certificate of incorporation and bylaws contain ownership and voting restrictions and require a supermajority vote on a number of matters

voted upon by stockholders or directors, our largest member-stockholders will continue to have a significant influence over our business.

EACH STOCKHOLDER, TOGETHER WITH ITS AFFILIATES, WILL BE SUBJECT TO A 7% VOTING CAP IN THE ELECTION OF DIRECTORS REGARDLESS OF THE NUMBER OF SHARES OWNED.

Regardless of the number of shares owned by a stockholder, in any vote for the election of directors, no stockholder, together with its affiliates, will be entitled to vote more than 7% of the shares that are entitled to be voted in that election. As a result, stockholders owning more than 7% of MasterCard Incorporated's outstanding shares will have disproportionately less influence in electing directors.

MOST OF OUR DIRECTORS ARE AFFILIATED WITH OUR MEMBERS AND, THEREFORE, MAY HAVE INTERESTS DIFFERENT FROM THOSE OF MASTERCARD OR OTHER MEMBERS.

Other than Mr. Selander, our President and Chief Executive Officer, each of our voting directors is affiliated with one of our members. Those directors who are affiliated with our members will have fiduciary duties to MasterCard and its stockholders, but will also have obligations to the companies with which they are affiliated. This may result in a greater likelihood of directors having an interest in matters under consideration and may make decision-making more difficult.

OUR ORGANIZATIONAL DOCUMENTS AND APPLICABLE LAW CONTAIN PROVISIONS THAT MAY MAKE A CHANGE OF CONTROL MORE DIFFICULT.

There are a number of provisions, including the limitations on stock transfer, the 15% cap on ownership of MasterCard Incorporated voting stock by any single stockholder together with its affiliates, supermajority voting requirements and limitations on the ability of stockholders to call a special meeting in our certificate of incorporation and bylaws that may prevent or discourage takeovers or business combinations that our stockholders might otherwise consider to be in their best interests.

THE BOARD OF DIRECTORS OF MASTERCARD INCORPORATED WILL BE REQUIRED TO ACT ON BEHALF OF THE STOCKHOLDERS OF MASTERCARD INCORPORATED.

The board of directors of MasterCard Incorporated will be required under Delaware law to make decisions and take actions designed to maximize profits and stockholder value. Initially, the members of MasterCard International and the stockholders of MasterCard Incorporated will be the same. It is possible that, in the future, shares of common stock could be issued to persons who are not members of MasterCard International. If that were to happen, then the stockholder and member groups would diverge and the board of MasterCard Incorporated would be required by its fiduciary duties to act in the best interest of the stockholders. These interests may not always be consistent with the interests of members of MasterCard International.

THE INTERNAL REVENUE SERVICE MAY TREAT A PORTION OF THE MASTERCARD INCORPORATED SHARES RECEIVED BY A PRINCIPAL MEMBER OF MASTERCARD INTERNATIONAL OR A SHAREHOLDER OF EUROPAY OR MEPUK AS TAXABLE INCOME.

Based on the opinion of our special tax counsel, we believe that we, our principal members and the Europay and MEPUK shareholders will not recognize any gain or loss for U.S. federal income tax purposes in the conversion or integration, except that, as to a portion of any MasterCard Incorporated stock received at the end of the three year transition period or thereafter pursuant to the integration agreement, a principal member or shareholder otherwise subject to U.S. federal income taxation will recognize imputed interest income.

Notwithstanding the foregoing, the opinion of our special tax counsel does not apply to the extent that the percentage interest in MasterCard Incorporated ultimately allocated to a principal member of MasterCard International or to a shareholder of Europay or MEPUK pursuant to the integration agreement exceeds the percentage interest of the member or shareholder immediately after the closing of the conversion and the integration (in each case, without taking into account any allocation of MasterCard Incorporated shares based on the new global proxy formula). Our special tax counsel is unable to opine as to such excess because the

IRS generally assumes that when shareholders of a corporation transfer a single class of stock to an acquiring corporation, the stock they receive in exchange will be allocated in proportion to their relative ownership interests immediately before the exchange. The IRS might therefore take the position that the excess, whether received on the date of the closing or thereafter, should not be treated for U.S. federal income tax purposes as having been received in exchange for property. In that event, a principal member of MasterCard International or a shareholder of Europay or MEPUK could be required to recognize ordinary income, but only to the extent of the excess. For more information, see "Federal Income Tax Consequences of the Conversion and the Integration."

