

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-K**

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☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

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

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**EQUIFAX INC.**

(Exact name of registrant as specified in its charter)

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Georgia

(State or other jurisdiction of incorporation or organization)

1550 Peachtree Street, N.W.  
Atlanta, Georgia

(Address of principal executive offices)

58-0401110

(I.R.S. Employer Identification No.)

30309

(Zip Code)

Registrant's telephone number, including area code: 404-885-8000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>
Common Stock, \$1.25 par value per share
Common Stock Purchase Rights

<u>Name of each exchange on which registered</u>
New York Stock Exchange
New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: None.

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

☒ YES      ☐ NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates, based upon the closing price for the Common Stock as reported on the New York Stock Exchange composite tape on March 21, 2003, was \$2,976,429,508. All executive officers, directors, and holders of 5% or more of the outstanding Common Stock of registrant have been deemed, solely for purposes of the foregoing calculation, to be "affiliates" of the registrant.

As of March 21, 2003, 140,996,187 shares of registrant's Common Stock were outstanding.

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**DOCUMENTS INCORPORATED BY REFERENCE**

The information required by Part III of this Form 10-K, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement for the Annual Meeting of Shareholders to be held on May 14, 2003, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the close of the registrant's fiscal year.

**EQUIFAX INC.  
FORM 10-K  
For the Year Ended December 31, 2002**

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## FORWARD-LOOKING STATEMENTS

*As used herein, the terms “Equifax,” “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.*

This Form 10-K and certain information incorporated herein by reference contains 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. In addition, certain statements included in our future filings with the Securities and Exchange Commission (the “SEC”), in press releases, and in oral and written statements made by us or with our approval, that are not statements of historical fact, are forward-looking statements. 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 forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. 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. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Our actual results may differ materially from the results discussed in such forward-looking statements. Factors that may cause such a difference, include, but are not limited to those discussed in Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations – Risk Factors, below, as well as: declines in the rate of growth, or absolute declines, in consumer spending and consumer debt in our market areas; changes in the marketing techniques of credit card issuers; increased pricing pressures; changes in or failure to comply with U.S. and international legislation or governmental regulations, including the Fair Credit Reporting Act and Gramm-Leach-Bliley Act; successful integration of acquisitions; exchange rate fluctuations and other risks associated with investments and operations in foreign countries; increased domestic or international competition; our ability to successfully develop and market new products and services, successful incorporation of new technology and adaptation to technological change and equity markets, including market disruptions and significant interest rate fluctuations, which may impede our access to, or increase the cost of, external financing; increased competitive pressures both domestically and internationally; and international conflict, including terrorist acts.

Readers should carefully review the disclosures and the risk factors described in this and other documents we file from time to time with the SEC, including our reports on Forms 10-Q and 8-K to be filed by us in fiscal year 2003.

## PART I

### ITEM 1. BUSINESS.

#### Overview

We were founded in Atlanta, Georgia, in 1899 and have been known as Equifax Inc. since 1975. We have been publicly owned since 1965, listed on the New York Stock Exchange since 1971, and are a member of the S&P 500.

We collect, organize and manage various types of credit, financial, demographic, and marketing information regarding individuals and businesses, which we collect from a variety of sources. These sources include financial or credit granting institutions, which provide accounts receivable information; public records of bankruptcies, liens, and judgments; and surveys and warranty cards from which we gather demographic and marketing information. We maintain information in our proprietary databases regarding more than 400.0 million consumers and businesses worldwide. We compile and process this data utilizing our proprietary systems and make it available to customers in user-friendly and value-added formats.

Our products and services include consumer credit information, information management, marketing information, business information, and identity verification services which enable businesses to make informed decisions about extending credit or service, manage their portfolio risk, and develop marketing strategies about consumers and businesses. We also enable consumers to manage and protect their financial affairs through a portfolio of products that we sell directly to individuals via the Internet.

We operate in 13 countries: North America (the United States and Canada), Europe (the United Kingdom, Ireland, Spain, Italy, and Portugal) and Latin America (Brazil, Argentina, Chile, El Salvador, Peru, and Uruguay). We serve customers across a wide range of industries, including the financial services, retail, telecommunications, utilities,

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automotive, brokerage, healthcare, and insurance industries, as well as state and federal governments. Our revenue stream is highly diversified and our largest customer provides less than 3% of our total revenues.

### **Recent Developments**

#### *Asset Acquisition from CBC Companies, Inc.*

In November 2002, we acquired the credit files, contractual rights to territories, customer relationships and related businesses from CBC Companies, Inc., an independent credit reporting agency, for \$95.0 million in cash. As one of our “Affiliate” credit reporting agencies we collected, formatted, and processed CBC’s data for more than 14 years. When a customer requested a credit report regarding an individual whose credit file was owned by CBC directly from CBC, we prepared the report in exchange for a processing fee from CBC, and CBC sold it to the customer. Alternatively, if the customer requested this same report from us, we processed the report and sold it to the customer, but we paid a fee to CBC for the underlying data. The purchased CBC database includes customers from Ohio, Florida, West Virginia, South Dakota, North Dakota, and Indiana.

#### *Acquisition of Naviant, Inc.*

In August 2002, we acquired Naviant, Inc. for \$135.0 million in cash. Naviant is a direct marketing company with a database of more than 100 million permission-based email addresses. Naviant’s products and services enable marketers to identify, target, and build consumer relationships through email marketing. Naviant’s products and services include:

- **Email Lists:** Naviant sells email lists and provides fulfillment services to over 3,000 customers. The email lists include physical addresses, demographics and purchasing power data on consumers who have given their consent to receive marketing information.
- **Email Append:** Naviant’s email append service combines its email addresses with a customer’s database to significantly reduce direct marketing costs while increasing results and tracking capabilities.
- **List Services:** List services allow marketers to identify and market to active online households. The list services suite includes the High Tech Household file, which we believe to be the largest and most comprehensive resource for Internet-enabled households.

#### *Exit from Commercial Services in Spain*

During the third quarter of 2002, we made the decision to exit our commercial services business in Spain, and this business is now held for sale, with the expectation that we will sell the business in 2003. In accordance with SFAS No. 144, the net assets, results of operations and cash flows of the Spain commercial business for 2002 have been classified as “Discontinued Operations.”

#### *Spin-Off of Payment Services*

On July 7, 2001, we completed the spin-off of our Payment Services segment. The spin-off was accomplished by the consolidation of the business units that comprised our Payment Services segment into one wholly-owned subsidiary, Certegy Inc., and the subsequent distribution of all the common stock of Certegy Inc. to our shareholders. The two companies were separated for accounting purposes as of June 30, 2001. All financial information in this Form 10-K, including the historical financial information set forth below in Part II, Item 6, Selected Financial Data, has been restated to reflect the spin-off of our Payment Services segment, and the operating results of that segment are included in Discontinued Operations. As a result of the spin-off, our financial statements for the fiscal years ended December 31, 1997 through 2001, and the fiscal quarters ended March 31, June 30, and September 30, 2001, have been restated to isolate and show Certegy’s net assets, results of operations, and cash flows as Discontinued Operations.

#### *Segment Reporting*

We manage our business and report our financial results through the following three core operating segments:

- Equifax North America
- Equifax Europe
- Equifax Latin America

We renamed our “North American Information Services” segment “Equifax North America” in 2002 for purposes of consistency and to more appropriately reflect the range of businesses conducted in this segment. Our financial results

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also include two additional segments- “Other” and “Divested Operations,” which are described below under the heading “Other and Divested Operations segments.” Detailed financial results and segment information are provided below in Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, and in Part II, Item 8, Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 12, Segment Information.

### **Products and Services**

#### *Overview*

#### *Product Lines.*

Our products and services are now categorized into the following three product lines:

- Information Services
- Marketing Services
- Consumer Direct

We provide our Information Services products to varying degrees in each of our operating segments and, currently, we provide our Marketing Services and Consumer Direct products through our Equifax North America segment. In 2002, we redefined our Information Services product line, establishing our Marketing Services as a separate product line to accommodate and reflect the strategic expansion of our direct marketing products and services resulting from, among other things, the acquisition of Naviant, Inc., a direct marketing company that we acquired in August 2002. Information Services will, however, continue to include our Consumer and Commercial Services, which had been referred to as our “credit information services,” and our “Mortgage Services”, which includes the provision of consumer credit information to mortgage lenders in the United States. When we refer to our “U.S. Consumer and Commercial Services” from time to time, we mean the Consumer and Commercial Services that we provide in the United States, which we previously referred to as “U.S. Credit Information Services.” Similarly, when we refer to our “Canadian Operations,” we mean the Consumer and Commercial Services that we provide in Canada.

*Information Services.* Information Services, which is our largest product line, includes our Consumer Services, Commercial Services and our Mortgage Services.

Our Consumer Services, which are products and services derived from the credit information that we maintain regarding individual consumers, include credit reporting, credit scoring, mortgage reporting, risk management, prescreen services that facilitate preapproved offers of credit, fraud detection, modeling services and certain of our decisioning products that automate a variety of decisions. Our customers utilize the information we provide to make decisions for a wide range of credit and business purposes, such as whether to, and on what terms to, approve mortgage or auto loans, credit card applications, identity verification, and similar business uses. We offer our Consumer Services in every market where we operate and we are a market leader in North America and in most of the international markets where we have operations.

Our Commercial Services, which are products and services derived from our database of information about businesses, include credit reporting, credit scoring and risk management. These products and services are provided to a wide variety of customers primarily in Canada, the United Kingdom, and Brazil, where we are a market leader. We are continuing to develop our limited Commercial Services offerings in the United States.

Our Mortgage Services include the provision of specialized credit reports to mortgage lenders in the United States. These products combine the reports of the three major credit reporting agencies into one.

*Marketing Services.* Our Marketing Services includes our Credit Marketing and Direct Marketing products and services. Our Credit Marketing products and services are derived from our consumer credit information databases and help our customers acquire new customers and monitor current relationships. Our Direct Marketing products and services, which are available in the United States, include compiled, self-reported, permission-based consumer marketing databases and services, which customers use to solicit consumers via direct marketing and email communications. Our targeted high quality demographic and lifestyle information lists and list performance services, which include data enhancement, list hygiene (which is verifying a customer’s information against other data), modeling and analytical consulting, facilitate improved direct mail and email response, and increased customer loyalty. Our products also enable customers to target specifically defined market segments, individuals, and businesses, and design more effective and cost efficient marketing campaigns.

*Consumer Direct.* In 1999 we began providing our Consumer Directline of individual credit information and other financial products to consumers in the United States through a secure Internet channel. In 2002, we began offering Consumer Direct products to Canadian consumers.

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### **Equifax North America**

#### ***Overview***

Equifax North America is our largest segment and in 2002 generated 81% of our revenue and 91% of our operating profit before corporate expense. This segment includes results of our Information Services, Marketing Services, and Consumer Direct product lines sold in the United States and Canada. Approximately 2,850 employees were employed in the Equifax North America segment as of December 31, 2002.

Our strategic objective for Equifax North America is to provide products that:

- Enable customers to utilize an individual's or small business's credit history in determining whom to do business with;
- Assist customers in reducing the impact of fraudulent activities;
- Assist companies in the management of their credit portfolios;
- Enable customers to manage their debt recovery activities;
- Enable customers to market specific products and services to consumers;
- Enable customers to develop marketing strategies for cross-selling other products and services to their entire customer base;
- Enlighten, empower and enable consumers to manage information on their personal credit and financial histories; and
- Enable customers to comply with the USA PATRIOT Act.

#### ***Information Services***

In the Equifax North America segment, our Information Services product line consists of the following components: Consumer Services, Commercial Services, Mortgage Services and our Canadian Operations.

Our Consumer Services products and services are derived from the credit information that we maintain about individual consumers, and is the dominant business in our Equifax North America segment. We maintain information on more than 220.0 million consumers in North America, where we are a market leader in Consumer Services. We offer a full range of Consumer Services products in our North America markets, including credit reporting, credit scoring, mortgage reporting, prescreen services, risk management, fraud detection and modeling services, and certain of our decisioning products that facilitate preapproved offers of credit that automate a variety of decisions. Our customers utilize the information we provide to make decisions for a wide range of credit and business purposes, such as whether to, and on what terms to, approve mortgage or auto loans, credit card applications, identity verification, and similar business uses. Risk management and fraud detection and prevention services enable banks and financial institutions to monitor default rates by proactively managing their existing credit card accounts.

Customers of our Consumer Services products and services access them through a full range of electronic distribution mechanisms, including direct real-time access, which facilitates instant decisions, such as the instant granting of credit. Customers of our Consumer Services products include banks, mortgage lenders, financial institutions, telecommunications and utility companies, retailers, automotive manufacturers and dealers, brokerage firms, insurance companies, healthcare providers, and governments. Our Commercial Services products and services are available predominately in Canada. These products are derived from our databases of credit and financial information about businesses. The sale of credit reports is the primary source of revenue, and our reports are purchased by a wide variety of customers. We are continuing to develop our limited Commercial Services offerings in the United States by focusing on small businesses. We have created a unique single source of small business credit information, and thus far maintain information on more than 14 million small businesses. In 2002, we introduced our Small Business Credit Report that includes loan, credit card, and leasing history as well as trade accounts receivable performance. Customers utilize our reports to make financial and marketing decisions.

Our Mortgage Services products, available only in the United States, consist of specialized credit reports that combine the reports of the three major credit reporting agencies into one. These reports are used by mortgage lenders in making underwriting decisions.

Our operations in Canada include our Consumer and Commercial Services product lines and these revenues are consolidated on a geographic basis as Canadian Operations. Consumer Direct revenues relating to Canada are reported in the results for that product line.

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### ***Marketing Services***

Our Marketing Services product line includes our Credit Marketing and Direct Marketing products and services. Our Credit Marketing products and services, available in the United States, Canada, Latin America, and the U.K., utilize our consumer credit information databases through batch processing to help our customers acquire new customers and monitor current relationships using a variety of products and services including prescreen and account review services.

We offer a full range of Direct Marketing Services products in the United States, which provide customers with the tools they need to maximize and manage their direct marketing efforts, effectively utilize a variety of direct marketing methods, efficiently identify and acquire new customers, and realize additional revenue from existing customers. Our Marketing Services products enable customers to:

- Identify, target, and reach the best prospects and customers;
- Derive benefits from accurate and powerful consumer databases;
- Segment customers according to particular criteria;
- Select from specialty, self-reported, or permission-based direct mailing lists;
- Easily access online customer mailing lists;
- Use “what-if” scenarios to create customized mailing lists online;
- Improve their direct mail response rate; and
- Reduce costs associated with unwanted or unnecessary mailings.

We provide Direct Marketing Services products, such as compiled, self-reported and permission-based consumer marketing databases and services. Our targeted high quality demographic and lifestyle information lists and list performance services, which include data enhancement, list hygiene, modeling and analytical consulting, facilitate improved direct mail response, and increased customer loyalty. Our products enable customers to target specifically defined market segments, individuals, and to design more effective and economically efficient marketing campaigns. Customers include financial institutions, insurers, catalogers, publishers, technology companies, manufacturers and telecommunications companies.

In August 2002, we acquired Naviant, Inc., a company that provides integrated precision marketing tools that enable marketers to identify, target, and build consumer relationships through email marketing. Naviant’s database of more than 100 million unique permission-based email addresses, also includes other attributes such as physical address, age, income, purchasing power, occupation, and SIC codes. Data sources include electronic product registration websites, co-registration partner websites that direct consumers to Naviant’s website, and third parties from whom Naviant purchases or licenses data. Naviant’s products and services enable marketers to identify, target, and build consumer relationships through email marketing. We believe that combining Naviant’s email database with our extensive marketing data and technology will accelerate growth in Marketing Services.

### ***Consumer Direct***

In late 1999, we began offering credit information directly to consumers in the United States via the Internet at [www.equifax.com](http://www.equifax.com). Equifax Credit Profile®, our first Consumer Direct product, provides secure online access to a user-friendly credit report. In 2001, we introduced Equifax Credit Watch™, which is a subscription service that assists consumers in protecting against identity fraud, and ScorePower®, the only on-line service that gives consumers access to their BEACON 96™ score, a form of the credit score most widely used by creditors. In 2002, we further expanded the product line by introducing a 3-in-1 Credit Report™, which combines reports from the three U.S. credit reporting agencies, and also began offering insurance reports and scores. In 2002, we began offering Equifax Credit Profile and ScorePower to Canadian consumers. We intend to continue to expand our product offerings, expand geographically, and develop creative marketing strategies for profitable growth. Customers of our Consumer Direct products include consumers, as well as businesses that offer Consumer Direct products to their customers.

### ***Equifax Europe***

Our Equifax Europe segment consists of our operations conducted in the United Kingdom, Ireland, Spain, Italy, and Portugal, and accounted for 11% of our 2002 revenue, with the United Kingdom accounting for 77% of the segment’s revenue. We employ approximately 925 employees in the Equifax Europe segment.

