# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D. C. 20549**

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2005**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number: 001-06605**

EQUIFAX

# EQUIFAX INC.

(Exact name of registrant as specified in its charter)

| **Georgia**<br>(State or other jurisdiction of incorporation or organization) | **58-0401110**<br>(I.R.S. Employer Identification No.) |
|---|---|
| **1550 Peachtree Street, N.W., Atlanta, Georgia**<br>(Address of principal executive offices) | **30309**<br>(Zip Code) |

**404-885-8000**
(Registrant's telephone number, including area code)

**N/A**
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at October 31, 2005 |
|---|---|
| Common Stock, $1.25 Par Value | 129,868,318 |

**EQUIFAX INC.**

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

## EQUIFAX

## CONSOLIDATED BALANCE SHEETS

| | September 30, 2005 (Unaudited) | December 31, 2004 |
|---|---|---|
| | (In millions, except par values) | |
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | **$ 41.5** | $ 52.1 |
| Trade accounts receivable, net of allowance for doubtful accounts of $10.0 in 2005 and $9.3 in 2004 | **224.0** | 195.1 |
| Deferred income tax assets | **14.3** | 13.2 |
| Other current assets | **24.9** | 38.7 |
| Current assets from discontinued operations | **—** | 0.5 |
| Total current assets | **304.7** | 299.6 |
| Property and Equipment: | | |
| Land, buildings and improvements | **29.5** | 30.2 |
| Data processing equipment and furniture | **284.2** | 297.9 |
| | **313.7** | 328.1 |
| Less accumulated depreciation | **175.7** | 189.8 |
| | **138.0** | 138.3 |
| Goodwill, net | **832.7** | 747.5 |
| Purchased Intangible Assets, net | **332.0** | 281.3 |
| Other Assets, net | **105.6** | 90.5 |
| | **$ 1,713.0** | $ 1,557.2 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Short-term debt and current maturities | **$ 88.8** | $ 255.7 |
| Accounts payable | **5.1** | 9.7 |
| Other current liabilities | **202.4** | 191.2 |
| Current liabilities of discontinued operations | **—** | 0.3 |
| Total current liabilities | **296.3** | 456.9 |
| Long-Term Debt | **518.8** | 398.5 |
| Deferred Revenue | **4.1** | 9.8 |
| Deferred Income Tax Liabilities | **78.9** | 38.6 |
| Other Long-Term Liabilities | **117.2** | 129.8 |
| Total liabilities | **1,015.3** | 1,033.6 |
| Commitments and Contingencies | | |
| Shareholders' Equity: | | |
| Preferred stock, $0.01 par value: Authorized shares—10.0; Issued shares—none | **—** | — |
| Common stock, $1.25 par value: Authorized shares—300.0; | | |
| Issued shares—184.7 in 2005 and 182.0 in 2004; | | |
| Outstanding shares—129.8 in 2005 and 129.4 in 2004 | **230.9** | 227.5 |
| Paid-in capital | **539.2** | 466.9 |
| Retained earnings | **1,467.7** | 1,298.8 |
| Accumulated other comprehensive loss | **(251.3)** | (267.0) |
| Treasury stock, at cost, 50.3 shares in 2005 and 47.7 shares in 2004 | **(1,223.0)** | (1,133.4) |
| Stock held by employee benefits trusts, at cost, 4.6 shares in 2005 and 4.9 shares in 2004 | **(65.8)** | (69.2) |
| Total shareholders' equity | **697.7** | 523.6 |
| | **$ 1,713.0** | $ 1,557.2 |

See Notes to Consolidated Financial Statements.



## EQUIFAX

## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | THREE MONTHS ENDED September 30, 2005 | 2004 |
|---|---|---|
| | (In millions, except per share amounts) | |
| Operating revenue | **$ 375.3** | $ 319.9 |
| Costs and expenses: | | |
| Costs of services | **153.0** | 134.4 |
| Selling, general and administrative expenses | **94.5** | 70.8 |
| Depreciation and amortization | **20.5** | 19.0 |
| Total costs and expenses | **268.0** | 224.2 |
| Operating income | **107.3** | 95.7 |
| Other income, net | **4.8** | 2.4 |
| Minority interests in earnings, net of tax | **(1.0)** | (0.8) |

| | | |
|---|---|---|
| Interest expense | **(8.6)** | (9.2) |
| Income from continuing operations before income taxes | **102.5** | 88.1 |
| Provision for income taxes | **(40.0)** | (34.8) |
| Income from continuing operations | **62.5** | 53.3 |
| Discontinued operations | | |
| Loss from discontinued operations, net of income tax expense of $0.0 in 2005 and $0.1 in 2004 | **—** | (0.1) |
| Net income | **$ 62.5** | $ 53.2 |
| Per common share (basic): | | |
| Income from continuing operations | **$ 0.48** | $ 0.41 |
| Discontinued operations | **—** | (0.01) |
| Net income | **$ 0.48** | $ 0.40 |
| Shares used in computing basic earnings per share | **129.9** | 130.7 |
| Per common share (diluted): | | |
| Income from continuing operations | **$ 0.47** | $ 0.40 |
| Discontinued operations | **—** | — |
| Net income | **$ 0.47** | $ 0.40 |
| Shares used in computing diluted earnings per share | **132.5** | 132.5 |
| Dividends per common share | **$ 0.04** | $ 0.03 |

See Notes to Consolidated Financial Statements.



**EQUIFAX**

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

| | NINE MONTHS ENDED September 30, | |
|---|---|---|
| | **2005** | **2004** |
| | (In millions, except per share amounts) | |
| Operating revenue | **$ 1,082.1** | $ 945.2 |
| Costs and expenses: | | |
| Costs of services | **443.3** | 394.8 |
| Selling, general and administrative expenses | **262.3** | 211.2 |
| Depreciation and amortization | **60.5** | 60.7 |
| Asset impairment and related charges | **—** | 2.4 |
| Total costs and expenses | **766.1** | 669.1 |
| Operating income | **316.0** | 276.1 |
| Other income, net | **9.9** | 45.4 |
| Minority interests in earnings, net of tax | **(3.6)** | (2.3) |
| Interest expense | **(27.5)** | (25.8) |
| Income from continuing operations before income taxes | **294.8** | 293.4 |
| Provision for income taxes | **(111.1)** | (111.3) |
| Income from continuing operations | **183.7** | 182.1 |
| Discontinued operations | | |
| Loss from discontinued operations, net of income tax benefit of $0.0 in 2005 and $1.8 in 2004 | **—** | (4.9) |
| Net Income | **$ 183.7** | $ 177.2 |
| Per common share (basic): | | |
| Income from continuing operations | **$ 1.42** | $ 1.38 |
| Discontinued operations | **—** | (0.04) |
| Net income | **$ 1.42** | $ 1.34 |
| Shares used in computing basic earnings per share | **129.8** | 131.8 |
| Per common share (diluted): | | |
| Income from continuing operations | **$ 1.39** | $ 1.36 |
| Discontinued operations | **—** | (0.04) |
| Net income | **$ 1.39** | $ 1.32 |
| Shares used in computing diluted earnings per share | **132.6** | 133.8 |
| Dividends per common share | **$ 0.11** | $ 0.08 |

See Notes to Consolidated Financial Statements.



**EQUIFAX**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

| | NINE MONTHS ENDED September 30, | |
|---|---|---|
| | **2005** | **2004** |

| | (In millions) | |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | **$ 183.7** | $ 177.2 |
| Adjustments to reconcile net income to net cash provided by operating activities of continuing operations: | | |
| Gain on sale of investment in Intersections Inc. | **—** | (36.8) |
| Loss from discontinued operations | **—** | 4.9 |
| Depreciation and amortization | **60.5** | 60.7 |
| Asset impairment and related charges | **—** | 2.4 |
| Income tax benefit from stock plans | **13.0** | 4.4 |
| Deferred income taxes | **13.7** | 14.0 |
| Changes in assets and liabilities, excluding effects of acquisitions: | | |
| Accounts receivable, net | **(21.4)** | (22.5) |
| Current liabilities, excluding debt | **(4.5)** | 5.3 |
| Other current assets | **10.9** | 4.5 |
| Other long-term liabilities, excluding debt | **(11.8)** | 1.9 |
| Other assets | **(12.3)** | (10.3) |
| Other | **—** | (0.1) |
| Cash provided by operating activities | **231.8** | 205.6 |
| Investing activities: | | |
| Additions to property and equipment | **(33.3)** | (33.0) |
| Acquisitions, net of cash acquired | **(121.8)** | (17.4) |
| Proceeds from sale of investments | **10.1** | 59.4 |
| Deferred payments on prior year acquisitions | **—** | (1.4) |
| Cash (used) provided by investing activities | **(145.0)** | 7.6 |
| Financing activities: | | |
| Net short-term borrowings (payments) | **88.6** | (133.1) |
| Additions to long-term debt | **180.1** | — |
| Payments on long-term debt | **(310.0)** | (0.6) |
| Treasury stock purchases | **(95.0)** | (103.0) |
| Dividends paid | **(14.8)** | (11.0) |
| Proceeds from exercise of stock options | **47.7** | 22.5 |
| Other | **6.5** | (2.1) |
| Cash used by financing activities | **(96.9)** | (227.3) |
| Effect of foreign currency exchange rates on cash | **(0.5)** | (3.7) |
| Cash provided by discontinued operations | **—** | 1.6 |
| Decrease in cash and cash equivalents | **(10.6)** | (16.2) |
| Cash and cash equivalents, beginning of year | **52.1** | 38.1 |
| Cash and cash equivalents, end of period | **$ 41.5** | $ 21.9 |

See Notes to Consolidated Financial Statements.



**EQUIFAX**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)**

| | Common Stock: Shares Outstanding | Common Stock: Amount | Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock | Stock Held By Employee Benefits Trusts | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | | | | (In millions) | | | | |
| Balance, December 31, 2004 | 129.4 | $227.5 | $466.9 | $1,298.8 | $(267.0) | $(1,133.4) | $(69.2) | $523.6 |
| Net income | — | — | — | **183.7** | — | — | — | **183.7** |
| Other comprehensive income | — | — | — | — | **15.7** | — | — | **15.7** |
| Shares issued under stock plans | **2.5** | **3.4** | **52.4** | — | — | **(5.4)** | — | **50.4** |
| Shares issued under benefits plans | **0.3** | — | **2.5** | — | — | — | **3.4** | **5.9** |
| Shares issued under treasury stock | **0.4** | — | **4.0** | — | — | **10.8** | — | **14.8** |
| Income tax benefit from stock plans | — | — | **13.0** | — | — | — | — | **13.0** |
| Treasury stock purchased | **(2.8)** | — | — | — | — | **(95.0)** | — | **(95.0)** |
| Cash dividends | — | — | — | **(14.8)** | — | — | — | **(14.8)** |
| Dividends from employee benefits trusts | — | — | **0.4** | — | — | — | — | **0.4** |
| Balance, Septebmer 30, 2005 (Unaudited) | **129.8** | **$230.9** | **$539.2** | **$1,467.7** | **$(251.3)** | **$(1,223.0)** | **$(65.8)** | **$697.7** |

**Accumulated Other Comprehensive Loss consists of the following components:**

| | September 30, 2005 (Unaudited) | December 31, 2004 |
|---|---|---|
| | (In millions) | |
| Foreign currency translation | **$ (132.1)** | $ (148.2) |
| Minimum pension liability, net of accumulated tax of $70.2 in 2005 and 2004 | **(118.0)** | (117.0) |

| | | |
|---|---|---|
| Cash flow hedging transactions, net of tax of $1.0 in 2005 and $1.1 in 2004 | **(1.2)** | (1.8) |
| | **$ (251.3)** | $ (267.0) |

**Comprehensive Income is as follows:**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2005 (Unaudited) | 2004 (Unaudited) | 2005 (Unaudited) | 2004 (Unaudited) |
| | (In millions) | | | |
| Net income | **$ 62.5** | $ 53.2 | **$ 183.7** | $ 177.2 |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustment | **15.0** | 17.6 | **16.1** | 3.0 |
| Change in cumulative loss from cash flow hedging transactions | **0.4** | (0.3) | **0.6** | 0.3 |
| Supplemental retirement plan minimum liability adjustment | **—** | — | **(1.0)** | 1.0 |
| | **$ 77.9** | $ 70.5 | **$ 199.4** | $ 181.5 |

See Notes to Consolidated Financial Statements.



**EQUIFAX**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**September 30, 2005**

As used herein, the terms “Equifax,” “the Company,” “we,” “our” and “us” refer to Equifax Inc., a Georgia corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only Equifax Inc.

## 1. BASIS OF PRESENTATION

We have prepared the accompanying unaudited Consolidated Financial Statements in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. This information reflects all adjustments which in the opinion of management are necessary for a fair presentation of the statement of financial position as of September 30, 2005, and the results of operations for the three and nine month periods ending September 30, 2005 and 2004 and the cash flows for the nine month periods ending September 30, 2005 and 2004. All adjustments made have been of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. We believe that the disclosures are adequate to make the information presented not misleading. Certain prior year amounts have been reclassified to conform to the current year presentation. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in our annual report on Form 10-K/A for the fiscal year ended December 31, 2004 (“2004 Form 10-K”). That report includes a summary of our critical accounting policies. There have been no material changes in our accounting policies during fiscal 2005.

**Use of Estimates.** The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

**Earnings Per Share.** Our basic earnings per share (“EPS”) is calculated as income from continuing operations or net income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated to reflect the potential dilution that would occur if stock options or other contracts to issue common stock were exercised and resulted in additional common shares outstanding. The income amounts used in both our basic and diluted EPS calculations is the same. A reconciliation of the weighted average outstanding shares used in the two calculations is as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | | |
| Weighted average shares outstanding (basic) | **129.9** | 130.7 | **129.8** | 131.8 |
| Effect of dilutive securities: | | | | |
| Stock options | **2.0** | 1.3 | **2.2** | 1.5 |
| Long-term incentive plans | **0.6** | 0.5 | **0.6** | 0.5 |
| Weighted average shares outstanding (diluted) | **132.5** | 132.5 | **132.6** | 133.8 |



**Stock-Based Compensation.** In accordance with the accounting provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123, “Accounting for Stock-Based Compensation,” (“SFAS No. 123”) and SFAS No. 148, “Accounting for Stock-Based Compensation—Transitional Disclosure,” we have elected to apply Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees,” (“APB No. 25”) and related interpretations in accounting for our stock option and performance share plans. Accordingly, by our use of the intrinsic value method to account for stock-based employee compensation, we do not recognize compensation cost in connection with our stock options since the strike price was equal to the fair value of the underlying stock on the date of grant.

The fair value for these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

| | September 30, 2005 | September 30, 2004 |
|---|---|---|
| Expected Life in Years | **4.5** | 4.6 |
| Risk Free Interest Rate | **3.68%** | 3.19% |
| Volatility | **31.44%** | 33.70% |
| Dividend Yield | **0.5%** | 0.5% |

If we had elected to recognize compensation cost for these plans based on the fair value at grant date as prescribed by SFAS No. 123, net income and net income per share would have been reduced to the pro forma amounts indicated in the table below:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions, except per share data) | | | |
| Net income, as reported | **$62.5** | $53.2 | **$183.7** | $177.2 |
| Add: Total stock-based employee compensation expense, net of related tax effect, included in reported net income | **1.3** | 0.3 | **3.7** | 1.0 |
| Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects | **(3.0)** | (1.9) | **(8.6)** | (5.1) |
| Pro forma net income | **$60.8** | $51.6 | **$178.8** | $173.1 |
| Earnings per share: | | | | |
| Basic—as reported | **$0.48** | $0.40 | **$ 1.42** | $ 1.34 |
| Basic—pro forma | **$0.47** | $0.39 | **$ 1.38** | $ 1.32 |
| Diluted—as reported | **$0.47** | $0.40 | **$ 1.39** | $ 1.32 |
| Diluted—pro forma | **$0.46** | $0.39 | **$ 1.35** | $ 1.31 |

## 2. NATURE OF OPERATIONS

We collect, organize and manage various types of financial, demographic and marketing information. Our products and services enable businesses to make credit and marketing decisions, manage their portfolio risk and develop marketing strategies concerning consumers and commercial enterprises. We serve customers across a wide range of industries, including the financial services, mortgage, retail, telecommunications, utilities, automotive, brokerage, healthcare and insurance industries, as well as state and federal government entities. We also enable consumers to manage and protect their financial health through a portfolio of products offered directly to individuals. We have approximately 4,600 employees worldwide and manage our business globally through the following three reportable segments: Equifax



North America, Equifax Europe and Equifax Latin America. Our operations are predominantly located within the U.S., with foreign operations principally located in Canada, the U.K. and Brazil.

Our products and services are categorized as follows: Information Services, Marketing Services and Personal Solutions.Information Services products, services and databases allow customers to make real time risk and marketing decisions about consumers and commercial enterprises. Marketing Services information products and databases enable customers to identify a target audience for marketing various products and services and Personal Solutions products and services provide information to consumers which enable them to reduce their exposure to identity fraud and to better manage their credit health.

We develop, maintain and enhance secured proprietary information databases through compilation of accounts receivable information about consumers and businesses that we obtain from a variety of sources, such as credit granting institutions, public record information, including bankruptcies, liens and judgments and marketing information from surveys and warranty cards. We process this information utilizing our proprietary information management systems and make it available to our customers in virtually any medium or format they choose.

## 3. ACQUISITIONS

On August 29, 2005, we acquired BeNow Inc. (“BeNow”), a provider of leading edge solutions to multi-channel marketers, as a part of our Marketing Services business. BeNow combines database management and analytics to support customer marketing campaigns and optimize market opportunities in particular industries. We paid a total of approximately $17.5 million in cash to the stockholders of BeNow. The net cash impact to us of the acquisition was approximately $16.7 million. We financed the purchase price of the acquisition through available cash and approximately $5.9 million in short-term borrowings.

To broaden and further strengthen our enabling technologies capabilities in our North America Information Services business, we acquired APPRO Systems, Inc. (“APPRO”) on March 15, 2005. APPRO provides automated credit risk management and financial technologies for consumer, commercial and retail banking lending operations. We paid a total of approximately $91.5 million in cash to the stockholders and option holders of APPRO. The net cash impact to us of the acquisition was approximately $74.9 million after disposition of certain assets. We financed the purchase price of the acquisition through available cash and approximately $72.0 million in borrowings under our existing trade receivables-backed revolving credit facility.

During the first nine months of 2005, in order to continue to grow our credit data business, we acquired the credit files, contractual rights to territories (generally states or integration areas) and customer relationships and related businesses of two independent credit reporting agencies in the U.S. and one in Canada that house consumer information on our system.



The above acquisitions were accounted for as purchases and had a total cash purchase price of $129.1 million. The purchase of one U.S. independent credit reporting agency was paid for primarily with the issuance of 0.4 million shares of Equifax treasury stock. The following table summarizes the estimated fair value of the net assets acquired and the liabilities assumed at the acquisition dates. These allocations are preliminary estimates and will be finalized upon completion of the purchase valuation of the acquired assets and liabilities.

| | 2005 |
|---|---|
| | (In millions) |
| Current assets | **$ 27.7** |
| Property and equipment | **4.8** |
| Other assets | **0.1** |
| Purchased intangible assets | **76.4** |
| Deferred tax assets | **2.8** |
| Goodwill | **66.5** |
| Total acquired assets | **178.3** |
| Total liabilities | **34.5** |

| | |
|---|---|
| Net assets acquired | **$ 143.8** |

The results of operations for these acquisitions have been included in the Consolidated Statements of Income from their respective dates of acquisition and have not been material.

## 4. OTHER CURRENT ASSETS

**Other current assets.** Other current assets at September 30, 2005 and December 31, 2004 consist of the following:

| | September 30, 2005 | December 31, 2004 |
|---|---|---|
| | (In millions) | |
| Prepaid expenses | **$ 19.1** | $ 17.1 |
| Other current assets | **5.8** | 21.6 |
| Total other current assets | **$ 24.9** | $ 38.7 |

## 5. GOODWILL AND PURCHASED INTANGIBLE ASSETS

**Goodwill.** Goodwill allocated to our reporting units at January 1, 2005 and changes in the carrying amount of goodwill for the first nine months of 2005 are as follows:

| | Reporting Units | | | | | | |
|---|---|---|---|---|---|---|---|
| | Information Services | Marketing Services | Personal Solutions | European Operations | Latin America Operations | Corporate | Total |
| | | | | (In millions) | | | |
| Balance, January 1, 2005 | $ 212.1 | $ 275.9 | $ 1.8 | $ 117.7 | $ 134.2 | $ 5.9 | $ 747.5* |
| Acquisitions | **54.4** | **12.1** | — | — | — | — | **66.5** |
| Adjustments | **1.7** | **(1.8)** | — | — | **6.7** | — | **6.6** |
| Foreign currency translation | **1.6** | — | — | **(9.9)** | **20.3** | — | **12.0** |
| Balance, September 30, 2005 | **$ 269.8** | **$ 286.2** | **$ 1.8** | **$ 107.8** | **$ 161.2** | **$ 5.9** | **$ 832.7*** |

* Does not total due to rounding



Goodwill is the cost in excess of the fair value of the net assets of acquired businesses. SFAS No. 142, "Goodwill and Other Intangible Assets," requires that reporting unit goodwill be evaluated and tested for impairment at least on an annual basis. Accordingly, we performed our impairment evaluation as of September 30, 2005 which resulted in no impairment. However, future goodwill impairment tests could result in a charge to earnings. We will continue to evaluate goodwill annually or whenever events and circumstances indicate that there may be an impairment of the asset value.

The acquisitions in the table above relate primarily to the APPRO and BeNow acquisitions, as discussed in Note 3 of the Notes to Consolidated Financial Statements in this Form 10-Q.