THE INTERNAL REVENUE SERVICE COULD CHALLENGE OUR CHARACTERIZATION OF THE CONVERSION AND INTEGRATION AND DETERMINE THAT THEY ARE TAXABLE TRANSACTIONS FOR U.S. FEDERAL INCOME TAX PURPOSES.

We have requested that the Internal Revenue Service issue a ruling on key aspects of the conversion and integration, and we expect to receive a response during the first quarter of 2002. An IRS ruling is generally binding on the IRS, but may, under certain circumstances, be revoked or retroactively modified.

The IRS may decline to issue a ruling in the form requested, and there can be no assurance that the IRS will not successfully challenge our characterization of the conversion and integration and determine that they are taxable transactions for U.S. federal income tax purposes. Receipt of an IRS ruling is not a condition to the closing of the conversion or the integration.

Principal members and Europay and MEPUK shareholders should consult their own tax advisors regarding the U.S. federal, as well as any state, local or non-U.S., tax consequences to them of the conversion and integration. For more information, see "Federal Income Tax Consequences of the Conversion and the Integration."

MEMBERS AND SHAREHOLDERS MAY INCUR TAX LIABILITIES IN JURISDICTIONS OUTSIDE THE UNITED STATES IN CONNECTION WITH THE CONVERSION AND INTEGRATION.

Principal members and Europay and MEPUK shareholders may be required to recognize gain or loss in connection with the conversion and integration in

jurisdictions outside the United States. Members and shareholders should consult their local tax advisors regarding the potential non-U.S. tax consequences of the conversion and integration.

THE CONVERSION MAY IN THE FUTURE FACILITATE STRATEGIC TRANSACTIONS WHICH MAY REDUCE THE INFLUENCE OF MEMBERS.

As a result of the conversion, MasterCard Incorporated will be better positioned to engage in future capital raising activities and strategic transactions such as mergers and acquisitions. Transactions of this type would likely involve issuing or selling equity interests in MasterCard Incorporated to non-members. While the bylaws of MasterCard Incorporated provide that class A redeemable and class B convertible common stock may be held only by class A members of MasterCard International, the certificate of incorporation of MasterCard Incorporated also provides that class C common stock may be issued to non-members, provided that the approval of two-thirds or 75% of the board of directors is obtained, depending on the circumstances. If these approvals are granted, MasterCard Incorporated may issue voting shares of class C common stock to persons who are not members of MasterCard International. In this case, the influence of members over the affairs of MasterCard Incorporated would be reduced.

U.S. BANKING REGULATIONS MAY IMPACT OUR PRINCIPAL MEMBERS' OWNERSHIP OF THE COMMON STOCK OF MASTERCARD INCORPORATED.

Banking regulations in the United States govern, among other things, the types of equity investments that regulated institutions are permitted to make. MasterCard believes that principal members which are regulated as banking organizations by the federal government, including bank holding companies, financial holding companies, savings and loan holding companies ("SLHCs"), grandfathered "unitary" SLHCs, national banks and federal savings associations, should be permitted to hold the common stock of MasterCard Incorporated following the conversion. With respect to federal credit unions, the common stock may need to be held

through a credit union service organization established by one or more federal credit unions. If this is not possible for a federal credit union, the federal credit union would need to consult with the National Credit Union Administration. Principal members that are regulated as banking organizations by the federal government should consult their own advisors regarding any notice or application that is required to be made, or any consent that is required to be obtained, from any applicable federal regulatory agency regarding the shares received in the conversion. In addition, principal members that are federal savings associations should consult their own advisors regarding the application to the shares received in the conversion of certain Office of Thrift Supervision rules that limit "pass through investments" to a percentage of an institution's total capital.

MasterCard believes that there are no federal laws or regulations that would prohibit principal members which are regulated as banking organizations by the states - including state-chartered banks, state savings associations and state-chartered credit unions - from holding the common stock of MasterCard Incorporated following the conversion. While most states permit state-chartered banks and state savings associations to make the same equity investments as federally regulated institutions, MasterCard has not independently investigated the effect of state banking laws or regulations on the issuance of the common stock of MasterCard Incorporated in the conversion. Principal members that are state-chartered banks, state savings associations and state-chartered credit unions should consult their own advisors regarding any notice or application that is required to be made, or any consent that is required to be obtained,

from any applicable state regulatory agency regarding the shares received in the conversion. In particular, MasterCard expects that state-chartered credit unions may be required to seek the approval of their relevant state regulators in order to hold the common stock of MasterCard Incorporated following the conversion.