Our Information Services product line is sold in each country that makes up the Equifax Europe segment except for Ireland, where we have support operations. These products are based on the more than 45.0 million consumer credit records that we maintain. The Consumer Services products we provide in Equifax Europe include credit reporting,

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credit scoring, risk management, fraud detection, and modeling services. Our Commercial Services products, such as credit reporting and commercial risk management services, are also available predominately in the United Kingdom. During the third quarter of 2002 we made the decision to exit the Commercial Services business in Spain and this business is now held for sale and reported as Discontinued Operations. Information on the Discontinued Operations is included in Part II, Item 8, Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 2, Discontinued Operations.

We also provide, primarily in the United Kingdom, Credit Marketing products, such as business prospect lists, business profile analysis, and database management. We are exploring expanding our Consumer Direct product line into Europe, where it is currently not offered.

Equifax Europe customers include banks, mortgage lenders, financial institutions, and governments, which utilize the information we provide to make decisions for a wide range of credit and business purposes, such as approval of auto loans, and credit card applications, verification of identities, and similar business uses. Products are developed by Equifax Europe to respond to market needs and opportunities and may include variations of products offered in the United States market.

### **Equifax Latin America**

Our Equifax Latin America segment consists of our operations conducted in Brazil, Argentina, Chile, El Salvador, Peru, and Uruguay, and accounted for 7% of our 2002 revenue, with Brazil accounting for 57% of the segment's revenue. We employ approximately 1,125 employees in the Equifax Latin America segment. Our Information Services product and services line is sold in each country that makes up the Equifax Latin America segment and our Consumer Services products and services are the dominant source of revenue in each of these countries, with the exception of Brazil. We offer a full range of Consumer Services products based on the consumer credit records that we maintain on more than 72.0 million consumers in Latin America, including: credit reporting, credit scoring, risk management, identity verification, and fraud detection services.

We offer our Commercial Services products and services line in each of the Equifax Latin America countries to varying degrees, and it is the dominant source of revenue in Brazil where we are a market leader. Services offered include credit reporting, decisioning tools and software and commercial risk management services on businesses operating in the several countries. We also offer our Credit Marketing products and services to varying degrees in each of the Equifax Latin America countries, and provide a variety of consumer and commercial marketing services based on our extensive credit information databases including: account profitability analysis, business profile analysis, business prospect lists, and database management.

Equifax Latin America customers include banks, telecommunications companies, retailers, financial institutions, and governments which utilize the information we provide to make decisions for a wide range of credit and business purposes such as: credit card applications, service applications, identity verification, and similar business uses. In each of this segment's countries, the majority of our customers access our products and services through a number of electronic distribution mechanisms, including direct real-time access, which facilitates instant decisions and cross-selling opportunities. We also sell directly our various reports and services via branches, websites, and mail fulfillment.

### **Sales and Distribution**

We have a worldwide sales organization with approximately 1,400 employees as of December 31, 2002 including sales management and administration. We sell our products primarily through our direct sales force, although the sales channels used by us vary by product and service. We also sell and market our products and services through indirect sales channels, such as our Affiliate credit bureaus, our marketing alliances, and value-added resellers. We also sell through direct mail, telemarketing, and various websites, such as [www.equifax.com](http://www.equifax.com), which is the main distribution channel for our Consumer Direct products and services.

We distribute our products and services to customers worldwide primarily through electronic data interfaces. Equifax ePORT<sup>TM</sup>, our web-based product delivery channel, enables us to deliver services to our customers via a secure Internet connection. The success of our Consumer Direct product line is directly linked to delivery of products to consumers through a secure Internet channel. We will continue to capitalize on the most efficient and effective means of delivering products and services to our customers.

### **Product Development**

Our products and services are based on our proprietary technology and databases and enable customers to operate their businesses with efficiency. We are constantly seeking to expand our product and service offerings. Generally, we expand product offerings through internal development, partnering with third parties, or by acquisition. An example of recent new products generated through internal development is our patented eIDverifier<sup>®</sup> Internet identity verification products. Our recently introduced Small Businesses Credit Report demonstrates the expansion of our technological



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expertise into a new market. Another new service offering is our safety and security initiative which assists customers in meeting regulatory compliance issues and established uncovering money-laundering risks. In addition, our recent acquisition of Naviant provides us with the ability to offer a range of established email marketing products.

### **Data Sources**

We rely extensively upon data from external sources to maintain our proprietary and non-proprietary databases. These sources include financial or credit granting institutions, which provide accounts receivable information; public records of bankruptcies, liens, and judgments; and surveys and warranty cards from which we gather demographic and marketing information. Our Information Services product line relies predominately on data received from customers via contractual relationships and from various government and public record services. Additionally, in the United States we also rely on contractual relationships with a limited number of Affiliate third party credit reporting agencies to provide us data in certain geographic areas. Outside of the United States, governmental data sources are generally more significant to our business.

Our Marketing Services product line, with the exception of our Credit Marketing Services products, is derived from our proprietary databases consisting of consumer, lifestyle and demographic information. The majority of this information is gathered by consumers reporting information on warranty cards, voluntarily providing information via websites maintained by us, or otherwise requesting certain types of information. This permission-based information is generally less regulated and restricted than the credit information that we maintain. See “Government Regulation” below. With the acquisition of Naviant we acquired extensive databases comprised of permission-based email information. These databases provide us the opportunity to develop new products and to explore cross-selling synergies with our existing databases. Our Credit Marketing Services products utilize the credit based consumer data that also underlies our Information Services products.

The databases underlying our Information Services and Marketing Services product lines include numerous generalized databases and specialized databases of varying sizes. Some of these databases are subject to regulatory restrictions regarding usage. All our databases are regularly updated by information provided by banks, financial institutions, other trade credit providers, and governments and we are committed to enhancing, expanding and maintaining the integrity of our proprietary databases. Our Consumer Direct product line relies on the consumer credit information databases, which underlay our Consumer Services products.

### **Government Regulation**

Because our business involves the collection of consumer data and the distribution of such information to businesses who make credit, service, and marketing decisions, certain of our activities and products and services are subject to regulation under various local, state and federal laws in the United States, including the Fair Credit Reporting Act, or FCRA, which regulates the use of consumer credit information and to a lesser extent, the Gramm-Leach-Bliley Act, which regulates the use of non-public personal information. Portions of the FCRA relating to prescreen services are expiring in 2003, and if not renewed could adversely impact sales of our Credit Marketing products and services. We are also subject to privacy and consumer credit laws and regulations in foreign countries where we do business, notably, the United Kingdom’s Data Protection Act of 1998, which became fully effective on October 24, 2001 and, which regulates the manner in which we can use third-party data, and recent regulatory limitations relating to use of the Electoral Roll, one of our key data sources in the United Kingdom. Generally, the data underlying the products offered by our Information Services and Consumer Direct product lines, excluding our Commercial Services products, are subject to these regulations.

The information underlying our Commercial Services and Direct Marketing Services is less regulated than the other portions of our business where data relates to consumers or is credit based. Information underlying our Commercial Services business, which relates to commercial enterprises, is generally less regulated than information relating to individual consumers. A significant portion of the information maintained by our Marketing Services business is voluntarily provided by individuals, rendering it subject to fewer restrictions on use. It is our policy, however, to treat all information with a high degree of security reflecting our recognition of individuals’ privacy concerns.

### **Intellectual Property**

We own and control a number of trade secrets and other confidential information, trademarks, service marks, trade names, copyrights, patents, and other proprietary and intellectual property rights that, in the aggregate, are of material importance to our business. These rights include the “Equifax” name and related marks and logos, and our proprietary data, which we believe are individually of material importance to our business. We consider these to be proprietary, and we rely on a combination of copyright, trademark and service mark, patent, trade secret, non-disclosure and other contractual and intellectual property safeguards for protection. We do not hold any franchises or concessions that are material to our business or results of operations.

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We are licensed to use certain data, technology and other intellectual property rights owned and controlled by others. Other than the licenses from Fair, Isaac and Company, Inc. and Seisint, Inc., we do not consider these licenses to be material to our business. We have a series of license agreements with Fair, Isaac pursuant to which we obtain among other rights, the right to use in our Information Services products, several credit scoring algorithms, and the right to sell scores derived from these algorithms. These agreements have varying durations and generally provide for usage-based fees. Seisint, Inc. has granted us a license to use certain software for our Direct Marketing Services products. This license facilitates our sale of marketing lists and other Direct Marketing Services products. A second license permits us to utilize this platform to support our Credit Marketing products. Both Seisint licenses have a 10-year term, beginning in 2002, and may be renewed for yearly periods thereafter.

We license other companies to use certain data, technology and other intellectual property rights that we own and control, primarily as core components of our products and services, on terms that are consistent with customary industry standards.

### **Competition**

We operate in a number of geographic, product and service markets, which are highly competitive. Our Information Services products primarily compete with the products of two global consumer credit reporting companies, Experian Information Solutions, Inc. and Trans Union LLC, which offer a range of consumer credit reporting products that are similar to products that we offer. We believe that our products and services offer customers an advantage over those of our competitors' because of the quality of our data files which we believe to be superior in terms of depth and accuracy. Our competitive strategy is to rely on product features and quality while remaining competitive on price. Experian and Dun & Bradstreet, Inc. are the major competitors to our Commercial Services products, although we believe that we are addressing in a unique way the small business segment of that market where neither is particularly strong. Our Marketing Services products also compete with these and other companies that offer demographic information products and services, including Acxiom Corporation, Harte-Hanks, Inc. and InfoUSA, Inc. We believe that Marketing Services products and services that we offer are superior and in some cases unique, to those offered by our competitors at comparable prices. Our Consumer Direct products and services compete with similar offerings sold directly by Experian and Trans Union and also with offerings from a number of resellers of Experian, Trans Union and our credit reports. We tailor our pricing of Consumer Direct products, to the needs of the market which can change frequently due to the dynamic nature of the consumer market. We change our pricing periodically to accommodate new product introductions, or other market conditions.

### **Employees**

We employed approximately 5,000 employees in 13 countries as of December 31, 2002. The Equifax North America segment employed 2,850 of these employees, Equifax Europe employed 925, Equifax Latin America employed 1,125 and 100 were employed by General Corporate. None of our U.S. employees are subject to a collective bargaining agreement. Pursuant to local laws, our employees in Brazil and Argentina, are subject to collective bargaining agreements that govern general salary and compensation matters, basic benefits, and hours of work. The Company is not a party to these agreements. We consider our employee relations to be good.

### **Available Information**

Our website is [www.equifax.com](http://www.equifax.com). We make available on this website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. Information contained on our website is not part of this Form 10-K or our other filings with the SEC.

### **Financial Information About Geographic Areas**

Detailed financial information by geographic area, including revenues for the past three fiscal years from our customers in the United States, from our customers outside the United States, and from customers in certain foreign countries, is set forth in Part II, Item 8, Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements, Note 12, Segment Information.

### **Other and Divested Operations Segments**

In addition to our three core operating segments, we report, in our "Other" segment, information about our former lottery business, which consists solely of an agreement between a subsidiary of ours and GTECH Corporation. Pursuant to this subcontract, GTECH assumed obligations of our subsidiary under a contract with the State of California to install a system to automate the processing of instant lottery tickets, provide terminals and related security hardware, and license various software applications developed to support the system. After the second quarter of 2002 we did not receive and do not expect any further revenue or operating income from this segment.

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In our “Divested Operations” segment, we report information about the City Directory business that we sold in the fourth quarter of 2001, the risk management collections business located in the United States, Canada, and the United Kingdom that we sold in October 2000, the vehicle information business located in the United Kingdom that we sold in December 2000, and a direct marketing business in Canada that we sold in December 2000.

### **Executive Officers of the Registrant**

Following are the persons serving as our executive officers as of March 28, 2003, together with their ages, positions, and brief summaries of their business experience:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Officer Since</u>
Thomas F. Chapman	59	Chairman and Chief Executive Officer	1991
Mark E. Miller	43	President and Chief Operating Officer	2002
Donald T. Heroman	51	Corporate Vice President and Chief Financial Officer	2002
Kent E. Mast	59	Corporate Vice President, General Counsel and Secretary	2000
Karen H. Gaston	50	Corporate Vice President and Chief Administrative Officer	1998
John T. Chandler	55	Vice President, Financial Administration	2002
Jeffrey L. Dodge	51	Senior Vice President, Investor Relations	1992
Owen V. Flynn	52	Corporate Vice President and Chief Technology Officer	2002
Virgil P. Gardaya	56	Senior Vice President - Consumer Direct	2000
Philip J. Mazzilli	62	Corporate Vice President	2000
Michael G. Schirk	53	Vice President and Treasurer	1999
Paul J. Springman	57	Senior Vice President	2002
Dennis B. Story	39	Vice President and Corporate Controller	2001

There are no family relationships among our executive officers, nor are there any arrangements or understandings between any of the officers and any other persons pursuant to which they were selected as officers.

*Mr. Chapman* also serves as a Director. *Messrs Chapman, Chandler, Dodge, Flynn, Schirk and Springman* and *Ms. Gaston* have all been employed with Equifax or its subsidiaries in executive positions for the previous five years.

*Mr. Miller* was elected as our President and Chief Operating Officer in August 2002. Prior to joining Equifax, he was with Cendant Corporation where he served as President and Chief Executive Officer of Galileo International, its electronic global distribution services subsidiary, since October 2001. Prior to that, Mr. Miller was President and Chief Executive Officer of Cendant’s Travel Division, a position he assumed in January 2001 when Cendant completed its acquisition of Avis Group Holdings, Inc. At Avis, Mr. Miller was President and Chief Operating Officer of its Vehicle Management Services Group from June 1999 to January 2001. From July 1997 to June 1999, Mr. Miller served as President and Chief Executive Officer of PHH Arval, a vehicle management company and a related company, Wright Express, a corporate fuel card services provider. Before joining PHH in 1997, he was President of GE Capital Financial, a part of GE Capital Services.

*Mr. Heroman* joined Equifax as Corporate Vice President and Chief Financial Officer in November 2002. Prior to joining the Company he served as Executive Vice President and Chief Financial Officer of People’s Bank in Bridgeport, CT. Before joining People’s Bank, he was Senior Vice President and Treasurer of SunTrust Banks, Inc. from 1988 until 2001.

*Mr. Mast* joined Equifax in November 2000, and prior to that was a Senior Partner of Kilpatrick Stockton LLP, an international law firm, from 1990.

*Mr. Gardaya* joined Equifax in November 1998 as Senior Vice President, Global Communications Micro/LAN Services. Prior to being named to his current position in September 2001, Mr. Gardaya also served as our Corporate Vice President and Chief Technology Officer. Prior to that, Mr. Gardaya served as Vice President and Chief Information Officer for GTE Wireless and GTE Airfone, and in various executive positions with GTE for more than five years.

*Mr. Mazzilli* served as our Corporate Vice President, Treasurer and Controller from 1992 through June 1999. In 1999, he became Executive Vice President and Chief Financial Officer of Nova Corporation, which provides transaction

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processing and related software application products to small merchants. He rejoined Equifax as Chief Financial Officer in February 2000, and assumed his present position in November 2002.

Mr. Story joined Equifax in March 2000 and was Vice President & Group Controller for Global Technology and Equifax Internet Solutions before being promoted to his current position in August 2001. Prior to joining Equifax, Mr. Story served as Chief Financial Officer, Zep Manufacturing Company from 1999 to 2000, and prior to that he was Vice President of Finance for Alumax Inc. from 1994 to 1998.

### **ITEM 2. PROPERTIES.**

Our executive offices are currently located at 1550 Peachtree Street, N.W., Atlanta, Georgia, in a leased facility that is also utilized by our Equifax North America and Equifax Latin America segments. Our other properties are geographically distributed to meet sales and operating requirements worldwide. We consider these properties to be both suitable and adequate to meet our current operating requirements, and most of the space is being utilized. We ordinarily lease office space for conducting our business and are obligated under approximately 129 leases and other rental arrangements for our headquarters and field locations. We own four office buildings. One is located in Wexford, Ireland and is utilized by Equifax Europe. One each, utilized by Equifax Latin America, is located in Sao Paolo, Brazil and in Santiago, Chile. A fourth located in Buenos Aires, Argentina was purchased in 2001 for use by Equifax Latin America but never occupied, and is now held for sale or lease. We also own approximately 23.5 acres in Windward Office Park located in Alpharetta, Georgia, adjacent to office space we currently lease.

### **ITEM 3. LEGAL PROCEEDINGS.**

A number of lawsuits seeking damages are brought against us each year, primarily as a result of the consumer credit reports that we issue. In 2002, a class of plaintiffs was recently certified in a lawsuit, *Franklin Clark and Latanjala Denise Miller v. Equifax Inc. and Equifax Credit Information Services, Inc.*, which alleges that we violated the FCRA by failing to follow reasonable procedures to assure maximum possible accuracy with respect to the reporting of accounts included in a bankruptcy. All parties have reached an agreement to settle all claims, and the court has preliminarily approved the settlement. The suit was filed in April 2000, and is pending in federal court in South Carolina.

In addition, in *1600 Peachtree, L.L.C. v. Equifax Inc.* the Plaintiff alleges breach of a guaranty agreement relating to our prior headquarters building, and seeks damages of approximately \$43.0 million, substantially all of which represents future rent contingencies. We contend that the guaranty is void and intend to vigorously defend the matter. A related lawsuit based on the same facts, *SouthTrust Bank f/k/a SouthTrust Bank National Association v. Equifax Inc.*, has been dismissed for lack of standing.