**Purchased Intangible Assets.** Purchased intangible assets, as recorded on the accompanying Consolidated Balance Sheets, represent the estimated fair value of acquired intangible assets used in our products and services. Purchased data files, net, is the carrying value of files acquired primarily through the purchase of independent credit reporting agencies in the U.S. and Canada. We expense the cost of modifying and updating credit files in the period such costs are incurred. Purchased intangible assets at September 30, 2005 and December 31, 2004 consist of the following:

| | September 30, 2005 | | | December 31, 2004 | | |
|---|---|---|---|---|---|---|
| | Gross | Accumulated amortization | Net | Gross | Accumulated amortization | Net |
| | | | (In millions) | | | |
| Purchased data files | **$ 399.8** | **$ (170.7)** | **$ 229.1** | $ 405.4 | $ (171.7) | $ 233.7 |
| Acquired software | **39.4** | **(10.8)** | **28.6** | 10.4 | (8.2) | 2.2 |
| Non-compete agreements | **11.5** | **(8.2)** | **3.3** | 11.7 | (7.3) | 4.4 |
| Contractual and territorial rights | **48.9** | — | **48.9** | 41.0 | — | 41.0 |
| Customer relationships | **21.9** | **(0.5)** | **21.4** | — | — | — |
| Purchased trademarks | **0.8** | **(0.1)** | **0.7** | — | — | — |
| Total purchased intangible assets | **$ 522.3** | **$ (190.3)** | **$ 332.0** | $ 468.5 | $ (187.2) | $ 281.3 |

We amortize purchased data files over a 15-year period on a straight line basis. Acquired software is amortized over a period of three to ten years. Non-compete agreements are amortized over a period of two to three years. Our contractual and territorial rights are perpetual in nature and, therefore, the useful lives are considered indefinite. Customer relationships are amortized over a ten-year period. Amortization expense related to purchased intangible assets was approximately $22.9 million and $24.9 million for the first nine months of 2005 and 2004, respectively.

We perform annual impairment tests for our purchased intangible assets with indefinite lives. Based on the results of our impairment tests, we determined that no impairment of the contractual and territorial rights existed at December 31, 2004. However, future impairment tests could result in a charge to earnings. We will continue to evaluate our purchased intangible assets annually or whenever events and circumstances indicate that there may be an impairment of the asset value.



## 6. OTHER CURRENT LIABILITIES

**Other current liabilities.** Other current liabilities at September 30, 2005 and December 31, 2004 consist of the following:

| | September 30, 2005 | December 31, 2004 |
|---|---|---|
| | (In millions) | |
| Current deferred revenue | **$ 45.3** | $ 33.8 |
| Income taxes payable | **13.9** | 6.9 |
| Accrued salaries and bonuses | **42.5** | 28.8 |
| Accrued other | **100.7** | 121.7 |

| | | |
|---|---|---|
| Total other current liabilities | **$ 202.4** | $ 191.2 |

## 7. DEBT

Debt at September 30, 2005 and December 31, 2004 consists of the following:

| | September 30, 2005 | December 31, 2004 |
|---|---|---|
| | (In millions) | |
| Notes, 4.95%, due 2007, net of unamortized discount of $0.2 million and $0.3 million at September 30, 2005 and December 31, 2004, respectively | **$ 249.8** | $ 249.7 |
| Debentures, 6.9%, due 2028, net of unamortized discount of $1.1 million and $1.2 million at September 30, 2005 and December 31, 2004, respectively | **148.9** | 148.8 |
| Notes, 6.3%, due 2005, net of unamortized discount of $0.1 million at December 31, 2004 | **—** | 249.9 |
| Long-term U.S. revolving credit facility | **120.0** | — |
| Trade receivables-backed revolving credit facility | **83.0** | — |
| Other | **5.9** | 5.8 |
| | **607.6** | 654.2 |
| Less current maturities | **88.8** | 255.7 |
| | **$ 518.8** | $ 398.5 |

We redeemed $250 million principal amount of our 6.3% senior unsecured Notes (“6.3% Notes”) on July 1, 2005, by utilizing borrowings of $165.0 million under our U.S. senior unsecured revolving credit agreement and $85.0 million under our trade receivables-backed revolving credit facility. A portion of the borrowings under our U.S. senior unsecured revolving credit agreement was subsequently repaid.

During the three months ended September 30, 2005, we amended our trade receivables-backed revolving credit facility and C$25.0 million revolving credit facility to extend the expiration dates to September 5, 2006 and September 30, 2006, respectively. For additional information regarding these credit facilities, see Note 7 to our Consolidated Financial Statements in our 2004 Form 10-K.

## 8. INCOME TAXES

**Annual Effective Tax Rates.** The tax provisions for the nine months ended September 30, 2005 and 2004 were based on the estimated effective tax rates applicable for the full years ended December 31, 2005 and 2004, after giving effect to items specifically related to the interim periods. The estimated effective tax rate from continuing operations was 37.7% for the first nine months of 2005, down from 38.2% in 2004,



due primarily to favorable items related to state income taxes offset by additional tax expense related to non-deductible compensation in 2005.

**Deferred Tax Assets.** We estimate levels of future taxable income and utilize prudent and feasible tax planning strategies in establishing and maintaining deferred tax assets. If we are unable to realize all or part of our deferred tax assets in the future, our effective tax rate could increase.

## 9. SHAREHOLDERS’ EQUITY

**Treasury Stock.** During the first nine months of 2005, we repurchased 2.8 million shares at an average price of $33.46 per share through open market transactions at an aggregate investment of $95.0 million. At September 30, 2005, approximately $144.3 million remained authorized for future share repurchases. We also issued 0.4 million shares of treasury stock in connection with one of our affiliate acquisitions. For additional information about our share issuance and the stock purchase program see Note 3 of the Notes to Consolidated Financial Statements in this Form 10-Q and Part II, Item 2—”Unregistered Sales of Equity Securities and Use of Proceeds” below, respectively.

## 10. EMPLOYEE BENEFITS

The following table provides the components of net periodic benefit cost for the three months ended September 30, 2005 and 2004:

| Three Months Ended September 30, | Pension Benefits 2005 | Pension Benefits 2004 | Other Benefits 2005 | Other Benefits 2004 |
|---|---|---|---|---|
| | (In millions) | | | |
| **Components of net periodic benefit cost** | | | | |
| Service cost | **$ 2.0** | $ 1.8 | **$ 0.1** | $ 0.1 |
| Interest cost | **7.9** | 7.8 | **0.4** | 0.4 |
| Expected return on plan assets | **(10.1)** | (10.9) | **(0.3)** | (0.2) |
| Amortization of prior service cost | **1.2** | 0.1 | **0.2** | 0.2 |
| Recognized actuarial loss | **2.1** | 3.5 | **—** | — |
| Total net periodic benefit cost | **$ 3.1** | $ 2.3 | **$ 0.4** | $ 0.5 |

The following table provides the components of net periodic benefit cost for the nine months ended September 30, 2005 and 2004:

| Nine Months Ended September 30, | Pension Benefits 2005 | Pension Benefits 2004 | Other Benefits 2005 | Other Benefits 2004 |
|---|---|---|---|---|
| | (In millions) | | | |
| **Components of net periodic benefit cost** | | | | |
| Service cost | **$ 5.9** | $ 5.5 | **$ 0.3** | $ 0.3 |
| Interest cost | **23.7** | 23.4 | **1.2** | 1.1 |
| Expected return on plan assets | **(30.3)** | (32.9) | **(0.9)** | (0.6) |
| Amortization of prior service cost | **3.4** | 0.3 | **0.6** | 0.5 |
| Recognized actuarial loss | **6.3** | 10.5 | **—** | — |
| Total net periodic benefit cost | **$ 9.0** | $ 6.8 | **$ 1.2** | $ 1.3 |

On January 1, 2005, we separated our U.S. Retirement Income Plan (“USRIP”) into two defined benefit plans subject to the Employee Retirement Income Security Act

("ERISA"). The new plan, the Equifax Inc. Pension Plan ("EIPP"), was funded in January 2005 with the transfer of $17.0 million of assets from the USRIP to the EIPP and a company contribution of $20.0 million. The EIPP contained all active employee participants of Equifax as of January 1, 2005, and the USRIP contained all inactive retired and vested participants as of that date. Inactive participants constituted approximately 85% of total



participants prior to the separation. The benefits of participants in both plans were unaffected by the separation. The two groups of participants—active and inactive—had projected patterns of actuarial liabilities which were markedly different, due to the demographic differences between the two populations. The two plans will have separate assumed rates of return and separate asset allocation strategies, which will allow us to more efficiently fund our pension liabilities. Additionally, the assets of one plan will not be available to fund the liabilities of the other plan.

We have met our minimum funding requirements under ERISA for 2005 with respect to the USRIP and the EIPP. We made a discretionary contribution of $20.0 million to the EIPP during the quarter ended March 31, 2005. The Pension Funding Equity Act of 2004, which became law on April 10, 2004, provides defined benefit plan quarterly contribution relief for plan years beginning in 2004 and 2005. We do not expect to have to make any minimum funding contributions under ERISA for 2006 with respect to the USRIP or the EIPP based on applicable law as currently in effect.

The annual report produced by our consulting actuaries specifies the funding requirements for our plans, based on projected liabilities of the benefits for plan participants, historical investment results on plan assets, current discount rates for liabilities, assumptions for future demographic developments and investment results and recent changes in statutory requirements. We may elect to make additional discretionary contributions to our plans in excess of minimum funding requirements, subject to statutory limitations.

As discussed in our 2004 Form 10-K, the other postretirement benefit obligation and postretirement benefit expense recognized through September 30, 2005 includes the expected favorable impact of the federal subsidy and other provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. Our postretirement benefit obligations reflect that we will recognize the 28% subsidy for post-age 65 drug coverage as an offset to healthcare plan costs. The reduction in obligations due to the subsidy is reflected as an unrecognized net gain to the plan. The gain was reflected in net periodic benefit cost for the first time in 2004. For current and future retirees, the 28% subsidy is expected to reduce our prescription drug plan costs by $529 per individual in 2006, and this amount is expected to increase by the valuation trend rates. This estimate will be updated in the fourth quarter of 2005 for the impact of final regulations issued in January 2005. We have determined that our prescription drug plan provides a benefit that is at least actuarially equivalent to the Medicare prescription drug plan. The following represents our expected Medicare Part D reimbursements:

| Year | Estimated Reimbursement (In millions) |
|---|---|
| 2005 | **$ —** |
| 2006 | **0.4** |
| 2007 | **0.5** |
| 2008 | **0.5** |
| 2009 | **0.6** |
| 2010 - 2014 | **3.4** |
| | **$ 5.4** |



## 11. COMMITMENTS AND CONTINGENCIES

**Data Processing and Outsourcing Services Agreements.** We have separate agreements with IBM, Polk/Acxiom and others with which we outsource portions of our computer data processing operations and related functions and certain administrative functions. The agreements expire between 2005 and 2013. The estimated aggregate minimal contractual obligation remaining under these agreements was $389.4 million at December 31, 2004, with no future year minimum expected to exceed $70.8 million. Annual payment obligations in regards to these agreements vary due to factors such as the volume of data processed, changes in our servicing needs as a result of new product offering, acquisitions or divestitures, the introduction of significant new technologies or the general rate of inflation. Our data processing outsourcing agreement with IBM was renegotiated in 2003 for a ten-year term. Under this agreement (which covers our operations in North America, the U.K., Ireland, Spain, Brazil and Chile), we have outsourced our mainframe and midrange operations, help service and desktop support functions and the operation of our voice and data networks. The scope of such services varied by location. At December 31, 2004, the estimated future minimum contractual obligation under this agreement was $361.8 million, with no year expected to exceed $54.5 million. In certain circumstances (e.g., a change in control, or for our convenience), we may terminate these data processing and outsourcing agreements, and in doing so certain of these agreements require us to pay a significant penalty.

**Agreement with Computer Sciences Corporation.** We have an agreement with Computer Sciences Corporation and certain of its affiliates (collectively, "CSC"), under which CSC-owned credit reporting agencies utilize our computerized credit database services. CSC retains ownership of its credit files and the revenues generated by its credit reporting activity. We receive a processing fee for maintaining the database and for each report supplied. The agreement was renewed by CSC for a ten-year period beginning August 1, 1998. The agreement provides us with an option to purchase CSC's credit reporting business if CSC does not elect to renew the agreement or if there is a change in control of CSC while the agreement is in effect. Under the agreement CSC also has an option, exercisable at any time, to sell its credit reporting business to us. The option expires in 2013. The option exercise price will be determined by a third-party appraisal process and would be due in cash within 180 days after the exercise of the option. We estimate that if the option were exercised at this time, the price range would approximate $650.0 to $700.0 million. This estimate is based solely on our internal analysis of the value of the businesses, current market conditions and other factors, all of which are subject to constant change. Therefore, the actual option exercise price could be materially higher or lower than the estimated amount. If CSC were to exercise its option, we would have to obtain additional sources of funding. We believe that this funding would be available from sources such as additional bank lines of credit and the issuance of public debt and/or equity. However, the availability and terms of any such capital financing would be subject to a number of factors, including credit market conditions, the state of the equity markets, general economic conditions and our financial performance and condition. For additional information on our agreement with CSC, see the "Risk Factors" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2004 Form 10-K.

**Guarantees.** We will from time to time issue standby letters of credit, performance bonds or other guarantees in the normal course of business. The aggregate notional amount of all performance bonds and standby letters of credit is less than $2.0 million and all have a maturity of one year or less. Guarantees are issued from time to time to support the needs of operating units. The only outstanding guarantee that is not reflected as a liability on our Consolidated Balance Sheets was issued in connection with the sale of our risk management collections business to RMA Holdings, LLC ("RMA") in October 2000, at which time we guaranteed the operating lease payments of a partnership affiliated with RMA to a lender of the partnership pursuant to a term loan. The operating lease, which expires December 31, 2011, has a remaining balance of $8.3 million based on the undiscounted value of remaining lease payments at September 30, 2005.

On September 12, 2005, RMA sold substantially all of its assets to NCO Group, Inc. ("NCO"), after obtaining approval from the U.S. Bankruptcy Court for the Northern District of Ohio, Eastern Division. In conjunction with this sale, NCO agreed to assume the operating lease obligations discussed above, which we will continue to guarantee. We believe that the likelihood of demand for payment by us is minimal and expect no material losses to occur related to this guarantee. This sale also resulted in an amendment to an agreement that provides RMA with credit information products and services over several years, which we entered into in 2000 in conjunction with the sale of our risk management collections business. The amendment to this agreement reduced the level of credit information products and services that we are obligated to provide, which resulted in a $3.3 million gain recorded during the third quarter of 2005 in other income, net on our Consolidated Statements of Income. The balance of the remaining credit information products and services we are required to provide is recorded in other current liabilities and long-term deferred revenue on our Consolidated Balance Sheets.

Other than facility leasing arrangements, we do not engage in off-balance sheet financing activities. We have entered into a synthetic lease on our Atlanta corporate headquarters building in order to provide us with favorable financing terms with regard to this facility. This $29.0 million lease was entered into in 1998 and expires in 2010. Total lease payments for the remaining term total $8.3 million. Under this synthetic lease arrangement, we have also guaranteed the residual value of the leased property to the lessor. In the event that the property were to be sold by the lessor at the end of the lease term, we would be responsible for any shortfall of the sales proceeds, up to a maximum amount of $23.2 million, which equals 80% of the value of the property at the beginning of the lease term. Based on an appraisal of the property at December 31, 2004, we determined that its fair value is $25.0 million. The $4.0 million shortfall against the residual value guarantee is being recognized as an expense ratably over the remaining lease term.

**Subsidiary Dividend and Fund Transfer Limitations.** The ability of certain of our subsidiaries and associated companies to transfer funds to us is limited, in some cases, by certain restrictions imposed by foreign governments, which do not, individually or in the aggregate, materially limit our ability to service our indebtedness, meet our current obligations or pay dividends.

**Litigation.** We are involved in lawsuits, claims and legal proceedings as is normal in the ordinary course of our business. Any possible adverse outcome arising from these matters is not expected to have a material impact on our results of operations or financial position, either individually or in the aggregate. However, our evaluation of the likely impact of these pending lawsuits could change in the future. If the potential loss from any claim or legal proceeding is probable and can be estimated, we accrue a liability for estimated settlements and incurred but unpaid legal fees for services performed to date. In our opinion, the ultimate resolution of these matters, including those discussed below in Part II, Other Information, Item I, Legal Proceedings, will not have a materially adverse effect on our financial position, liquidity or results of operations.

**Income Taxes.** Our tax filings for various periods are subjected to audit by tax authorities in most jurisdictions where we conduct business. These audits may result in assessments of additional taxes that are subsequently resolved with the authorities or potentially through the courts. Currently, there are assessments involving certain of our subsidiaries, including Canada (see Part II, Other Information, Item 1, Legal Proceedings), that may not be resolved for many years. We believe we have substantial defenses to the questions being raised and would pursue all legal remedies should an unfavorable outcome result. We believe we have adequately provided for any ultimate amounts that would result from these proceedings where it is probable we will pay some amounts and the amounts can be estimated; however, it is too early to predict a final outcome of these matters.



## 12. SEGMENT INFORMATION

### Segment Reporting

We manage our business and report our financial results primarily through the following three reportable segments:

- Equifax North America
- Equifax Europe
- Equifax Latin America

The North America reportable segment consists of three operating segments:

- Information Services
- Marketing Services
- Personal Solutions

The Europe and Latin America reportable segments include similar product lines.

A summary of segment products and services is as follows:

**Equifax North America.** Information Services, which includes consumer and commercial services (such as credit information and credit scoring, credit modeling services, locate services, fraud detection and prevention services, mortgage loan origination information services, identity verification services and other consulting services); Marketing Services, which includes credit card marketing services and consumer demographic and lifestyle information services; and Personal Solutions, which consists of credit monitoring and identity theft protection products sold directly to individuals.

**Equifax Europe.** Information Services, which includes consumer and commercial services (such as credit and financial information, credit scoring and credit modeling services), Credit Marketing Services and Personal Solutions. The operating results for our Italian businesses that were disposed of in the fourth quarter of 2004 have been reclassified to discontinued operations and are not included in the Equifax Europe's reported segment results as shown below.

**Equifax Latin America.** Information Services, which includes consumer and commercial services (such as credit and financial information, credit scoring and credit modeling services), Credit Marketing Services and Personal Solutions.

There has been no material change in segment assets since December 31, 2004.



Operating revenue and operating income by segment for the three and nine months ended September 30, 2005 and 2004 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions) | | | |
| Operating revenue: | | | | |
| Equifax North America | | | | |
| Information Services | **$ 211.2** | $ 177.3 | **$ 609.5** | $ 527.3 |
| Marketing Services | **65.6** | 60.0 | **187.2** | 175.1 |

| | | | | |
|---|---|---|---|---|
| Personal Solutions | **28.8** | 23.5 | **87.9** | 72.8 |
| North America—Total | **305.6** | 260.8 | **884.6** | 775.2 |
| Equifax Europe | **35.1** | 35.5 | **106.8** | 103.9 |
| Equifax Latin America | **34.6** | 23.6 | **90.7** | 66.1 |
| | **$ 375.3** | $ 319.9 | **$ 1,082.1** | $ 945.2 |
| Operating income: | | | | |
| Equifax North America | | | | |
| Information Services | **$ 91.2** | $ 73.3 | **$ 263.6** | $ 222.7 |
| Marketing Services | **22.7** | 21.5 | **60.9** | 52.5 |
| Marketing Services asset impairment & related charges | **—** | — | **—** | (2.4) |
| Marketing Services, net | **22.7** | 21.5 | **60.9** | 50.1 |
| Personal Solutions | **2.5** | 4.4 | **9.8** | 16.6 |
| North America—Total | **116.4** | 99.2 | **334.3** | 289.4 |
| Equifax Europe | **8.7** | 8.4 | **24.4** | 20.8 |
| Equifax Latin America | **10.0** | 4.7 | **24.4** | 12.3 |
| General Corporate Expense | **(27.8)** | (16.6) | **(67.1)** | (46.4) |
| | **$ 107.3** | $ 95.7 | **$ 316.0** | $ 276.1 |

Total assets at September 30, 2005 and December 31, 2004 are as follows:

| | September 30, 2005 | December 31, 2004 |
|---|---|---|
| | (In millions) | |
| Equifax North America | **$ 1,226.2** | $ 1,092.2 |
| Equifax Europe | **166.6** | 182.3 |
| Equifax Latin America | **244.9** | 214.5 |
| General Corporate | **75.3** | 67.8 |
| | **1,713.0** | 1,556.8 |
| Divested operations | **—** | 0.4 |
| | **$ 1,713.0** | $ 1,557.2 |

## 13. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board (“FASB”) issued FASB Staff Position (“FSP”) 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004” (“FSP 109-2”), which provides guidance under SFAS No. 109, “Accounting for Income Taxes” (“SFAS No. 109”) with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 (“Jobs Act”) on an enterprise’s income tax expense and deferred tax liability. FSP 109-2 states that an enterprise is allowed time beyond the financial reporting period of enactment to evaluate the effect of the Jobs Act on its plan for



reinvestment or repatriation of foreign earnings for purposes of applying SFAS No. 109. We have not yet completed our evaluation of the impact of the repatriation provisions and have not adjusted our tax expense or deferred tax liability to reflect the repatriation provisions of the Jobs Act.

