

MasterCard Survey Forecasts Retail Sales in HK to Grow 10.5% Year-on-Year in 1H 2008

Total Sales Valued at an Estimated HK\$126.7 Billion in the First Half of 2008

Hong Kong, 16 January 2008 – Retail sales across Asia/Pacific are expected to show continued growth on the back of a strong consumer confidence sentiment for the first half of 2008, according to the latest MasterCard Worldwide Index™ of Retail released by MasterCard Worldwide today.

While the forecast is for positive expansion across all the 12 Asia/Pacific markets, China maintains its lead with retail sales anticipated to reach 4743 billion yuan, representing a 12.8% year on year growth. Other markets with strong growth include Indonesia (12.6% vs. 4.6% in 1H2007) and Hong Kong (10.5% vs. 3.2% in 1H2007), both observing a significant increase in the year on year growth rate of 8% and 7.3% respectively when compared to the same period last year.

“The global economic turmoil will inevitably affect Asia in 2008, however. The real test is to what extent Asian economies will be able to continue to drive growth with domestic demand; and thereby maintaining a steady pace of healthy retail sales,” observes Dr. Yuwa Hedrick Wong, economic advisor, MasterCard Worldwide.

China's retail sales are poised to expand by **12.80%** year on year to reach an estimated **4743 billion Yuan** in the first half of 2008, recording the highest year on year growth rate among all markets included in the survey. The real GDP growth however is estimated at 9.5%, breaking China's trend of double-digit growth rate and down 1.8% from the previous year.

Consumer sentiments in China remain very optimistic. The MasterCard Worldwide Index of Consumer Confidence for China gained 1.5 points to 85.5, setting another highest record since 2003.

The retail sales growth figure for **Hong Kong** is expected to be at **10.50%** year on year, with total sales valued at an estimated **HK\$126.7 billion** in the first half of this year. A relatively strong economy bolstered by rising household incomes, a robust stock market and investment spending set to increase to 6.8% await Hong Kong this year.

Slight increases recorded across all indicators contributed to an increase of 1.2 points in the overall MasterCard Worldwide Index of Consumer Confidence for Hong Kong.

Markets remaining less bullish include Taiwan, New Zealand and Japan, with a year on year growth expected to reach 2.9%, 2.4% and 0.7% respectively.

“Taiwan’s weak retail sales expectation is a reflection of poor consumer sentiments, with uncertainty being made worse as a result of the coming elections. Japan is experiencing a cyclical downturn, which has clearly affected consumer spending. And, in New Zealand while

the momentum of economic growth is slowing rapidly, interest rates are rising, which in turn are affecting retail sales,” adds Dr. Hedrick-Wong.

The MasterCard Worldwide Index of Retail’s forecast for the first half of 2008 is shown in the table below.

	Forecast for 1st half of 2008	
	Retail Sales Forecast	Year on Year Growth
Australia*	A\$100.2 billion	4.50%
China***	4743 billion yuan	12.80%
Hong Kong*	HK\$126.7 billion	10.50%
Indonesia***	243.6 trillion rupiah	12.60%
Japan*	59.2 trillion yen	0.70%
Korea*	77.6 trillion won	8.20%
Malaysia***	40.5 billion ringgit	6.70%
New Zealand*	NZ\$18.9 billion	2.40%
Philippines***	489.3 billion peso	9.50%
Singapore**	SG\$17.6 billion	4.20%
Taiwan*	NT\$1639 billion	2.90%
Thailand***	625.9 billion baht	4.70%

(*excludes hospitality, catering and auto sales)

**excludes hospitality and catering, includes auto sales)

*** includes wholesale, hospitality, catering, auto sales)

Conducted twice a year in June and December, the MasterCard Worldwide Index of Retail was launched in June 2003 by MasterCard as part of the company's knowledge leadership initiatives in Asia/Pacific. Combining 10 years of retail sales data¹, factoring in the secular trend of growth of the retail industry, and using the MasterCard Worldwide Index™ of Consumer Confidence as an independent variable², the Index provides six-month forecasts of retail sales growth in 12 markets: Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand.

The MasterCard Worldwide Index of Retail is one of a suite of research products; including:

- The flagship MasterCard Worldwide Index™ of Consumer Confidence - the region’s most comprehensive and longest running consumer sentiment survey
- The MasterCard Worldwide Index™ of Travel, which combines outbound travel forecasts for the region with a survey of Asian travelers’ lifestyle trends
- The MasterCard Worldwide Index™ of Women's Advancement, which compares the socio-economic level of women to men.