We are involved in other lawsuits, claims and proceedings 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.

We provide for estimated legal fees and settlements relating to pending lawsuits. In our opinion, the ultimate resolution of these matters will not have a materially adverse effect on our financial position, liquidity, or results of operations.

### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

No matters were submitted to a vote of our securities holders during the fourth quarter of 2002.

## **PART II**

### **ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.**

#### **Market Information**

Our common stock is listed and traded on the New York Stock Exchange under the ticker symbol "EFX". The following table shows the high and low sales prices for our common stock, as listed on the New York Stock Exchange and adjusted to reflect the July 7, 2001 distribution to our shareholders of one share of Certegy Inc. for every two shares of our common stock held of record as of June 27, 2001, for each quarter in the last two fiscal years:

2001		2002	
High	Low	High	Low

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First Quarter	\$ 19.58	\$ 16.24	\$ 31.30	\$ 22.69
Second Quarter	\$ 22.94	\$ 17.52	\$ 29.92	\$ 25.19
Third Quarter	\$ 27.41	\$ 18.60	\$ 27.03	\$ 18.93
Fourth Quarter	\$ 25.33	\$ 21.45	\$ 25.80	\$ 20.03
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Year	\$ 27.41	\$ 16.24	\$ 31.30	\$ 18.93
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### **Holders**

According to records of our transfer agent, at March 5, 2003, we had approximately 9,458 holders of record of our common stock.

### **Dividends**

The amount of our quarterly dividend was reduced in the third quarter of 2001 due to the spin-off of Certegy Inc. While we have historically paid dividends to common shareholders, the declaration and payment of future dividends will depend on many factors, including our earnings, financial condition, business development needs, and regulatory considerations and is at the discretion of our Board of Directors.

	<u>2001</u>	<u>2002</u>
First Quarter	\$ 0.093	\$ 0.020
Second Quarter	\$ 0.093	\$ 0.020
Third Quarter	\$ 0.020	\$ 0.020
Fourth Quarter	\$ 0.020	\$ 0.020
	<u>          </u>	<u>          </u>
Year	\$ 0.225	\$ 0.080
	<u>          </u>	<u>          </u>

### **Securities Authorized for Issuance Under Equity Compensation Plans.**

Information required by this Item regarding the Securities authorized for issuance under our equity compensation plans is included in the Section captioned "Equity Compensation Plan Information" of our Proxy Statement for the Annual Meeting of Shareholders to be held May 14, 2003, to be filed with the SEC and is incorporated herein by reference.

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### ITEM 6. SELECTED FINANCIAL DATA.

The table below summarizes our selected historical financial information for each of the last five years. The financial information for the years ended December 31, 2002, 2001, and 2000 has been derived from our audited financial statements included in Part II, Item 8 “Financial Statements and Supplementary Data.” The financial information for the years ended December 31, 1999 and 1998 has been derived from statements not included in this report. The historical selected financial information may not be indicative of our future performance, and should be read in conjunction with the information contained in Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the financial statements. As a result of the spin-off of Certegy Inc. our financial statements for the years ended December 31, 1998 through 2001, have been restated to isolate and show Certegy’s net assets, results of operations, and cash flows as Discontinued Operations. See Part II, Item 8, “Financial Statements and Supplementary Data” Notes to Consolidated Financial Statements, at Note 2, Discontinued Operations.

(in millions except per share and employee data)	Year Ended December 31,				
	2002	2001	2000	1999	1998
<b>Summary of Operations:</b>					
Operating revenue	\$ 1,109.3	\$ 1,139.0	\$ 1,189.2	\$ 1,092.7	\$ 1,055.8
Operating income <sup>(1)</sup> <sup>(2)</sup>	\$ 351.3	\$ 253.8	\$ 308.6	\$ 286.3	\$ 261.9
Income from continuing operations <sup>(1)</sup> <sup>(2)</sup>	\$ 191.3	\$ 117.3	\$ 141.1	\$ 147.7	\$ 135.2
Dividends paid	\$ 11.4	\$ 32.3	\$ 52.3	\$ 52.0	\$ 52.1
Per Common Share (diluted);					
Income from continuing operations per share <sup>(1)</sup> <sup>(2)</sup>	\$ 1.38	\$ 0.84	\$ 1.04	\$ 1.06	\$ 0.94
Dividends	\$ 0.080	\$ 0.225	\$ 0.370	\$ 0.363	\$ 0.353
Weighted average common shares outstanding (diluted)	138.5	139.0	136.0	139.6	144.4
<b>Balance Sheet Data:</b>					
Total assets	\$ 1,506.9	\$ 1,422.6	\$ 1,893.1	\$ 1,607.9	\$ 1,675.6
Long-term debt	\$ 690.6	\$ 693.6	\$ 993.4	\$ 933.4	\$ 868.8
Total debt	\$ 924.5	\$ 755.6	\$ 1,047.6	\$ 1,012.3	\$ 914.4
Shareholders’ equity	\$ 221.0	\$ 243.5	\$ 383.6	\$ 215.5	\$ 366.5
Common shares outstanding	135.7	136.2	135.8	134.0	140.0
<b>Other Information:</b>					
Stock price per share <sup>(3)</sup>	\$ 23.14	\$ 24.15	\$ 16.98	\$ 13.95	\$ 20.24
Market capitalization <sup>(3)</sup>	\$ 3,152.6	\$ 3,288.4	\$ 2,306.9	\$ 1,869.0	\$ 2,834.2
Employees-continuing operations	5,000	5,200	6,500	7,800	9,500

<sup>(1)</sup> In 2001, we recorded restructuring and other charges of \$60.4 million (\$35.3 million after tax, or \$0.25 per share) for employee severance, facilities consolidation, and the write-down of certain technology assets.

<sup>(2)</sup> In 2002, we adopted Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets.” SFAS 142 modifies the accounting for business combinations, goodwill, and identifiable intangible assets. As of January 1, 2002 all goodwill amortization ceased.

<sup>(3)</sup> Stock prices and market capitalization prior to 2001 have been adjusted to reflect the spin-off of Certegy.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes in Part II, Item 8 – “Financial Statements and Supplementary Data.” This discussion contains forward-looking statements. Please see “Forward-Looking Statements,” above, and “Risk Factors,” below, for a discussion of the uncertainties, risks, and assumptions associated with these statements.

### Overview

As a leading source of consumer and commercial credit information, we collect, organize and manage various types of financial, demographic, and marketing information. Our products and services enable businesses to make credit and service 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 governments. We also enable consumers to manage and protect their financial health through a portfolio of products offered directly to individuals. We have approximately 5,000 employees worldwide, and manage our business globally through the following three operating segments: Equifax North America, Equifax Europe, and Equifax Latin America. Our operations are predominantly located within the United States, with foreign operations principally located in Canada, the United Kingdom, and Brazil.

Our products and services are categorized as follows: Information Services, Marketing Services, and Consumer Direct. Our Information Services products and services allow customers to make credit decisions about consumers and commercial enterprises. Our Marketing Services information products and databases enable customers to identify a target audience for marketing purposes, and our Consumer Direct products and services provide information to consumers that enable them to reduce their exposure to identity fraud and to monitor 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 information management systems and make it available to our customers in a user-friendly format.

### Summary of Selected Recent Events

*Acquisitions.* In November 2002, we acquired consumer credit files, contractual rights to territories, and customer relationships and related businesses from CBC Companies, Inc., or CBC, an independent credit reporting agency, for \$95.0 million in cash. The purchased CBC database includes customers from Ohio, Florida, West Virginia, South Dakota, North Dakota and Indiana.

In August 2002, we acquired Naviant, Inc. for \$135.0 million in cash. Naviant is a direct marketing company with a database of permission-based email addresses. Naviant's products and services enable marketers to identify, target, and build consumer relationships through email marketing.

*\$250.0 Million Note Offering.* In October 2002, we completed the sale of \$250.0 million aggregate principal amount of our 4.95% senior unsecured notes, which mature November 1, 2007. The proceeds were used to pay down our revolving credit facility and for general corporate purposes, including the November 2002 acquisition of assets from CBC. In turn, we will borrow \$200.0 million under our revolving credit facility to retire our \$200.0 million aggregate principal amount of outstanding 6.5% senior unsecured notes, which mature June 2003. See Note 6 to our Consolidated Financial Statements.

*Discontinued Operations – 2002 Spain Commercial and 2001 Spin-off of Certegy.* In the third quarter of 2002, we initiated a plan to exit our commercial reporting business in Spain, which is now held for sale. Our decision to exit the business was driven by unfavorable growth prospects in this market and unsatisfactory financial performance. Discontinued after tax losses totaled \$13.3 million in 2002 including a \$9.0 million (\$0.07 per share) estimated loss on disposal. The results for this business in 2001 and 2000 were not material, as revenues were less than 1% of our total sales, and thus have not been reclassified to Discontinued Operations.

On July 7, 2001, we completed the spin-off of our Payment Services segment. The spin-off was accomplished by the consolidation of the business units that comprised our Payment Services segment into a separate, wholly-owned

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subsidiary, Certegy Inc., and the subsequent distribution of all of the common stock of Certegy to our shareholders. As a result of the spin-off, our historical financial statements have been restated with Certegy's net assets, results of operations and cash flows classified as "Discontinued Operations." See Note 2 to the Consolidated Financial Statements.

*Divested Operations in 2001 and 2000.* In October 2001, we sold our City Directory business and, in the fourth quarter of 2000, we sold our risk management collections businesses in the United States, Canada, and the United Kingdom, our vehicle information businesses in the United Kingdom, and a direct marketing business in Canada. Combined revenues for these businesses in 2001 and 2000 were \$29.2 million and \$162.0 million, respectively, with a 2001 operating loss of \$3.6 million and 2000 operating income of \$9.0 million.

The operating results of these businesses are classified in Divested Operations for segment reporting purposes and are included in our income from continuing operations. See Note 4 to the Consolidated Financial Statements.

*Restructuring and Impairment Charges in 2001.* In the fourth quarter of 2001, we recorded restructuring and impairment charges of \$60.4 million (\$35.3 million after tax or \$0.25 per diluted share). The restructuring charges, which total \$37.2 million, are associated with the reconfiguration of our business after the spin-off of Certegy and the realignment of our cost structure in our international operations, and consist of severance costs and reserves to reflect our estimated exposure on facilities to be vacated or consolidated. The asset impairment charges, which total \$23.2 million, reflect our write-down of several technology investments. See Note 5 to the Consolidated Financial Statements.

## **Components of Income Statement**

Revenues from our three operating segments, Equifax North America, Equifax Europe and Equifax Latin America, are generated from a variety of products and services categorized into three groups: Information Services, Marketing Services, and Consumer Direct. In 2002, our Equifax North America segment generated 81% of our worldwide revenues and 91% of our operating profit before corporate expense.

Information Services revenues are principally transaction related, and are derived from our sales of the following products, many of which are delivered electronically: credit reporting and scoring, mortgage reporting, identity verification, fraud detection, decisioning and modeling services and credit marketing services. Revenues from our Marketing Services are derived from our sales of products that help customers acquire new customers. Consumer Direct revenues are transaction related, and are derived from our sales of credit reporting products and identity theft monitoring services, which we deliver to consumers electronically via the Internet and via mail. 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. See "Risk Factors," below.

Our operating expenses include costs of services and selling, general, and administrative expense. Costs of services consist primarily of data acquisition and royalties; customer service costs, which include: personnel costs to collect, maintain and update our proprietary databases, to develop and maintain software application platforms, and to provide consumer and customer call center support; hardware and software expense associated with transaction processing systems; telecommunication and computer network expense; and occupancy costs associated with facilities where these functions are performed. Selling, general, and administrative, or SG&A expenses consist primarily of personnel costs for compensation paid to sales and administrative employees and management. Depreciation and amortization expense includes amortization of acquired intangible assets.

## **Adoption of SFAS 142**

Beginning January 1, 2002, we adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", or SFAS 142. SFAS 142 modifies the accounting for business combinations, goodwill, and identifiable intangible assets. As of January 1, 2002 all goodwill amortization ceased. SFAS 142 requires an initial impairment test of goodwill and certain other intangibles to be completed in the year of adoption and annually thereafter. In 2002, we completed our goodwill impairment testing required by SFAS 142, which resulted in no adjustment to the carrying amount of goodwill. Although the adoption of the impairment provisions of SFAS No. 142 did not have a material impact on our financial position, we cannot assure you that additional impairment tests will not require an impairment charge during future periods should circumstances indicate that our goodwill balances are impaired. Income from continuing operations for the years ended December 31, 2001 and 2000 included after tax goodwill amortization of \$18.5 million (\$0.13 per diluted share), and \$19.6 million (\$0.14 per diluted share), respectively.



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### Consolidated Results of Operations

Our consolidated results for each of the three years in the periods ended December 31, were as follows:

(in millions, except per share data)	2002	2001		2000	
		GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue	\$ 1,109.3	\$ 1,139.0	\$ 1,109.8	\$ 1,189.2	\$ 1,027.2
Operating Income	\$ 351.3	\$ 253.8	\$ 342.5	\$ 308.6	\$ 320.3
Income from Continuing Operations	\$ 191.3	\$ 117.3	\$ 177.7	\$ 141.1	\$ 166.7
Net Income	\$ 178.0	\$ 122.5	\$ 177.7	\$ 228.0	\$ 166.7
Diluted EPS:					
Income from Continuing Operations	\$ 1.38	\$ 0.84	\$ 1.28	\$ 1.04	\$ 1.23
Net Income	\$ 1.29	\$ 0.88	\$ 1.28	\$ 1.68	\$ 1.23

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

### GAAP and Non-GAAP Financial Measures

The results presented in the above table are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, we discuss financial measures in accordance with GAAP and also on a non-GAAP basis. When we refer to a financial measure as "reported," we are referring to a GAAP financial measure. When we refer to a financial measure as "adjusted," we are referring to a non-GAAP financial measure.

The following events are reflected in our adjusted results and impacted years 2001 and 2000 only: our restructuring charge taken in the fourth quarter of 2001, our divested operations in 2001 and 2000, and the adoption of SFAS 142. We believe that our use of certain adjusted, non-GAAP financial measures allows our management and investors to evaluate and compare our core operating results from ongoing operations from period to period in a more meaningful and consistent manner. Reconciliations of GAAP to non-GAAP financial measures are included in this MD&A before Critical Accounting Policies.

All "adjusted," or non-GAAP, financial measures that we discuss in this Item 7 exclude, and all "reported," or GAAP, financial measures that we discuss in this Item 7 include, the following items:

#### *Year 2001 Non-GAAP Items Reflected in "Adjusted"*

- An aggregate net pre-tax charge in 2001 of \$94.6 million (\$60.4 million after tax; \$0.44 loss per share), consisting of:
  - \$60.4 million restructuring and impairment charges (\$35.3 million after tax; \$0.25 loss per share);
  - a combined \$8.8 million pre-tax loss (\$3.0 million loss from operations and \$5.8 million loss on sale included in other income and expense net) from the City Directory business that we sold in the fourth quarter (\$6.6 million after tax; \$0.06 loss per share) in the fourth quarter of 2001; and
  - the \$25.4 million elimination of goodwill amortization expense (\$18.5 million after tax; \$0.13 income per share) as if SFAS No. 142 had been effective on January 1, 2001.

#### *Year 2000 Non-GAAP Item Reflected in "Adjusted"*

- Aggregate net pre-tax income in 2000 of \$26.7 million (\$25.6 after tax income; \$0.19 income per share), consisting of:
  - a pre-tax loss of \$3.6 million (\$2.1 million after tax; \$0.02 loss per share) from the operations of the City Directory that we no longer own;
  - a combined \$12.1 million of pre-tax income (\$16.3 million in operating income less a \$4.2 million loss on sale included in other income (expense net) from the risk management collections and vehicle

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information businesses (\$8.0 million after tax; \$0.06 income per share) that we sold in the fourth quarter of 2000;

- a \$7.6 million pro-forma reduction of interest expense (\$4.5 million after tax; \$0.03 income per share) as if the sale of our risk management collections and vehicle information businesses had occurred on January 1, 2000 thereby reducing our debt carrying cost based on cash proceeds at closing of approximately \$149.2 million;
- a \$3.2 million pro forma increase in interest income (\$1.9 million after tax; \$0.02 income per share) from our \$41.0 million note receivable established as part of seller financing with the divestiture of our risk management collections business;
- lower income tax expense of \$5.5 million (\$0.04 income per share) to adjust the income tax effective rate from 43.2% to 41.2% to reflect the effective rate for ongoing operations; and
- the \$24.4 million elimination of goodwill amortization expense (\$19.6 million after tax; \$0.14 income per share) as if SFAS No. 142 had been effective on January 1, 2000.