In December 2004, the FASB issued SFAS No. 123R, “Share-Based Payment” (“SFAS No. 123R”). SFAS No. 123R replaces SFAS No. 123 and supersedes APB No. 25. SFAS No. 123R requires that the cost relating to share-based payment transactions in which an entity exchanges its equity instruments for goods or services from either employees or non-employees be recognized in the financial statements as the goods are received or services are rendered. That cost will be measured based on the fair value of the equity or liability instruments issued. We will no longer be permitted to follow the intrinsic value accounting method of APB No. 25, which resulted in no expense being recorded for stock option grants for which the strike price was equal to the fair value of the underlying stock on the date of grant. SFAS No. 123R requires that benefits of tax deductions in excess of recognized compensation cost be reported as a financing cash flow, rather than as an operating cash flow as required under current accounting standards. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption.

In March 2005, the Securities and Exchange Commission (“SEC”) issued Staff Accounting Bulletin (“SAB”) No. 107 (“SAB No. 107”) which expressed the views of the SEC regarding the interaction between SFAS No. 123R and certain SEC rules and regulations. SAB No. 107 provides guidance related to the valuation of share-based payment arrangements for public companies, including assumptions such as expected volatility and expected term.

In April 2005, the SEC approved a rule that delayed the effective date of SFAS No. 123R for public companies. As a result, SFAS No. 123R will be effective for Equifax in the first quarter of 2006 and will apply to all of our outstanding unvested share-based payment awards as of January 1, 2006 and all prospective awards. We are assessing the impact SFAS No. 123R and SAB No. 107 will have on our consolidated financial statements and which of the transition methods allowed by SFAS No. 123R will be elected. The impact on net earnings as a result of the adoption of SFAS No. 123R, from a historical perspective, can be found in pro forma SFAS No. 123 disclosures contained in Note 1 to the Consolidated Financial Statements in this Form 10-Q and Note 1 to the Consolidated Financial Statements in our 2004 Form 10-K.

## 14. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Effective January 1, 2001, we adopted SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS No. 133”). SFAS No. 133 requires that a company recognize derivatives as assets or liabilities on its balance sheet, and also requires that the gain or loss related to the effective portion of derivatives designated as cash flow hedges be recorded as a component of other comprehensive income.

We enter into hedging transactions in order to reduce financial volatility and manage the mix of fixed versus floating interest rate obligations of our debt portfolio. As of September 30, 2005, the only hedging transactions to which we were a counterparty consisted of interest rate swap agreements.

At September 30, 2005, we had a $29.0 million floating-to-fixed interest rate swap, maturing in 2010, which fixes the effective rate of interest on the $29.0 million synthetic lease related to our Atlanta corporate headquarters. This derivative instrument is designated as a cash flow hedge under SFAS No. 133, is documented as fully effective, and, at September 30, 2005, was valued on a mark-to-market basis as a liability totaling $1.9 million. This liability is included with other current liabilities in the accompanying Consolidated Balance Sheets, and the related loss was recorded, net of income tax, as a component of accumulated other comprehensive loss.

On July 1, 2005, the interest rate swap agreements in place to convert the interest rate on our 6.3% Notes from fixed rate to floating rate were settled. These swaps were designated as fair value hedges, were documented as fully effective under SFAS No. 133 and were valued on a mark-to-market basis. The swap agreements were settled with a payment to us of $2.4 million.

## 15. QUARTERLY FINANCIAL DATA

In October 2004, we sold our Italian businesses and have reclassified the 2004 results of Italy in discontinued operations. Accordingly, quarterly financial data for September 30, 2005 and 2004 is as follows:

| | September 30, | | | |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| | Reported | Reported | Italy | Restated |
| | (In millions, except per share data) | | | |
| Operating revenue | **$ 375.3** | $ 323.0 | $ 3.1 | $ 319.9 |
| Operating income | **$ 107.3** | $ 95.4 | $ (0.3) | $ 95.7 |
| Income from continuing operations | **$ 62.5** | $ 52.7 | $ (0.6) | $ 53.3 |
| Discontinued operations | **$ —** | $ 0.5 | $ — | $ (0.1) |
| Net income | **$ 62.5** | $ 53.2 | $ (0.6) | $ 53.2 |
| Per common share (basic): | | | | |
| Income from continuing operations | **$ 0.48** | $ 0.40 | $ (0.01) | $ 0.41 |
| Net income | **$ 0.48** | $ 0.40 | $ — | $ 0.40 |
| Per common share (diluted): | | | | |
| Income from continuing operations | **$ 0.47** | $ 0.40 | $ — | $ 0.40 |
| Net income | **$ 0.47** | $ 0.40 | $ — | $ 0.40 |

For additional information about our Italian discontinued operations, see Note 3 of the Notes to Consolidated Financial Statements in our 2004 Form 10-K.

## 16. SUBSEQUENT EVENT

In October 2005, we amended and restated our Shareholder Rights Plan. The plan was established by the Board of Directors in a Rights Agreement dated as of October 25, 1995, between Equifax and SunTrust Bank, as Rights Agent (the "Prior Agreement"). As more fully described in and subject to the terms of the Rights Agreement, the Rights Agreement generally gives holders of our Common Stock rights to acquire additional shares of our Common Stock upon the occurrence of specified events. The October 2005 Rights Agreement amendments (a) extend the final expiration of the Prior Agreement from November 6, 2005 to November 6, 2015; (b) eliminate the double trigger feature by increasing the thresholds at which the Rights become exercisable and the "self-dealing" flip-in is triggered, in each case, from 15% to 20%; (c) change the exercise price of each right from $55 to $153.81; (d) add a provision for a three year independent director evaluation ("TIDE") committee; (e) clarify that the Board of Directors of Equifax may in good faith determine that a disposition of common stock by a person inadvertently exceeding the permitted threshold has been made as promptly as practicable; and (f) make certain other clarifying changes.

The TIDE Committee will consist of independent members of the Board of Directors and will review and evaluate the Rights Agreement to consider whether it continues to be in the best interest of Equifax, our shareholders and any other relevant constituencies of Equifax (a) at least every three years and (b) sooner if an acquisition proposal is made that the TIDE Committee believes would make such a review and evaluation appropriate. Following such review, the TIDE Committee will communicate its conclusion to the Board of Directors, including any recommendation as to whether the Rights Agreement should be modified or the rights should be redeemed.



## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used herein, the terms "Equifax," "the Company," "we," "our" and "us" refer to Equifax Inc., a Georgia corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only Equifax Inc.

The following discussion of our financial condition and results of operations should be read in conjunction with our annual report on Form 10-K/A for the fiscal year ended December 31, 2004 ("2004 Form 10-K") and our unaudited Consolidated Financial Statements and the related notes in Part I, Item 1—"Financial Statements," above. Throughout Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), we refer to several measures used by management to evaluate performance including free cash flow, other financial results adjusted for the impact of Fair and Accurate Credit Transactions Act of 2003 ("FACT Act"), one-time items and working capital excluding debt, which are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Under Securities and Exchange Commission ("SEC") regulations, we are required to provide supplemental explanations and reconciliations for these "non-GAAP financial measures," which we have included in Exhibit 99.1 to this Form 10-Q.

*All references to earnings per share data in this MD&A are to diluted earnings per share unless otherwise noted.*

## OVERVIEW

Our business plan is focused on providing a comprehensive information database, analytical resources to transform information into value-added insight for our customers and technology platforms that deliver highly customized decisioning tools that enable our customers to make decisions about their customers in "real time" at the point of interaction. Our products and services include consumer credit information, information database management, marketing information, small business credit information, decisioning and analytical tools and identity verification services which enable businesses to make informed decisions about extending credit or service, managing portfolio risk and developing strategies for marketing to consumers and small businesses. We also enable consumers to manage and protect their financial affairs through a portfolio of products that we sell directly and indirectly via the Internet and other marketing channels of distribution.

*Comprehensive Information Database.* We collect, organize and manage numerous types of credit, financial, public record, demographic and marketing information regarding individuals and businesses. This information originates from a variety of sources including financial or credit granting institutions, which provide loan and accounts receivable information; governmental entities, which provide public records of bankruptcies, liens and judgments; and consumers who participate in surveys and submit warranty registration cards from which we gather demographic and marketing information. Our proprietary databases contain information on approximately 400 million consumers and businesses worldwide. The original data is compiled and processed utilizing our proprietary software and systems and distributed to customers in a variety of user-friendly and value-add formats. Our products and services include consumer credit information, information database management, marketing information, small business credit information, decisioning and analytical tools and identity verification services which enable businesses to make informed decisions about extending credit or service, managing portfolio risk and developing strategies for marketing to consumers and small businesses. We also enable consumers to manage and protect their financial affairs through a portfolio of products that we sell directly and indirectly via the Internet and other marketing chanels of distribution. During the first nine months of 2005, in order to continue to grow our credit data franchise, we acquired the credit files, contractual rights to territories (generally states or integration areas) and customer relationships and related businesses of

two independent credit reporting agencies in the U.S. and one in Canada that house consumer information on our system.

*Analytical Resources.* We have developed analytical tools for customers to use in their consumer and commercial oriented decisioning activities. These decisioning activities include numerous types of consumer interactions including customer acquisition, relationship management (e.g., up-selling and cross-selling) and risk management.

*Technology Platforms.* Our enabling technologies include products such as APPLY, Decision Power, ID Authentication, Accel CM, Accel DM and InterConnect. These platforms are developed in an Application Service Provider format to allow for ease of integration into customers' in-house technology systems and to leverage our extensive technological systems and communication networks. We expect our acquisition in March 2005 of APPRO Systems, Inc. ("APPRO"), a leading provider of enabling technologies for consumer and commercial lending operations, will help drive future growth in this market.

We are organized and report our business results in three geographic business units: North America, Europe and Latin America. The North America segment consists of three major operating segments: Information Services, Marketing Services and Personal Solutions. The Europe and Latin America reportable segments are made up of varying mixes of three product lines: Information Services, Marketing Services and Personal Solutions. *Information Services* revenue is principally transaction related and is derived from our sales of the following products, of which a significant majority are delivered electronically: credit reporting and scoring, mortgage reporting, identity verification, fraud detection and modeling services, and certain of our decisioning products that facilitate and automate a variety of credit oriented decisions. Revenue from our *Marketing Services* is derived from our sales of products that help customers acquire new customers, cross-sell to existing customers and manage portfolio risk. In August 2005, we acquired BeNow Inc. ("BeNow"), a provider of leading edge solutions to multi-channel marketers, as an addition to our Marketing Services business. *Personal Solutions* revenue is transaction and subscription based, and is derived from our sales of credit monitoring and identity theft protection products, which we deliver to consumers through mail delivery and electronically via the Internet. For additional information regarding our geographic business units and operating segments, including detailed financial results, see Note 12 in the Notes to Consolidated Financial Statements in this Form 10-Q as well as further discussion below within MD&A.

We operate in 13 countries: North America (the U.S. and Canada), Europe (the U.K., Ireland, Spain and Portugal) and Latin America (Brazil, Argentina, Chile, El Salvador, Peru, Uruguay and Costa Rica). We serve customers across a wide range of industries, including the financial services, retail, telecommunications, utilities, automotive, brokerage, healthcare and insurance industries, as well as state and federal governments. Our revenue stream is highly diversified with our largest customer providing less than 3% of total revenues. Our revenues are sensitive to a variety of factors, such as demand for, and price of, our services, technological competitiveness, our reputation for providing timely and reliable service, competition within our industry, federal, state, foreign and regulatory requirements governing privacy and use of data and general economic conditions. We do not believe that the rate of inflation has had a material effect on our operating results. However, inflation could adversely affect our future operating results if it were to result in substantial weakening in economic conditions.

We see significant opportunities for growth through our ability to identify and enhance our customers' decisioning intelligence to more effectively interact with, and serve, their customers; broadening our Personal Solutions offerings to consumers; and ultimately moving our own businesses further up the value chain from data to analytics and decisioning technology—the main driver of growth and differentiation in our North America and Latin America business units.

Management focuses on a variety of key indicators to monitor operating and financial performance. These indicators include measurements of revenue growth, operating income, operating margin, income



from continuing operations, diluted earnings per share, capital expenditures and cash flow. We monitor these indicators, and our corporate governance practices, to ensure that business vitality is maintained and effective control is exercised.

The key performance indicators for the three and nine months ended September 30, 2005 and 2004 were as follows:

| | Key Performance Indicators | | | |
|---|---|---|---|---|
| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
| | 2005 | 2004 | 2005 | 2004 |
| | (In millions, except per share data) | | | |
| Operating revenue | **$ 375.3** | $ 319.9 | **$ 1,082.1** | $ 945.2 |
| Revenue growth | **17%** | 4% | **14%** | 3% |
| Operating income | **$ 107.3** | $ 95.7 | **$ 316.0** | $ 276.1 |
| Operating margin | **29%** | 30% | **29%** | 29% |
| Income from continuing operations | **$ 62.5** | $ 53.3 | **$ 183.7** | $ 182.1 |
| Diluted earnings per share from continuing operations | **$ 0.47** | $ 0.40 | **$ 1.39** | $ 1.36 |
| Capital expenditures | **$ 11.2** | $ 12.9 | **$ 33.3** | $ 33.0 |

For additional key performance indicators related to non-GAAP measures and our operating segments, see Exhibit 99.1 to this Form 10-Q and further discussion below, respectively.

**FACT Act Update**

The FACT Act amended the Fair Credit Reporting Act and became law in December 2003. During 2004 we established, along with the other nationwide credit reporting agencies, a centralized request facility, Central Source, LLC, which is owned jointly by Equifax, Experian Information Solutions, Inc. and TransUnion LLC, to provide to consumers, upon their request, a free annual credit file disclosure on a phased-in basis beginning on December 1, 2004 in the Western region, March 1, 2005 in the Midwest region, June 1, 2005 in the Southern region and September 1, 2005 in the Eastern region of the U.S. On December 1, 2004, we began to assess a regulatory recovery fee for certain of our business-to-business products to help mitigate the costs required to implement the provisions of the FACT Act. The initial implementation of the annual free credit report required by the FACT Act was completed during the third quarter of 2005, and our related regulatory recovery fee will remain in effect as we continue to address the FACT Act. Between January 1, 2004 and September 30, 2005, we have incurred significant compliance costs, including capital investment, totaling $27.2 million to implement the FACT Act requirements, which have been partially offset by cumulative regulatory recovery fee revenue of $19.7 million.

The net impact of the free credit file disclosure and other requirements of the FACT Act on our business will depend on numerous factors, including among others the actual demand of consumers for free credit reports, how these reports are requested, the volume of credit file dispute resolution requests and our experience marketing fee-generating products to consumers requesting free credit file disclosures. Through September 30, 2005, the volume of free credit report requests has been within the range of our planning estimates. In 2006, however, we expect to reassess the amount of our regulatory recovery fee after we recover our capital costs and have a better understanding of our ongoing compliance costs. At this time, we cannot determine whether the amount of the regulatory fee will change and, if it does change, how it may impact our financial results.

**Other Recent Regulatory Developments**

We continue to monitor federal and state legislative and regulatory issues involving consumer data privacy and protection. Much of this activity resulted from highly publicized third party security breaches in early 2005 involving personal financial data. While numerous bills have been introduced and a few have become law at the state level, governing matters such as the right of consumers to "freeze" the credit files maintained by credit reporting agencies under certain circumstances and security breach notification provisions, these have not resulted in significant changes to our business practices. We expect to see an increase in the number of notices resulting from breached third party databases and the number of consumers that contact credit reporting companies following a breach. At the federal level, Congress has held hearings and drafted various bills dealing with data security and identity theft issues. We do not currently expect any of these bills to pass in 2005 before Congress adjourns. The Fair Credit Reporting Act, as amended in 2003, contains a number of significant identity theft protections for consumers and we continue to work with regulators to fully implement all of its provisions.

## RESULTS OF OPERATIONS—THREE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

### Consolidated Financial Results

***Operating Revenue***

Consolidated revenue for the third quarter of 2005 increased 17%, from $319.9 million in 2004 to $375.3 million. This increase is due primarily to revenue growth in North America Information Services and Latin America, and regulatory recovery fee revenue of $10.2 million related to FACT Act in the third quarter of 2005. See further discussion of segment financial results below.

***Costs and Expenses and Operating Margin***

Consolidated total costs and expenses increased $43.8 million, or 20%, for the three months ended September 30, 2005 as compared to the same period a year ago. Costs of services for the third quarter of 2005 increased $18.6 million, or 14%, compared to the third quarter of 2004, primarily due to revenue growth as well as higher benefits and incentive costs mainly associated with our annual incentive program. Selling, general and administrative costs rose $23.7 million, or 33%, for the third quarter of 2005 as compared to the same prior year period mainly due to higher salary and incentive costs related to our Chief Executive Officer ("CEO") transition as well as increased year-over-year expenses related to our annual incentive program based on our cumulative financial results, and higher year-over-year advertising costs. As part of the CEO transition, effective September 19, 2005, Richard F. Smith became our Chairman-Elect and CEO, which contributed to the higher salary and incentive costs during the third quarter of 2005. For additional information about Mr. Smith's employment agreement with Equifax, see Exhibits 10.1 and 10.2 to this Form 10-Q and the Form 8-K filed with the SEC on August 25, 2005.

Consolidated operating margin for the quarter ended September 30, 2005 decreased from 30% to 29% when compared to 2004.

***Other Income, Net***

Consolidated other income, net, increased $2.4 million for the three months ended September 30, 2005, as compared to the same period a year ago. The increase is primarily driven by a $3.3 million gain recorded during the third quarter of 2005 related to an agreement with RMA Holdings, LLC. For additional information about this gain, see Note 11 of the Notes to Consolidated Financial Statements in this Form 10-Q.



### Segment Financial Results

Our segment results for the three months ended September 30, 2005 and 2004 were as follows:

| | Third Quarter | | | | | |
|---|---|---|---|---|---|---|
| | **2005** | **% of Revenue** | **2004** | **% of Revenue** | **$ Change** | **% Change** |
| | (In millions) | | | | | |
| Operating Revenue: | | | | | | |
| Equifax North America | | | | | | |
| Information Services | **$ 211.2** | **56%** | $ 177.3 | 56% | $33.9 | 19% |
| Marketing Services | **65.6** | **18%** | 60.0 | 19% | 5.6 | 9% |
| Personal Solutions | **28.8** | **8%** | 23.5 | 7% | 5.3 | 22% |
| North America—Total | **305.6** | **82%** | 260.8 | 82% | 44.8 | 17% |
| Equifax Europe | **35.1** | **9%** | 35.5 | 11% | (0.4) | (1)% |
| Equifax Latin America | **34.6** | **9%** | 23.6 | 7% | 11.0 | 47% |
| | **$ 375.3** | **100%** | $ 319.9 | 100% | $55.4 | 17% |

| | **2005** | **Profit Margin** | **2004** | **Profit Margin** | **$ Change** | **% Change** |
|---|---|---|---|---|---|---|
| Operating Income: | | | | | | |
| Equifax North America | | | | | | |
| Information Services | **$ 91.2** | **43%** | $ 73.3 | 41% | $ 17.9 | 24% |
| Marketing Services | **22.7** | **35%** | 21.5 | 36% | 1.2 | 6% |
| Personal Solutions | **2.5** | **9%** | 4.4 | 19% | (1.9) | (43)% |
| North America—Total | **116.4** | **38%** | 99.2 | 38% | 17.2 | 17% |
| Equifax Europe | **8.7** | **25%** | 8.4 | 24% | 0.3 | 4% |
| Equifax Latin America | **10.0** | **29%** | 4.7 | 20% | 5.3 | 113% |
| General Corporate Expense | **(27.8)** | **nm** | (16.6) | nm | (11.2) | (67)% |
| | **$ 107.3** | **29%** | $ 95.7 | 30% | $ 11.6 | 12% |

nm—not meaningful

Our North America revenue for the three months ended September 30, 2005 and 2004 was as follows:

| | Third Quarter | | | | | |
|---|---|---|---|---|---|---|
| | **2005** | **% of Revenue** | **2004** | **% of Revenue** | **$ Change** | **% Change** |
| | (In millions) | | | | | |
| Equifax North America Revenue: | | | | | | |
| U.S. Consumer and Commercial Services | **$ 160.2** | **53%** | $ 134.1 | 52% | $26.1 | 19% |
| Mortgage Services | **22.8** | **7%** | 18.8 | 7% | 4.0 | 21% |
| Canadian Operations | **28.2** | **9%** | 24.4 | 9% | 3.8 | 16% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total North America Information Services | **211.2** | **69%** | 177.3 | 68% | 33.9 | 19% |
| Credit Marketing Services | **39.9** | **14%** | 36.7 | 14% | 3.2 | 9% |
| Direct Marketing Services | **25.7** | **8%** | 23.3 | 9% | 2.4 | 10% |
| Total Marketing Services | **65.6** | **22%** | 60.0 | 23% | 5.6 | 9% |
| Personal Solutions | **28.8** | **9%** | 23.5 | 9% | 5.3 | 22% |
| | **$ 305.6** | **100%** | $ 260.8 | 100% | $44.8 | 17% |



Our North America revenue excluding the impact of the FACT Act (non-GAAP) for the three months ended September 30, 2005 and 2004 was as follows:

| | Third Quarter | | | | | |
|---|---|---|---|---|---|---|
| | 2005 | % of Revenue | 2004 | % of Revenue | $ Change | % Change |
| | (In millions) | | | | | |
| Equifax North America Revenue: | | | | | | |
| U.S. Consumer and Commercial Services | **$ 150.8** | **51%** | $ 134.1 | 52% | $ 16.7 | 12% |
| Mortgage Services | **22.0** | **7%** | 18.8 | 7% | 3.2 | 17% |
| Canadian Operations | **28.2** | **10%** | 24.4 | 9% | 3.8 | 16% |
| Total North America Information Services | **201.0** | **68%** | 177.3 | 68% | 23.7 | 13% |
| Credit Marketing Services | **39.9** | **13%** | 36.7 | 14% | 3.2 | 9% |
| Direct Marketing Services | **25.7** | **9%** | 23.3 | 9% | 2.4 | 10% |
| Total Marketing Services | **65.6** | **22%** | 60.0 | 23% | 5.6 | 9% |
| Personal Solutions | **28.8** | **10%** | 23.5 | 9% | 5.3 | 22% |
| | **$ 295.4** | **100%** | $ 260.8 | 100% | $ 34.6 | 13% |

***Equifax North America***

*Information Services*

U.S. Consumer and Commercial Services revenue for the third quarter of 2005 increased 19%, from $134.1 million in 2004 to $160.2 million. This increase is primarily due to increased sales to our specialty and financial services customers, increased revenue derived from services provided to our affiliates and products sold in our small business services unit as well as regulatory recovery fee revenue of $9.4 million related to the FACT Act in the third quarter of 2005. In our U.S. Consumer Information business, online transaction volume was 161.6 million, up 11%.