NOTE TO EDITORS: The full report, as well as the MasterCard Worldwide Index™ of Consumer Confidence, can be found at the website www.masterintelligence.com. A summary of the individual market forecasts is found at the end of this release.

¹ Based on official government statistics released in each market.

² Based on detailed analysis, it is determined that the five dimensions of the MasterCard Worldwide Index of Consumer Confidence have different weights in affecting the outcome, which are in turn distinct for each of the Asia/Pacific markets.

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About MasterCard Worldwide Index™ of Retail

The MasterCard Worldwide Index of Retail¹ is a short-term forecast of retail sales growth in 12 key Asia/Pacific markets – Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand. The forecasting is conducted twice a year, in June and December, providing powerful predictive market intelligence that is highly relevant not only to wholesale and retail industries, but also to sectors such as entertainment, food and beverage, the hospitality and leisure industry, as well as consumer goods manufacturing.

The analytical foundation of the MasterCard Worldwide Index of Retail is based on the development of a set of techniques that have successfully linked the MasterCard Worldwide Index of Consumer Confidence with retail sales statistics. The survey findings of the MasterCard Worldwide Index of Consumer Confidence are used as a leading indicator of how consumers may act in terms of retail spending over the six-month period ahead. Thus, a link is made between consumer sentiment and actual consumer behavior.

The MasterCard Worldwide Index of Retail³ forecast is one of the MasterCard Worldwide Index suite of research products in Asia/Pacific. The other key MasterCard research products include:

- The flagship MasterCard Worldwide Index™ of Consumer Confidence - the region's most comprehensive and longest running consumer sentiment survey. Now in its 14th year, the MasterCard Index of Consumer Confidence has demonstrated its predictive precision and has proved to be an excellent barometer of the consumer pulse in this region. Today, the survey is much sought after by analysts, academics and decision-makers in financial institutions, government agencies and multinational organizations.
- The MasterCard Worldwide Index™ of Travel encompasses a six month forecast of outbound travel for 12 markets (Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan and Thailand) and a survey of business and personal travel trends among the urban middle class across the region.
- The MasterCard Worldwide Index™ of Women's Advancement, which compares the socio-economic level of women to men in 13 markets using four key indicators: participation in the labor force, tertiary education, managerial positions and above median income.

MasterCard Worldwide Index information relates to retail and consumer economic trends only and does not constitute a projection of the business or financial performance of MasterCard Incorporated or its affiliates.

³ Based on official government statistics released in each market.

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 any 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. Factors other than those listed above could also cause the company's results to differ materially from expected results.

FORECASTS OF OTHER MARKETS FOR THE FIRST HALF OF 2008

(Full report is available at www.masterintelligence.com)

- The forecast growth in retail sales for **Australia** is **4.50%** on the previous year, valued at **A\$100.2 billion** for the first half of 2008. As an increase in inflation is expected and the Australian agriculture commodity sector to face mounting pressures, the real economic growth for Australia is likely to slow down 0.9% against the previous year to 3.0% for 2008.

The MasterCard Worldwide Index of Consumer Confidence for Australia dipped 3.4 points to 64.9 in this survey. Gains were seen in the outlooks on quality of life but regular income, with outlooks on stock market, employment and economy were conversely quiet.

- Retail sales growth in **Indonesia** for the first half of 2008 is expected to see year on year growth of **12.60%** to reach **243.6 trillion Rupiah**. Government spending and investment as well as healthy household consumption see through an improved real GDP growth rate that is estimated at 6.5%.

The MasterCard Worldwide Index of Consumer Confidence for Indonesia gained 4.3 points to 57.8 in this survey. The outlook on quality of life had the largest gain of 19.2 points, increasing the score to 52.0.

- The forecasted growth in retail sales for **Japan** is **0.70%** on the previous year, valued at **¥59.2 trillion** for the first half of this year. Japan's real GDP growth rate is estimated at 1.2% for 2008, shedding close to 0.7% from the growth rate of the previous year. The real

private consumption growth however is expected to increase minimally (0.2%) to 1.4% from last year.

The MasterCard Worldwide Index of Consumer Confidence for Japan saw a double-digit drop to 48.6, with all indicators effectively losing grounds. The employment outlook saw the largest drop of 21.1 points to 60.4, given the unemployment rate had hit the lowest level (3.8%) in 2007.

