Participants: Shawn Miles, Timothy Murphy and Noah Hanft (MasterCard); and Michael McEneny and Ryan Rogers (Sidley Austin LLP)

Louise Roseman, Jeffrey Yeganeh, Edith Collis, Jennifer Davidson, Joshua Hart, David Mills, Ky Tran-Trong, Dena Milligan, David Stein, Vivian Wong, Mark Manuszak and Elizabeth Kiser (Federal Reserve Board), and Julia Cheney (Federal Reserve Bank of Philadelphia)

Summary: Federal Reserve staff met with representatives of MasterCard to discuss the interchange fee provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). Using prepared materials, representatives of MasterCard discussed security and service innovation in their debit card products; current interchange and network fees; costs of processing debit transactions; and current rules relating to transaction routing and network arrangements. Representatives of MasterCard also discussed the implications of implementing the small issuer and prepaid card exemptions under the Dodd-Frank Act, and of the process of enabling unaffiliated networks on debit cards. A copy of the handout provided by MasterCard at the meeting is attached below.
Presentation to Staff of the Board of Governors of the Federal Reserve System
Agenda

- Introductions
- MasterCard Global Debit Solutions
- Debit Innovation
- Debit Interchange Standards
- Exclusivity and Routing
- MasterCard Network Fees
- Exemptions
MasterCard Signature Debit

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>Worldwide*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cards</td>
<td>119 MM</td>
<td>269 MM</td>
</tr>
<tr>
<td>Acceptance Locations</td>
<td>8 MM</td>
<td>30 MM</td>
</tr>
<tr>
<td>ATM Locations</td>
<td>406M</td>
<td>2MM</td>
</tr>
</tbody>
</table>

*Source: MasterCard Data, as of 2010Q2
## MasterCard PIN Debit

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>Worldwide*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cards</td>
<td>9MM</td>
<td>652MM</td>
</tr>
<tr>
<td>Acceptance Locations</td>
<td>2 MM</td>
<td>13 MM</td>
</tr>
<tr>
<td>ATM Locations</td>
<td>406M</td>
<td>2MM</td>
</tr>
</tbody>
</table>

*Source: MasterCard Data, as of 2010Q2*
## PayPass

<table>
<thead>
<tr>
<th>Feature</th>
<th>Worldwide*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cards/Devices</td>
<td>78MM</td>
</tr>
<tr>
<td>Acceptance Locations</td>
<td>245M</td>
</tr>
</tbody>
</table>

*Source: MasterCard Data, as of 2010Q2
Debit Innovation Benefits Consumers

- MasterCard Money Manager
- MasterCard inControl™
- MasterCard MarketPlace™
- MoneySend™
- Transit
- Display Card
Debit Innovation Benefits Consumers

Help your customers see exactly where their debit spending goes.

Besides the “investment” called children.

With a MasterCard® debit card, your customers get access to more than just their money. From the personalized savings of our merchant-funded rewards program, MasterCard MarketPlace™ to the viability and controls of MasterCard inControl™ and MasterCard MoneyManager™ we have numerous options to help your customers better manage their spending. As the one truly global network with acceptance at millions of merchants and ATMs, you'll find our debit solutions are as beneficial for you as they are for your customers.

Learn more at mastercard.com/debit.
Debit Innovation Benefits Consumers

The New York Times

Your Card Has Been Declined, Just as You Wanted
Debit Interchange Standards

• Background on MasterCard Debit Interchange

• Background on Issuer Costs

• MasterCard Debit Functionality vs. Checks
Exclusivity and Routing

• Existing Network Rules and the Statutory Routing Requirement

• Network Arrangements
  – Competitive Landscape
  – Implementation of the Unaffiliated Network Requirement
MasterCard Network Fees

- Issuer and Acquirer Network Fees are MasterCard Revenue

- No Transfer Between Acquirers and Issuers
Exemptions

• The Reloadable Prepaid Exemption

• The Small Issuer Exemption