### **Highlights for 2002 Consolidated Financial Results**

- Our reported consolidated revenues of \$1.1 billion decreased 3%. As adjusted, our consolidated revenues were even with 2001.
- Our reported income from continuing operations increased 63%. As adjusted, our income from continuing operations increased 8%.
- Our operating margins improved to 32%.
- Our interest expense of \$41.2 million declined 14%.
- Our reported operating income increased 38%. As adjusted, our operating income grew 3%.
- Our reported earnings per share from continuing operations increased 64%. As adjusted, our earnings per share from continuing operations increased 8%.
- Our total debt outstanding at December 31, 2002 was \$924.5 million.
- Our cash provided by operations was \$248.8 million and our free cash flow, which is a non-GAAP measure of the amount of cash provided by our operating activities less capital expenditures, was \$193.0 million.
- We repurchased 2.9 million shares of common stock for a total investment of \$72.5 million.

### *Year 2002 Compared With 2001*

Our reported revenues of \$1.1 billion in 2002 decreased 3% from 2001. Our adjusted revenues were even with 2002. In 2002, Equifax North America accounted for 81% of our total revenue and 91% of our operating income before corporate expense. Our revenue growth in 2002 was negatively impacted by a global economy that has continued to weaken. Equifax North America revenues grew 6% in 2002, delivering an additional \$49.8 million in revenue, compared to 13% growth in 2001. Our 2002 revenue growth is attributable to increases in revenues from our Consumer Direct products, sales of Mortgage Services resulting from increased refinancing activity, and our acquisition of Naviant. International revenues declined \$45.1 million or 18% driven by currency fluctuations, the decision to exit our commercial reporting business in Spain, and the decline of the Argentinean economy. The strengthening of the U.S. dollar against foreign currencies, particularly in Latin America, negatively impacted consolidated revenue by \$16.7 million or 2%.

Consolidated operating expenses in 2002 of \$758.0 million declined \$127.2, million or 14% over 2001. Operating expense, as adjusted, decreased 1%, or \$9.3 million. Excluding incremental operating expense from our Naviant acquisition, operating expenses declined 5%, driven by our continued focus on productivity improvements, discretionary expense control and our restructuring actions taken in 2001 after the Certegy spin-off. In the fourth quarter of 2001, we reduced our worldwide workforce 11% to approximately 5,200 employees, and in 2002, continued to drive productivity, resulting in an additional 5% decrease.

Cost of services in 2002 of \$427.6 million declined \$23.4 million or 5%. The divestiture of our City Directory business in October 2001 accounted for \$9.3 million of the reduction. As adjusted, cost of services declined 3%, driven by our

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decision to exit of our commercial credit reporting business in Spain, lower personnel expense and professional service fees partially offset with higher royalties and data purchases expense on higher unit volumes in Equifax North America.

SG&A, expenses of \$249.9 million declined nearly 7% over 2001, driven by the divestiture of City Directory. As adjusted, SG&A expense increased \$4.5 million, or 2%, due to our Naviant acquisition. Our SG&A expense in 2002 was also negatively impacted by an increase of \$4.3 million in bad debt expense, with the WorldCom bankruptcy representing the largest portion of such expense.

Operating income in 2002 increased 38%, to \$351.3 million, with operating margins of 32%. Operating income, as adjusted, grew 3%, driven by our focus on productivity and expense control. Equifax North America's ability to maintain strong operating margins while investing in key growth initiatives and Equifax Europe's improvement in margins from 4% to 10% in 2002, offset margin erosion in our Marketing Services operations in the U.S., profit deterioration in Equifax Latin America due to economic conditions in Argentina, and the reduction in income from our former lottery business. See "Segment Results – Other," below.

### *Year 2001 Compared With 2000*

Our reported revenues of \$1.1 billion in 2001 decreased 4%, or \$50.2 million, driven by our divestiture of several businesses. See Note 4 to the Consolidated Financial Statements. In the fourth quarter of 2000, we sold the risk management collections business that we conducted in the United States, Canada and the United Kingdom, the vehicle information business that we conducted in the United Kingdom, and a direct marketing business that we conducted in Canada. On a combined basis these divested businesses including City Directory, which was sold in 2001, generated revenues of \$162.0 million and operating profit of \$9.0 million with margins of 6%. Revenues, as adjusted, increased 8% over 2000 driven by Equifax North America's record 13% growth on strong credit reporting volumes and Consumer Direct revenue growth. The strengthening of the U.S. dollar against foreign currencies, particularly in Latin America, negatively impacted consolidated revenue by \$26.9 million, or 3%.

Consolidated operating expenses in 2001 of \$885.2 million, including a \$60.4 million restructuring charge taken in the fourth quarter, increased \$4.6 million over 2000. Operating expenses in 2001, as adjusted, were \$767.3 compared to adjusted operating expenses of \$706.9 in 2000. The \$60.4 million increase was driven by record volumes in our North American operations and \$22.8 million of incremental operating expense added from our acquisition of the Consumer Information Solutions Group from R.L. Polk & Co. in May 2000, and the November 2000 acquisition of two related Italian businesses named SEK S.r.l. and AIF Gruppo Securitas S.r.l. The products and services of the Consumer Information Solutions Group that we acquired from R.L. Polk & Co., which we had referred to as our Consumer Information Services, are now categorized within our Marketing Services product line, and reported in our Equifax North America segment.

Cost of services in 2001 of \$451.0 million declined \$62.2 million or 12%, driven by the sale of our risk management collections business in the United States, Canada and the United Kingdom, our vehicle information business in the United Kingdom, and a direct marketing business in Canada, which are classified as Divested Operations. Partially offsetting this decline is a \$43.3 million increase in production and data processing expenses due to record volumes in our Equifax North America operations. SG&A expenses of \$267.6 million increased 2% over 2000, driven by higher sales incentive payouts on record sales, incremental expense from our acquisition of the Consumer Information Solutions Group from R.L. Polk & Co., and growth in our Consumer Direct product line.

Operating income in 2001 of \$253.8 million decreased 18% over 2000 driven by our \$60.4 million restructuring charge taken in the fourth quarter of 2001. Operating income, as adjusted, increased 7% over 2000 driven by strong revenue growth in Equifax North America more than offsetting margin deterioration in our international operations.

### **Other income (expense), net**

Other income (expense), net principally consists of interest income, gains and losses from divested businesses, and gains and losses on foreign currency. Interest income in 2002, 2001, and 2000 totaled \$6.3 million, \$8.3 million, and \$7.9 million, respectively. Included in Other income (expense), net is the sale of our City Directory business in October 2001 and our risk management collections business and vehicle information business in 2000, which generated pre-tax losses of \$5.8 million and \$4.2 million, in 2001 and 2000, respectively.

### **Interest expense**

Interest expense decreased \$6.6 million and \$8.0 million in 2002 and 2001, respectively. This reduction was driven by lower average debt outstanding and lower interest rates. Our total debt outstanding at December 31, 2002 was \$924.5 million compared to \$755.6 million at December 31, 2001. We expect interest expense to increase in 2003 due to higher outstanding debt levels.

### **Effective Tax Rates**

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Our effective tax rates from continuing operations were 39.3%, 42.1%, and 43.4% in 2002, 2001, and 2000, respectively. Our lower effective rate in 2002 was driven by: the elimination of goodwill amortization beginning January 1, 2002, as required by SFAS 142; the tax basis of goodwill related to the loss on sale of City Directory in the third quarter of 2001; and the implementation of state tax planning strategies. Effective tax rate changes from 2000 to 2001 were mainly due to non-deductible goodwill associated with divestitures and changes in levels of foreign earnings.

## Segment Results

Our segment results for each of the three years in the period ended December 31, 2002, are as follows:

(in millions)	2002	2001	2000
<b>Revenues:</b>			
Equifax North America	\$ 902.2	\$ 852.4	\$ 755.2
Equifax Europe	126.1	141.1	142.9
Equifax Latin America	76.6	106.7	119.5
Other	4.4	9.6	9.6
<b>Revenue before divested operations, Non-GAAP</b>	<b>1,109.3</b>	<b>1,109.8</b>	<b>1,027.2</b>
Divested Operations	—	29.2	162.0
<b>Revenues, GAAP</b>	<b>\$ 1,109.3</b>	<b>\$ 1,139.0</b>	<b>\$ 1,189.2</b>
<b>Operating income:</b>			
Equifax North America	\$ 361.6	\$ 340.6	\$ 295.9
Equifax Europe	12.7	5.8	17.2
Equifax Latin America	20.3	32.0	40.0
Other	4.4	8.9	8.9
General Corporate Expense	(47.7)	(44.8)	(41.7)
<b>Operating income, Non-GAAP</b>	<b>351.3</b>	<b>342.5</b>	<b>320.3</b>
Divested Operations	—	(2.9)	12.7
Goodwill Amortization	—	(25.4)	(24.4)
Restructuring and Other Charges	—	(60.4)	—
<b>Operating income, GAAP</b>	<b>\$ 351.3</b>	<b>\$ 253.8</b>	<b>\$ 308.6</b>

## Equifax North America

In 2002, Equifax North America generated 81% of our revenue and 91% of our operating profit before corporate expense. This segment's revenue increased 6% in 2002. The Naviant acquisition, included in Marketing Services, positively impacted revenue growth 3.5% for the year. We experienced positive momentum in the second half of the year as revenues grew 6% compared to a 1% decline in the first half, excluding revenues from the Naviant acquisition.

As shown in the following table, our Equifax North America segment includes revenues from our:

- U.S. Consumer and Commercial Services, which are comprised of the Consumer and Commercial Services that we provide in the U.S., which we previously referred to as U.S. Credit Information Services.
- Mortgage Services that we provide in the U.S., which we previously referred to as U.S. Credit Information Services.
- Canadian Operations, which are comprised of the Consumer Services, Commercial Services and Credit Marketing Services that we provide in Canada;
- Credit Marketing Services that we provide in the U.S.;
- Direct Marketing Services, are comprised of the direct and email marketing services that we provide in the U.S. and include the products and services that we formerly referred to as our Consumer Information Services, and now include Naviant's products and services; and
- Consumer Direct products and services.

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(in millions)	Revenue		
	2002	2001	2000
U.S. Consumer and Commercial Services	\$ 455.4	\$ 449.2	\$ 393.8
Mortgage Services	55.2	44.4	25.7
Canadian Operations	77.4	77.5	68.1
North America Information Services	588.0	571.1	487.6
Credit Marketing Services	164.3	166.5	177.9
Direct Marketing Services	110.5	92.9	81.9
Total Marketing Services	274.8	259.4	259.8
Consumer Direct	39.4	21.9	7.8
	\$ 902.2	\$ 852.4	\$ 755.2

### Year 2002 Compared With 2001.

U.S. Consumer and Commercial Services 2002 revenue growth was 1% over 2001. Revenue growth in 2002 was challenging due to tough economic conditions in the U.S. and a record 2001 base year. Revenues in the second half of 2002 grew 5.5% compared to a 3% decline in the first half of the year. The momentum was driven by mortgage refinancing and market share gains, principally in financial services. Average prices were flat year over year, influenced by higher mortgage activity. Mortgage Services delivered record revenues with 24% growth. With continued economic weakness, we expect to see low to mid single digit revenue growth percentages in 2003. Mortgage loan originations, a significant contributor to our credit reporting volume growth in 2002 and 2001, are expected to slow during 2003.

Our Marketing Services product lines delivered \$274.8 million in revenues or 6% growth in 2002, driven by incremental revenues from our Naviant acquisition. Revenues from our Credit Marketing Services, which include pre-screening, portfolio review, database and other marketing products, were down 1% for the year principally due to the economic conditions. Revenues from Direct Marketing Services were \$110.5 million, or 19% above the prior year, driven by incremental revenues from our Naviant acquisition. Our Direct Marketing Services revenues continued to be negatively impacted by the slow down in spending for advertising, mailings, and promotions.

Consumer Direct services revenues grew 80% over the prior year. All products continued strong growth including \$6.6 million of incremental sales from the launch of our Equifax 3-in-1 credit report. We continue to expect strong revenue growth in 2003.

Equifax North America delivered record profit of \$361.6 million with 6% growth over adjusted operating income on solid revenue growth and strong expense management. We maintained operating margins of 40% as we continue to invest in growth initiatives such as our U.S. Small Business Credit Report and our Safety and Security Services.

### Year 2001 compared with 2000.

U.S. Consumer and Commercial Services delivered revenue growth of 14% in 2001 on a record credit reporting volume increase of 20%. The key industry growth drivers were mortgage, telecommunications, financial services, and automotive. Lower interest rates helped generate record volumes in mortgage refinancing, cellular usage increased, and automakers' zero rate financing incentives, which combined to drive consolidated volumes with consecutive quarterly growth in 2001. Volume growth was partially offset by average unit price declines of 6% in 2001. Mortgage Services revenues grew 73% in 2001 caused by a favorable interest rate environment, compared with a 21% decrease in 2000. Canadian operations revenues increased 14% in 2001 on strong consumer credit volume growth.

Our Marketing Services product lines generated combined revenues of \$259.4 million, or almost even with \$259.8 million in 2000. Revenues from our Credit Marketing Services declined 6% in 2001 versus 2000. Lower revenues in 2001 were principally due to product mix shifts to lower priced risk management products, and price compression due to customer consolidation. Our 2001 revenues from Direct Marketing Services were \$92.9 million, a 13% increase over 2000. Excluding incremental revenues as a result of the May 2000 acquisition from R.L. Polk & Co., revenues declined 11%, principally driven by a significant slow down in advertising and marketing expenditures by our customers due to the slowing U.S. economy.

Consumer Direct revenues in 2001 more than doubled to \$21.9 million largely due to \$9.7 million of incremental sales from the new ScorePower® credit score product launched in March 2001 and increased sales of the Equifax Credit Report™ credit report and Equifax Credit Watch™ credit monitoring service. Consumer Direct sales in 2000 totaled \$7.8 million.

Operating income for Equifax North America increased 15% in 2001 on record revenue and volume growth. Excluding the impact of our May 2000 acquisition from R.L. Polk, operating income growth for 2001 was 16%.

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### **Equifax Europe**

#### *Year 2002 compared with 2001.*

Equifax Europe, which includes the results of our operations in the United Kingdom, Spain, Portugal and Italy, and our support operations in Ireland, continued to improve its profit and operating margins through expense reductions and operating efficiencies, and the decision to exit the commercial credit reporting business in Spain. Revenues declined 14% on a local currency basis driven by our decision to exit the commercial credit reporting business in Spain, and lower revenues from our United Kingdom operations. Our United Kingdom operations generated 77% of Equifax Europe's revenues in 2002. U.S. dollar revenue benefited \$5.4 million from the strengthening of local currencies, British pound and the euro.

Operating expenses in 2002 of \$113.4 million declined 16%. United Kingdom expenses decreased 11% driven by our fourth quarter 2001 restructuring plan focused on rightsizing our United Kingdom operations and driving productivity. During the third quarter of 2002, we made the decision to exit the commercial credit reporting business in Spain due to local market conditions, and this business is now held for sale. See Note 2 to the Consolidated Financial Statements. For 2002, the results of the Spanish commercial business have been classified as discontinued operations. 2001 results were not material to our consolidated results and as such have not been reclassified to discontinued operations.

Operating income of \$12.7 million more than doubled over 2001 driven by United Kingdom expense reductions. We continue to focus on driving operational efficiencies in our European businesses and expect continued margin improvement in 2003.

#### *Year 2001 compared with 2000.*

Equifax Europe achieved 2001 revenue growth of 3% in local currency. Our revenue growth was attributable to the November 2000 acquisition of two related Italian businesses named SEK S.r.l. and AIF Gruppo Securitas S.r.l. The strengthening of the U.S. dollar against the British pound and Spanish peseta reduced our revenue in 2001 by approximately \$6.0 million. Additionally, we experienced revenue declines in our United Kingdom and Spain commercial credit reporting services.

Operating income, as adjusted, in 2001 of \$5.8 million declined \$11.4 million from 2000 on lower revenues in the United Kingdom and Spain.

### **Equifax Latin America**

#### *Year 2002 compared with 2001.*

Revenues of our Equifax Latin America segment, which includes results of our operations in Brazil, Argentina, Chile, Peru, Uruguay and El Salvador, declined by \$30.1 million, or 28% from 2001, driven by currency devaluation and the economic crisis in Argentina. Currency devaluation negatively impacted our Latin America revenues by \$21.8 million, of which Brazil and Argentina accounted for \$18.3 million. Argentina's operating revenue and profit declined \$21.8 million and \$10.4 million, respectively. In local currency, Brazil's revenues grew 8% in 2002 driven by performance in commercial reporting services.

Operating income, as adjusted, declined 37% to \$20.3 million compared to 2001 principally due to Argentina's economic decline. Despite the economic challenges, Equifax Latin America delivered solid operating margins of 26% in 2002 versus 30% in 2001.

#### *Year 2001 compared with 2000.*

Equifax Latin America generated revenue of \$106.7 million and operating margins of 30% in 2001. In local currency, revenues increased three percent in 2001. The strengthening of the U.S. dollar against the Brazilian real and the Chilean peso reduced this segment's revenue by approximately \$17.5 million in 2001.

Operating income, as adjusted, in 2001 decreased \$8.0 million mainly due to weak currencies and economic conditions in the region. Cost containment measures helped deliver strong margins of 30% in 2001.

