

MasterCard: Triple Digit Growth in Luxury Demand Expected from Older Premium Consumers in Asia/Pacific over the Next Decade

Hong Kong, 4 September 2007 – Strong demand for luxury goods and services is predicted from the glittering silver market, with triple digit growth expected from the older premium consumers¹ in markets in Asia/Pacific² over the next decade, according to the latest MasterCard Worldwide Insights report from MasterCard. The company's latest research focuses on the most important drivers of demand for luxury: the young premium³ consumers and the older premium consumers. These two segments will account for approximately 83% of the US\$258.7 billion spent on luxury goods and services by 2016.

With the exception of China and India, growth in demand for luxury goods and services from older premium consumers in markets across Asia/Pacific will outpace growth from the young premium consumers. The greatest growth in demand for luxury goods and services from the older premium segment will come from Malaysia, which is expected to increase 350% from 2006 to 2016, followed by Indonesia with a 200% expected increase and Korea with a 176.5% expected increase. In terms of dollar volume, the older premium market in Japan (US\$27 billion in 2006 to US\$67.8 billion in 2016) and China (US\$8.6 billion in 2006 to US\$18 billion in 2016) will continue to drive the largest demand for luxury goods and services.

By contrast, in China and India, demand for luxury goods and services by young premium consumers will increase more quickly than that of the older premium consumers. In China, this is attributed to the fact that the young premium segment comprises those with the highest education levels and highest incomes. Born after the periods of the Cultural Revolution and post Mao, China's young premium consumers have known only rising affluence, while the older premium consumers demand for luxury is influenced by the decades of social and economic change they have experienced.

India's population is much younger than China's, and this is reflected in the much higher level of demand for luxury from the young premium segment compared with the older premium segment. In both markets, the luxury market will be marked by purchases of luxury products, rather than the acquisition of luxury experiences.

Overall, the demand for luxury goods and services in Asia/Pacific is estimated to grow an average of 12% per year between 2006 and 2016.

¹ The older premium consumers are defined as the top one-third by net household assets of those over 60 years of age.

² Asia/Pacific markets include Australia, Japan, Korea, China, Taiwan, Hong Kong, Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam, India

³ The young premium consumers comprise the young singles (under age of 35 and not married) and the young married (under age 35, married with no children) who belong to the top one-third of the income bracket.

"While the demand for luxury from the older premium consumers is expected to experience great growth, businesses need to understand the needs of these consumers to succeed. The older premium consumers have distinctively different demand characteristics, and their definition of luxury is likely to be different from the usual consumption of luxury brands. Instead of looking for "things" to buy, they seek enjoyable "experiences". This explains their huge expenditure on luxury travel and leisure, which makes up the largest percentage of their total spending on luxury goods," said Dr. Yuwa Hedrick Wong, economic advisor, Asia/Pacific, MasterCard Worldwide.

Market	Young Premium Consumers		Older Premium Consumers	
	Demand for Luxury Goods and Services in 2006	Demand for Luxury Goods and Services in 2016	Demand for Luxury Goods and Services in 2006	Demand for Luxury Goods and Services in 2016
(All numbers in billions)				
Australia	US\$3.2	US\$6.2	US\$3.1	US\$6.3
Japan	US\$21.4	US\$35.2	US\$27	US\$67.8
Korea	US\$5.3	US\$8	US\$3.4	US\$9.4
China	US\$10.4	US\$26.4	US\$8.6	US\$18
Taiwan	US\$3	US\$4.5	US\$1.5	US\$3.7
Hong Kong	US\$1.5	US\$2.5	US\$1.7	US\$3.8
Singapore	US\$0.5	US\$1.1	US\$0.3	US\$0.8
Thailand	US\$0.9	US\$1.6	US\$0.4	US\$1.1
Malaysia	US\$0.6	US\$1.5	US\$0.2	US\$0.9
Indonesia	US\$0.6	US\$1.1	US\$0.2	US\$0.6
Philippines	US\$0.9	US\$1.7	US\$0.2	US\$0.4
Vietnam	US\$0.3	US\$0.5	US\$0.1	US\$0.2
India	US\$3.2	US\$6.6	US\$0.6	US\$1.2