Mortgage Services revenue for the third quarter of 2005 increased 21%, from $18.8 million in 2004 to $22.8 million. This increase is primarily due to new customers, an affiliate acquisition, increased market share and favorable market conditions as well as regulatory recovery fee revenue of $0.8 million related to the FACT Act in the third quarter of 2005.

Canadian operations revenue increased $3.8 million, or 16%, when compared to 2004 due primarily to favorable currency impact and increased sales volume. Local currency fluctuation against the U.S. dollar favorably impacted our Canadian revenue by $2.3 million.

Third quarter of 2005 operating income was $91.2 million for Information Services, an increase of $17.9 million, or 24%. The increase in operating income is primarily the result of increased sales volume in our U.S. and Canadian Consumer and Commercial Information Services businesses and a positive impact due to FACT Act in 2005.

*Marketing Services*

Credit Marketing Services revenue for the third quarter of 2005 increased $3.2 million, or 9%, compared to the same period in 2004. Direct Marketing Services revenue increased $2.4 million, or 10%, from the third quarter of 2005 compared to the same quarter a year ago. The favorable year-over-year comparison for both Credit Marketing Services and Direct Marketing Services is primarily due to increased volume from existing customers and additional revenue from new customers. Third quarter operating income was $22.7 million for Marketing Services, an increase of $1.2 million, or 6%, resulting primarily from revenue growth.



*Personal Solutions*

Personal Solutions revenue for the third quarter of 2005 increased $5.3 million, or 22%, compared to the same period in 2004 primarily due to new products, including CreditWatch, ScoreWatch and 3-in-1 Credit Report Monitoring. Third quarter operating income was $2.5 million for Personal Solutions, a decrease of $1.9 million, or 43%, primarily due to an increase in advertising and other promotional campaigns when comparing the two periods.

***Equifax Europe***

Equifax Europe revenue decreased from $35.5 million in the third quarter of 2004 to $35.1 million in the same period of 2005, including an unfavorable currency impact of $0.6 million. Operating income for the third quarter of 2005 increased $0.3 million, or 4%, when compared to the same period a year ago. The improvement in operating income was driven by cost savings. The overall performance of our European operations reflects the current softness in European economic conditions.

In October 2004, we sold our Italian businesses and have reclassified the 2004 results of Italy in discontinued operations.

***Equifax Latin America***

Our Latin America segment revenue increased 47% to $34.6 million in the third quarter of 2005. Local currency fluctuation against the U.S. dollar favorably impacted our Latin America revenue by $5.3 million and Latin America operating income by $1.4 million. Five countries in Latin America experienced double digit revenue growth in part due to strengthening local economies which have allowed us to increase pricing.

Operating income increased to $10.0 million for the quarter ended September 30, 2005, compared to $4.7 million for the same period in 2004. This increase was primarily the result of higher sales volumes. Equifax Latin America operating margin was 29% for the three months ended September 30, 2005, versus 20% for the same period in 2004.

***General Corporate Expense***

Our “general corporate expenses” are expenses that are incurred at the corporate level and have no clear relationship in their support of our business units, and ultimately

the reportable segments. These expenses include shared services and administrative and legal expenses. General corporate expense was $27.8 million for the three months ended September 30, 2005, compared to $16.6 million for the same period in 2004. This increase was primarily driven by higher salary and incentive costs related to our CEO transition (see discussion above) as well as increased year-over year expenses related to our annual incentive program based on our cumulative financial results.

## RESULTS OF OPERATIONS—NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

### Consolidated Financial Results

*Operating Revenue*

Consolidated revenue for the first nine months of 2005 increased 14%, from $945.2 million in 2004 to $1,082.1 million. This increase is primarily due to growth in all of our reporting segments as well as regulatory recovery fee revenue of $28.8 million related to the FACT Act in the nine months ended September 30, 2005. See further discussion of segment financial results below.



*Costs and Expenses and Operating Margin*

Consolidated total costs and expenses increased $97.0 million, or 14%, for the nine months ended September 30, 2005 as compared to the same period a year ago. Costs of services for the first three quarters of 2005 increased $48.5 million, or 12%, when compared to 2004, primarily due to revenue growth as well as higher benefits and incentive costs mainly associated with our annual incentive program. Selling, general and administrative costs rose $51.1 million, or 24%, for the first three quarters of 2005 as compared to the same prior year period mainly due to higher salary and incentive costs related to our CEO transition (see discussion above) as well as increased year-over-year expenses related to our annual incentive program based on our cumulative financial results, and higher year-over-year advertising costs.

During the first nine months of 2004, we recorded a $2.4 million asset impairment charge related to Marketing Services, primarily for purchased data.

Consolidated operating margin for the first nine months of 2005 remained at 29%.

*Other Income, Net*

Consolidated other income, net, decreased $35.5 million for the nine months ended September 30, 2005, as compared to the same period a year ago. The decrease is primarily driven by a $36.8 million gain recorded in 2004 related to the sale of our investment in Intersections, Inc. (for additional information regarding this sale, see Note 12 of the Notes to Consolidated Financial Statements in our 2004 Form 10-K), partially offset by a $3.3 million gain recorded during the third quarter of 2005 related to an agreement with RMA Holdings, LLC. For additional information about this gain, see Note 11 of the Notes to Consolidated Financial Statements in this Form 10-Q.

*Discontinued Operations*

In October 2004, we sold our Italian businesses and have reclassified the 2004 results of Italy in discontinued operations. Accordingly, we recorded a $4.9 million loss, net of tax, from discontinued operations for the nine months ended September 30, 2004.

### Segment Financial Results

Our segment results for the nine months ended September 30, 2005 and 2004 were as follows:

| | Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2005 | % of Revenue | 2004 | % of Revenue | $ Change | % Change |
| | (In millions) | | | | | |
| Operating Revenue: | | | | | | |
| Equifax North America | | | | | | |
| Information Services | **$ 609.5** | **57%** | $ 527.3 | 56% | $ 82.2 | 16% |
| Marketing Services | **187.2** | **17%** | 175.1 | 18% | 12.1 | 7% |
| Personal Solutions | **87.9** | **8%** | 72.8 | 8% | 15.1 | 21% |
| North America—Total | **884.6** | **82%** | 775.2 | 82% | 109.4 | 14% |
| Equifax Europe | **106.8** | **10%** | 103.9 | 11% | 2.9 | 3% |
| Equifax Latin America | **90.7** | **8%** | 66.1 | 7% | 24.6 | 37% |
| | **$ 1,082.1** | **100%** | $ 945.2 | 100% | $ 136.9 | 14% |



| | 2005 | Profit Margin | 2004 | Profit Margin | $ Change | % Change |
|---|---|---|---|---|---|---|
| Operating Income: | | | | | | |
| Equifax North America | | | | | | |
| Information Services | **$ 263.6** | **43%** | $ 222.7 | 42% | $ 40.9 | 18% |
| Marketing Services | **60.9** | **33%** | 52.5 | 30% | 8.4 | 16% |
| Marketing Services asset impairment & related charges | **—** | **0%** | (2.4) | -1% | 2.4 | nm |
| Marketing Services, net | **60.9** | **33%** | 50.1 | 29% | 10.8 | 22% |
| Personal Solutions | **9.8** | **11%** | 16.6 | 23% | (6.8) | (41)% |
| North America—Total | **334.3** | **38%** | 289.4 | 37% | 44.9 | 16% |
| Equifax Europe | **24.4** | **23%** | 20.8 | 20% | 3.6 | 17% |
| Equifax Latin America | **24.4** | **27%** | 12.3 | 19% | 12.1 | 98% |
| General Corporate Expense | **(67.1)** | **nm** | (46.4) | nm | (20.7) | 45% |
| | **$ 316.0** | **29%** | $ 276.1 | 29% | $ 39.9 | 14% |

nm—not meaningful

Our North America revenue for the nine months ended September 30, 2005 and 2004 was as follows:

| | Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2005 | % of Revenue | 2004 | % of Revenue | $ Change | % Change |
| | (In millions) | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Equifax North America Revenue: | | | | | | |
| U.S. Consumer and Commercial Services | **$ 460.8** | **52%** | $ 398.2 | 52% | $ 62.6 | 16% |
| Mortgage Services | **66.0** | **8%** | 56.7 | 7% | 9.3 | 16% |
| Canadian Operations | **82.7** | **9%** | 72.4 | 9% | 10.3 | 14% |
| Total North America Information Services | **609.5** | **69%** | 527.3 | 68% | 82.2 | 16% |
| Credit Marketing Services | **112.9** | **13%** | 103.1 | 14% | 9.8 | 10% |
| Direct Marketing Services | **74.3** | **8%** | 72.0 | 9% | 2.3 | 3% |
| Total Marketing Services | **187.2** | **21%** | 175.1 | 23% | 12.1 | 7% |
| Personal Solutions | **87.9** | **10%** | 72.8 | 9% | 15.1 | 21% |
| | **$ 884.6** | **100%** | $ 775.2 | 100% | $ 109.4 | 14% |

Our North America revenue excluding the impact of the FACT Act (non-GAAP) for the nine months ended September 30, 2005 and 2004 was as follows:

| | Nine Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2005 | % of Revenue | 2004 | % of Revenue | $ Change | % Change |
| | (In millions) | | | | | |
| Equifax North America Revenue: | | | | | | |
| U.S. Consumer and Commercial Services | **$ 434.3** | **51%** | $ 398.2 | 52% | $ 36.1 | 9% |
| Mortgage Services | **63.7** | **7%** | 56.7 | 7% | 7.0 | 12% |
| Canadian Operations | **82.7** | **10%** | 72.4 | 9% | 10.3 | 14% |
| Total North America Information Services | **580.7** | **68%** | 527.3 | 68% | 53.4 | 10% |
| Credit Marketing Services | **112.9** | **13%** | 103.1 | 14% | 9.8 | 10% |
| Direct Marketing Services | **74.3** | **9%** | 72.0 | 9% | 2.3 | 3% |
| Total Marketing Services | **187.2** | **22%** | 175.1 | 23% | 12.1 | 7% |
| Personal Solutions | **87.9** | **10%** | 72.8 | 9% | 15.1 | 21% |
| | **$ 855.8** | **100%** | $ 775.2 | 100% | $ 80.6 | 10% |



***Equifax North America***

*Information Services*

U.S. Consumer and Commercial Services revenue for the first nine months of 2005 increased 16%, from $398.2 million in 2004 to $460.8 million. This increase is primarily due to increased sales to our specialty and financial services customers, increased revenue derived from services provided to our affiliates and products sold in our small business services unit as well as regulatory recovery fee revenue of $26.5 million related to the FACT Act in the nine months ended September 30, 2005. In our U.S Consumer Information business, online transaction volume was 459.3 million, up 9%.

Mortgage Services revenue for the first nine months of 2005 increased 16%, from $56.7 million in 2004 to $66.0 million. This increase is primarily due to new customers, increased market share, an affiliate acquisition and favorable market conditions as well as regulatory recovery fee revenue of $2.3 million related to the FACT Act in the nine months ended September 30, 2005.

Canadian operations increased $10.3 million, or 14%, when compared to 2004 due to favorable currency impact and increased sales volume. Local currency fluctuation against the U.S. dollar favorably impacted our Canadian revenue by $6.6 million.

The first nine months of 2005 operating income was $263.6 million for Information Services, an increase of $40.9 million, or 18%. The increase in operating income is primarily the result of increased sales volume in our U.S. and Canadian Consumer and Commercial Information Services businesses and a positive impact due to FACT Act in 2005.

*Marketing Services*

Credit Marketing Services revenue for the first nine months of 2005 increased $9.8 million, or 10%, compared to the same period in 2004. The favorable year-over-year comparison is primarily due to increased volume from existing customers. Direct Marketing Services revenue increased $2.3 million, or 3%, as compared to the same period in 2004. This increase is due to higher volume from existing customers and additional revenue from new customers. Operating income for the first nine months of 2005 was $60.9 million for Marketing Services, an increase of $10.8 million, or 22%, resulting primarily from increased Credit Marketing Services revenue, reduced production related expenses for our traditional mail products and a $2.4 million asset impairment charge taken during the first nine months of 2004.

*Personal Solutions*

Personal Solutions revenue for the first nine months of 2005 increased $15.1 million, or 21%, compared to the same period in 2004 due to increased volume and new products, including CreditWatch, ScoreWatch and 3-in-1 Credit Report Monitoring. The first nine months of operating income was $9.8 million for Personal Solutions, a decrease of $6.8 million, or 41%, primarily due to an increase in advertising and other promotional campaigns when comparing the two periods.

***Equifax Europe***

Equifax Europe revenue increased from $103.9 million in the first nine months of 2004 to $106.8 million in the same period of 2005, including a favorable currency impact of $1.5 million. Operating income for the first nine months of 2005 increased $3.6 million, or 17%, when compared to the same period a year ago. The improvement in operating income was driven by increased volume, expense reductions and the impact of foreign currency. The overall performance of our European operations reflects the current softness in the European economy.



In October 2004, we sold our Italian businesses and have reclassified the 2004 results of Italy in discontinued operations.

***Equifax Latin America***

Our Latin America segment revenue increased 37% to $90.7 million in the first nine months of 2005. Local currency fluctuation against the U.S. dollar favorably impacted our Latin America revenue by $10.5 million and Latin America operating income by $2.5 million. Six countries in Latin America experienced double digit revenue growth in part due to strengthening local economies which have allowed us to increase pricing.

Operating income increased to $24.4 million for the first nine months of 2005, compared to $12.3 million for the same period in 2004. This increase was primarily the result of higher sales volumes. Equifax Latin America operating margin was 27% for the nine months ended September 30, 2005, versus 19% for the same period in 2004.

***General Corporate Expense***

Our "general corporate expenses" are expenses that are incurred at the corporate level and have no clear relationship in their support of our business units, and ultimately the reportable segments. These expenses include shared services and administrative and legal expenses. General corporate expense was $67.1 million for the nine months ended September 30, 2005, compared to $46.4 million for the same period in 2004. This increase was primarily driven by higher salary and incentive costs related to our CEO transition (see discussion above) as well as increased year-over year expenses related to our annual incentive program based on our cumulative financial results.

**FINANCIAL CONDITION**

Our principal sources of liquidity are cash flows provided by our operating activities, our revolving credit and asset securitization facilities and cash and cash equivalents on hand. Our ability to generate cash from our operations is one of our fundamental financial strengths. We use cash flows from operations, along with borrowings, to fund our capital expenditures and growth initiatives, complete acquisitions, retire outstanding indebtedness, pay dividends and purchase outstanding shares of our common stock.

Our cash and cash equivalents balance was $41.5 million and $52.1 million at September 30, 2005 and December 31, 2004, respectively.

**Operating Activities**

For the nine months ended September 30, 2005, we generated $231.8 million of cash flow from operating activities compared to $205.6 million for the nine months ended September 30, 2004, a 13% increase. For the nine months ended September 30, 2005, we generated $198.5 million of free cash flow (a non-GAAP measure) compared to $172.6 million for the nine months ended September 30, 2004, a 15% increase. The major source of cash flow for the first nine months of 2005 was net income of $183.7 million, net of $60.5 million in depreciation and amortization. Total working capital, excluding debt (a non-GAAP measure) was $97.2 million and $98.4 million at September 30, 2005 and December 31, 2004, respectively.

**Investing Activities**

Including capital expenditures, we used net cash of $145.0 million for the first nine months of 2005, primarily for acquisitions. During the first nine months of 2004, we provided net cash of $7.6 million, related primarily to proceeds from the sale of Intersections Inc. partially offset by capital expenditures and acquisitions. During the first nine months of 2005, in order to continue to grow our credit data business, we



acquired the credit files, contractual rights to territories (generally states or integration areas) and customer relationships and related businesses of two independent credit reporting agencies in the U.S. and one in Canada that house consumer information on our system. In March 2005, we acquired APPRO to broaden and further strengthen our enabling technologies capabilities in our North America Information Services business. In August 2005, we acquired BeNow to grow our Marketing Services business (see Note 3 in the Notes to Consolidated Financial Statements in this Form 10-Q). We paid a total of approximately $109.0 million in cash to the stockholders and option holders of APPRO and BeNow. The net cash impact to us of these acquisitions was approximately $91.6 million after disposition of certain assets related to APPRO. We financed the purchase price of the acquisitions through available cash and short-term borrowings, including approximately $72.0 million in borrowings under our trade receivables-backed revolving credit facility. We acquired these businesses as well as two affiliates in U.S. and one affiliate in Canada for a total of $121.8 million in cash, net of cash acquired, and 0.4 million shares of our common stock, which was issued from treasury stock. This issuance of common stock was a non-cash transaction in conjunction with the purchase of certain credit files and other assets of one of these U.S. affiliates.

Capital expenditures used cash in the amounts of $33.3 million for both the first nine months of 2005 and 2004. Our capital expenditures are used for developing, enhancing and deploying new and existing technology platforms, replacing or adding equipment, updating systems for regulatory compliance, licensing software applications and investing in disaster recovery systems. In the first nine months of 2005 and 2004, FACT Act-related capital expenditures totaled $0.5 million and $5.5 million, respectively.

**Financing Activities**

Net cash used by financing activities during the first nine months of 2005 totaled $96.9 million, compared with $227.3 million for the first nine months of 2004. Net borrowings on short-term debt were $88.6 million for the first nine months of 2005, primarily due to borrowings under our trade receivables-backed revolving credit facility and to fund the APPRO acquisition. Net payments on short-term debt were $133.1 million for the first nine months of 2004. On July 1, 2005, we redeemed $250.0 million principal amount of our 6.3 % senior unsecured Notes ("6.3% Notes"), by utilizing borrowings of $165.0 million under our U.S. senior unsecured revolving credit agreement and $85.0 million under our trade receivables-backed revolving credit facility. A portion of the borrowings under our U.S. senior unsecured revolving credit agreement was subsequently repaid.

Additionally, we used $95.0 million during the first nine months of 2005 for the purchase of 2.8 million shares of our common stock at an average price of $33.46. At September 30, 2005, our remaining authorized share repurchase program was approximately $144.3 million. In March 2005, we increased our quarterly dividend per share from $0.03 per share to $0.04 per share. In March 2004, we increased our quarterly dividend per share from $0.02 per share to $0.03 per share. We paid cash dividends of $14.8 million and $11.0 million for the nine months ended September 30, 2005 and 2004, respectively. We received cash of $47.7 million and $22.5 million for the first nine months of 2005 and 2004, respectively, from the exercise of stock options.

**Revolving Credit Facilities**

In August 2004, we entered into a new five-year, $500.0 million senior unsecured revolving credit agreement. This facility provides for a variable interest rate tied to a Base Rate, the London InterBank Offered Rate ("LIBOR") plus a specified margin or competitive bid options. Under this senior credit agreement, we must comply with financial covenants, including a maximum leverage ratio and minimum interest coverage ratio and other non-financial covenants which are described in Note 7 to our Consolidated Financial Statements in our 2004 Form 10-K. As of September 30, 2005, there was



$120.0 million in outstanding borrowings and we were in compliance with our covenants under the senior revolving credit agreement.

In September 2004, we entered into a new trade receivables-backed revolving credit facility. Under the terms of the transaction, a wholly-owned subsidiary of Equifax

may borrow up to $125.0 million, subject to borrowing base availability and other terms and conditions, for general corporate purposes. The credit facility, as amended on September 6, 2005, has an expiration date of September 5, 2006, but may be extended for an additional period of up to three years from the most recent facility renewal date if specified conditions are satisfied. Loans will bear interest based at commercial paper rates, LIBOR or Base Rate plus a specified margin. Outstanding debt under the facility is recorded on our Consolidated Balance Sheets for financial reporting purposes. As of September 30, 2005, $5.1 million was available and $83.0 million in borrowings were outstanding under this facility.

In November 2004, we entered into a C$25.0 million revolving credit facility that replaced the C$100.0 million facility that expired in September 2004. The C$25.0 million facility, as amended, expires in September 2006. There were no borrowings outstanding under this facility at September 30, 2005.

**Contractual Obligations and Commercial Commitments**

We believe that anticipated cash flows provided by our operating activities, together with current cash and cash equivalent balances and access to committed and uncommitted credit facilities and the capital market, if required, will be sufficient to meet our projected cash requirements for the next 12 months, and the foreseeable future thereafter, although any projections of future cash needs and cash flows are subject to substantial uncertainty. A potential extraordinary use of cash would be the option that Computer Science Corporation ("CSC") can exercise to sell its credit reporting business to us at any time prior to 2013. The option exercise price will be determined by an appraisal process and would be due in cash within 180 days after the exercise of the option. We estimate that if CSC were to exercise the option today, the option price would be approximately $650.0 to $700.0 million. This estimate is based solely on our internal analysis of the value of the business, current market conditions and other factors, all of which are subject to constant change. If CSC were to exercise its option, we would have to obtain additional sources of funding. We believe that this funding would be available from sources such as additional bank credit and the issuance of public debt or equity financings. However, the availability and terms of any such financing would be subject to a number of factors, including credit market conditions, the condition of the equity markets, general economic conditions and our financial performance and condition. Because we do not control the timing of CSC's exercise of its option, we could be required to seek such financing and increase our indebtedness at a time when market or other conditions are unfavorable.