Principal members requiring assistance from MasterCard in connection with any review of the conversion or integration by applicable regulatory agencies are urged to contact the Corporate Secretary of MasterCard International at the address set forth under the heading "The Special Meeting -- Solicitation of Proxies."

RISKS RELATED TO THE INTEGRATION

MASTERCARD MAY FAIL TO COMPLETE THE CONVERSION AND INTEGRATION WITH EUROPAY OR, IF THE CONVERSION AND INTEGRATION ARE COMPLETED, MAY FAIL TO REALIZE THE ANTICIPATED BENEFITS OF THE CONVERSION AND INTEGRATION WITH EUROPAY.

Contemporaneous with the completion of the conversion, we expect to acquire all of the outstanding Europay capital stock that we do not currently own in a transaction that we refer to in this proxy statement-prospectus as the integration. The completion of the acquisition of Europay by MasterCard is conditioned upon the satisfaction of several conditions contained in the integration agreement, including that each Europay shareholder other than MasterCard International and MEPUK agrees to exchange its Europay shares for shares of MasterCard Incorporated. If any of the conditions is not satisfied or waived, we will be unable to complete the integration.

Furthermore, even if we do complete the conversion and integration, our success will depend, in part, on the ability of MasterCard and Europay to coordinate and integrate our operations and business enterprises and realize the anticipated growth opportunities and synergies from combining the two companies. We cannot assure you that we will be able to integrate these businesses in an efficient and timely manner to realize the growth opportunities and synergies we currently expect.

THE INTEGRATION MAY BE SUBJECT TO ADVERSE REGULATORY CONDITIONS.

Before the integration may be completed, various approvals must be obtained from, or notifications submitted to, competition, antitrust and other regulatory authorities. The governmental entities from which approvals are required may impose conditions on the completion of the integration or require changes to the terms of the integration. These conditions or changes could have the effect of delaying or preventing completion of the integration or imposing additional costs on or limiting the revenues of MasterCard Incorporated, any of which may have a material adverse effect on our business and prospects following the integration.

THE SUPERMAJORITY VOTING PROVISIONS RESULTING FROM THE INTEGRATION MAY MAKE THE GOVERNANCE OF MASTERCARD INCORPORATED MORE COMPLICATED.

As a result of the integration, a variety of supermajority voting requirements with respect to actions to be taken by directors and shareholders will be incorporated into the certificate of incorporation and bylaws of MasterCard Incorporated and MasterCard International. See "The Integration -- The Integration Agreement -- Supermajority Voting Provisions" and "Comparison of Rights of MasterCard International Members Before and After the Conversion and Integration -- Vote on Extraordinary Transactions/Supermajority Voting Provisions." As a result of these supermajority voting requirements, it may be more difficult for the board of directors or shareholders of MasterCard

Incorporated to take action in certain circumstances, which may prevent MasterCard Incorporated from pursuing strategic opportunities that would otherwise be available.

EUROPEAN MEMBER-STOCKHOLDERS WILL BE ALLOCATED AN INCREASED PERCENTAGE OF MASTERCARD INCORPORATED'S COMMON STOCK IN CONNECTION WITH THE CONVERSION AND INTEGRATION.

Currently, European members of MasterCard International control approximately 7% of the total equity rights in MasterCard International. Immediately following the conversion and integration, the European members of MasterCard International will be allocated one-third of MasterCard Incorporated's common stock, even if those members would be entitled to less voting stock if calculated solely in accordance with the new global proxy. See "Share Allocation and The Global Proxy -- The Global Proxy" and "-- The Initial Allocation of Shares." In addition, at the end of the three year transition period when the shares of common stock of MasterCard Incorporated are reallocated, European members are entitled to receive at least 26% of the outstanding class A redeemable and class B convertible common stock of MasterCard Incorporated, even if in accordance with the new global proxy they would have been entitled to a smaller percentage of the outstanding common stock. Under other circumstances, European members could receive up to 44% of the outstanding common stock of MasterCard Incorporated at the end of the transition period. See "Share Allocation and the Global Proxy -- Reallocation of Shares at the Conclusion of the Transition Period." As a result of these provisions, the equity percentage of non-European members of MasterCard International in MasterCard Incorporated will be significantly diluted when compared to their current equity percentage in MasterCard International.