### **Other**

In our Other segment, we report information about our former lottery business, which consists solely of an agreement between a subsidiary of ours and GTECH Corporation. Pursuant to this subcontract, GTECH assumed obligations of our subsidiary under a contract with the State of California to install a system to automate the processing of instant lottery tickets, provide terminals and related security hardware, and license various software applications developed to support the system. We have exited the lottery business, and all previously deferred revenue related to this subcontract has now been recognized, and no further revenue or operating income is expected to occur in this segment.

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### **General Corporate**

General corporate expense increased \$2.9 million in 2002 based on higher incentive compensation expense and one-time expenses associated with the hiring of senior executive management. Our 2001 expense increase of \$3.1 million was driven by higher incentive compensation plan expense.

### **Liquidity and Capital Resources**

#### *Overview*

Our principal sources of liquidity are cash flow provided by our operating activities, our revolving credit facilities, and cash and cash equivalents.

We believe that our ability to generate cash from our operations is one of our fundamental financial strengths. In 2002 we generated cash flow from operations of \$248.8 million. Our free cash flow, the cash flow provided by our operating activities less capital expenditures, was \$193.0 million in 2002. Our capital expenditures are used for developing, enhancing and deploying new and existing technology platforms, replacing or adding equipment, updating systems for regulatory compliance, the licensing of software applications and investing in disaster recovery systems. We use free cash flow, along with borrowings, to make acquisitions, to retire outstanding indebtedness, to pay dividends, and to make share repurchases.

#### *Cash from Operations*

Our net cash provided by operating activities in 2002 was \$248.8 million compared to \$255.1 million in 2001. Increased cash flows generated from lower trade receivable balances were offset by payments associated with our fourth quarter restructuring plan in 2001, ongoing data purchases, and a \$20.0 million contribution to our U.S. defined benefit pension plan. Our operating cash flow continues to be driven by operating margin performance and aggressive working capital management (days sales outstanding declined from 63 days in 2001 to 55 days in 2002).

Cash provided by operations in 2001 amounted to \$255.1 million, an increase of 32% from 2000. The improvement over 2000 was largely influenced by three factors: higher operating income, aggressive working capital management of receivables, and a \$24.8 million reduction in capital expenditures.

#### *Investing Activities*

In 2002, net cash used in investing activities totaled \$341.0 million, an increase of \$234.5 million compared to 2001. The increase was primarily a result of our acquisition of Naviant and acquisition of assets from CBC. Our acquisitions, net of cash acquired, accounted for \$321.2 million of total cash invested in 2002. Capital expenditures exclusive of acquisitions totaled \$55.8 million, which principally represented development associated with key technology platforms in our businesses. We expect to generate free cash flow in excess of \$200.0 million in 2003, with capital expenditures expected to range from \$45.0 to \$55.0 million.

In the third quarter of 2002, our \$41.0 million note receivable associated with the sale of our risk management collections business in 2000 was completely paid.

In 2001, net cash used in investing activities totaled \$106.5 million, a decrease of \$156.5 million compared to 2000. The decrease was primarily the result of the fact that we were less acquisitive in 2001, focusing on our spin-off of Certegy. Capital expenditures, exclusive of acquisitions and investments, amounted to \$47.1 million in 2001 compared to \$71.9 million in 2000. Acquisitions and investments, net of cash acquired, declined from \$346.8 million in 2000 to \$68.7 million in 2001, largely due to our acquisition of the Consumer Information Solutions Group from R.L. Polk & Co. in May 2000. These amounts were offset by cash proceeds generated from the sale of businesses and other assets, which amounted to \$12.4 million in 2001 and \$157.5 million in 2000, and are principally associated with the sale of our City Directory business in 2001 and the sale of our risk management collections and vehicle information businesses in 2000.

#### *Financing Activities*

Net cash provided by financing activities during 2002 totaled \$92.6 million, compared with net cash used in financing activities during 2001 that totaled \$325.5 million, and net cash provided by financing activities during 2000 that totaled \$16.4 million.

In 2002, we received \$249.5 million in proceeds from the sale of \$250.0 million aggregate principal amount of our 4.95% senior unsecured notes, which mature November 1, 2007. During 2002 we invested \$79.8 million to repurchase 2.9 million shares of our common stock, and received \$34.2 million in proceeds from the exercise of stock options. At December 31, 2001, our remaining authorization for share repurchases was approximately \$45.0 million, and in February 2002, our

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Board of Directors approved an additional \$250.0 million for share repurchases. We also continued our 90-year history of paying dividends, which totaled \$11.4 million in 2002.

In 2001, we reduced our long-term debt \$298.9 million through the repayment of borrowings under our \$465.0 million revolving credit facility. Debt repayments were funded through operating cash flows and the cash dividend received from Certery in conjunction with the spin-off. During 2001, we invested \$42.3 million to repurchase 2.2 million shares of our common stock, up from \$6.5 million invested to repurchase shares in 2000, and we received \$36.4 million in proceeds from the exercise of stock options. Share repurchases were temporarily suspended in 2000 to enable us to apply available cash to the repayment of debt incurred in connection with our acquisition of the Consumer Information Services Group from R.L. Polk & Co. in May 2000. In 2001, our payment of dividends totaled \$32.3 million, a decrease of \$20.0 million compared to 2000, due to a reduction of our quarterly dividend after the Certery spin-off from \$0.093 to \$0.02 per share.

We expect to increase the amount outstanding under our \$465.0 million credit facility in 2003 for purposes of retiring the \$200.0 million aggregate principal amount of our outstanding 6.5% senior unsecured notes that mature in June 2003.

### Cash and Cash Equivalents

Our cash and cash equivalents balance was \$30.5 million and \$33.2 million at December 31, 2002 and 2001, respectively.

### Revolving Credit Facilities

Our \$465.0 million revolving credit facility, which we entered into with Bank of America, N.A. and certain other lenders on October 4, 2001, provides for a variable interest rate tied to Base Rate, LIBOR and competitive bid options. The weighted average interest rate of borrowings outstanding under this facility was approximately 2.6% as of December 31, 2002. The credit facility consists of a \$160.0 million 364-day portion and a \$305.0 million multi-year portion which expire on October 2, 2003 and October 4, 2004, respectively. The agreement governing this facility contains various covenants and restrictions, including, among other things, limitations on liens, subsidiary debt, mergers, liquidation, asset dispositions, acquisitions, and maintenance of certain financial covenants. Our borrowings under this facility, which have not been guaranteed by any of our subsidiaries, are unsecured and will rank on parity in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. As of December 31, 2002, we had \$443.2 million of borrowing capacity available under our \$465.0 million revolving credit facility.

One of our Canadian subsidiaries has an unsecured, 364-day C\$100.0 million revolving credit facility that will expire in October 2003. The agreement provides for borrowings tied to Prime, Base Rate, LIBOR and Canadian Bankers' Acceptances, and contains financial covenants related to interest coverage, funded debt to cash flow, and limitations on subsidiary indebtedness. We have guaranteed the indebtedness of our Canadian subsidiary under this facility. As of December 31, 2002, U.S. \$34.3 million of borrowing capacity was available under this credit facility.

### Contractual Obligations and Commercial Commitments

The following table summarizes our significant contractual obligations and commitments as of December 31, 2002:

(in millions)	Payments due by				
	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	Thereafter
Long-term debt (Note 6)	\$ 891.9	\$ 201.3	\$ 273.4	\$ 249.8	\$ 167.4
Operating leases (Note 10)	156.0	23.3	34.4	24.3	74.0
Data Processing Agreement Obligations (Note 10)	486.0	97.4	181.1	174.8	32.7
Outsourcing Agreements (Note 10)	92.5	17.5	25.3	24.0	25.7
	<u>\$ 1,626.4</u>	<u>\$ 339.5</u>	<u>\$ 514.2</u>	<u>\$ 472.9</u>	<u>\$ 299.8</u>

We believe that future cash flows provided by our operating activities, together with current cash and cash equivalent balances, 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. For instance, Computer Sciences Corporation has an option, exercisable at any time prior to 2013, to sell its credit reporting business to us. 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 CSC were to exercise the option today, the option



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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 lines of credit and the issuance of public debt and/or equity. However, the availability and terms of any such 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. 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. See "Risk Factors," below.

We continually evaluate opportunities 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.

### ***Off Balance Sheet Transactions***

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 \$13.5 million. Under this synthetic lease arrangement, we have also guaranteed the residual value of the leased property to a 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 percent of the value of the property at the beginning of the lease term. We believe that the fair market value of this property exceeds the amount of the guarantee.

### ***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 our business. The aggregate notional amount of all performance bonds and standby letters of credit is less than \$15.0 million and they all have a maturity of one year or less. We provide these guarantees from time to time to support the needs of our operating units. Except for our guarantee of the synthetic lease referred to above, our only outstanding guarantee that is not reflected as a liability on our balance sheet was extended in connection with the sale of our risk management collections business to RMA Holdings, LLC, or 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 term loan, which had \$7.9 million outstanding as of December 31, 2002, expires December 1, 2011. Our obligations under the RMA guarantee are not secured. We believe that the likelihood of demand for payment under these instruments is minimal and expect no material losses to occur in connection with these instruments.

### ***Subsidiary funds transfer limitations***

The ability of certain of our subsidiaries and associated companies to transfer funds is limited in some cases by foreign government regulations. At December 31, 2002, the amount of equity subject to such restrictions for consolidated subsidiaries was not material.

### ***Pension Benefits***

During 2002, actual asset returns for our U.S. defined benefit pension plan were adversely impacted by the performance of the U.S. stock market, resulting in a decrease in the market value of our retirement plan assets. The fair value of our defined benefit pension plan assets decreased from \$413.1 million at December 31, 2001 to \$344.8 million at December 31, 2002. In addition, we lowered our discount rate from 7.25% to 6.75%, which increased our U.S. projected benefit obligations from \$419.0 million to \$451.2 million. The negative investment performance and declining discount rates during 2002 created an unfunded status in accordance with Statement of Financial Accounting Standards No. 87 ("SFAS 87") at December 31, 2002. As required under SFAS 87, a non-cash minimum pension liability of \$179.4 million (\$112.4 million after tax) reducing shareholders' equity was recorded at December 31, 2002. The impact of our plan's funded status would be reversed, and shareholder's equity consequently restored, on December 31 of any year in which the fair value of plan assets exceeded the accumulated benefit obligation as of that date. Further, this adjustment had no impact on our income statement, and did not affect cash flow or our compliance with any financial covenants contained in any of our debt agreements.

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We continually monitor and evaluate the level of pension contributions based on various factors that include, but are not limited to, investment performance, actuarial valuation and tax deductibility. While the asset return and interest rate environment have negatively impacted the funded status of our U.S. defined benefit pension plan under SFAS 87, our minimum funding requirements, as set forth in the Employment Retirement Income Security Act (ERISA) and federal tax laws have been zero for the past five years. In addition, we expect no mandatory funding requirements in 2003 or 2004. Although no minimum funding was required, at our discretion we contributed \$20.0 million to our U.S. defined benefit pension plan in 2002.

Our U.S. defined benefit pension plan delivered pension income of \$11.0 million in 2002, and approximately \$8.6 million in 2001. The annual pension income is calculated using a number of actuarial assumptions, including the expected long-term rate of return on assets and a discount rate. In determining the expected long-term rate of return on assets, we evaluate input from our investment consultants, investment management firms and actuaries. Additionally, we consider our historical 15-year compounded returns, which have been in excess of our forward-looking return expectations. The expected long-term rate of return on this basis for 2002 was 9.5%. For determination of 2003 pension expense, the long term-rate of return will be reduced to 8.75%. We believe that 8.75% is a reasonable long-term rate of return on assets, despite the recent market downturn in which our plan assets had a return loss of approximately 12.8% for the year ended December 31, 2002.

Our determination of pension income and expense is based on a market related valuation of assets, which reduces year-to-year volatility. This market related valuation of assets recognizes investment gains and losses over a five-year period from the year in which they occur. Investment gains and losses for this purpose are the difference between expected return calculated using the market related value of assets and the actual return on the market related value of assets. Since the market related value of assets recognizes gains or losses over a five year period, the future value of assets will be affected as previously deferred gains or losses are recognized. Our U.S. cumulative unrecognized actuarial losses at December 31, 2002 were \$202.0 million. These unrecognized losses will result in a decrease in our future pension income depending on several factors, including their relative size to our projected benefit obligation and market related value of plan assets.

The discount rate we utilize for determining future pension obligations is based on the yield associated with Moody's Long-Term Aa-rated Corporate Bond Index. The discount rate determined on this basis has decreased from 7.25% at December 31, 2001 to 6.75% at December 31, 2002.

### **Inflation**

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 a substantial weakening in economic conditions.

**Recent Accounting Pronouncements.** In January 2002, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement supersedes SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", but retains the fundamental provisions of that statement related to the recognition and measurement of the impairment of long-lived assets to be held and used while expanding the measurement requirements of long-lived assets to be disposed of by sale to include discontinued operations. The Statement also supersedes Accounting Principles Board Opinion No. 30 (APB 30), for the disposal of a segment of business, extending the reporting of a discontinued operation to a "component of an entity." Further, the Statement requires operating losses from a "component of an entity" to be recognized in the period(s) in which they occur rather than at the measurement date as had been required under APB 30.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 amends SFAS No. 13, "Accounting for Leases," to eliminate inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 also rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt." Accordingly, gains or losses from extinguishment of debt shall not be reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the criteria APB Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. We adopted SFAS No. 145 on January 1, 2003.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 provides guidance related to accounting for costs associated with disposal activities covered by SFAS No. 144 or with exit or restructuring activities previously covered by Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 supercedes EITF Issue No. 94-3 in its entirety. SFAS No. 146 requires that costs related to exiting an activity or to a restructuring not be recognized until the liability

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is incurred. SFAS No. 146 will be applied prospectively to exit or disposal activities that are initiated after December 31, 2002. We adopted SFAS No. 146 on January 1, 2003.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 currently requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, as of December 31, 2002, FIN 45 requires disclosures about the guarantees that an entity has issued, including a roll-forward of the entity's product warranty liabilities. We adopted the disclosure requirements of FIN 45 effective December 31, 2002 and the remaining provisions on January 1, 2003 and have included the required disclosures in the Notes to the 2002 Consolidated Financial Statements.

In November 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003 and are not expected to have a material impact on our financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure provisions of SFAS No. 123 "Accounting for Stock Based Compensation" to currently require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. SFAS No. 148 does not amend SFAS No. 123 to require companies to account for their employee stock-based awards using the fair value method. However, the disclosure provisions are required for all companies with stock-based employee compensation, regardless of whether they utilize the fair value method of accounting described in SFAS No. 123 or the intrinsic value method described in APB Opinion No. 25, "Accounting for Stock Issued to Employees". We adopted SFAS No. 148 on January 1, 2003 and have included the initial required disclosures in the Notes to the 2002 Consolidated Financial Statements.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. We are evaluating the impact of FIN 46 on our financial position and results of operations.