We continue to evaluate our ability to sell additional equity or debt securities, obtain credit facilities from lenders and restructure our long-term debt for strategic reasons, or to further strengthen our financial position. The sale of additional equity or convertible debt securities could result in additional dilution to our shareholders. In addition, we will, from time to time, consider the acquisition of, or investment in, complementary businesses, products, services and technologies, and the repurchase and retirement of debt, which might affect our liquidity requirements or cause us to issue additional equity or debt securities. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all.



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**Off-Balance Sheet Arrangements**

Other than facility leasing arrangements, we do not engage in off-balance sheet financing activities. We have entered into a synthetic lease on our Atlanta corporate headquarters building in order to provide us with favorable financing terms with regard to this facility. This $29.0 million lease was entered into in 1998 and expires in 2010. Total lease payments for the remaining term total $8.3 million. Under this synthetic lease arrangement, we have also guaranteed the residual value of the leased property to the lessor. In the event that the property were to be sold by the lessor at the end of the lease term, we would be responsible for any shortfall of the sales proceeds, up to a maximum amount of $23.2 million, which equals 80% of the value of the property at the beginning of the lease term. Based on an appraisal of the property at December 31, 2004, we determined that its fair value is $25.0 million. The $4.0 million shortfall against the residual value guarantee is being recognized as an expense ratably over the remaining lease term.

**Letters of Credit and Guarantees**

We will from time to time issue standby letters of credit, performance bonds or other guarantees in the normal course of business. The aggregate notional amount of all performance bonds and standby letters of credit is less than $2.0 million and all have a maturity of one year or less. Guarantees are issued from time to time to support the needs of operating units. The only outstanding guarantee that is not reflected as a liability on our Consolidated Balance Sheets was issued in connection with the sale of our risk management collections business to RMA Holdings, LLC ("RMA") in October 2000, at which time we guaranteed the operating lease payments of a partnership affiliated with RMA to a lender of the partnership pursuant to a term loan. The operating lease, which expires December 31, 2011, has a remaining balance of $8.3 million based on the undiscounted value of remaining lease payments at September 30, 2005.

On September 12, 2005, RMA sold substantially all of its assets to NCO Group, Inc. ("NCO"), after obtaining approval from the U.S. Bankruptcy Court for the Northern District of Ohio, Eastern Division. In conjunction with this sale, NCO agreed to assume the operating lease obligations discussed above, which we will continue to guarantee. We believe that the likelihood of demand for payment by us is minimal and expect no material losses to occur related to this guarantee. For additional information regarding this transaction, see Note 11 of the Notes to the Consolidated Financial Statements in this Form 10-Q.

**Subsidiary Dividend and Fund Transfer Limitations**

The ability of certain of our subsidiaries and associated companies to transfer funds to us is limited, in some cases, by certain restrictions imposed by foreign governments, which do not, individually or in the aggregate, materially limit our ability to service our indebtedness, meet our current obligations or pay dividends.

**SUBSEQUENT EVENT**

In October 2005, we amended and restated our existing shareholders rights plan to extend the term of the plan until 2015 and to make certain other changes. For additional information regarding this plan, see Note 16 of the Notes to Consolidated Financial Statements in this Form 10-Q.

**RECENT ACCOUNTING PRONOUNCEMENTS**

The following are recently issued accounting pronouncements:

- In December 2004, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("FSP 109-2"), which



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provides guidance under SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109") with respect to recording the potential impact of the repatriation provisions of the American Jobs Creation Act of 2004 on an enterprise's income tax expense and deferred tax liability.

- In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment" ("SFAS No. 123R"). SFAS No. 123R replaces SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123") and supersedes Accounting Principles Board ("APB") No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). SFAS No. 123R requires that the cost relating to share-based payment transactions in which an entity exchanges its equity instruments for goods or services from either

employees or non-employees be recognized in the financial statements as the goods are received or services are rendered.

- In March 2005, the SEC issued Staff Accounting Bulletin (“SAB”) No. 107 which expressed the views of the SEC regarding the interaction between SFAS No. 123R and certain SEC rules and regulations. SAB No. 107 provides guidance related to the valuation of share-based payment arrangements for public companies, including assumptions such as expected volatility and expected term.
- In April 2005, the SEC approved a rule that delayed the effective date of SFAS No. 123R for public companies. As a result, SFAS No. 123R will be effective for Equifax in the first quarter of 2006 and will apply to all of our outstanding unvested share-based payment awards as of January 1, 2006 and all prospective awards.

For additional information about these recent accounting pronouncements and the impact to our Consolidated Financial Statements, see Note 13 of the Notes to Consolidated Financial Statements in this Form 10-Q.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our management makes a number of significant estimates, assumptions and judgments in the preparation of our financial statements. See MD&A—”Application of Critical Accounting Policies and Estimates” in our 2004 Form 10-K for a discussion of the estimates and judgments necessary in our accounting for revenue recognition, allowance for doubtful accounts, valuation of long-lived and intangible assets, legal contingencies, income taxes and retirement plans.

## FORWARD-LOOKING STATEMENTS

The preceding discussion contains statements that relate to Equifax’s future plans, objectives, expectations, performance, events and the like that may constitute “forward-looking statements” within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. Words such as “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “seeks,” “plan,” “project,” “continue,” “predict” and other words or expressions of similar meaning are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks and uncertainties, and speak only as of the date on which such statements are made. Our actual results may differ materially from those expressed or implied in these forward-looking statements. Those factors include, but are not limited to, changes in worldwide and U.S. economic conditions that materially impact consumer spending and consumer debt, changes in demand for Equifax’s products and services, our ability to develop new products and services, pricing and other competitive pressures, risks relating to illegal third party efforts to access data, risks associated with the integration of acquisitions and other investments, the outcome of our litigation, changes in laws and regulations governing our business, including the cost of compliance with the FACT Act and federal or



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state responses to identity theft concerns, and certain other factors discussed under the caption “Risk Factors” in the MD&A section of our 2004 Form 10-K, and in our other filings with the SEC, including the registration statement on Form S-3/A filed on November 4, 2005. Equifax undertakes no duty to update, whether as a result of new information, future events or otherwise, unless required by law.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding our exposure to certain market risk, see Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” in our 2004 Form 10-K. There were no material changes to our market risk exposure during the first nine months of 2005.

## ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, an evaluation was carried out by our management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that these disclosure controls and procedures were effective as of the end of the period covered by the report. In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



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# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

As previously reported, in the third quarter of 2003, the Canada Revenue Agency (“CRA”) issued Notices of Reassessment asserting that Acrofax, Inc., a wholly owned Canadian subsidiary of Equifax, is liable for additional tax for the 1995 through 2000 tax years, related to certain intercompany capital contributions and loans. In 1995, Acrofax invested U.K. 30 million pounds in Luxembourg S.A., a Luxembourg subsidiary of Equifax (“LUX”), which subsequently lent that amount to Equifax PLC, a U.K. subsidiary of Equifax. In June 2000, Acrofax distributed via dividend shares of LUX to Equifax Credit Information Services, Inc., another subsidiary of Equifax. The CRA claimed that (1) by using LUX as an intermediary, Acrofax avoided paying tax on interest earned on the loan to Equifax PLC and is therefore taxable on the dividends it received from LUX; and (2) in the alternative, the transactions should be recharacterized as a loan directly from Acrofax to Equifax PLC and tax should be paid by Acrofax on the amount of interest income that it would have received from such a loan as well as withholding tax on the loan principal. The additional tax sought by the CRA for these periods ranges, based on alternative theories, from $7.1 million to $15.8 million, plus interest and penalties. Acrofax has filed Notices of Objection in response to the Notices of Reassessment. On September 2, 2003, we made a statutorily-required deposit of $5.7 million against the CRA’s primary assessment theory. We intend to vigorously contest these reassessments and do not believe we have violated any statutory provision or rule.

As previously reported, on December 30, 2003, Equifax and Naviant, Inc. served a demand for arbitration alleging, among other things, that the shareholder sellers of Naviant had breached various representations and warranties concerning information furnished to us in connection with our acquisition of Naviant in 2002. The arbitration demand seeks rescission of our Naviant purchase and the recovery of the purchase price or, in the alternative, recovery of monetary damages on various grounds. On March 22, 2004, we recommenced our demand for arbitration in order to utilize the procedures of the American Arbitration Association. Some of the respondents have answered and denied liability. Following the dismissal of the action described in the next paragraph, a schedule was established for the arbitration, which is now underway. Discovery is ongoing and a hearing on the merits is scheduled for June 2006. We cannot at this time predict the probable outcome of this matter.

As previously reported, on April 28, 2004, in a case captioned *Softbank Capital Partners LP, et al. v. Equifax Inc. and Naviant, Inc.,* certain of the former shareholders of Naviant filed suit in the U.S. District Court for the Southern District of Florida seeking declaratory relief to prevent Equifax and Naviant from proceeding with the arbitration discussed in the preceding paragraph, except for claims asserted against Softbank Capital Partners LP, as Shareholders’ Representative. On March 31, 2005, the District Court denied plaintiffs’ motion for partial summary judgment, granted Equifax’s and Naviant’s motion to dismiss and dismissed the lawsuit. Plaintiffs have appealed the dismissal to the U.S. Court of Appeals for the Eleventh Circuit. The District Court has dismissed Equifax’s and Naviant’s counterclaims. Although Equifax believes it and Naviant have substantial factual and legal defenses to plaintiffs’ claims, we cannot at this time predict the outcome of this matter.

As previously reported, on August 13, 2004, in a case captioned *Equifax Inc. v. Austin Ventures VII, L.P., et al.,* Equifax filed suit in the U.S. District Court for the Southern District of Florida to preserve its claims against the shareholder and option holder sellers of Naviant pending the arbitration proceeding described above. On June 20, 2005, the District Court granted the request of Equifax to stay the litigation pending the arbitration. The District Court has denied the motion to dismiss of two defendants, and Equifax subsequently dismissed its claims against one of these defendants, Seisint, Inc., as part of a settlement.

As previously reported, on November 19, 2004, an action was commenced captioned *Robbie Hillis v. Equifax Consumer Services, Inc. and Fair Isaac, Inc.*, in the U.S.



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District Court for the Northern District of Georgia. Plaintiff asserts that defendants have jointly sold Equifax's Score Power® credit score product in violation of certain procedural requirements under the Credit Repair Organizations Act ("CROA"). Plaintiff contends that Equifax Consumer and Fair Isaac are "credit repair organizations" under CROA and that the transaction by which he purchased Score Power® was in violation of CROA and fraudulent. Plaintiff seeks certification of a class on behalf of all individuals who purchased such services from defendants within the five-year period prior to the filing of the complaint. Plaintiff seeks unspecified damages, attorneys' fees and costs. On May 23, 2005, the District Court denied defendants' partial motions to dismiss the case and the defendants have answered, denying all liability or wrongdoing. Equifax denies any liability or wrongdoing, denies that a class action is appropriate and will vigorously defend against all claims.

On October 18, 2005, in an action captioned *Steven G. Millett and Melody J. Millett v. Equifax Information Services, LLC and Equifax Consumer Services, Inc.*, which was originally filed on June 16, 2004 and was recently transferred from the U.S. District Court for Kansas to the U.S. District Court for the Northern District of Georgia, plaintiffs filed a Fourth Amended Complaint. In this Complaint, plaintiffs for the first time assert, among other allegations, that Equifax Consumer Services, Inc. sold Equifax's Credit Watch product in violation of certain procedural requirements under CROA, similar to the claims made by plaintiff in the Hillis case described in the preceding paragraph. Plaintiffs seek certification of a class on behalf of all individuals who purchased the CreditWatch product from Equifax from September 9, 2001 to the present, and unspecified damages, attorney's fees and costs. Equifax has not yet responded to this Fourth Amended Complaint. Equifax denies any liability or wrongdoing, denies that a class action is appropriate and will vigorously defend against all claims.

As previously reported, on March 25, 2004, the National Credit Reporting Association, Inc. ("NCRA"), a trade association of mortgage credit information resellers, and, separately, 23 of NCRA's members, commenced suits against Equifax, Experian Information Solutions, Inc. and TransUnion LLC alleging various violations of antitrust and unfair practices laws. After a variety of rulings on procedural and substantive issues, including grants on two occasions of all or part of defendants' motions to dismiss, the remaining claims of all plaintiffs have been consolidated under a Third Amended Complaint, filed June 29, 2005, in an action captioned *Standfacts Credit Services, et al. v. Experian Informations Solutions, Inc., Equifax Inc., and TransUnion, LLC*, pending in the U.S District Court of the Central District of California. Plaintiffs seek to represent a class of all resellers that have purchased information from defendants since March 2000, and allege that the defendants have conspired to monopolize, have discriminated among resellers in pricing and have treated resellers unfairly The amended complaint seeks injunctive relief and unspecified amounts of damages. On August 12, 2005, the defendants moved to dismiss the antitrust claim and for summary judgment on the unfair practices claims. These motions were heard by the District Court on October 19, 2005, but no ruling has been issued. Equifax denies any liability or wrongdoing, denies that a class action is appropriate and will vigorously defend against all claims.

As previously reported, on October 13, 2004, an action captioned *Nunnally et al. v. Equifax Information Services LLC* was commenced in the U.S. District Court of the Northern District of Alabama. The complaint alleges that the Company violated the Fair Credit Reporting Act by failing to provide a full disclosure along with its reinvestigation results sent to consumers that disputed the accuracy of their consumer reports. Plaintiffs seek to represent a class of all consumers to which the Company failed to send a complete disclosure after completion of reinvestigation. Plaintiffs are seeking unspecified damages, attorneys' fees and costs. On February 4, 2005, the District Court denied our motion to dismiss the complaint, but certified the issue for immediate appeal and stayed the case. The Eleventh Circuit granted our motion to appeal and the appeal is now pending. Equifax believes it has meritorious defenses to the claims asserted and intends to vigorously defend this case.



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We are involved in other lawsuits, claims and proceedings as is normal in the ordinary course of our business. Any possible adverse outcome arising from these matters is not expected to have a material impact on our results of operations or financial position, either individually or in the aggregate. However, our evaluation of the likely impact of these pending lawsuits could change in the future.

## ITEM 5. OTHER INFORMATION

On November 3, 2005, the Board of Directors announced the retirement of Thomas F. Chapman as Chairman of the Board effective December 15, 2005. The Board at its November 3 meeting also elected Richard F. Smith as Chairman of the Board effective December 15, 2005, in addition to his current positions as Chief Executive Officer and a director of the Company which he assumed on September 19, 2005 and September 22, 2005, respectively.

On November 3, 2005, D. Raymond Riddle, a member of the Board of Directors serving as Lead Director, informed the Board of his intention to retire after the 2006 Annual Meeting of Shareholders. Mr. Riddle has served on the Board since 1989.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

### Unregistered Sales of Equity Securities

On September 8, 2005, Equifax issued 443,337 unregistered shares of common stock held in treasury to Credit Bureau of Knoxville, Inc. ("Knoxville"), in connection with the purchase of credit files and certain other assets of Knoxville's wholly owned subsidiary, ChoiceData Consumer Services, Inc., for a contractual purchase price of $15.6 million. The shares were issued in a transaction exempt from registration under the Securities Act of 1933. On October 19, 2005, Equifax filed a registration statement on Form S-3 with the SEC covering the potential resale of those shares by Knoxville as a selling shareholder. The registration statement has not been declared effective yet by the SEC. We will not receive any proceeds from this offering.

### Share Repurchases

The following table contains information with respect to purchases made by or on behalf of Equifax or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during the quarter ended September 30, 2005:

| Period | Total Number of Shares Purchased(1) | Average Price Paid Per Share(2) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(3) |
|---|---|---|---|---|
| July 1 - July 31, 2005 | 107,638 | $ 36.46 | 100,000 | $ 180,697,952 |
| August 1 - August 31, 2005 | 776,000 | 34.33 | 776,000 | 154,057,157 |
| September 1 - September 30, 2005 | 288,400 | 33.69 | 288,400 | 144,341,256 |

| Total | 1,172,038 | $ 34.35 | 1,164,400 | $ 144,341,256 |
|---|---|---|---|---|

(1) The total number of shares purchased includes: (i) shares purchased pursuant to our publicly announced share repurchase program; and (ii) shares surrendered, or deemed surrendered, in satisfaction of the exercise price and/or to satisfy tax withholding obligations in connection with the exercise of employee stock options, totaling 7,638 shares for the month of July 2005.

(2) Average price paid per share for shares purchased as part of our publicly announced plan (includes brokerage commissions).



(3) Our publicly announced share repurchase program was last amended by our Board of Directors on August 6, 2004, to authorize the repurchase of $250.0 million of our common stock (in addition to the remaining authorization of $33.0 million from the Board's prior authorization) from time to time, directly or through brokers or agents, and has no stated expiration date.

**Dividend and Share Repurchase Restrictions**

Our $500 million senior unsecured revolving credit agreement entered into in August 2004 with SunTrust Bank and other lenders restricts our ability to pay cash dividends on our capital stock or repurchase capital stock if the total amount of such payments in any fiscal year would exceed 20 percent of our consolidated total assets measured as of the end of the preceding fiscal year.

**ITEM 6. EXHIBITS**

The following is a complete list of exhibits included as part of this Report. A list of those documents filed with this Report is set forth on the Index to Exhibits appearing elsewhere in this Report and is incorporated by reference:

| Exhibit No. | Description |
|---|---|
| 4.1 | Amended and Restated Rights Agreement, dated as of October 14, 2005, between Equifax Inc. and SunTrust Bank, as Rights Agent, which includes as Exhibit A the Form of Rights Certificate and as Exhibit B the Summary of Rights (incorporated by reference to Exhibit 4.1 to Equifax Inc.'s Form 8-K filed on October 18, 2005). |
| 10.1 | Employment Agreement dated as of August 22, 2005 between Equifax Inc. and Richard F. Smith. |
| 10.2 | Deferred Share Award Agreement dated as of September 19, 2005 between Equifax Inc. and Richard F. Smith. |
| 31.1 | Certification of Richard F. Smith, Chairman-Elect and Chief Executive Officer of Equifax Inc., pursuant to Rule 13a-14(a). |
| 31.2 | Certification of Donald T. Heroman, Chief Financial Officer of Equifax Inc., pursuant to Rule 13a-14(a). |
| 32.1 | Certification of Richard F. Smith, Chairman-Elect and Chief Executive Officer of Equifax Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Donald T. Heroman, Chief Financial Officer of Equifax Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.1 | Financial measures that supplement U.S. generally accepted accounting principles. |



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**EQUIFAX INC.**
(Registrant)

Date: November 7, 2005

By: /s/ RICHARD F. SMITH
**Richard F. Smith**
***Chairman-Elect and Chief Executive Officer***

Date: November 7, 2005

/s/ DONALD T. HEROMAN
**Donald T. Heroman**
***Chief Financial Officer***



**INDEX TO EXHIBITS**

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| 31.1 | Certification of Richard F. Smith, Chairman-Elect and Chief Executive Officer of Equifax Inc., pursuant to Rule 13a-14(a). |
| 31.2 | Certification of Donald T. Heroman, Chief Financial Officer of Equifax Inc., pursuant to Rule 13a-14(a). |
| 32.1 | Certification of Richard F. Smith, Chairman-Elect and Chief Executive Officer of Equifax Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Donald T. Heroman, Chief Financial Officer of Equifax Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.1 | Financial measures that supplement U.S. generally accepted accounting principles. |

EXHIBIT 10.1

EXECUTION COPY

# EMPLOYMENT AGREEMENT

BETWEEN

RICHARD F. SMITH

AND

EQUIFAX INC.

## EMPLOYMENT AGREEMENT


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**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into this 22nd day of August, 2005 by and between Equifax Inc., a Georgia corporation (the “Company”), and Richard F. Smith (“Executive”), to be effective as of the Effective Date, as defined in Section 1.

*BACKGROUND*

The Company desires to engage Executive as the Chairman Elect and Chief Executive Officer of the Company from and after the Effective Date, in accordance with the terms of this Agreement. Executive is willing to serve as such in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. *Effective Date.* The effective date of this Agreement (the “Effective Date”) shall be September 19, 2005.

2. *Employment and Directorship.*

(a) *Employment*. Executive is hereby employed on the Effective Date as the Chairman Elect and Chief Executive Officer of the Company. Effective as of January 1, 2006, Executive will be employed as Chairman and Chief Executive Officer of the Company. In his capacity as Chairman Elect/Chairman and Chief Executive Officer of the Company, Executive shall have the duties, responsibilities and authority commensurate with such positions as shall be assigned to him by the Board of Directors of the Company, which shall be consistent with the duties, responsibilities and authority of persons holding such positions in a public company engaged in similar lines of business to that engaged in by the Company and its subsidiaries from time to time. In his capacity as Chairman Elect/Chairman and Chief Executive Officer of the Company, Executive will report directly to the Board of Directors.

(b) *Directorship.* The Company will cause Executive to be nominated to the Board of Directors of the Company and shall recommend to the shareholders of the Company Executive’s election to the Board.

3. *Employment Period.* Unless earlier terminated herein in accordance with Section 7 hereof, Executive’s employment shall be for a term beginning on the Effective Date and ending on the third anniversary of the Effective Date (the “Employment Period”). Twelve (12) months before the third anniversary of the Effective Date and twelve (12) months before each subsequent anniversary thereafter, the Employment Period will be automatically extended for an additional one-year period unless either party gives prior written notice of nonrenewal. In the event prior notice of nonrenewal is given, Executive’s employment shall terminate at the end of the remaining Employment Period then in effect.