EUROPEAN MEMBER-STOCKHOLDERS WILL INITIALLY BE ALLOCATED AN AGGREGATE PERCENTAGE OF MASTERCARD INCORPORATED'S COMMON STOCK THAT EXCEEDS THE ALLOCATION OF COMMON STOCK TO EUROPEAN MEMBER-STOCKHOLDERS SUPPORTED BY MASTERCARD'S VALUATION ANALYSIS.

At the closing of the conversion and integration, European member-stockholders will be allocated 33 1/3% of MasterCard Incorporated's common stock. In voting to approve the conversion and integration, the board of directors of MasterCard International received an opinion from CSFB indicating that the range of possible share allocations to European member-stockholders (26%-44%) was fair to MasterCard International from a financial point of view, depending on the financial projections employed. See "Opinion of Financial Advisor to MasterCard International." In addition, MasterCard International's management provided the board of directors with a valuation analysis prepared in conjunction with CSFB that supported European member-stockholders owning 26% of MasterCard Incorporated after the conversion and integration. See "The Integration -- Background of the Integration." Management viewed the financial projections underlying this valuation as more conservative than the other possible cases for the allocation of shares, and these projections support the guaranteed allocation of shares to European member-stockholders at the end of the transition period. The initial allocation of 33 1/3% is supported by Europay management's projections, along with MasterCard management's projections for MasterCard International for the Europe region.

Accordingly, the initial allocation of 33 1/3% of MasterCard Incorporated's shares to European member stockholders exceeds, by 7 1/3 percentage points, the 26% allocation supported by the valuation analysis of MasterCard's management. The board of directors of MasterCard International voted to endorse the initial 33 1/3% allocation because, among other things: (i) the 26% allocation is the only allocation of common stock to European members that is guaranteed at the conclusion of the transition period, and this allocation is

supported by the projections of MasterCard management that are considered achievable; and (ii) any final allocation above 26% would occur only if the Europe region's performance is above that estimated in the 26% case using the new global proxy formula. Because the ultimate allocation of shares is tied directly to the relative performance of the Europe region under the new global proxy formula, any allocation of shares to European member-stockholders within the 26%-44% range would be fair to MasterCard International from a financial point of view, as reflected in the CSFB opinion.

SOME MEMBER-STOCKHOLDERS MAY BE ADVERSELY IMPACTED BY THE INTRODUCTION OF THE NEW GLOBAL PROXY FORMULA.

The historic global proxy formula used by MasterCard International to allocate equity rights at annual meetings of members was based solely on revenue received by MasterCard International on MasterCard transactions. In connection with the conversion and integration, MasterCard Incorporated will migrate to a new global proxy formula that will measure each member-stockholder's contribution to gross dollar volume (GDV) and gross acquiring volume (GAV) in addition to revenue. Moreover, the new global proxy formula will account for revenues and volumes earned in connection with Maestro- and Cirrus-branded cards, in addition to MasterCard cards. Accordingly, the migration to the new global proxy formula may reduce the number of shares some members are entitled to receive as compared to their historic voting entitlement, particularly if such members (1) contribute a disproportionately large amount to MasterCard revenues for a given level of transaction volume, or (2) have a disproportionately large amount of their transaction volumes associated with cards carrying the MasterCard brand. In addition, the new global proxy calculation includes a collar with respect to the U.S. dollar/euro exchange rate, and to the extent that these currencies trade significantly outside the range of the collar, members with volumes denominated in either currency could be entitled to fewer shares than the global proxy formula would otherwise require, depending on the circumstances.

THE CLASS A REDEEMABLE AND CLASS B CONVERTIBLE COMMON STOCK IS SUBJECT TO REALLOCATION.