- **Korea's** retail sales are expected to expand by **8.20%** with a total value of **\$77.6 trillion won** in the first half of 2008. Real GDP growth remains unchanged from previous year at 4.8%. Real private consumption growth is forecasted at 4.0%, indicating a slight dip of 0.3% against the previous year. Nevertheless, Korea's economy looks set to continue to grow steadily.

The MasterCard Worldwide Index of Consumer Confidence for Korea increased by 15.6 points to 64.1 in this survey, surpassing the 50 point neutrality mark. With the exception of the outlook for stock market, scores on all indicators saw an increase.

- **Malaysia's** retail sales growth is expected to increase year on year by **6.70%**, to reach an estimated **RM40.5 billion** in the first half of 2008. While Malaysia records a softer real GDP growth at 4.8% this year, an increased attention by government on infrastructure and development reforms will aid in supporting economic activity.

The MasterCard Worldwide Index of Consumer Confidence for Malaysia surged in this survey, gaining 1.5 points to finish at 72.5 and bringing the index closer to its previous high of 84.0 points in 2004.

- For the first half of 2008, retail sales for **New Zealand** are forecasted to grow by **2.40%** year on year, reaching **NZ\$18.9 billion** in total sales value. Significant slowdown is expected in real GDP growth for 2008 to an estimated 1.9% this year. This 1.5% decrease against the previous year can be largely attributed to higher consumer prices growth and lower private consumption growth.

This is set against the backdrop of the results of the recent MasterCard Worldwide Index of Consumer Confidence for New Zealand which dropped 0.8 points to 56.3 points. Nonetheless, outlook on regular income, employment, the economy and stock market were positive, while the quality of life indicator saw a dip.

- The **Philippines'** retail sales are estimated to grow by a healthy **9.50%** in the first half of 2008. Total sales value is expected to reach **489.3 billion Pesos**. Overseas remittances, which had grown considerably (20%) in 2007, will likely moderate on the back of a relatively weak US economy where half of the country's remittances are derived. Nonetheless, exports growth is expected to remain robust, partially offsetting the domestic demand,

The MasterCard Worldwide Index of Consumer Confidence for the Philippines strengthened by 3.1 points to 67.7. The highest indicator, outlook for regular income, rose 1.5 points to 96.0. With the exception of outlook on quality of life, all indicators posted gains.

- Retail sales growth for **Singapore** is forecasted to be at **4.20%** year on year, with total sales valued at an estimated **S\$17.6 billion** in the first half of the year. Singapore is expected to

post a lower but still healthy real GDP growth rate of 5.0%, down 2.5% from 2007. Softer global demand for electronics and pharmaceuticals, which are the two main growth drivers of the economy, are expected to be the key underlying factor leading to the moderation in Singapore's economic activities in 2008. Additionally, real private consumption is expected to hold steady despite the 2% increase in goods and services tax in 2007.

The MasterCard Worldwide Index of Consumer Confidence for Singapore in this survey increased marginally by 0.3 points to 83.6, recording the highest score in seven years of this survey series.

- **Taiwan's** retail sales are forecasted to grow by **2.90%** year on year. Total sales value over the first half of 2008 is estimated to reach **NT\$1639 billion**. Real GDP growth in 2007 is forecasted at 2.8% and can be attributed to stable foreign trade performance and higher real private consumption. Meanwhile, demand for imported goods and services in Taiwan is expected to increase to 10.3% this year.

The MasterCard Index of Consumer Confidence for Taiwan fell by 5.9 points to 29.7 according to the latest survey, with the employment outlook seeing the largest drop of 12.2 points to 26.3.

- Retail sales in **Thailand** are expected to expand by a modest **4.70%** year on year, with sales value reaching an estimated **625.9 billion Baht** during the second half of the year. Despite persistent political uncertainty given the outcome of the election, Thailand's real GDP growth rate is forecasted at 4.6%. Looking forward, the outlook for the Thai economy remains upbeat, with the full potential depending on the ability of the new government to keep business confidence and consumer sentiments positive.

The MasterCard Worldwide Index of Consumer Confidence for Thailand gained 7.5 points to 44.2 in this survey. With the exception of the outlook for regular income, consumers were optimistic about all other outlooks. The outlook for the stock market led the pack,, increasing 19.3 points to 44.6.

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