4. *Extent of Service.* During the Employment Period, and excluding any periods of vacation, holiday, sick leave and Company-approved leave of absence to which Executive is entitled in accordance with Company policies, Executive agrees to devote substantially all of his business time, attention, skill and efforts exclusively to the faithful performance of his duties hereunder. Executive is encouraged to (i) devote reasonable time to charitable or community activities, (ii) serve on corporate, civic, educational or charitable boards or committees, subject to the Company’s standards of business conduct or other code of ethics, (iii) deliver lectures or fulfill speaking engagements from time to time on an infrequent basis, and/or (iv) manage personal business interests and investments, subject to the Company’s standards of business conduct or other code of ethics, and so long as such activities do not interfere in a material manner or on a routine basis with the performance of Executive’s responsibilities under this Agreement.



5. *Compensation and Benefits.*

(a) *Base Salary*. During the Employment Period, the Company will pay to Executive base salary at the rate of U.S. $1,300,000 per year (“Base Salary”), less normal withholdings, payable in accordance with the Company’s payroll practices for its employees from time to time. The Compensation, Human Resources & Management Succession Committee (the “Compensation Committee”) of the Board of Directors of the Company shall review Executive’s Base Salary annually and may increase (but not decrease) Executive’s Base Salary from year to year. Such adjusted salary then shall become Executive’s Base Salary for purposes of this Agreement. The annual review of Executive’s salary by the Compensation Committee will consider, among other things, Executive’s own performance, and the Company’s performance.

(b) *Incentive, Savings and Retirement Plans*. During the Employment Period, Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs available to senior executive officers serving on the Management Committee of the Company (“Peer Executives”), and on the same

basis as such Peer Executives. Without limiting the foregoing, the following shall apply:

(i) *Value Replacement Awards.* In order to replace the value of certain earned incentives that would have been available to Executive from his former employer, the Company will provide to executive the following replacement benefits: (A) on the Effective Date, Executive will be paid a one time value replacement bonus in the amount of $2,675,444, and (B) on the Effective Date, Executive will be granted a number of restricted stock units determined by dividing $1,175,444 by the fair market value of the Company's common stock as of such grant date, which award will be granted without dividend equivalent rights and will vest on the third anniversary of the grant date based on Executive's continued employment; and

(ii) *Annual Bonus Opportunity*. During the Employment Period, Executive will be entitled to participate in the Company's executive bonus plan, pursuant to which he will have an opportunity to receive an annual cash bonus based upon the achievement of performance goals established from year to year by the Compensation Committee (such bonus earned at the stated "target" level of achievement being referred to herein as the "Target Bonus"). For calendar year 2005, Executive's guaranteed bonus will be $1,300,000 (100% of his Base Salary), which will be paid to Executive on the Effective Date. In 2006 and later years, Executive's Target Bonus will equal 100% of his actual Base Salary earned in such year, with a maximum payout of 200% of actual Base Salary, based on performance criteria to be established by the Compensation Committee upon consultation with Executive.

(iii) *Regular Equity Grants*. During the Employment Period, Executive will be eligible for grants, under the Company's long-term incentive plan or plans, of long-term incentive awards having terms and determined in the same manner as awards to other Peer Executives, unless Executive consents to a different type of award or different terms of such award than are applicable to other Peer Executives. Except as set forth in subsections 5(b)(i), (iii) and (iv) of this Agreement, nothing herein requires the Board of Directors to make grants of long-term incentive awards in any year. In satisfaction of the regular equity grant for fiscal year 2006, on January 6, 2006, Executive will be granted:

(A) options to acquire 75,000 shares of the Company's common stock (such options will have a ten-year term and an exercise price equal to the fair market value of the common stock on the grant date, and will be exercisable as to 25% on the grant date and 25% per year thereafter);



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(B) 40,000 restricted stock units, without dividend equivalent rights, that will vest on the third anniversary of the grant date based on continued employment; and

(C) 40,000 performance-based restricted stock units, without dividend equivalent rights, the performance terms of which will be established by the Compensation Committee upon consultation with Executive.

(iv) *Inducement Grants*. As special inducement to join the Company, and in additional to any regular equity grants:

(A) on the Effective Date, Executive will be granted 50,000 restricted stock units, without dividend equivalent rights, which will vest on the third anniversary of the grant date based on continued employment; and

(B) on January 6, 2006, Executive will be granted 25,000 performance-based restricted stock units, the performance terms of which will be established by the Compensation Committee upon consultation with Executive.

(v) *SERP*. During the Employment Period, Executive will be eligible to participate in the Supplemental Retirement Plan for Executives of Equifax Inc. (SERP), which provides a maximum annual life-time retirement benefit of 50% of base salary and bonus, based on years of *service* and reduced by benefits from the Company's tax-qualified retirement plan. Calculation of Executive's SERP benefits shall include five year's service credit for all purposes of the SERP. Executive shall be immediately vested in his SERP benefit as of the Effective Date.

(c) *Welfare Benefit Plans*. During the Employment Period, Executive and Executive's eligible dependents shall be eligible for participation in, and shall receive all benefits under, the welfare benefit plans, practices, policies and programs provided by the Company (including, without limitation, medical, prescription drug, dental, disability, employee life, dependent life, accidental death and travel accident insurance plans and programs) ("Welfare Plans") to the extent available to other Peer Executives. Without limiting the foregoing, the following shall apply:

(i) *Diagnostic Health Care.* During the Employment Period, the Company will reimburse Executive up to $5,000 annually for physical examinations and other covered diagnostic health care services that are not otherwise covered by the Company's medical plan.

(ii) *Life Insurance.* During the Employment Period, the Company will provide life insurance in the amount of up to $10,000,000. Three million dollars of life insurance will be provided without medical evidence of insurability, and the balance will be provided upon provision of evidence of Executive's insurability required by the Company's life insurance provider.

(iii) *Gross-Up Policy.* To the extent that the Company has a policy for grossing up any such benefits for tax purposes, the gross up will be made consistent with the Company's methodologies and procedures as in effect from time to time.

(d) *Expenses*. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in the course of performing his duties and responsibilities under this Agreement, in accordance with the policies, practices and procedures of the Company to the extent available to other Peer Executives with respect to travel, entertainment and other business expenses.

(e) *Fringe Benefits.* During the Employment Period, Executive shall be entitled to fringe benefits in accordance with the plans, practices, programs and policies of the Company available to other Peer Executives. Without limiting the foregoing, the following shall apply:



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(i) *Financial Planning and Tax Preparation Services*. During the Employment Period, the Company will reimburse Executive up to $50,000 incurred in financial planning and tax preparation services to be provided by Deloitte & Touche LLP or other service provider of Executive's choosing.

(ii) *Club Memberships.* During the Employment Period, Executive will be permitted to use the Company's membership at East Lake Golf Club and the Company shall reimburse Executive for any costs or fees associated with any business use. The Company shall reimburse Executive for initiation fees and dues at one other social or golf club of Executive's choosing in the Atlanta area.

(iii) *Gross-Up Policy.* To the extent that the Company has a policy for grossing up any such fringe benefits for tax purposes, the gross up will be made consistent with the Company's methodologies and procedures as in effect from time to time.

(f) *Vacation*. During the Employment Period, Executive will be entitled to five weeks paid vacation time per year.

(g) *Relocation Assistance* The Company will provide relocation assistance for Executive's move to the Atlanta, Georgia area in accordance with the plans, practices, programs and policies of the Company available to other Peer Executives, comprised of: home sale and marketing assistance, home purchase closing cost assistance, tax assistance on relocation income items, move and transition expenses, a miscellaneous relocation expense allowance (except that the current policy cap of $5,000 for such

allowance will be increased to $50,000 in this case), and temporary living expenses in Atlanta. In addition, the Company will reimburse Executive for the amount of any unreimbursed tuition expenses incurred for his children at an education institution in Kansas City, Kansas, up to $45,000. The Company will pay travel expenses for up to two trips per month between Leawood, Kansas and Atlanta, Georgia for Executive and his family while relocating to Atlanta. If Executive's home in Leawood, Kansas is ineligible for the home sale and marketing assistance provided under the Company's relocation benefits policy and Executive is unable to sell such home within six months after the Effective Date, the Company will purchase such home at a price determined as follows: the Company shall obtain two appraisals and if such values are within 5% of each other the purchase price will be the average of the two; otherwise, a third appraisal will be obtained and the purchase price will be the average of the three appraised values. In the event that such home sells (either in the market or to the Company) for less than Executive's original purchase price, the Company will reimburse Executive for such loss up to a maximum of $50,000.

(h) *Stock Ownership Guidelines* Executive acknowledges and agrees to comply with the Company's stock ownership guidelines for the Chief Executive Officer position, as the same may be amended from time to time. As of the Effective Date, such guidelines require the Chief Executive Officer to achieve, within four years of assuming the CEO position, a level of ownership equal to six times annual base salary in outright ownership or, alternatively, ten times base salary in outright ownership plus vested and unexercised stock options.

(i) *409A Compliance.* To the extent Executive is subject to any additional taxes, interest and/or penalties under Code Section 409A for any benefits or payments under any Equifax Inc. nonqualified deferred compensation plan or arrangement, the Company shall provide a gross-up payment to Executive in order to place him in the same after-tax position he would have been had no additional taxes, interests or penalties become due and payable under Code Section 409A.

6. *Communication of Executive's Employment.* Executive and the Company shall mutually agree upon any communication to the public (through SEC filings, press releases or otherwise), or to Executive's former employer, concerning Executive's employment with the Company or departure from his former employer.



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7. *Termination of Employment.*

(a) *Death or Retirement*. Executive's employment shall terminate automatically upon Executive's death or Retirement during the Employment Period. For purposes of this Agreement, "Retirement" shall mean normal retirement as defined in the Company's then-current retirement plan, or if there is no such retirement plan, "Retirement" shall mean voluntary termination after age 55 with at least five years of service.

(b) *Disability*. The Company may terminate Executive's employment for "Disability." For purposes of this Agreement, termination by the Company of Executive's employment for "Disability" means termination following and because of Executive's failure to perform his duties as an employee for a period of at least one hundred eighty (180) consecutive calendar days as a result of total and permanent incapacity due to physical or mental illness or injury. Executive's incapacity must be certified by a licensed medical doctor selected by Executive. If the Company disagrees with the certification of Executive's incapacity, it may appoint another medical doctor to certify his or her opinion as to Executive's incapacity, and if that doctor does not certify as to Executive's incapacity, then the two doctors will appoint a third medical doctor to certify their opinions as to Executive's incapacity, and the decision of a majority of the three doctors will prevail. The Company will bear the costs of the doctors' opinions. Failing such independent certification, Executive's termination shall be deemed a termination by the Company without Cause and not a termination by reason of his Disability.

(c) *Termination by the Company.* The Company may terminate Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), or

(ii) Executive's intentional violation of the Company's Code of Ethics or Insider Trading Policy; or

(iii) the commission by Executive, or a plea of guilty or nolo contendere by Executive, to a felony or crime involving moral turpitude.

The cessation of employment of Executive shall not be deemed to be for Cause under clause (i) above unless and until (a) there shall have been delivered to Executive a copy of a resolution adopted by the Compensation Committee of the Board specifying the manner in which such Committee considers that Executive has not substantially performed his duties, (b) Executive shall have been given 90 days to cure such breach, and (c) at the end of such 90-day cure period the Committee finds that Executive still is not substantially performing his duties. Such finding shall be effective to terminate Executive's employment for Cause only if Executive was provided reasonable notice of the proposed action and was given an opportunity to be heard by the Committee.

(d) *Termination by Executive.* Executive's employment may be terminated by Executive for Good Reason or no reason. For purposes of this Agreement, unless written consent of Executive is obtained, "Good Reason" shall mean:

(i) Executive's demotion from the position of Chief Executive Officer of the Company, or a material diminution in his authority, duties or responsibilities in such position, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by Executive;

(ii) a reduction by the Company in Executive's Base Salary or Target Bonus or maximum bonus opportunity, as in effect on the Effective Date, as the same may be increased from time to time; or



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(iii) the Company's requiring Executive to be based more than thirty-five (35) miles from the Company's principal executive offices in Atlanta, Georgia; or

(iv) any failure by the Company to comply with and satisfy Section 16(c) of this Agreement; or

(v) the material breach by the Company of any other material provision of this Agreement.

Good Reason shall not include Executive's death or Disability; provided that Executive's mental or physical incapacity following the occurrence of an event described in clause (i) – (v) above shall not affect Executive's ability to terminate for Good Reason. In the event that "Cause" for Executive's termination exists under this Agreement and the Company acts to terminate Executive's employment for Cause, Executive shall not be entitled to exercise a termination for Good Reason or to receive payments or benefits pursuant to Section 8 of this Agreement for termination for Good Reason. Except as provided in Section 8(a), Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder. Any claim of "Good Reason" under this Agreement shall be communicated by Executive to the Company in writing within 30 days of his knowledge of its occurrence, which writing shall specifically identify the factual details concerning all events giving rise to Executive's claim of Good Reason under this Section 7(d). General description of unspecified events shall not constitute proper notice of Good Reason or termination for Good Reason. The Company shall have an opportunity to cure any claimed event of Good Reason within 30 days of notice of Good Reason given by Executive.

(e) *No Fault Termination by Either Party.* During the 3-month period beginning six months after the Effective Date and ending 9 months after the Effective

Date, if Executive and the Company mutually agree that Executive's skill sets and background do not fit the needs of the Company and Executive's continued employment with the Company is not in the Executive's and the Company's best interest, then either party may terminate Executive's employment with the Company as a "No Fault" termination. If Executive and the Company cannot reach a mutual agreement within 15 days business days on the issue of whether Executive's skill sets and background do not fit the needs of the Company and Executive's continued employment with the Company is not in the Executive's and the Company's best interest, the issue shall be resolved in accordance with Section 15. No Fault termination shall not include Executive's death or Disability. In the event that "Cause" for Executive's termination exists under this Agreement and the Company acts to terminate Executive's employment for Cause, Executive shall not be entitled to receive payments or benefits pursuant to Section 8 of this Agreement for No Fault termination.

(f) *Notice of Termination.* Any termination by the Company for Cause, or by Executive for Good Reason or by either party for No Fault, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 17(f) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specifies the termination date, within the parameters of Section 7(g). The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(g) *Date of Termination.* "Date of Termination" means (i) if Executive's employment is terminated by the Company for Cause, the date of the Board's final determination that Cause exists, as provided in Section 7(c), or a date within 30 days thereafter, as specified in the Notice of Termination, (ii) if Executive's employment is terminated by Executive for Good Reason, the date of the expiration of



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the 30-day cure period unless cure shall have been effected by the Company during such period, or any date between 30 and 60 days after receipt of the Notice of Termination, as specified in such notice, (iii) if Executive's employment is terminated by the Company other than for Cause or Disability or if Executive's employment is terminated by either party for No Fault, the Date of Termination shall be the date of receipt of the Notice of Termination or a date within 90 days after receipt of the Notice of Termination, as specified in such notice, (iv) if Executive's employment is terminated by reason of death, Retirement or Disability, the Date of Termination shall be the date of death or Retirement of Executive or the Disability Effective Date, as the case may be, and (v) if Executive's employment is terminated by Executive without Good Reason, the Date of Termination shall be 30 days following the Company's receipt of the Notice of Termination, unless the Company specifies an earlier Date of Termination.

8. *Obligations of the Company upon Termination.*

(a) *Termination by Executive for Good Reason; Termination by the Company Other Than for Cause or Disability* If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause or Disability, or Executive shall terminate employment for Good Reason during the 60-day period following the occurrence of the event giving rise to Good Reason, then and, with respect to the payments and benefits described in clauses (i)(B) and (ii) below, only if Executive executes a Release in substantially the form of *Exhibit A* hereto (the "Release") and complies fully with the Release and with all provisions of Section 14 of this Employment Agreement below, including maintaining compliance for any time period specified therein:

(i) the Company shall provide to Executive in a single lump sum cash payment within 30 days after the Date of Termination or, if later, the later of: (x) the date that such payment can be made without triggering an excise tax under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), or (y) five days after the Release becomes effective and nonrevocable, the aggregate of the following amounts:

A. the sum of the following amounts, to the extent not previously paid to Executive (the "Accrued Obligations"): (1) Executive's Base Salary through the Date of Termination, (2) a pro-rata bonus for the year in which the Date of Termination occurs, computed as the product of (x) Executive's Target Bonus for such year and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365, (3) any accrued pay in lieu of unused vacation, and (4) unless Executive has designated a later payout date in connection with the terms of a deferral plan or agreement or unless any later payout date is required by applicable law, including without limitation Section 409A of the Code, any vested compensation previously deferred by Executive (together with any amount equivalent to accrued interest or earnings thereon); and

B. a severance payment (the "Severance Payment") equal to the product of (1) 12 (or if the Date of Termination occurs prior to the second anniversary of the Effective Date, the number of full months remaining in the Employment Period after the Date of Termination) (the "Severance Factor"), times (2) one twelfth of the sum of Executive's Base Salary and Target Bonus as in effect as of the Date of Termination; and

(ii) the Company shall continue to provide after Executive's Date of Termination, for a number of months equal to the Severance Factor (the "Welfare Benefits Continuation Period"), or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, any group health benefits to which Executive and/or Executive's eligible dependents would otherwise be entitled to continue under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), or, at the Company's option, shall reimburse Executive for premiums he actually incurs in continuing such group health benefits pursuant to COBRA; *provided, however*, that if



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Executive becomes employed with another employer (including self-employment) and becomes eligible to receive group health benefits under another employer provided plan, the Company's obligation to provide group health benefits, or to reimburse COBRA group health insurance continuation premiums, as described herein shall cease, except as otherwise provided by law and *provided, further*, that the Welfare Benefits Continuation Period shall run concurrently with any period for which Executive is eligible to elect health coverage under COBRA; and

(iii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive, without duplication of the amounts otherwise payable under this Agreement, any other amounts or benefits required to be paid or provided or which Executive is eligible to receive under any plan, program, policy or practice of the Company to the extent provided to Peer Executives prior to the Date of Termination (such other amounts and benefits, without duplication, shall be hereinafter referred to as the "Other Benefits").

(b) *Termination by Either Party for No Fault* If Executive's employment is terminated by either party for No Fault, as provided in Section 7(e), then Executive shall be entitled to the same benefits as described in Section 8(a), except that the Severance Factor shall be 12.

(c) *Death, Disability or Retirement.* If Executive's employment is terminated by reason of his death, Disability or Retirement during the Employment Period, this Agreement shall terminate without further obligations to Executive or his estate, beneficiaries or legal representatives, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to Executive or his estate, beneficiary or legal representative, as applicable, in a lump sum in cash within 30 days of the Date of Termination or, if later, the date that such payment can be made without triggering an excise tax under Section 409A of the Code. With respect to the provision of Other Benefits, the term Other Benefits as used in this Section 8(c) shall include, without limitation, and Executive or his estate, beneficiaries or legal representatives, as applicable, shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death, disability or retirement

benefits, if any, as are applicable to Executive or his family on the Date of Termination.

(d) *Cause or Voluntary Termination without Good Reason*. If Executive's employment shall be terminated for Cause during the Employment Period, or if Executive voluntarily terminates employment during the Employment Period without Good Reason (other than a No Fault termination pursuant to Section 7(e)), this Agreement shall terminate without further obligations to Executive, other than for payment of Accrued Obligations (excluding the pro-rata bonus described in clause 2 of Section 8(a)(i)(A)) and the timely payment or provision of Other Benefits.

(e) *Expiration of Employment Period.* Upon the expiration of the Employment Period, this Agreement shall terminate without further obligations to Executive, other than the timely payment or provision of Other Benefits. With respect to the provision of Other Benefits, if Executive remains employed by the Company following such expiration date, he shall be entitled to participate in any general severance policy of the Company that covers Peer Executives; *provided, however*, that the severance provided to Executive under such policy shall not be less than one times Executive's Base Salary and Target Bonus as in effect on the date of his termination of employment, payable in a lump sum, and such payment shall be conditioned on Executive's signing a release substantially in the form of *Exhibit A* to this Agreement rather than the standard form of release under such severance policy.

(f) *Resignations*. Termination of Executive's employment for any reason whatsoever shall constitute Executive's resignation from the Board of Directors of the Company and resignation as an officer of the Company, its subsidiaries and affiliates.

9. *Change in Control Letter Agreement*. On or about the Effective Date, Executive and the Company will enter into a Change in Control letter agreement ("CIC Agreement") substantially similar in



form to that entered into with Peer Executives, which provides severance benefits in the event of a qualifying termination of employment during the period of six months prior to or three years after the occurrence of a Change in Control, as defined therein (the "Change in Control Period"). Notwithstanding Section 7 and 8 of this Agreement, if Executive's employment is terminated during a Change in Control Period and while the CIC Agreement is in effect, the terms of the CIC Agreement relating to Executive's termination of employment (including, without limitation, the definitions of "Cause" and "Good Reason" for such termination) shall govern the determination of any benefits to be paid under the CIC Agreement, but not those which might become payable under this Agreement, and Executive will be entitled to the higher of the severance benefits payable pursuant to the CIC Agreement or under this Agreement, without duplication.

10. *Non-exclusivity of Rights.* Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any employee benefit plan, program, policy or practice provided by the Company and for which Executive may qualify, except as specifically provided herein. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any employee benefit plan, policy, practice or program of the Company, its subsidiaries or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program except as explicitly modified by this Agreement.