### Reconciliations of GAAP to Non-GAAP Financial Measures

GAAP to Non-GAAP financial measures - Consolidated Results Reconciliations:

	2002	2001	2000
<b>GAAP Revenue</b>	<b>\$ 1,109.3</b>	<b>\$ 1,139.0</b>	<b>\$ 1,189.2</b>
City Directory	—	(29.2)	(28.7)
Risk Management	—	—	(110.6)
U.K. Vehicle Information	—	—	(22.7)
<b>Adjusted Revenue</b>	<b>\$ 1,109.3</b>	<b>\$ 1,109.8</b>	<b>\$ 1,027.2</b>
<b>GAAP Cost of Services</b>	<b>\$ 427.6</b>	<b>\$ 451.0</b>	<b>\$ 513.2</b>
City Directory	—	(9.3)	(9.4)
Risk Management	—	—	(79.2)
U.K. Vehicle Information	—	—	(22.5)
<b>Adjusted Cost of Services</b>	<b>\$ 427.6</b>	<b>\$ 441.7</b>	<b>\$ 402.1</b>

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<b>GAAP SG&amp;A</b>	<b>\$ 249.9</b>	<b>\$ 267.6</b>	<b>\$ 261.2</b>
City Directory	—	(22.2)	(22.6)
Risk Management	—	—	(9.7)
U.K. Vehicle Information	—	—	—
<b>Adjusted SG&amp;A</b>	<b>\$ 249.9</b>	<b>\$ 245.4</b>	<b>\$ 228.9</b>
<b>GAAP Depreciation &amp; Amortization</b>	<b>\$ 80.5</b>	<b>\$ 80.8</b>	<b>\$ 81.8</b>
City Directory	—	(0.5)	(0.4)
Risk Management	—	—	(3.1)
UK Vehicle Information	—	—	(2.5)
<b>Adjusted Depreciation &amp; Amortization</b>	<b>\$ 80.5</b>	<b>\$ 80.3</b>	<b>\$ 75.8</b>
<b>GAAP Goodwill Amortization</b>	<b>\$ —</b>	<b>\$ 25.4</b>	<b>\$ 24.4</b>
City Directory	—	—	—
Risk Management	—	—	—
U.K. Vehicle Information	—	—	—
<b>Adjusted Goodwill Amortization</b>	<b>\$ —</b>	<b>\$ 25.4</b>	<b>\$ 24.4</b>
<b>GAAP Operating Income</b>	<b>\$ 351.3</b>	<b>\$ 253.8</b>	<b>\$ 308.6</b>
Restructuring and other charges	—	60.4	—
City Directory operating loss	—	2.9	3.6
Risk Management operating income	—	—	(18.6)
U.K. Vehicle Information operating loss	—	—	2.3
SFAS 142 Amortization	—	25.4	24.4
<b>Adjusted Operating Income</b>	<b>\$ 351.3</b>	<b>\$ 342.5</b>	<b>\$ 320.3</b>
<b>GAAP Income from continuing operations</b>	<b>\$ 191.3</b>	<b>\$ 117.3</b>	<b>\$ 141.1</b>
City Directory operating loss	—	1.7	2.1
City Directory loss on sale	—	4.9	—
Risk/U.K. Vehicle operating profit	—	—	(10.5)
Risk/U.K. Vehicle loss on sale	—	—	2.5
Interest Expense, Risk/HPI sale	—	—	4.5
Interest Income, Risk/HPI sale	—	—	1.9
Income Tax Adjustment	—	—	5.5
2001 restructuring and impairment charges	—	35.3	—
SFAS 142 Amortization	—	18.5	19.6
<b>Adjusted Income from continuing operations</b>	<b>\$ 191.3</b>	<b>\$ 177.7</b>	<b>\$ 166.7</b>
<b>GAAP diluted EPS from continuing operations</b>	<b>\$ 1.38</b>	<b>\$ 0.84</b>	<b>\$ 1.04</b>
City Directory operating loss	—	0.02	0.02
City Directory loss on sale	—	0.04	—
Risk/U.K. Vehicle operating profit	—	—	(0.08)
Risk/U.K. Vehicle loss on sale	—	—	0.02
Interest Expense, Risk/HPI sale	—	—	0.03

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Interest Income, Risk/HPI sale	—	—	0.02
Income Tax Adjustment	—	—	0.04
2001 restructuring and impairment charges	—	0.25	—
SFAS 142 Amortization	—	0.13	0.14
<b>Adjusted diluted EPS from continuing operations</b>	<b>\$ 1.38</b>	<b>\$ 1.28</b>	<b>\$ 1.23</b>

## **Application of Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in our consolidated financial statements and accompanying notes. The following accounting policies involve a “critical accounting estimate” because they are particularly dependent on estimates and assumptions made by management about matters that are highly uncertain at the time the accounting estimates are made. In addition, while we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used in the current period, or changes in the accounting estimates that we used are reasonably likely to occur from period to period which may have a material impact on the presentation of our financial condition and results of operations. We also have other key accounting policies, which involve the use of estimates, judgments, and assumptions that are significant to understanding our results. For additional information see Item 8 of Part II, Notes to Consolidated Financial Statements, Note 1— Significant Accounting and Reporting Policies. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

### ***Revenue Recognition***

We recognize revenue when the following four conditions are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the price is fixed or determinable and (4) collectibility of the selling price is reasonably assured. For sales contracts having multiple elements that can be divided into separate units of accounting, we allocate revenue to these separate units based on their relative fair values. If relative fair values cannot be established, revenue recognition is deferred until all elements under the contract have been delivered. Multiple deliverable arrangements generally involve delivery of multiple product lines. These product lines are distinct enough to be separated into separate units of accounting. Each product line does not impact the value or usage of other deliverables in the arrangement, and each can be sold alone or purchased from another vendor without affecting the quality of use or value to the customer of the remaining deliverables. Delivery of product lines generally occurs consistently over the contract period.

In conjunction with certain products and services, we charge non-refundable set-up fees which we recognize on a pro-rata basis over the term of the contract. Revenue from the sale of decision or statistical models is recognized upon customer installation and acceptance. For certain products and services sold on a subscription basis, we recognize revenue pro rata over the term of the contract. We consider revenue recognition to be critical to all of our operating segments due to the impact on our results of operations.

### ***Allowance for Doubtful Accounts***

We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer’s inability to meet its financial obligations to us, we record a specific allowance against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other accounts receivable, we recognize allowances for doubtful accounts based on our past write-off experience (i.e. average percentage of receivables written off historically) and the length of time the receivables are past due. Allowances for doubtful accounts were approximately \$17.3 million or 9% of the accounts receivable on our consolidated balance sheet at December 31, 2002. Accounts receivable, net of allowances, was approximately \$179.8 million or 63% of total current assets in our consolidated balance sheet of December 31, 2002. We consider accounting for accounts receivable allowances critical to all of our operating segments because of the significance of accounts receivable to our current assets and operating cash flow. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, or if economic conditions worsened, additional allowances may be required in the future, which could have a material effect on our consolidated financial statements. We reassess our allowance for

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doubtful accounts each period. If we made different judgments or utilized different estimates for any period, material differences in the amount and timing of revenue or expense recognized could result.

### ***Valuation of Long-Lived and Intangible Assets***

Goodwill and certain other intangible assets are tested for impairment in accordance with SFAS 142, and all other long-lived assets are tested for impairment in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. We regularly evaluate whether events or circumstances have occurred which indicate that the carrying amounts of long-lived assets (principally goodwill, purchased data files, systems development and other deferred costs, and investments in unconsolidated subsidiaries) may be impaired or not recoverable. The significant factors that are considered that could trigger an impairment review include: changes in business strategy, market conditions, or the manner of use of an asset; underperformance relative to historical or expected future operating results; and negative industry or economic trends. In evaluating an asset for possible impairment, management estimates that asset's future undiscounted cash flows to measure whether the asset is recoverable. If it is determined that the asset is not recoverable, we measure the impairment based on the projected discounted cash flows of the asset over its remaining life. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect these evaluations. In 2001, the FASB issued Statement No. 142, "Goodwill and Other Intangible Assets," which among other things, eliminates the amortization of goodwill and certain other intangible assets and requires that goodwill be evaluated annually for impairment by applying a fair value-based test. We adopted the standard effective January 1, 2002 for acquisitions prior to June 30, 2001, and, in accordance with the standard, completed our first fair value-based impairment tests by June 30, 2002.

### ***Legal Contingencies***

We are subject to various proceedings, lawsuits, and claims arising in the normal course of our business. Our consolidated financial statements reflect the treatment of claims and contingencies based on our management's view of the expected outcome. We periodically review claims and legal proceedings and assess whether we have potential financial exposure. If the likelihood of an adverse outcome from any claim or legal proceeding is probable and the amount can be estimated, we accrue a liability for estimated legal fees and settlements in accordance with SFAS No. 5, "Accounting for Contingencies."

### ***Income Taxes***

We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves us estimating our current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income, and, to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must include an expense within the tax provision in the statement of operations. A valuation allowance is currently set against deferred tax assets because we believe it is more likely than not that the deferred tax assets will not be realized through the generation of future taxable income. Significant management judgment is required in determining our provision for income taxes and our deferred tax assets and liabilities and our future taxable income for purposes of assessing our ability to realize any future benefit from our deferred tax assets. In the event that actual results differ from these estimates or we adjust these estimates in future periods, our operating results and financial position could be materially affected.

### ***Retirement Plans***

Our pension plans and postretirement benefit plans are accounted for using actuarial valuations required by SFAS No. 87, "Employers' Accounting for Pensions," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." Our pension and postretirement benefit liabilities were approximately \$117.0 million or 9% of the total liabilities on our consolidated balance sheet as of December 31, 2002. We consider accounting for retirement plans critical to all of our operating segments because our management is required to make significant subjective judgments about a number of actuarial assumptions, which include discount rates, health care cost trends rates, salary growth, long-term return on plan assets and mortality rates. Depending on the assumptions and estimates used, the pension and postretirement benefit expense could vary within a range of outcomes and have a material effect on our consolidated financial statements.

## Risk Factors

*Since our revenues depend to a large extent on our customers' demand for consumer credit information, further deterioration of current economic conditions or rising interest rates may harm our results of operations.*

Consumer credit reports constitute our core product. In general, our customers use our credit reports and related services to process applications for new credit cards, automobile loans, home mortgages and refinancing, and other consumer loans. They also use our credit reports and services to monitor existing credit relationships. Consumer demand for credit, i.e. rates of spending and levels of indebtedness, tends to grow more slowly or decline during periods of economic contraction or slow economic growth. Rising rates of interest may also negatively impact consumer demand for credit, especially mortgage loan refinancing. A decline in consumer demand for credit reduces our customers' demand for our consumer credit reports. Consequently, our revenues from consumer credit report products and services could be negatively affected and our results of operations harmed if the current economic downturn intensifies or persists, if consumer demand for credit decreases, or if interest rates increase.

*General economic conditions could continue to result in decreased demand for our marketing products and services, which could harm our results of operations.*

As a result of the current economic climate, we are experiencing a reduction in the demand for the marketing products and services that we provide to our financial, catalog, publishing, high-tech, travel, and manufacturing clients, as they have looked for ways to reduce their expenses. The current economic slowdown could persist for an unpredictable period or may worsen, and if our clients react by reducing their marketing budgets, our results of operations could be adversely affected. Additionally, if consumers buy fewer of the types of products and services that in the past have been marketed and sold through direct marketing, or if direct marketing loses effectiveness in comparison to other methods of advertising, demand for our marketing products and services could lessen and, consequently, our revenues and profits from this line of business could decline.

*The loss of access to credit and other data from external sources could harm our ability to provide our products and services.*

We rely extensively upon data from external sources to maintain our proprietary and non-proprietary databases, including data received from customers and various government and public record services. Our data sources could withdraw their data from us for a variety of reasons, including legislatively or judicially imposed restrictions on use. If a substantial number of data sources were to withdraw their data, or we lost access to data due to government regulation, our ability to provide products and services to our clients could be materially adversely impacted, which could result in decreased revenues, net income, and earnings per share.

*Changes in the legislative, regulatory, and judicial environments may adversely affect our ability to collect, manage, aggregate and use data.*

Our business involves collection of consumer and business data and distribution of such information to businesses making credit and marketing decisions. Consequently, certain of our activities and services are subject to regulation by federal, state and local authorities in the United States and Canada, and in those countries within Europe and Latin America where we do business. For instance, much of the data and services that we provide are subject to regulation under the Fair Credit Reporting Act (FCRA), which regulates the use of consumer credit information, and to a lesser extent, the Gramm-Leach-Bliley Act, which regulates the use of non-public personal information. Portions of the FCRA relating to prescreen service are expiring this year and their non-renewal could adversely impact our Credit Marketing Services products. We are also subject to the United Kingdom's Data Protection Act of 1998, which became fully effective on October 24, 2001 and regulates the manner in which we can use third-party data, and recent regulatory limitations relating to use of the Electoral Roll, one of our key data sources in the United Kingdom. In addition, there is increasing awareness and public concern about individual privacy rights and the collection, distribution and use of information about individuals. This concern may result in the adoption of new federal, state, local and foreign laws and regulations that could include increased compliance requirements and restrictions on the purchase, sale and sharing of information about consumers for commercial purposes, and have a negative impact on our ability to collect such information provided by consumers voluntarily. Future international, federal, state, and local laws and regulations with respect to the collection, management, and use of data about individuals, and adverse publicity, judicial interpretations, or potential litigation concerning the commercial use of such information, may result in substantial regulatory compliance costs, litigation expense, or a loss of revenue.

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***Our markets are highly competitive and new product introductions and pricing strategies being offered by our competitors could decrease our sales and market share, or require us to reduce our prices in a manner that reduces our gross margins.***

We operate in a number of geographic, product, and service markets that are highly competitive. In consumer credit reporting services, we compete primarily with two global consumer credit reporting companies, Experian Information Solutions, Inc., and Trans Union LLC. We also compete with these and other companies, including Acxiom Corporation, Harte-Hanks, Inc., and InfoUSA, Inc. with respect to our direct marketing services. We cannot assure you that competitors will not develop products and services that are superior to or that achieve greater market acceptance than our products and services.

The sizes of our competitors vary across market segments, as do the resources we have allocated to the segments we target. Therefore, some of our competitors may have significantly greater financial, technical, marketing, or other resources than we do in each of our market segments or overall. As a result, our competitors may be in a position to respond more quickly than we can to new or emerging technologies and changes in customer requirements, or may devote greater resources than we can to the development, promotion, sale, and support of products and services. Moreover, new competitors or alliances among our competitors may emerge and potentially reduce our market share. For instance, we may face competition from new entrants to the business and consumer marketing information industry as a result of the rapid expansion of the Internet, which is a substantial new channel for distributing consumer and business information to the market. If we are unable to respond as quickly or effectively to changes in customer requirements as our competition, our ability to expand our business and sell our products and services will be negatively affected.

Some of our competitors may also be able to sell products competitive to ours at lower prices given proprietary ownership of data, technical superiority, or economies of scale. Price reductions by our competitors could negatively impact our margins and results of operations, and could also harm our ability to obtain new commercial relationships on favorable terms.

***Our ability to increase our revenues will depend to some extent upon introducing new products and services, and if the marketplace does not accept these new products and services, our revenues may decline.***

To increase our revenues, we must enhance and improve existing products and continue to introduce new products and new versions of existing products that keep pace with technological developments, satisfy increasingly sophisticated customer requirements, and achieve market acceptance. We believe much of our future growth prospects will rest on our ability to continue to expand into newer. Products that we plan to market in the future are in various stages of development. We cannot assure you that the marketplace will accept these products. If our current or potential customers are not willing to switch to or adopt our new products and services, our ability to increase revenues will be impaired.

***If we fail to keep up with rapidly changing technologies, our products and services could become less competitive or obsolete.***

In our markets, technology changes rapidly, and there are continuous improvements in computer hardware, network operating systems, programming tools, programming languages, operating systems, database technology and the use of the Internet. Advances in technology may result in changing customer preferences for products and services and delivery formats. If we fail to enhance our current products and develop new products in response to changes in technology, industry standards, or customer preferences, our products and services could rapidly become less competitive or obsolete. Our future success will depend, in part, upon our ability to: internally develop new and competitive technologies; use leading third-party technologies effectively; continue to develop our technical expertise; anticipate and effectively respond to changing customer needs; and influence and respond to emerging industry standards and other technological changes.

***We may suffer adverse financial consequences if Computer Sciences Corporation requires us to purchase its credit reporting business when the public equity or debt markets or other financing conditions are unfavorable to us.***

In 1988, we entered into an agreement with Computer Sciences Corporation and certain of its affiliates, which are collectively referred to in this document as CSC, under which CSC's credit reporting agencies utilize our



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computerized credit database services. Under the agreement, CSC 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 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 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. 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 debt levels at a time when market or other conditions are unfavorable.

### ***Our international operations subject us to additional business risks that may reduce our profitability or revenues.***

We conduct business outside of the United States. During the fiscal year ended December 31, 2002, we received approximately 19% of our revenues from business outside the United States. As part of our growth strategy, we plan to continue to pursue opportunities outside the United States. As a result, our future operating results could be negatively affected by a variety of factors, many of which are beyond our control. The risks and potential costs of our international operations, include: political and economic instability; changes in regulatory requirements and policy and the adoption of laws detrimental to our operations, such as legislation relating to the collection and use of personal data; negative impact of currency exchange rate fluctuations; potentially adverse tax consequences; increased restrictions on the repatriation of earnings; and general economic conditions in international markets. We may not be able to avoid significant expenditures in addressing these potential risks.

### ***Security is important to our business, and breaches of security, or the perception that e-commerce is not secure, could harm our business.***

Business-to-business and business-to-consumer electronic commerce, including that which is Internet-based, requires the secure transmission of confidential information over public networks. Several of our products are accessed through the Internet, including our consumer and commercial information services that are delivered via ePORT<sup>TM</sup>, our Internet delivery channel, and our Consumer Direct services accessible through the www.equifax.com website. Security breaches in connection with the delivery of our products and services via ePORT<sup>TM</sup>, our Consumer Direct website, or well-publicized security breaches not involving the Internet that may affect us or our industry, such as database intrusion, could be detrimental to our business, operating results and financial condition. We cannot be certain that advances in computer capabilities, new discoveries in the field of cryptography, or other developments will not compromise or breach the technology protecting the networks that access our products, consumer services, and proprietary database information.

### ***If we experience system failures, the delivery of our products and services to our customers could be delayed or interrupted, which could harm our business and reputation and result in the loss of customers.***

Our ability to provide reliable service largely depends on the efficient and uninterrupted operations of our computer network systems and data centers. Any significant interruptions could severely harm our business and reputation and result in a loss of customers. Our systems and operations could be exposed to damage or interruption from fire, natural disaster, power loss, telecommunications failure, unauthorized entry and computer viruses. The steps we have taken to prevent a system failure may not be successful and our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur.