Spending Patterns of Premium Consumers in Asia/Pacific

The young premium consumers across Asia/Pacific have a strong appetite for luxury goods and services because of their lifestyles and spending power. Their lifestyles – focused on defining who they are and highly attuned to fashion trends – mean that a relatively higher proportion of their discretionary spending goes toward spending on clothing and personal accessories (34.8% in 2006 to 33.2% in 2016). This is expected to remain the biggest expenditure item, followed by travel and leisure (26.4% in 2006 to 28% in 2016).

In contrast, the older premium consumers of the baby boomer generation, will spend the most on luxury travel and leisure (27.5% in 2006 to 28.3% in 2016), followed by fine dining and entertaining (25.8% in 2006 to 23% in 2016).

MasterCard presented these insights and the report "The Demand for Luxuries in Asia/Pacific" to the premium industry and customer financial institutions at the 2007 MasterCard Luxury Conference Hong Kong. This research is available at www.masterintelligence.com. This report adds to the ongoing series of MasterCard

Worldwide research and Insights reports focused on premium consumer spending released this year. These include:

- *Succeeding like Success: The Affluent Consumers of Asia* - the third in a series of consumer insights books released by MasterCard, examining the expanding size and spending power of wealthy consumers in both the affluent and emerging markets of Asia
- The *MasterCard Worldwide Index of China's Affluent*, a twice-yearly index surveying and analyzing key features of the spending patterns, lifestyle features and attitudes of China's affluent in the first half of the year, and identifying their preferences for top brands across ten product and service sectors in the second half of the year.

About MasterCard Reports

This report is part of the MasterCard series of ongoing research and analysis of business dynamics, financial policies and regulatory activities in the Asia/Pacific region. Among the eight reports that have been released in 2007 are titles including:

- Small-Medium Sized Enterprises in Singapore
- Household Debt in Taiwan: An Analysis of the Consumer Debt Crisis
- Understanding the Affluent Consumers of China
- The Dynamics of Global Cities and Global Commerce
- Asia/Pacific 10 Years After the '97 Crisis
- The Sun Also Rises: Japan's Long Term Growth Prospects and Regional Implications
- Myths and Reality of Household Debt in Korea
- Interchange Regulation: Lessons Learned from RBA Intervention in Australia

All these reports are available on www.masterintelligence.com

About MasterCard Worldwide

MasterCard Worldwide advances global commerce by providing a critical economic link among financial institutions, businesses, cardholders and merchants worldwide. As a franchisor, processor and advisor, MasterCard develops and markets payment solutions, processes over 16 billion transactions each year, and provides industry-leading analysis and consulting services to financial institution customers and merchants. Through its family of brands, including MasterCard®, Maestro® and Cirrus®, MasterCard serves consumers and businesses in more than 210 countries and territories. For more information go to <http://www.mastercard.com>.

Forward-Looking Statements

Statements in this press release which are not historical facts, including statements about MasterCard's plans, strategies, beliefs and expectations, are forward-looking and subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements speak only as of the date they are made. Accordingly, except for the company's ongoing obligations under the U.S. federal securities laws, the company does not intend to update or otherwise revise the forward-looking information to reflect actual results of operations, changes in financial condition, changes in estimates, expectations or assumptions, changes in general economic or industry conditions or other circumstances arising and/or existing since the preparation of this press release or to reflect the occurrence

of any unanticipated events. Actual results may differ materially from such forward-looking statements for a number of reasons, including those set forth in the company's filings with the Securities and Exchange Commission (SEC), including the company's Annual Report on Form 10-K for the year ended December 31, 2006 and Current Reports on Form 8-K that it has filed with the SEC during 2007, as well as reasons including difficulties, delays or the inability of the company to achieve its strategic initiatives set forth above. Factors other than those listed above could also cause the company's results to differ materially from expected results.

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