11. *Full Settlement; No Obligation to Mitigate*. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, except as explicitly provided herein, such amounts shall not be reduced whether or not Executive obtains other employment.

12. *Certain Additional Payments by the Company*.**.** If any payments or benefits provided pursuant to this Agreement or any other payments or benefits provided to Executive by the Company are subject to an excise tax on an "excess parachute payment" under Section 4999 of the Code, or any successor provision of the Code, or are subject to an excise or penalty tax under any similar provision of any other revenue system to which Executive may be subject, the Company will provide a gross-up payment to Executive in order to place him in the same after-tax position he would have been in had no excise or penalty tax become due and payable under Code Section 4999 (or any successor provision) or any similar provision of that other revenue system. Any gross-up payment to which Executive is entitled as a result of the applicability of an excise tax under Code Section 4999 or any successor provision of the Code, or as a result of any excise or penalty tax under any similar provision of any other revenue system to which Executive may be subject, will be determined in accordance with a "Policy with Respect to Tax Gross-up Payments" adopted, or which will be adopted, by the Board of Directors (or a Committee of the Board), and once that policy is adopted, no amendment of that policy that adversely affects Executive will be effective with respect to Executive's rights under this Agreement without Executive's written consent.

13. *Representations and Warranties*. Executive hereby represents and warrants to the Company that Executive is not a party to, or otherwise subject to, any covenant not to compete with any person or entity, and Executive's execution of this Agreement and performance of his obligations hereunder will not violate the terms or conditions of any contract or obligation, written or oral, between Executive and any other person or entity.

14. *Restrictions on Conduct of Executive.*

(a) *General*. Executive and the Company understand and agree that the purpose of the provisions of this Section 14 is to protect legitimate business interests of the Company, as more fully described below, and is not intended to impair or infringe upon Executive's right to work, earn a living, or



acquire and possess property from the fruits of his labor. Executive hereby acknowledges that Executive has received good and valuable consideration for the post-employment restrictions set forth in this Section 14 in the form of the compensation and benefits provided for herein. Executive hereby further acknowledges that the post-employment restrictions set forth in this Section 14 are reasonable and that they do not, and will not, unduly impair his ability to earn a living after the termination of this Agreement.

In addition, the parties acknowledge: (A) that Executive's services under this Agreement require unique expertise and talent in the provision of Competitive Services and that Executive will have substantial contacts with customers, suppliers, advertisers and vendors of the Company; (B) that pursuant to this Agreement, Executive will be placed in a position of trust and responsibility and he will have access to a substantial amount of Confidential Information and Trade Secrets and that the Company is placing him in such position and giving him access to such information in reliance upon his agreement not to solicit customers during the Restricted Period; (C) that due to Executive's unique experience and talent, the loss of Executive's services to the Company under this Agreement cannot reasonably or adequately be compensated solely by damages in an action at law; (D) that Executive is capable of competing with the Company; and (E) that Executive is capable of obtaining gainful, lucrative and desirable employment that does not violate the restrictions contained in this Agreement.

Therefore, Executive shall be subject to the restrictions set forth in this Section 14.

(b) *Definitions*. The following capitalized terms used in this Section 14 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

*"Competitive Position"* means any employment with a Competitor in the capacity of a senior executive officer in which Executive has duties for such Competitor that involve Competitive Services and that are the same or similar to those services actually performed by Executive for the Company.

*"Competitive Services"* means the business of automated credit risk management and financial technologies for the internet and traditional lending environments.

*"Competitor"* means any of the following companies: Acxiom Corporation, CBC Companies, CSC Credit Services, The Dun & Bradstreet Corporation, Experian Inc., Fair Issac Corporation, Nexis-Lexis and Trans Union Corporation, each of which is engaged, wholly or in part, in Competitive Services within the Restricted Territory.

*"Confidential Information"* means all information regarding the Company, its activities, business or clients that is the subject of reasonable efforts by the Company to maintain its confidentiality and that is not generally disclosed by practice or authority to persons not employed by the Company, but that does not rise to the level of a Trade Secret. "Confidential Information" shall include, but is not limited to, financial plans and data concerning the Company; management planning information; business plans; operational methods; market studies; marketing plans or strategies; product development techniques or plans; customer lists; customer files, data and financial information, details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; business acquisition plans; and new personnel acquisition plans. "Confidential Information" shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company. This definition shall not limit any definition of "confidential information" or any equivalent term under state or federal law.



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*"Determination Date"* means the date of termination of Executive's employment with the Company for any reason whatsoever or any earlier date (during the Employment Period) of an alleged breach of the Restrictive Covenants by Executive.

*"Person"* means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

*"Principal or Representative"* means a principal, owner, partner, stockholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

*"Protected Customers"* means any Person to whom the Company has sold its products or services or solicited to sell its products or services, other than through general advertising targeted at consumers, during the 12 months prior to the Determination Date.

*"Protected Employees"* means employees of the Company who were employed by the Company or its affiliates at any time within six months prior to the Determination Date, other than those who were discharged by the Company or such affiliated employer without cause.

*"Restricted Period"* means the Employment Period plus one year after the Date of Termination.

*"Restricted Territory"* means the United States of America.

*"Restrictive Covenants"* means the restrictive covenants contained in Section 14(c) hereof.

*"Third Party Information"* means confidential or proprietary information subject to a duty on the Company's and its affiliates' part to maintain the confidentiality of such information and to use it only for certain limited purposes.

*"Trade Secret"* means all information, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists or a list of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Without limiting the foregoing, Trade Secret means any item of confidential information that constitutes a "trade secret(s)" under the common law or statutory law of the State of Georgia.

*"Work Product"* means all inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, and all similar or related information (whether or not patentable) that relate to the Company's or its affiliates' actual or anticipated business, research and development, or existing or future products or services and that are conceived, developed, contributed to, made, or reduced to practice by Executive (either solely or jointly with others) while employed by the Company or its affiliates.



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(c) *Restrictive Covenants.*

(i) *Restriction on Disclosure and Use of Confidential Information and Trade Secrets*. Executive understands and agrees that the Confidential Information and Trade Secrets constitute valuable assets of the Company and its affiliated entities, and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that Executive shall not, directly or indirectly, during the Employment Period and for a period of two years after the Date of Termination, reveal, divulge, or disclose to any Person not expressly authorized by the Company any Confidential Information, and Executive shall not, directly or indirectly, during the Employment Period and for a period of two years after the Date of Termination, use or make use of any Confidential Information in connection with any business activity other than that of the Company. Executive shall not directly or indirectly transmit or disclose any Trade Secret of the Company to any Person, and shall not make use of any such Trade Secret, directly or indirectly, for himself or for others, without the prior written consent of the Company throughout the term of this Agreement and for the period during which the information remains a Trade Secret under applicable law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Company's rights or Executive's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices.

Anything herein to the contrary notwithstanding, Executive shall not be restricted from disclosing or using Confidential Information or any Trade Secret that is required to be disclosed by law, court order or other legal process; *provided, however*, that in the event disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive.

Executive acknowledges that any and all Confidential Information is the exclusive property of the Company and agrees to deliver to the Company on the Date of Termination, or at any other time the Company may request in writing, any and all Confidential Information which he may then possess or have under his control in whatever form same may exist, including, but not by way of limitation, hard copy files, soft copy files, computer disks, and all copies thereof.

(ii) *Nonsolicitation of Protected Employees.* Executive understands and agrees that the relationship between the Company and each of its Protected Employees constitutes a valuable asset of the Company and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that during the Restricted Period, Executive shall not directly or indirectly on Executive's own behalf or as a Principal or Representative of any Person or otherwise solicit or induce any Protected Employee to terminate his employment relationship with the Company or to enter into employment with any other Person.

(iii) *Restriction on Relationships with Protected Customers*. Executive understands and agrees that the relationship between the Company and each of its Protected Customers constitutes a valuable asset of the Company and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that, during the Restricted Period, Executive shall not, without the prior written consent of the Company, directly or indirectly, on Executive's own behalf or as a Principal or Representative of any Person, solicit, divert, take away or attempt to solicit, divert or take away a Protected Customer for the purpose of providing or selling

Competitive Services; *provided, however*, that the prohibition of this covenant shall apply only to Protected Customers with whom Executive had Material Contact on the Company's behalf during the 12 months immediately preceding the Date of Termination; and, *provided further*, that the prohibition of this covenant shall not apply to the conduct of general advertising activities. For purposes of this Agreement, Executive had "Material Contact" with a Protected Customer if (a) he had business dealings with the Protected



Customer on the Company's behalf; (b) he was responsible for supervising or coordinating the dealings between the Company and the Protected Customer; or (c) he obtained Trade Secrets or Confidential Information about the customer as a result of his association with the Company.

(iv) *Noncompetition with the Company.* In consideration of the compensation and benefits being paid and to be paid by the Company to Executive hereunder, Executive hereby agrees that, during the Restricted Period, Executive will not, without prior written consent of the Company, directly or indirectly obtain, serve in or operate in a Competitive Position with a Competitor where his duties involve operations of such Competitor within the Restricted Territory. Executive acknowledges that in the performance of his duties for the Company he is charged with operating on the Company's behalf throughout the Restricted Territory and he hereby acknowledges, therefore, that the Restricted Territory is reasonable.

(v) *Ownership of Work Product.* Executive acknowledges that the Work Product belongs to the Company or its affiliates and Executive hereby assigns, and agrees to assign, all of the Work Product to the Company or its affiliates. Any copyrightable work prepared in whole or in part by Executive in the course of his work for any of the foregoing entities shall be deemed a "work made for hire" under the copyright laws, and the Company or such affiliate shall own all rights therein. To the extent that any such copyrightable work is not a "work made for hire," Executive hereby assigns and agrees to assign to the Company or such affiliate all right, title, and interest, including without limitation, copyright in and to such copyrightable work. Executive shall promptly disclose such Work Product and copyrightable work to the Board and perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and confirm the Company's or such affiliate's ownership (including, without limitation, assignments, consents, powers of attorney, and other instruments).

(vi) *Third Party Information.* Executive understands that the Company and its affiliates will receive Third Party Information. During the Employment Period and thereafter, and without in any way limiting the provisions of Section 14(c)(i) above, Executive will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than personnel of the Company or its affiliates who need to know such information in connection with their work for the Company or its affiliates) or use, except in connection with his work for the Company or its affiliates, Third Party Information unless expressly authorized by a member of the Board (other than Executive) in writing.

(vii) *Use of Information of Prior Employers.* During the Employment Period, Executive will not improperly use or disclose any confidential information or trade secrets, if any, of any former employers or any other person to whom Executive has an obligation of confidentiality, and will not bring onto the premises of the Company or any of its affiliates any unpublished documents or any property belonging to any former employer or any other person to whom Executive has an obligation of confidentiality unless consented to by in writing the former employer or person. Executive will use in the performance of his duties only information which is (i) generally known and used by persons with training and experience comparable to Executive's and which is (x) common knowledge in the industry or (y) is otherwise legally in the public domain, (ii) is otherwise provided or developed by the Company or its affiliates or (iii) in the case of materials, property or information belonging to any former employer or other person to whom Executive has an obligation of confidentiality, approved for such use in writing by such former employer or person.

(d) *Enforcement of Restrictive Covenants.*

(i) *Rights and Remedies Upon Breach*. In the event Executive breaches, or threatens to commit a breach of, any of the provisions of the Restrictive Covenants, the Company shall have the



right and remedy to enjoin, preliminarily and permanently, Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court or tribunal of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Such right and remedy shall be independent of any others and severally enforceable, and shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity.

(ii) *Severability of Covenants*. Executive acknowledges and agrees that the Restrictive Covenants are reasonable and valid in time and scope and in all other respects. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Executive in agreeing to the provisions of this Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

(iii) *Reformation*. The parties hereunder agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent possible under applicable law. The parties further agree that, in the event any tribunal of competent jurisdiction shall find that any provision hereof is not enforceable in accordance with its terms, the tribunal shall reform the Restrictive Covenants such that they shall be enforceable to the maximum extent permissible at law.

15. *Mediation and Arbitration.* The parties shall endeavor to resolve any claim or dispute arising under or relating to this Agreement, or the breach, termination or validity of any term of this Agreement, by mediation under the International Institute for Conflict Prevention & Resolution (CPR) Mediation Procedure then currently in effect; provided, however, that the Company shall retain the right at any time to seek equitable remedies, as provided in Section 14(d), for breaches or threatened breaches of the Restrictive Covenants. Unless the parties agree otherwise, the mediator will be selected from the CPR Panels of Distinguished Neutrals. The place of mediation shall be Atlanta, Georgia. Any controversy or claim arising out of or relating to this Agreement, including the breach, termination or validity thereof, which remains unresolved 45 days after the appointment of a mediator, shall be finally resolved by arbitration in accordance with the CPR Rules for Non-Administered Arbitration then currently in effect, by a sole; provided, however, that if one party fails to participate in the mediation as agreed herein, the other party can commence arbitration prior to the expiration of the time periods set forth above. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, and judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. The place of arbitration shall be Atlanta, Georgia.

16. *Assignment and Successors.*

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any Surviving Entity resulting from a Reorganization, Sale or Acquisition (if other than the Company) to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no Reorganization, Sale or Acquisition had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and a legal successor to its business and/or a purchaser of all or substantially all of its assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

17. *Miscellaneous.*

(a) *Waiver*. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(b) *Severability*. If any provision or covenant, or any part thereof, of this Agreement should be held by any tribunal of competent jurisdiction to be invalid, illegal or unenforceable, either in whole or in part, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions or covenants, or any part thereof, of this Agreement, all of which shall remain in full force and effect.

(c) *Other Agents.* Nothing in this Agreement is to be interpreted as limiting the Company from employing other personnel on such terms and conditions as may be satisfactory to it, except that this Section 17(c) shall not override the provision of Section 7(d)(i).

(d) *Entire Agreement.* Except as provided herein, this Agreement contains the entire agreement between the Company and Executive with respect to the subject matter hereof and, from and after the Effective Date, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof, including without limitation, the Prior Agreement.

(e) *Governing Law*. Except to the extent preempted by federal law, and without regard to conflict of laws principles, the laws of the State of Georgia shall govern this Agreement in all respects, whether as to its validity, construction, capacity, performance or otherwise.

(f) *Notices*. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered or three days after mailing if mailed, first class, certified mail, postage prepaid:

To the Company: Equifax Inc.<br>1550 Peachtree Street, N.W.<br>Atlanta, Georgia 30309<br>Attention: General Counsel

To Executive: Richard F. Smith<br>2845 West 111$^{th}$ Terrace<br>Leawood, Kansas 66211-3090

Any party may change the address to which notices, requests, demands and other communications shall be delivered or mailed by giving notice thereof to the other party in the same manner provided herein.

(g) *Amendments and Modifications.* This Agreement may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to this Agreement.

(h) *Construction*. Each party and his or its counsel have reviewed this Agreement and have been provided the opportunity to revise this Agreement and accordingly, the normal rule of construction to



the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either party.

(i) *Withholding*. The Company or its subsidiaries, if applicable, shall be entitled to deduct or withhold from any amounts owing from the Company or any such affiliate to Executive any federal, state, local or foreign withholding taxes, excise taxes, or employment taxes (“Taxes”) imposed with respect to Executive’s compensation or other payments from the Company or any of its affiliates. In the event the Company or its affiliates do not make such deductions or withholdings, Executive shall indemnify the Company and its affiliates for any amounts paid with respect to any such Taxes.

(j) *Legal* Fees.

(i) The Company shall reimburse Executive’s reasonable legal fees and expenses incurred in negotiating and documenting this Agreement and any other related documents or matters.

(ii) In the event of any dispute between Executive and the Company following a Change in Control (as defined in the CIC Agreement), the Company shall reimburse Executive for attorney’s fees and expenses reasonably incurred by Executive in such dispute. Notwithstanding the foregoing, in the event that the Company pays Executive’s legal fees and expenses relating to a dispute hereunder and an arbitrator or a court later determines that Executive’s positions with respect to such dispute were advanced in bad faith, Executive shall promptly repay such legal fees and expenses to the Company.

(iii) In the event of any dispute between Executive and the Company, the Company shall reimburse Executive for attorney’s fees and expenses reasonably incurred by Executive in such dispute in connection with those issues upon which Executive is determined by an arbitrator or a court to have prevailed upon the merits.

(Signatures on following page)



IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Employment Agreement as of the date first above written.

EQUIFAX INC.

By: /s/ KAREN H. GASTON<br>Title: *Chief Administrative Officer*

EXECUTIVE:

/s/ RICHARD F. SMITH
Richard F. Smith



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**EXHIBIT A**

**Form of Release**

THIS RELEASE ("Release") is granted effective as of the day of , , by Richard F. Smith ("Executive") in favor of Equifax Inc. (the "Company"). This is the Release referred to in that certain Employment Agreement effective as of September 19, 2005 by and between the Company and Executive (the "Employment Agreement"), with respect to which this Release is an integral part.

FOR AND IN CONSIDERATION of the payments and benefits provided by Section 8 of the Employment Agreement and the Company's other promises and covenants as recited in the Employment Agreement, the receipt and sufficiency of which are hereby acknowledged, Executive, for himself, his successors and assigns, now and forever hereby releases and discharges the Company and all its past and present officers, directors, stockholders, employees, agents, parent corporations, predecessors, subsidiaries, affiliates, estates, successors, assigns, benefit plans, consultants, administrators, and attorneys (hereinafter collectively referred to as "Releasees") from any and all claims, charges, actions, causes of action, sums of money due, suits, debts, covenants, contracts, agreements, promises, demands or liabilities (hereinafter collectively referred to as "Claims") whatsoever, in law or in equity, whether known or unknown, which Executive ever had or now has from the beginning of time up to the date this Release ("Release") is executed, including, but not limited to, claims under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964 (and all of its amendments), the Americans with Disabilities Act, as amended, or any other federal or state statutes, all tort claims, all claims for wrongful employment termination or breach of contract, and any other claims which Executive has, had, or may have against the Releasees on account of or arising out of Executive's employment with or termination from the Company; *provided, however*, that nothing contained in this Release shall in any way diminish or impair (i) any rights of Executive to the benefits conferred or referenced in the Employment Agreement, (ii) any rights to indemnification that may exist from time to time under any Indemnification Agreement between Executive and the Company, or the Company's articles of incorporation or bylaws, or Georgia law, or (iii) Executive's ability to raise an affirmative defense in connection with any lawsuit or other legal claim or charge instituted or asserted by the Company against Executive (collectively, the "Excluded Claims").

Without limiting the generality of the foregoing, Executive hereby acknowledges and covenants that in consideration for the sums being paid to him he has knowingly waived any right or opportunity to assert any claim that is in any way connected with any employment relationship or the termination of any employment relationship which existed between the Company and Executive. Executive further understands and agrees that, except for the Excluded Claims, he has knowingly relinquished, waived and forever released any and all remedies arising out of the aforesaid employment relationship or the termination thereof, including, without limitation, claims for backpay, front pay, liquidated damages, compensatory damages, general damages, special damages, punitive damages, exemplary damages, costs, expenses and attorneys' fees.

Executive specifically acknowledges and agrees that he has knowingly and voluntarily released the Company and all other Releasees from any and all claims arising under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621, et seq., which Executive ever had or now has from the beginning of time up to the date this Release is executed, including but not limited to those claims which are in any way connected with any employment relationship or the termination of any employment relationship which existed between the Company and Executive. Executive further acknowledges and agrees that he has been advised to consult with an attorney prior to executing this Release and that he has been given twenty-one (21) days to consider this Release prior to its execution. Executive also understands that he may revoke this Release at any time within seven (7) days following its execution. Executive

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understands, however, that this Release shall not become effective and that none of the consideration described above shall be paid to him until the expiration of the seven-day revocation period.

Executive agrees never to seek reemployment or future employment with the Company or any of the other Releasees.

Executive acknowledges that the terms of this Release must be kept confidential. Accordingly, Executive agrees not to disclose or publish to any person or entity the terms and conditions or sums being paid in connection with this Release, except as required by law, as necessary to prepare tax returns, or as necessary to enforce the Excluded Claims.

It is understood and agreed by Executive that the payment made to him is not to be construed as an admission of any liability whatsoever on the part of the Company or any of the other Releasees, by whom liability is expressly denied.

Executive agrees and covenants that he will not make any derogatory or disparaging statements about or relating to the Company, its business practices, its products, its services or its employment practices and that he will not engage in any harassing conduct directed at Company. For purposes of this provision, "Company" means and includes the Company and its officers, directors, agents, representatives and employees. Nothing in this provision is intended to prohibit Executive from testifying truthfully in any judicial or quasi-judicial proceeding.

This Release is executed by Executive voluntarily and is not based upon any representations or statements of any kind made by the Company or any of the other Releasees as to the merits, legal liabilities or value of his claims. Executive further acknowledges that he has had a full and reasonable opportunity to consider this Release and that he has not been pressured or in any way coerced into executing this Release.

Executive acknowledges and agrees that this Release may not be revoked at any time after the expiration of the seven-day revocation period and that he will not institute any suit, action, or proceeding, whether at law or equity, challenging the enforceability of this Release. Furthermore, with the exception of an action to challenge his waiver of claims under the ADEA, if Executive does not prevail in an action to challenge this Release, to obtain an order declaring this Release to be null and void, or in any action against the Company or any other Releasee based upon a claim which is covered by the release set forth herein, Executive shall pay to the Company and/or the appropriate Releasee all their costs and attorneys' fees incurred in their defense of Executive's action.

This Release and the rights and obligations of the parties hereto shall be governed and construed in accordance with the laws of the State of Georgia. If any provision hereof is unenforceable or is held to be unenforceable, such provision shall be fully severable, and this document and its terms shall be construed and enforced as if such unenforceable provision had never comprised a part hereof, the remaining provisions hereof shall remain in full force and effect, and the court or tribunal construing the provisions shall add as a part hereof a provision as similar in terms and effect to such unenforceable provision as may be enforceable, in lieu of the unenforceable provision.