### ***Since the agreement governing our variable and fixed rate indebtedness include cross-default provisions, a breach of a covenant related to some of our indebtedness could result in the acceleration of some of all of other indebtedness.***

Our \$465.0 million revolving credit facility requires us to comply with certain financial covenants related to interest coverage, funded debt to cash flow, and limitations on subsidiary indebtedness. In addition to our revolving credit facility, the indentures relating to our \$250.0 million 4.95% senior unsecured notes due 2007, \$250.0 million 6.3% senior unsecured notes due 2005, \$200.0 million 6.5% senior unsecured notes due 2003, and \$150.0 million 6.9% senior unsecured debentures due 2028, the C\$100.0 million credit facility of our Canadian subsidiary, and our \$29.0 million synthetic lease arrangement with respect to our headquarters in Atlanta, have affirmative and negative covenants customary for financings of those types. A default under any one of the instruments governing the foregoing indebtedness that results in an acceleration of our obligation to repay the underlying indebtedness is likely to constitute an event of default under each of the other instruments governing the foregoing indebtedness, which could result in an acceleration of some of all of our other indebtedness. If some of all of our indebtedness is accelerated, we may not be able to repay such indebtedness or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us. If our expectations of future operating results are not achieved, or if some or all of our indebtedness is in default for any reason, our business, financial condition, and results of operations could be materially and adversely affected.

### ***We may incur risks related to acquisitions or significant investment in businesses.***

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We have made in the past, and may make in the future, acquisitions of, or significant investments in, businesses that offer complementary products, services and technologies. Any acquisitions or investments will be accompanied by the risks commonly encountered in acquisitions of businesses. Such risks include:

- the possibility that we will pay more than the acquired companies or assets are worth;
- the difficulty of assimilating the operations and personnel of the acquired businesses;
- the potential product liability associated with the sale of the acquired companies' products;
- the potential disruption of our ongoing business;
- the potential dilution of our existing stockholders and earning per share;
- unanticipated liabilities, legal risks, and costs; the distraction of management from our ongoing business; and
- the impairment of relationships with employees and clients as a result of integration of new management personnel.

These factors could harm our business, results of operations, or financial position, particularly in the event of a significant acquisition.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

In the normal course of our business, we are exposed to market risk, primarily from changes in foreign currency exchange rates and changes in interest rates, that could impact our results of operations and financial position. We manage our exposure to these market risks through our regular operating and financing activities, and when deemed appropriate, through the use of derivative financial instruments, such as interest rate swaps, to hedge certain of these exposures. We use derivative financial instruments as risk management tools and not for speculative or trading purposes.

#### ***Foreign Currency Exchange Rate Risk***

A substantial majority of our revenue, expense, and capital expenditure activities are transacted in U. S. dollars. However, we do transact business in other currencies, primarily the British pound, the euro, the Canadian dollar, and the Brazilian real. For most of these foreign currencies, we are a net recipient, and therefore, benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currencies in which we transact significant amounts of business.

We are required to translate, or express in U.S. dollars, the assets and liabilities of our foreign subsidiaries that are denominated or measured in foreign currencies at the applicable year-end rate of exchange on our consolidated balance sheet, and income statement items of our foreign subsidiaries at the average rates prevailing during the year. We record the resulting translation adjustment, and gains and losses resulting from the translation of intercompany balances of a long-term investment nature, as components of our shareholders' equity. Other immaterial foreign currency translation gains and losses are recorded in our consolidated statements of income. We do not, as a matter of policy, hedge translational foreign currency exposure. We will, however, hedge foreign currency exchange rate risks associated with material transactions that are denominated in a foreign currency.

At December 31, 2002 we have hedged our foreign currency exchange rate risks associated with the acquisition of our Italian businesses in the fourth quarter of 2000, by borrowing under our \$465.0 million revolving credit facility in euros. At December 31, 2002, the foreign currency exchange rate risks associated with loans which funded the acquisition of our Italian businesses during the fourth quarter of 2000 were hedged by denominating a portion of the borrowings under our \$465.0 million revolving credit facility in euros.

At December 31, 2002, a 10% weaker U.S. dollar against the currencies of all foreign countries in which we had operations during 2002, would have resulted in an increase of our revenues by \$27.8 million, and an increase of our pre-tax operating profit by \$6.4 million. A 10% stronger U.S. dollar would have resulted in similar decreases to our revenues and pre-tax operating profit.

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### ***Interest Rate Risk***

Our exposure to market risk for changes in interest rates primarily relates to our variable rate revolving credit debt and the interest rate swap agreements associated with portions of our fixed rate public debt.

We attempt to achieve the lowest all-in weighted average cost of debt while simultaneously taking into account the mix of our fixed and floating rate debt, and the average life and scheduled maturities of our debt. At December 31, 2002, our weighted average cost of debt was 5.1% and the weighted average life of our debt was 5.8 years.

We generally target a mix of fixed and floating rate debt which lies within a range of 30-70% fixed, with the balance being floating rate. At December 31, 2002, 66% of our debt was fixed rate, and the remaining 34% floating rate. We use derivatives to manage our exposure to changes in interest rates by entering into interest rate swaps. As of 12/31/02, we had \$279.0 million, notional amount, of interest rate swap agreements outstanding with bank counterparties.

Our variable rate indebtedness consists primarily of our \$465.0 million revolving credit facility and a separate C\$100.0 million revolving credit facility in Canada. The rate of interest we pay on our \$465.0 million facility is based on a floating rate pricing grid tied to our long-term senior unsecured debt rating. We are currently rated A- by Standard & Poor's and Baa1 by Moody's Investor Service. In the case of a split rating, pricing is based on the higher rating, i.e. A- from S&P. We can borrow under the facility at floating rates of interest tied to Base Rate and the London Interbank Offered Rate, or LIBOR. A competitive bid option is also available, dependent on liquidity in the bank market. At December 31, 2002, \$21.8 million of debt was outstanding and \$443.2 million of additional borrowing capacity was available under this facility. Borrowings under our Canadian facility bear interest at a floating rate tied to Prime, LIBOR, or Canadian Banker's Acceptances. As of December 31, 2002, C\$46.0 million (U.S.\$29.3 million) of debt was outstanding, and C\$54.0 million (US\$34.3 million) of additional borrowing capacity was available under our Canadian facility.

We have interest rate swap agreements in place to float the interest rate on \$250.0 million of our fixed rate, 6.3% senior unsecured notes through their maturity date in 2005. These swaps have been designated as fair value hedges, were documented as fully effective under SFAS 133, and were valued on a mark to market basis as an asset totaling \$18.3 million at December 31, 2002. The offsetting liability of \$18.3 million is included as an addition to long-term debt. These swaps give us the right to receive fixed rate payments from the counterparties, in exchange for floating rate payments from us. The floating rate payments on these interest rate swaps are tied to 6-month LIBOR plus a spread, with net settlements paid semi-annually. The final maturity of these interest rate swaps is July 2005, coinciding with the final maturity of the associated notes.

We also have a \$29.0 million floating-to-fixed interest rate swap, maturing 2010, which fixes the effective rate of interest on the \$29.0 million synthetic lease for our Atlanta corporate headquarters. This derivative instrument is designated as a cash flow hedge, was documented as fully effective under SFAS 133, and was valued on a mark-to-market basis as a liability totaling \$4.7 million at December 31, 2002. This interest rate swap gives us the right to receive a floating rate payment tied to 3-month LIBOR plus a spread from the counterparty, in exchange for a fixed rate payment from us. The net settlements occur quarterly.

A 1% increase in the average rate of interest on the variable rate debt outstanding under our revolving credit facilities during 2002 would have increased our pre-tax interest expense by \$2.0 million.

A 1% increase in the average rate of interest associated with the floating rate payments due under our interest rate swap agreements during 2002 would have increased our pretax interest expense by \$2.5 million. Since all of our interest rate swaps are fully effective, our income statement is unaffected by the non-cash quarterly mark-to-market adjustments associated with these derivatives.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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### EQUIFAX INC. CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share amounts)

Year Ended December 31	2002	2001	2000
Operating revenue	\$ 1,109.3	\$ 1,139.0	\$ 1,189.2
Costs and expenses:			
Costs of services	427.6	451.0	513.2
Selling, general and administrative expenses	249.9	267.6	261.2
Depreciation	12.9	17.1	21.9
Amortization	67.6	63.7	59.9
Goodwill amortization (Note 1)	—	25.4	24.4
Restructuring and impairment charges (Note 5)	—	60.4	—
Total costs and expenses	758.0	885.2	880.6
Operating income	351.3	253.8	308.6
Other income (expense), net	6.8	(1.2)	3.7
Minority interest in earnings, net of tax	(2.0)	(2.2)	(7.1)
Interest expense	(41.2)	(47.8)	(55.8)
Income from continuing operations before income taxes	314.9	202.6	249.4
Provision for income taxes	(123.6)	(85.3)	(108.3)
Income from continuing operations	191.3	117.3	141.1
Discontinued operations (Note 2):			
(Loss) income from discontinued operations, net of income tax (benefit) expense of (\$2.2), \$21.4, and \$49.1, respectively	(13.3)	33.6	86.9
Costs associated with effecting the spin-off, net of income tax benefit of \$8.1	—	(28.4)	—
Total discontinued operations	(13.3)	5.2	86.9
Net income	\$ 178.0	\$ 122.5	\$ 228.0
Per common share (basic):			
Income from continuing operations	\$ 1.41	\$ 0.86	\$ 1.05
Discontinued operations	(0.10)	0.04	0.65
Net income	\$ 1.31	\$ 0.90	\$ 1.70
Shares used in computing basic earnings per share	136.2	136.8	134.4
Per common share (diluted):			
Income from continuing operations	\$ 1.38	\$ 0.84	\$ 1.04
Discontinued operations	(0.10 )	0.04	0.64
Net income	\$ 1.29	\$ 0.88	\$ 1.68
Shares used in computing diluted earnings per share	138.5	139.0	136.0
Dividends per common share	\$ 0.080	\$ 0.225	\$ 0.370

See Notes to Consolidated Financial Statements.

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### EQUIFAX INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)			
Year Ended December 31	2002	2001	2000
Cash flows from operating activities:			
Net income	\$ 178.0	\$ 122.5	\$ 228.0
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:			
Loss (income) from discontinued operations	13.3	(33.6)	(86.9)
Costs associated with effecting the spin-off	—	28.4	—
Depreciation and amortization	80.5	106.2	106.2
Restructuring and impairment charges	—	60.4	—
Income tax benefit from stock plans	6.6	4.5	5.6
Deferred income taxes	17.9	8.2	19.6
Loss from sale of businesses	—	5.8	4.2
Changes in assets and liabilities, excluding effects of acquisitions:			
Accounts receivable, net	27.5	16.1	(33.4)
Current liabilities, excluding debt	(31.7)	(31.3)	(7.3)
Other current assets	12.0	(0.6)	(13.0)
Other long-term liabilities, excluding debt	(10.8)	(17.4)	(13.0)
Other assets	(44.5)	(14.1)	(17.2)
Cash provided by operating activities	248.8	255.1	192.8
Investing activities:			
Additions to property and equipment	(12.8)	(13.0)	(26.0)
Additions to other assets, net	(43.0)	(34.1)	(45.9)
Acquisitions, net of cash acquired	(321.2)	(43.5)	(336.6)
Investments in unconsolidated companies	(0.1)	(25.2)	(10.2)
Proceeds from sale of businesses	41.0	5.4	149.2
Proceeds from sale of assets	—	7.0	8.3
Deferred payments on prior year acquisitions	(4.9)	(3.1)	(1.8)
Cash used by investing activities	(341.0)	(106.5)	(263.0)
Financing activities:			
Net short-term (payments) borrowings	(25.8)	9.3	(21.0)
Additions to long-term debt	249.5	—	73.0
Payments on long-term debt	(75.0)	(298.9)	(3.3)
Treasury stock purchases	(79.8)	(42.3)	(6.5)
Dividends paid	(11.4)	(32.3)	(52.3)
Proceeds from exercise of stock options	34.2	36.4	23.2
Other	0.9	2.3	3.3
Cash provided (used) by financing activities	92.6	(325.5)	16.4
Effect of foreign currency exchange rates on cash	(2.8)	(5.6)	(5.3)
Cash (used) provided by discontinued operations	(0.3)	156.1	15.7
Decrease in cash and cash equivalents	(2.7)	(26.4)	(43.4)
Cash and cash equivalents, beginning of year	33.2	59.6	103.0
Cash and cash equivalents, end of year	\$ 30.5	\$ 33.2	\$ 59.6

See Notes to Consolidated Financial Statements.

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### EQUIFAX INC. CONSOLIDATED BALANCE SHEETS

(In millions, except par values)

December 31	2002	2001
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 30.5	\$ 33.2
Trade accounts receivable, net of allowance for doubtful accounts of \$17.3 in 2002 and \$14.0 in 2001	179.8	197.0
Other receivables	20.8	69.2
Deferred income tax assets	20.9	26.4
Other current assets	33.6	32.2
	<u>285.6</u>	<u>358.0</u>
Total current assets		
Property and Equipment:		
Land, buildings and improvements	29.3	32.3
Data processing equipment and furniture	115.9	134.9
	<u>145.2</u>	<u>167.2</u>
Less accumulated depreciation	94.6	112.0
	<u>50.6</u>	<u>55.2</u>
Goodwill, net	650.5	265.4
Purchased Data Files, net	265.4	207.0
Other Assets	247.3	285.9
Assets of Discontinued Operations	7.5	—
	<u>\$ 1,506.9</u>	<u>\$ 1,422.6</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Short-term debt and current maturities	\$ 233.9	\$ 62.0
Accounts payable	16.5	13.2
Accrued salaries and bonuses	31.0	26.5
Other current liabilities	146.5	174.2
	<u>427.9</u>	<u>275.9</u>
Total current liabilities		
Long-Term Debt	690.6	693.6
Deferred Revenue	11.7	17.2
Deferred Income Tax Liabilities	25.9	88.6
Other Long-Term Liabilities	122.6	103.8
	<u>7.2</u>	<u>—</u>
Liabilities of Discontinued Operations		
	<u>1,285.9</u>	<u>1,179.1</u>
Total liabilities		
Commitments and Contingencies (Note 10)		
Shareholders' Equity:		
Preferred stock, \$0.01 par value: Authorized - 10.0; Issued - none	—	—
Common stock, \$1.25 par value:		
Authorized shares - 300.0		
Issued shares - 180.1 in 2002 and 178.4 in 2001		
Outstanding shares - 135.7 in 2002 and 136.2 in 2001	225.1	223.0
Paid-in capital	412.0	376.7
Retained earnings	925.4	758.8
Accumulated other comprehensive loss	(359.4)	(197.2)
Treasury stock, at cost, 38.1 shares in 2002 and 35.2 shares in 2001 (Note 8)	(899.7)	(828.0)
Stock held by employee benefits trusts, at cost, 6.3 shares in 2002 and 7.0 shares in 2001 (Note 8)	(82.4)	(89.8)
	<u>221.0</u>	<u>243.5</u>
Total shareholders' equity		
	<u>\$ 1,506.9</u>	<u>\$ 1,422.6</u>

See Notes to Consolidated Financial Statements.



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EQUIFAX INC.  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(In millions)	Common Stock:				Accumulative Other Comprehensive (Loss) Income	Treasury Stock	Stock Held By Employee Benefits Trusts	Total Shareholders' Equity
	Shares Outstanding	Amount	Paid-In Capital	Retained Earnings				
Balance, December 31, 1999	134.0	\$ 217.8	\$ 304.5	\$ 726.8	\$ (162.0)	\$ (816.2)	\$ (55.4)	\$ 215.5
Net income	—	—	—	228.0	—	—	—	228.0
Other comprehensive loss	—	—	—	—	(44.1)	—	—	(44.1)
Shares issued under stock plans	1.8	2.2	21.1	—	—	0.4	0.4	24.1
Treasury stock purchased	(0.3)	—	—	—	—	(6.5)	—	(6.5)
Treasury stock reissued for acquisitions	0.3	—	2.6	—	—	8.0	—	10.6
Cost of treasury stock transferred to employee benefits trust	—	—	—	—	—	35.3	(35.3)	—
Cash dividends	—	—	—	(52.3)	—	—	—	(52.3)
Income tax benefit from stock plans	—	—	5.6	—	—	—	—	5.6
Dividends from employee benefits trusts	—	—	2.7	—	—	—	—	2.7
Balance, December 31, 2000	135.8	220.0	336.5	902.5	(206.1)	(779.0)	(90.3)	383.6
Net income	—	—	—	122.5	—	—	—	122.5
Other comprehensive loss	—	—	—	—	(67.3)	—	—	(67.3)
Shares issued under stock plans	2.5	3.0	33.7	—	—	0.5	0.5	37.7
Treasury stock purchased	(2.1)	—	—	—	—	(49.5)	—	(49.5)
Cash dividends	—	—	—	(32.3)	—	—	—	(32.3)
Spin-off of Certegy Inc.	—	—	—	(233.9)	76.2	—	—	(157.7)
Income tax benefit from stock plans	—	—	4.9	—	—	—	—	4.9
Dividends from employee benefits trusts	—	—	1.6	—	—	—	—	1.6
Balance, December 31, 2001	136.2	223.0	376.7	758.8	(197.2)	(828.0)	(89.8)	243.5
Net income	—	—	—	178.0	—	—	—	178.0
Other comprehensive loss	—	—	—	—	(162.2)	—	—	(162.2)
Shares issued under stock plans	2.4	2.1	28.2	—	—	0.8	7.4	38.5
Treasury stock purchased	(2.9)	—	—	—	—	(72.5)	—	(72.5)
Cash dividends	—	—	—	(11.4)	—	—	—	(11.4)
Income tax benefit from stock plans	—	—	6.6	—	—	—	—	6.6
Dividends from employee benefits trusts	—	—	0.5	—	—	—	—	0.5
Balance, December 31, 2002	135.7	\$ 225.1	\$ 412.0	\$ 925.4	\$ (359.4)	\$ (899.7)	\$ (82.4)	\$ 221.0

Accumulated Other Comprehensive Loss consists of the following components at December 31:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Foreign currency translation	<b>\$ (239.6)</b>	\$ (191.8)	\$ (202.8)
Minimum pension liability, net of tax of \$70.2 in 2002, \$3.2 in 2001, and \$2.3 in 2000	<b>(117.0)</b>	(4.6)	(3.3)
Cash flow hedging transactions, net of tax of \$1.9 in 2002 and \$0.6 in 2001	<b>(2.8)</b>	(0.8)	—
	<b><u>\$ (359.4)</u></b>	<b><u>\$ (197.2)</u></b>	<b><u>\$ (206.1)</u></b>

Comprehensive Income is as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Net income	<b>\$ 178.0</b>	\$ 122.5	\$ 228.0
Other comprehensive loss:			
Foreign currency translation adjustment	<b>(47.8)</b>	(65.2)	(45.5)
Minimum pension liability adjustment	<b>(112.4)</b>	(1.3)	1.4
Change in cumulative loss from cash flow hedging transactions	<b>(2.0)</b>	(0.8)	—
	<b><u>\$ 15.8</u></b>	<b><u>\$ 55.2</u></b>	<b><u>\$ 183.9</u></b>

See Notes to Consolidated Financial Statements.