The integration agreement provides that, as an integral component of the conversion and integration, the class A redeemable and class B convertible common stock is subject to reallocation at the conclusion of the three year transition period, at which time most class B convertible common stock will automatically convert to class A redeemable common stock and be reallocated. Thereafter, the only shares of class B convertible common stock will be those relating to ec Pictogram, which will automatically convert to class A redeemable common stock at the conclusion of an additional two year period and may be reallocated. As a result of these reallocations, member-stockholders may ultimately receive more or fewer shares than their initial allocation, depending on the relative performance of the Europe region and their individual global proxy calculations at the time. If a member's revenue contribution, GDV and/or GAV during the period prior to reallocation grows more slowly than the membership as a whole, if any of these amounts decline for a member relative to other members, or if a member with ec Pictogram volumes fails to convert these to Maestro as required, the member may be entitled to fewer shares upon reallocation than at the closing. Accordingly, in either reallocation, member-stockholders may be required to return shares previously allocated to them.

IN PERFORMING ITS ANALYSES, CSFB RELIED ON PROJECTIONS OF MASTERCARD'S AND EUROPAY'S MANAGEMENT AND DID NOT INDEPENDENTLY VERIFY THESE PROJECTIONS.

MasterCard International provided CSFB with projections that CSFB relied

upon in performing its analyses. With respect to financial projections of MasterCard and Europay provided to CSFB, CSFB assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of MasterCard's and Europay's management and did not independently verify them. CSFB further assumed that the net present value of the projections regarding the expected cost savings and synergies resulting from the integration would be achieved. Actual performance may differ materially from the projections relied upon by CSFB in performing its analyses.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement-prospectus contains forward-looking statements, which may be identified by the words "believe," "expect," "anticipate," "intend," "aim," "will" and similar words. These statements are contained throughout this proxy statement-prospectus including in the sections titled "Questions and Answers About the Conversion," "Questions and Answers About the Integration," "Summary," "The Conversion," "The Integration," "Business of MasterCard International," "MasterCard Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business of Europay International" and "Europay Management's Discussion and Analysis of Financial Conditions and Results of Operations." These statements relate to our future prospects, developments and business strategies. Many factors and uncertainties relating to our operations and business environment, all of which are difficult to predict and many of which are outside of our control, influence whether any forward-looking statements can or will be achieved. Any one of those factors could cause our actual results to differ materially from those expressed or implied in writing in any forward-looking statements made by us or on our behalf.

We list below the principal factors we believe are important to our business, the conversion and the integration and that could cause actual results to differ from our expectations. We caution you that although these factors are important, this list should not be considered as exhaustive or as an admission regarding the adequacy of the disclosure:

- our relationships with our member financial institutions;
- substantial and increasingly intense competition worldwide in the current or future global payments industry and consolidation in the payments industry;
- general global economic conditions, which may be adversely affected by the events of September 11 and their aftermath;
- technological developments in the global payment card industry;
- potential disruptions of our transaction processing computer systems by natural disaster or otherwise;
- potential breach of our systems' security;
- risk of settlement default by our members;
- our ability to attract, retain and motivate key personnel;
- general economic conditions, especially interest rates and business cycles;
- the outcome or impact of antitrust claims by the U.S. Department of

Justice;

- the outcome or impact of a putative antitrust class action lawsuit by U.S. merchants;

- risks related to global political and economic conditions;

- currency fluctuations and foreign exchange controls;

- the outcome or impact of European Commission proceedings against Visa's multilateral interchange fee;

- the outcome or impact of proceedings against MEPUK's multilateral interchange and service fees by the United Kingdom's Office of Fair Trading;

- the consequences of the investigation of Europay's 1997 and 1998 tax returns by the Belgian tax authorities;

- lack of an existing market for our common stock, particularly given the significant restrictions on transfer and ownership to which the common stock will be subject and the requirement that ownership of common stock be maintained at a certain level;

- concentration of ownership of our common stock in a few of our largest stockholders;

- the 7% voting cap in the election of directors;

- affiliation of most of our directors with our members;

- restrictions on a change of control contained in our organizational documents and applicable law;

- the potential for divergence of interests between the members and stockholders;

- the potential for reduced influence of members in the future;

- adverse tax consequences;

- the impact of U.S. banking regulations on our principal members' ownership of common stock of MasterCard Incorporated;

- failure to complete the integration with Europay or failure to realize the anticipated benefits of the integration with Europay;

- regulatory conditions adverse to the integration;

- allocation of an increased percentage of common stock to European member-stockholders; and

- the introduction of a new global proxy formula.