This document contains all terms of the Release and supersedes and invalidates any previous agreements or contracts. No representations, inducements, promises or agreements, oral or otherwise, which are not embodied herein shall be of any force or effect.

IN WITNESS WHEREOF, the undersigned acknowledges that he has read these three pages and he sets his hand and seal this day of , 20 .

Richard F. Smith

Sworn to and subscribed before me this day of , 20 .

Notary Public

My Commission Expires:

EXHIBIT 10.2

EXECUTION COPY

**EQUIFAX INC.**
**2000 STOCK INCENTIVE PLAN**
**DEFERRED SHARE AWARD AGREEMENT**

This Deferred Share Award Agreement (the "Agreement") is dated as of September 19, 2005, and is entered into between Equifax Inc., a Georgia corporation (the "Company"), and Richard F. Smith (the "Employee"). This Agreement represents the "restricted stock units" referenced in Sections 5(b)(i)(B) and 5(B)(iv)(A) of that certain Employment Agreement, effective as of September 19, 2005, between the Company and the Employee (the "Employment Agreement").

In consideration of the mutual promises set forth below, the parties hereto agree as follows.

1. **Grant of Deferred Shares**. Subject to the terms and conditions of this Agreement and the Equifax Inc. 2000 Stock Incentive Plan (the "Plan"), the terms of which are hereby incorporated herein by reference, effective as of the date set forth above (the "Grant Date"), the Company hereby grants to the Employee 84,942 restricted stock units in the form of Deferred Shares under the Plan. Capitalized terms used but not defined in this Agreement shall have the meaning specified in the Plan.

2. **Vesting**. Subject to earlier vesting in accordance with Section 3 below, the Deferred Shares shall vest on the date set forth below (such date specified in this Section 2 or the earlier vesting date under Section 3 below is referred to herein as the "Vesting Date"). Prior to the Vesting Date, the Deferred Shares shall be nontransferable and, except as otherwise provided herein, shall be forfeited upon the Employee's termination of employment with the Company and its Subsidiaries.

| Vesting Date | Percentage of Deferred Shares Vested |
| --- | --- |
| Three (3) years after Grant Date | 100% |

The Committee which administers the Plan reserves the right, in its sole discretion, to waive or reduce the vesting requirements, subject to compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

3. **Death, Disability, Retirement or Change in Control**.

(a) *Termination by Death or for Disability*. In the event the Employee dies or becomes disabled while actively employed by the Company, all outstanding unvested Deferred Shares shall immediately become vested and nonforfeitable as of the date of the Employee's death or termination as a result of his "Disability" (as defined in the Employment Agreement).

(b) *Termination by Retirement*. If the Employee's employment with the Company is terminated by his Retirement (as defined in the Employment Agreement), all outstanding unvested Deferred Shares shall immediately become vested and nonforfeitable as of the date of the Employee's Retirement.

(c) *Change in Control*. In the event a Change in Control (as defined in the Plan) occurs while the Employee is employed by the Company, all of the Deferred Shares awarded pursuant to this Agreement shall become vested and nonforfeitable as of the date on which the Change in Control occurs.

(d) *Employment with a Subsidiary*. For purposes of this Section and Section 11, employment with the Company includes employment with any Subsidiary of the Company.

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4. **Settlement of Deferred Shares; Conversion to Common Shares**. The Deferred Shares represent the unfunded obligation of the Company to deliver Common Shares to the Employee upon lapse or waiver of the vesting requirements set forth in Sections 2 and 3 above. Until such time, the Deferred Shares shall be credited to a book entry account on behalf of the Employee. Unless the Deferred Shares are forfeited prior to the Vesting Date as provided in Section 2 above, the Deferred Shares will be converted to actual Common Shares on the later of (i) the Vesting Date, or (ii) if Code Section 409A applies, the earliest date on which settlement can be made without violation of Code Section 409A (as applicable, the "Conversion Date"). Common Shares will be registered on the books of the Company in the Employee's name as of the Conversion Date and certificates (or appropriate evidence of ownership) representing the unrestricted Common Shares will be delivered to the Employee (or to a party designated by the Employee) as soon as practicable after the Conversion Date.

5. **Dividends**. The Deferred Shares shall not entitle the Employee to receive any cash dividends, stock dividends or other distributions paid with respect to the Common Shares, except in circumstances where the distribution is covered by Section 16 below.

6. **Tax Withholding Obligations**. The Employee shall be required to deposit with the Company an amount of cash equal to the amount determined by the Company to be required with respect to any withholding taxes, FICA contributions, or the like under any federal, state, or local statute, ordinance, rule, or regulation in connection with the vesting or settlement of the Deferred Shares. The Employee may, subject to such conditions as the Committee shall require, elect to have the Company withhold a number of Common Shares otherwise deliverable having a Fair Market Value sufficient to satisfy the statutory minimum of all or part of the Employee's estimated total federal, state, and local tax obligations associated with vesting or settlement of the Deferred Shares. The Company shall not deliver any of the Common Shares until and unless the Employee has made the deposit required herein or proper provision for required withholding has been made.

7. **Restriction and Transferability**. Until the Deferred Shares are vested as provided above, they may not be sold, transferred, pledged, assigned, or otherwise alienated at any time. Any attempt to do so contrary to the provisions hereof shall be null and void.

8. **Rights as Shareholder**. Except as provided in Section 5, the Employee shall not have voting or any other rights as a shareholder of the Company with respect to the Deferred Shares. Upon settlement of the Deferred Shares into Common Shares, the Employee will obtain full voting and other rights as a shareholder of the Company.

9. **Administration**. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Employee, the Company, and all other interested persons. No member of the Committee shall be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Agreement.

10. **Effect on Other Employee Benefit Plans**. The value of the Deferred Shares granted pursuant to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Subsidiary except as such plan otherwise expressly provides.

11. **No Employment Rights**. The award of the Deferred Shares pursuant to this Agreement shall not give the Employee any right to remain employed by the Company or a Subsidiary, nor shall it interfere with or restrict the Company's right to terminate the Employee's employment at any time.

12. **Amendment**. This Agreement may be amended only by a writing executed by the Company and the Employee which specifically states that it is amending this Agreement. Notwithstanding the foregoing,



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this Agreement may be amended solely by the Committee by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is

delivered to the Employee, and provided that no such amendment adversely affecting the rights of the Employee, hereunder may be made without the Employee's written consent. Without limiting the foregoing, the Committee reserves the right to change, by written notice to the Employee, the provisions of the Deferred Shares or this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to Deferred Shares which are then subject to restrictions as provided herein. Notwithstanding anything herein to the contrary, the Committee may, without the Employee's consent, amend or interpret this Agreement to the extent necessary to comply with Section 409A of the Code and Treasury regulations and guidance with respect to such law.

13. **Notices**. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary. Any notice to be given to Employee shall be addressed to the Employee at the address listed in the Company's records. By a notice given pursuant to this Section, either party may designate a different address for notices. Any notice shall have been deemed given when actually delivered.

14. **Severability**. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

15. **Construction**. The restricted stock units are being issued in the form of Deferred Shares pursuant to Section 7 (Deferred Shares) of the Plan and are subject to the terms of the Plan. To the extent that any provision of this Agreement violates or is inconsistent with an express provision of the Plan, the Plan provision shall govern and any inconsistent provision in this Agreement shall be of no force or effect.

16. **Adjustments to Deferred Shares**. The terms of this Agreement will be adjusted as the Committee determines in its sole discretion in accordance with Section 10 of the Plan, and any such adjustment shall be effective and final, binding and conclusive for all purposes of this Agreement.

17. **Governing Law**. This Agreement will be governed by and enforced in accordance with the laws of the State of Georgia.

18. **Transfer of Data**. In order to effectively administer Company's global compensation and benefit programs, the Company may transfer personal data from the Employee's employment file to a centralized repository controlled by the Company in the United States of America. The Employee's personal data in the repository will be used solely for internal Company purposes. The Employee may examine his or her employee information file should the Employee wish to do so. By signing this Agreement, the Employee hereby provides consent to this transfer and use of this data.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective as of the day and year first above written.

| Employee | EQUIFAX INC. |
| --- | --- |
| /s/ RICHARD F. SMITH | /s/ KAREN H. GASTON |
| Richard F. Smith | Karen H. Gaston<br>*Chief Administrative Officer* |

Date: September 19, 2005

**EXHIBIT 31.1**

**CERTIFICATIONS**

I, Richard F. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equifax Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2005

/s/ RICHARD F. SMITH
Richard F. Smith
*Chairman-Elect and Chief Executive Officer*

**EXHIBIT 31.2**

**CERTIFICATIONS**

I, Donald T. Heroman, certify that:

6. I have reviewed this quarterly report on Form 10-Q of Equifax Inc.;
7. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
8. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
9. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
10. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2005

/s/ DONALD T. HEROMAN
Donald T. Heroman
*Chief Financial Officer*

**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equifax Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2005, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard F. Smith, Chairman-Elect and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2005

/s/ RICHARD F. SMITH
Richard F. Smith
*Chairman-Elect and Chief Executive Officer*

**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equifax Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2005, filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald T. Heroman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2005

/s/ DONALD T. HEROMAN
Donald T. Heroman
*Chief Financial Officer*

**Reconciliation of non-GAAP financial measures to the corresponding GAAP measure (Unaudited)—September 30, 2005**

**(Dollars in millions, except per share amounts)**

**A. Free Cash Flow**

***Quarter***

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004, TO FREE CASH FLOW FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

| | 2005 | 2004 | Increase |
|---|---|---|---|
| Cash provided by operating activities for the nine months ended September 30, 2005 and 2004 | $ 231.8 | $ 205.6 | **13%** |
| Adjustments to reconcile cash provided by operating activities for the nine months ended September 30, 2005 and 2004, to free cash flow for the three months ended September 30, 2005 and 2004: | | | |
| Cash provided by operating activities for the six months ended June 30, 2005 and 2004 | 128.5 | 111.5 | |
| Cash provided by operating activities for the three months ended September 30, 2005 and 2004 | 103.3 | 94.1 | |
| Additions to property and equipment for the three months ended September 30, 2005 and 2004 | (11.2) | (12.9) | |
| Free cash flow for the three months ended September 30, 2005 and 2004 | $ 92.1 | $ 81.2 | **13%** |

***YTD***

RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004, TO FREE CASH FLOW FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

| | 2005 | 2004 | Increase |
|---|---|---|---|
| Cash provided by operating activities for the nine months ended September 30, 2005 and 2004 | $ 231.8 | $ 205.6 | **13%** |
| Adjustments to reconcile cash provided by operating activities for the nine months ended September 30, 2005 and 2004, to free cash flow for the nine months ended September 30, 2005 and 2004: | | | |
| Additions to property and equipment for the nine months ended September 30, 2005 and 2004 | (33.3) | (33.0) | |
| Free cash flow for the nine months ended September 30, 2005 and 2004 | $ 198.5 | $ 172.6 | **15%** |

RECONCILIATION OF WORKING CAPITAL, EXCLUDING DEBT, AT SEPTEMBER 30, 2005 AND DECEMBER 31, 2004

| | September 30, 2005 | December 31, 2004 |
|---|---|---|
| Total current assets | $ 304.7 | $ 299.6 |
| Total current liabilities | $ 296.3 | $ 456.9 |
| Less short-term debt and current maturities | (88.8) | (255.7) |
| Total current liabilities less debt | $ 207.5 | $ 201.2 |
| Working capital, excluding debt | $ 97.2 | $ 98.4 |

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**Reconciliation of non-GAAP financial measures to the corresponding GAAP measure (Unaudited)—September 30, 2005 (Continued)**

**(Dollars in millions, except per share amounts)**

**B. Income from continuing operations excluding items impacting comparability:**

| | Third Quarter | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2005 | | | | 2004 | | |
| | Pre-tax | After-tax | EPS | EPS Growth | Pre-tax | After-tax | EPS |
| Income from continuing operations | $ 102.5 | $ 62.5 | $ 0.47 | 17% | $ 88.1 | $ 53.3 | $ 0.40 |
| FACT Act regulatory recovery fee | (10.2) | (6.2) | (0.04) | | — | — | — |
| FACT Act expenses | 4.5 | 2.7 | 0.02 | | — | — | — |
| Income from continuing operations—excluding FACT Act | $ 96.8 | $ 59.0 | $ 0.45 | 11% | $ 88.1 | $ 53.3 | $ 0.40 |

| | YTD | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2005 | | | | 2004 | | |
| | Pre-tax | After-tax | EPS | EPS Growth | Pre-tax | After-tax | EPS |
| Income from continuing operations | $ 294.8 | $ 183.7 | $ 1.39 | 2% | $ 293.4 | $ 182.1 | $ 1.36 |
| FACT Act regulatory recovery fee | (28.8) | (17.9) | (0.14) | | — | — | — |
| FACT Act expenses | 16.6 | 10.2 | 0.08 | | — | — | — |
| Sale of investment in Intersections Inc. | — | — | — | | (36.8) | (23.0) | (0.17) |
| Asset impairment and related charges | — | — | — | | 2.4* | 1.5 | 0.01 |
| Income from continuing operations—excluding FACT Act, sale of investment in Intersections Inc. and asset impairment and related charges | $ 282.6 | $ 176.0 | $ 1.33 | 11% | $ 259.0 | $ 160.6 | $ 1.20 |

* Excludes $5.3 million in previously reported asset impairment and related charges related to Italy for the third quarter 2004. These charges have been reclassified to loss from discontinued operations.

**C. Cumulative FACT Act cash flow impact**

| | FACT Act (January 1, 2004 - September 30, 2005) |
|---|---|
| Regulatory recovery fee | $ 19.7 |
| FACT Act expenses, excluding depreciation | (15.1) |
| FACT Act capital investment | (12.1) |
| Net FACT Act cash flow to date | $ (7.5) |

**Reconciliation of non-GAAP financial measures to the corresponding GAAP measure (Unaudited)—September 30, 2005 (Continued)**

**(Dollars in millions, except per share amounts)**

**D. Consolidated revenue growth, excluding regulatory recovery fee**

| | Third Quarter | | Growth $ | Growth % |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| Operating revenue | $ 375.3 | $ 319.9 | $ 55.4 | 17% |
| FACT Act regulatory recovery fee | (10.2) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $ 365.1 | $ 319.9 | $ 45.2 | 14% |

| | YTD | | Growth $ | Growth % |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| Operating revenue | $ 1,082.1 | $ 945.2 | $ 136.9 | 14% |
| FACT Act regulatory recovery fee | (28.8) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $ 1,053.3 | $ 945.2 | $ 108.1 | 11% |

nm—not meaningful

**E. North America Information Services revenue growth, excluding regulatory recovery fee**

| | Third Quarter | | Growth $ | Growth % |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| Operating revenue | $ 211.2 | $ 177.3 | $ 33.9 | 19% |
| FACT Act regulatory recovery fee | (10.2) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $ 201.0 | $ 177.3 | $ 23.7 | 13% |

| | YTD | | Growth $ | Growth % |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| Operating revenue | $ 609.5 | $ 527.3 | $ 82.2 | 16% |
| FACT Act regulatory recovery fee | (28.8) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $ 580.7 | $ 527.3 | $ 53.4 | 10% |

nm—not meaningful

**F. U.S. Consumer and Commercial Services revenue growth, excluding regulatory recovery fee**

| | Third Quarter | | Growth $ | Growth % |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| Operating revenue | $ 160.2 | $ 134.1 | $ 26.1 | 19% |
| FACT Act regulatory recovery fee | (9.4) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $ 150.8 | $ 134.1 | $ 16.7 | 12% |

| | YTD | | Growth $ | Growth % |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| Operating revenue | $ 460.8 | $ 398.2 | $ 62.6 | 16% |
| FACT Act regulatory recovery fee | (26.5) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $ 434.3 | $ 398.2 | $ 36.1 | 9% |

nm—not meaningful

**Reconciliation of non-GAAP financial measures to the corresponding GAAP measure (Unaudited)—September 30, 2005 (Continued)**

**(Dollars in millions, except per share amounts)**

**G. Mortgage Services revenue growth, excluding regulatory recovery fee**

| | Third Quarter | | Growth $ | Growth % |
|---|---|---|---|---|
| | 2005 | 2004 | | |
| Operating revenue | $ 22.8 | $ 18.8 | $ 4.0 | 21% |

| | | | | |
|---|---|---|---|---|
| FACT Act regulatory recovery fee | (0.8) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $22.0 | $18.8 | $ 3.2 | 17% |

| | YTD | | | |
|---|---|---|---|---|
| | 2005 | 2004 | Growth $ | Growth % |
| Operating revenue | $66.0 | $56.7 | $ 9.3 | 16% |
| FACT Act regulatory recovery fee | (2.3) | — | nm | nm |
| Operating revenue, excluding regulatory recovery fee | $63.7 | $56.7 | $ 7.0 | 12% |

nm—not meaningful

*Notes to Our Non-GAAP Financial Measures That Supplement GAAP Accounting Measures*

Certain disclosures prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") contained in the preceding reconciliation are supplemented by disclosures that are not prepared in conformity with GAAP. These non-GAAP disclosures exclude certain items from the nearest equivalent GAAP presentations. We believe that a meaningful analysis of our financial performance requires an understanding of the factors underlying that performance and our judgments about the likelihood that particular factors will repeat. In some cases, short-term patterns and long-term trends may be obscured by unique large factors or one-time events. For example, events or trends in a particular business segment may be so significant as to obscure patterns and trends of our business in total. For this reason, we believe that investors may find it useful to see our "free cash flow," as well as our revenue growth, net income and earnings per share excluding the effects of the FACT Act and the unusual items from the second quarter of 2004 (which included a gain from the sale of our investment in Intersections Inc. and an impairment charge relating to our Marketing business).

**Free Cash Flow—**We calculate free cash flow by subtracting capital-related expenditures from cash provided by (used in) operating, financing and investing activities. We believe free cash flow provides an important measure because it is one factor in determining our liquidity and financial health, showing the cash generated by us that is available to be used for dividends and discretionary investment. Free cash flow is not a measurement of liquidity under GAAP and should not be considered as an alternative to net income (loss), operating income (loss), cash flow from operating activities, or the change in cash on the balance sheet and may not be comparable with cash flow as defined by other companies.

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**Working Capital, Excluding Debt—**We calculate working capital, excluding debt, by subtracting current liabilities, excluding debt, from current assets. We believe working capital, excluding debt, provides an important measure because it is one factor in determining our liquidity and financial health. Working capital, excluding debt, is not a measurement of liquidity under GAAP and should not be considered as an alternative to GAAP financial measures.

**Cumulative FACT Act cash flow impact—**The Fair and Accurate Credit Transactions Act of 2003 ("FACT Act") amended the Fair Credit Reporting Act and became law in December 2003. Reference is made to the summary of the FACT Act under "FACT Act Update" in the Management's Discussion and Analysis section of our 2004 Form 10-K and third quarter 2005 Form 10-Q. During 2004 we established, along with other nationwide credit reporting agencies, a centralized request facility, Central Source, LLC, which is owned jointly by Equifax, Experian Information Solutions, Inc. and TransUnion LLC, to provide to consumers, upon their request, a free annual credit file disclosure on a phased-in basis beginning on December 1, 2004. On December 1, 2004, we began to assess a regulatory recovery fee for certain of our business-to-business products to help mitigate the costs required to implement the provisions of the FACT Act. The initial implementation of the annual free credit report required by the FACT Act has been completed. Our related recovery fee will remain in effect as we continue to recover the capital costs incurred and the ongoing costs involved in complying with the FACT Act. We have incurred significant compliance costs to implement the FACT Act requirements and have captured those cumulative expenses and related capital investment in a table in our non-GAAP financial measures, "Cumulative FACT Act cash flow impact."

**Income from Continuing Operations—**We believe the FACT Act impacts the comparability of results and growth rates of certain of our North America Information Services business, including its underlying U.S. Consumer and Commercial, Mortgage Services, Information Services and Personal Solutions businesses. Our management believes that excluding the impact of the FACT Act provides a useful perspective on changes in the basic underlying operations of these businesses and our company as a whole, and is a key indicator of financial performance. The sale in the second quarter of 2004 of Intersections Inc. for an after-tax net gain of $23 million was a material and unusual gain relative to the operating results for the periods presented. The asset impairment and related charges totaling $2 million for the second quarter of 2004 were also of a material and unusual nature for the operating results for the periods presented.

These non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. They are presented because management believes this information provides (1) a more meaningful, consistent comparison of our underlying operational performance and trends for the periods presented, on a basis consistent with our chief decision makers' means of evaluating operating performance, including those related to staffing, future management priorities and how it will direct future operating expenses; and (2) additional information for investors to assess changes between periods that better reflect our ongoing operations. The items included in these non-GAAP disclosures, and the basis for excluding them, are set forth below.

**Consolidated Revenue Growth, Excluding Regulatory Recovery Fee; North America Information Services Revenue Growth, Excluding Regulatory Recovery Fee; U.S. Consumer and Commercial Revenue Growth, Excluding Regulatory Recovery Fee; Mortgage Services Revenue Growth, Excluding Regulatory Recovery Fee—**As noted previously, we began assessing a regulatory recovery fee for certain of our business-to-business products in December 2004 to help mitigate the costs required to comply with the provisions of the FACT Act. We believe providing revenue measures excluding this fee provides a more consistent comparison of our underlying operating results and trends for the periods presented, on a basis consistent with management's means of evaluating revenue growth. The fee was not in effect in the third quarter of 2004, and the phase-in of initial FACT Act compliance requirements was not completed until September 1, 2005.

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