THE SPECIAL MEETING

PROXY STATEMENT-PROSPECTUS

This proxy statement-prospectus is being furnished to principal members of MasterCard International in connection with the solicitation of proxies by MasterCard International's board of directors in connection with the proposed plan of conversion.

This proxy statement-prospectus is first being furnished to principal members of MasterCard International on or about , 2002.

DATE, TIME AND PLACE OF THE SPECIAL MEETING

The special meeting is scheduled to be held as follows:

, 2002
9:00 a.m., local time
MasterCard International Incorporated
2000 Purchase Street
Purchase, New York 10577

PURPOSES OF THE SPECIAL MEETING

At the MasterCard International special meeting, the principal members of MasterCard International will be asked to approve a plan of conversion that will convert MasterCard International into a non-stock corporation that is a subsidiary of a stock holding company, MasterCard Incorporated. Under the plan, MasterCard Merger Sub, Inc., a wholly-owned subsidiary of MasterCard Incorporated, will merge with and into MasterCard International according to the terms of the merger agreement and each MasterCard International principal member will receive shares of class A redeemable common stock and class B convertible common stock of MasterCard Incorporated, a Delaware stock holding company, and a class A membership interest in MasterCard International, a Delaware non-stock corporation and subsidiary of MasterCard Incorporated. The shares of class A redeemable common stock and class B convertible common stock will represent your equity interest in MasterCard Incorporated. The class A membership interest will represent your continued rights as a licensee to use MasterCard's brands, programs and services. For a description of the impact of the approval of the plan of conversion on the election of directors of MasterCard Incorporated and MasterCard International in 2002, see "The Conversion -- Effects of the Conversion."

We will not transact any other business at the special meeting.

RECORD DATE; VOTES REQUIRED FOR APPROVAL

The MasterCard International board of directors has fixed the close of business on , 2002, as the record date for the determination of the MasterCard International principal members entitled to notice of and to vote at the MasterCard International special meeting. On , 2002, there were principal members entitled to notice of and to vote at the special meeting. Each principal member is entitled to vote that number of votes determined by the historical global proxy calculation as of September 30, 2001, which number of votes is set forth on the accompanying proxy card. In particular, each principal member that is considered a principal or association member under MasterCard International's existing bylaws is entitled to cast a number of votes equal to the total U.S. dollar amount of assessments and fees, payable as budgeted revenues, due from, and paid by, that member to MasterCard International for the member's MasterCard card program activity for the 12 month period ended September 30, 2001. Each principal member that is considered a travelers cheque member under MasterCard International's existing bylaws is entitled to cast a number of votes determined by dividing $1,000 into the aggregate amount in U.S. dollars of all MasterCard travelers cheques sold by that member and its sales

agents during calendar year 2001. The minimum number of votes for any member is 1,200. Each member's vote is limited to 15% of the total votes eligible to be cast at the meeting. If all members vote in person or by proxy at the special meeting, 1,563,073,437 votes will be cast

at the meeting. Principal members affiliated with MasterCard International directors are entitled to exercise votes representing approximately 32% of the votes entitled to be cast on the conversion. The conversion requires the affirmative vote of a majority of the votes cast at the MasterCard International special meeting at which a quorum is present. Under the MasterCard International bylaws, the presence, either in person or by proxy, of principal members representing a majority of the votes eligible to be cast constitutes a quorum.

VOTING PROCEDURES

If a principal member attends the MasterCard International special meeting in person or sends a representative to the meeting with a signed and notarized proxy, that member may vote or its representative may vote on its behalf. However, since many principal members may be unable to attend the MasterCard International special meeting, those members can ensure that their 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 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. When a proxy card is returned properly signed and dated or a member's vote is authorized by telephone or Internet, the vote of the MasterCard International principal member will be cast in accordance with the instructions on the proxy card or authorized by telephone or Internet. If a principal member does not return a signed proxy card, authorize its 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 member.

Principal members are urged to mark the box on the proxy card to indicate how their vote is to be cast. If a member returns a signed proxy card but does not indicate on the proxy card how it wishes to vote, the vote represented by the proxy card will be cast "FOR" the proposed conversion.

Pursuant to Section 212(c) of the Delaware General Corporation Law, members may validly grant proxies over the Internet. Your Internet vote authorizes the named proxies on the proxy card to vote your interests in the same manner as if you had returned your proxy card. In order to vote over the Internet, visit our Internet voting website at