## 1. SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

**Accounting Principles.** Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

**Principles of Consolidation.** Our Consolidated Financial Statements include the accounts of Equifax Inc. and its majority-owned and controlled subsidiaries. All significant intercompany transactions and balances have been eliminated. Certain prior year amounts have been reclassified to conform with the current year presentation. The 2000 financial statements presented have been restated to reflect the spin-off of Certegy Inc. (Note 2).

**Nature of Operations.** We provide information services to businesses to help them grant credit and market to their customers. We also provide products via the internet to individuals to enable them to manage and protect their financial affairs (see Note 12 for segment information). Our primary markets include retailers, banks and other financial institutions, the transportation, telecommunications, utility, and manufacturing industries, as well as consumers and government. Our operations are predominantly located within the United States, with foreign operations principally located in Canada, the United Kingdom, and Brazil.

**Use of Estimates.** Our financial statements are prepared in conformity with accounting principles generally accepted in the United States. Those principles require us to make estimates and assumptions. We believe that these estimates and assumptions are reasonable based upon information available to us at the time they are made. 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. Estimates and assumptions are used for, but not limited to, the accounting for the allowance for doubtful accounts, goodwill impairments, contingencies, restructuring costs, preliminary allocation of purchase price of acquisitions, and valuation of pension assets. Actual results could differ materially from these estimates.

**Revenue Recognition and Deferred Revenue.** We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectibility of the selling price is reasonably assured. For sales contracts having multiple elements that can be divided into separate units of accounting, we allocate revenue to these separate units based on their relative fair values. If relative fair values cannot be established, revenue recognition is deferred until all elements under the contract have been delivered. Multiple deliverable arrangements generally involve delivery of multiple product lines. These product lines are distinct enough to be separated into separate units of accounting. Each product line does not impact the value or usage of other deliverables in the arrangement, and each can be sold alone or purchased from another vendor without affecting the quality of use or value to the customer of the remaining deliverables. Delivery of product lines generally occurs consistently over the contract period.

In conjunction with certain products and services, we charge a non-refundable set-up fee which is recognized ratably on a pro-rata basis over the term of the contract. Revenue from the sale of decision or statistical models is recognized upon customer installation and acceptance. For certain products and services sold on a subscription basis, we recognize revenue pro rata over the term of the contract.

Amounts billed in advance are recorded as current or long-term deferred revenue on the balance sheet, with current deferred revenue reflecting services expected to be provided within the next twelve months. Current deferred revenue is included with other current liabilities in the accompanying consolidated balance sheets, and as of December 31, 2002 and 2001, totaled \$22.9 million and \$21.8 million, respectively. In 1996, we received a one-time payment of \$58.0 million related to a lottery subcontract and recognized \$5.4 million in revenue. The remaining balance was recognized as revenue over the term of the contract, with \$9.6 million per year recognized in 1997 through 2001 and \$4.4 million recognized in 2002. In conjunction with the divestiture of our risk management collections businesses in the U.S. and Canada in October 2000 (Note 4), certain of the proceeds received related to contracts to provide credit information products and services to the buyers over the next five to six years and were recorded in current and long-term deferred revenue. At December 31, 2002, \$14.9 million remained unrecognized, with \$10.6 million included in long-term deferred revenue in the accompanying consolidated balance sheets. This deferred revenue will be recognized as the contracted products and services are provided.

**Trade Accounts Receivable.** The provision for losses on trade accounts receivable was \$17.3 million, write-offs were \$12.6 million and recoveries were \$1 million for 2002, and were included in the "selling, general and administrative expenses" line item on the accompanying Consolidated Statements of Income.

## Notes to Consolidated Financial Statements

**Costs of Services.** Costs of services consist primarily of data acquisition and royalties; customer service costs, which include: personnel costs to collect, maintain and update our proprietary databases, to develop and maintain software application platforms, and to provide consumer and customer call center support; hardware and software expense associated with transaction processing systems; telecommunication and computer network expense; and occupancy costs associated with facilities where these functions are performed.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses consist primarily of personnel costs paid to sales and administrative employees and management.

**Legal Contingencies.** We periodically review claims and legal proceedings and assess whether we have potential financial exposure. If the potential loss from any claim or legal proceeding is probable and can be estimated, we accrue a liability for estimated legal fees and settlements.

**Income Taxes.** We base income tax expense on pre-tax financial accounting income, and recognize deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Significant judgment is required to determine our global income tax expense due to transactions and calculations where the ultimate tax consequence is uncertain, and we record a valuation allowance to reduce our deferred tax assets to the amount of future tax benefit that is likely to be received. We believe that our estimates are reasonable, however, the final outcome of tax matters may be different than the estimates reflected on our financials.

**Earnings Per Share.** Our basic earnings per share, or EPS is calculated as income available to common stockholders 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 amount used in our EPS calculations is the same for both basic and diluted EPS. A reconciliation of the weighted average outstanding shares used in the two calculations is as follows:

<i>(In millions)</i>	2002	2001	2000
Weighted average shares outstanding (basic)	136.2	136.8	134.4
Effect of dilutive securities:			
Stock options	2.3	2.1	1.4
Long-term incentive plans	—	0.1	0.2
Weighted average shares outstanding (diluted)	138.5	139.0	136.0

**Property and Equipment.** The cost of property and equipment is depreciated primarily on the straight-line basis over estimated asset lives of 30 to 50 years for buildings; useful lives, not to exceed lease terms, for leasehold improvements; three to five years for data processing equipment; and eight to 20 years for other fixed assets.

**Goodwill.** Prior to 2002, goodwill was amortized on a straight-line basis predominantly over periods from 20 to 40 years. In 2001, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or SFAS, No. 142, "Goodwill and Other Intangible Assets," or SFAS 142. SFAS 142 eliminates the amortization of goodwill and certain other intangible assets and requires that goodwill be evaluated for impairment by applying a fair value-based test. We adopted the standard effective June 30, 2001, for all subsequent acquisitions, and adopted the standard effective January 1, 2002 for all acquisitions that occurred prior to June 30, 2001. We completed fair value-based impairment tests and in doing so, we determined that goodwill was not impaired; therefore no transitional impairment charge was recorded.

Amortization expense was \$25.4 million in 2001 and \$24.4 million in 2000. As of December 31, 2002 and 2001, accumulated amortization balances were \$88.2 million and \$94.5 million, respectively.

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## Notes to Consolidated Financial Statements

A reconciliation of 2001 and 2000 reported earnings with pro forma earnings excluding goodwill amortization is shown on the table below (in millions, except per share amounts):

	As Reported	Amortization (Net of Tax)	Pro Forma
Year Ended December 31, 2001:			
Income from continuing operations	\$ 117.3	\$ 18.5	\$ 135.8
Income from continuing operations per share (diluted)	\$ 0.84	\$ 0.13	\$ 0.98
Net income	\$ 122.5	\$ 22.0	\$ 144.5
Net income per share (diluted)	\$ 0.88	\$ 0.16	\$ 1.04
Year Ended December 31, 2000:			
Income from continuing operations	\$ 141.1	\$ 19.6	\$ 160.7
Income from continuing operations per share (diluted)	\$ 1.04	\$ 0.14	\$ 1.18
Net income	\$ 228.0	\$ 25.6	\$ 253.6
Net income per share (diluted)	\$ 1.68	\$ 0.18	\$ 1.86

**Purchased Data Files.** Purchased data files are amortized on a straight-line basis primarily over 15 years. Amortization expense was \$26.3 million in 2002, \$21.8 million in 2001, and \$20.2 million in 2000. As of December 31, 2002 and 2001, accumulated amortization balances were \$147.5 million and \$136.6 million, respectively.

**Impairment of Long-Lived Assets.** We test long-lived assets for impairment annually, and more frequently if events and circumstances indicate that the carrying amounts of such assets may not be recoverable. If potential indicators of impairment exist, we estimate recoverability using undiscounted future cash flows resulting from the use of the assets and their eventual disposition. If the carrying value of the assets exceeds the estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the assets' carrying value over the fair value.

**Other Assets.** Other assets at December 31, 2002 and 2001 consist of the following:

(In millions)	2002	2001
Systems development and other deferred costs	\$ 102.8	\$ 81.5
Purchased software	22.1	28.6
Prepaid pension cost	13.3	97.3
Risk management purchased paper (Note 4)	1.7	31.2
Investments in unconsolidated companies	27.4	26.3
Indefinite lived intangible and other	80.0	21.0
	<u>\$ 247.3</u>	<u>\$ 285.9</u>

Purchased software and systems development and other deferred costs are being amortized on a straight-line basis over five to ten years. Amortization expense for other assets was \$39.7 million in 2002, \$38.7 million in 2001, and \$36.7 million in 2000. As of December 31, 2002 and 2001, accumulated amortization balances were \$123.9 million and \$117.6 million, respectively. For intangible assets subject to amortization, the estimated aggregate amortization expense is \$70.7 million for 2003, \$69.7 million for 2004, \$57.3 million for 2005, \$40.9 million for 2006 and \$35.2 million for 2007. We have entered into strategic investments in privately held companies totaling \$27.4 million and \$26.3 million at December 31, 2002 and 2001, respectively. These investments are accounted for under the cost method as we do not exercise significant influence over the investment entities or hold significant levels of ownership. Investments in unconsolidated companies also include a notes receivable from a company of \$20.0 million which is due November 2006. We regularly review these investments for impairment issues, and in the fourth quarter 2001, we wrote off investments totaling \$6.9 million (Note 5). We believe that these investments are appropriately valued at December 31, 2002.

**Foreign Currency Translation.** The functional currency of our foreign subsidiaries are those subsidiaries' local currencies. We translate the assets and liabilities of foreign subsidiaries at the year-end rate of exchange, and income statement items at the average rates prevailing during the year. We record the resulting translation adjustment as a

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## Notes to Consolidated Financial Statements

component of shareholders' equity. We also record gains and losses resulting from the translation of intercompany balances of a long-term investment nature as a component of shareholders' equity. We record other foreign currency translation gains and losses, which are not material, in the consolidated statements of income.

**Consolidated Statements of Cash Flows.** We consider cash equivalents to be short-term cash investments with original maturities of three months or less.

Cash paid for income taxes and interest from continuing operations is as follows:

(In millions)	2002	2001	2000
Income taxes, net of amounts refunded	\$ 92.6	\$ 78.4	\$ 81.7
Interest	41.8	49.7	56.0

In 2002, 2001, and 2000, we acquired various businesses that were accounted for as purchases (Note 3). In conjunction with these transactions, liabilities were recorded as follows:

(In millions)	2002	2001	2000
Fair value of assets acquired	\$ 344.2	\$ 50.4	\$ 368.2
Cash paid for acquisitions	328.4	44.4	334.8
Value of treasury stock reissued for acquisitions	—	—	10.6
Liabilities recorded	\$ 15.8	\$ 6.0	\$ 22.8

**Financial Instruments.** Our financial instruments consist primarily of cash and cash equivalents, accounts and notes receivable, accounts payable, and short-term and long-term debt. The carrying amounts of these items, other than long-term debt, approximate their fair market values due to their short maturity. As of December 31, 2002, the fair value of our long-term debt (determined primarily by broker quotes) was \$720.5 million compared to its carrying value of \$690.6 million.

**Accounting for Stock-Based Compensation.** In accordance with the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), we have elected to apply APB Opinion No. 25 and related interpretations in accounting for our stock option and performance share plans. Accordingly, we do not recognize compensation cost in connection with our stock option plans and record compensation expense related to our performance share plan based on the current market price of the our common stock and the extent to which performance criteria are being met.

We have computed the proforma disclosures required under SFAS No. 123 using the Black-Scholes option pricing model. The fair value of options granted in 2002, 2001, and 2000 is estimated on the date of grant using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2002	2001	2000
Dividend yield	0.3%	0.5%	1.7%
Expected volatility	40.8%	41.0%	42.0%
Risk-free interest rate	3.5%	4.2%	6.5%
Expected life in years	2.9	2.6	2.3

The weighted-average grant-date fair value per share of options granted in 2002, 2001, and 2000 is as follows:

	2002	2001	2000
Grants (all at market price)	\$7.51	\$ 8.80	\$ 6.14

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 (in millions, except per share amounts):

	2002		2001		2000	
	Reported	Pro Forma	Reported	Pro Forma	Reported	Pro Forma
Net income	\$ 178.0	\$ 163.9	\$ 122.5	\$ 102.6	\$ 228.0	\$ 211.9
Net income per share (basic)	\$ 1.31	\$ 1.20	\$ 0.90	\$ 0.75	\$ 1.70	\$ 1.58
Net income per share (diluted)	\$ 1.29	\$ 1.18	\$ 0.88	\$ 0.74	\$ 1.68	\$ 1.56

**Derivative Instruments and Hedging Activities.** Effective January 1, 2001, we adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" or SFAS 133. SFAS 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 fixed-floating mix of our debt portfolio. As of December 31, 2002, the only hedging transactions to which we were a counterparty consisted of interest rate swap agreements.

At December 31, 2002, we have a \$29.0 million notional amount floating-to-fixed interest rate swap agreement in place with a bank counterparty that fixes the interest rate on the \$29.0 million synthetic lease related to our corporate headquarters through its maturity in 2010. This hedge has been designated as a cash flow hedge under SFAS 133, is fully effective, and at December 31, 2002, was valued as a liability totaling \$4.7 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.

At December 31, 2002, we also have interest rate swap agreements in place with a bank counterparty to float the interest rate on \$250.0 million of our fixed rate senior unsecured notes through their maturity date in 2005. These derivatives have been designated as fair value hedges and are fully effective. The value of these swaps was \$18.3

million at December 31, 2002, and was recorded as an asset along with a corresponding increase in long-term debt.

Our maximum exposure to loss due to credit risk on these interest rate swap agreements approximates \$13.5 million if all of the bank counterparties default. We mitigate this exposure by monitoring the concentration of risk exposure that we have with any one bank, and through the use of minimum credit quality standards for all counterparties.

**Recent Accounting Pronouncements.** In January 2002, we adopted SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” or SFAS 144. The statement supersedes SFAS No. 121 “Accounting for the Impairment of

## Notes to Consolidated Financial Statements

Long-Lived Assets and for Long-Lived Assets to Be Disposed Of”, but retains the fundamental provisions of that statement related to the recognition and measurement of the impairment of long-lived assets to be held and used while expanding the measurement requirements of long-lived assets to be disposed of by sale to include discontinued operations. The SFAS 144 also supersedes Accounting Principles Board Opinion No. 30 “Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions,” or APB 30, for the disposal of a segment of business, extending the reporting of a discontinued operation to a “component of an entity.” Further, the SFAS 144 requires operating losses from a “component of an entity” to be recognized in the period(s) in which they occur rather than at the measurement date as had been required under APB 30.

In April 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections or SFAS 145.” SFAS 145 amends SFAS No. 13, “Accounting for Leases,” to eliminate inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS 145 also rescinds SFAS 4, “Reporting Gains and Losses from Extinguishment of Debt.” Accordingly, gains or losses from extinguishment of debt shall not be reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the criteria APB 30, SFAS 145 is effective for fiscal years beginning after May 15, 2002. We adopted SFAS 145 on January 1, 2003.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities”, or SFAS 146. SFAS 146 provides guidance related to accounting for costs associated with disposal activities covered by SFAS 144 or with exit or restructuring activities previously covered by Emerging Issues Task Force (“EITF”) Issue No. 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).” SFAS 146 supercedes EITF Issue No. 94-3 in its entirety. SFAS 146 requires that costs related to exiting an activity or to a restructuring not be recognized until the liability is incurred. SFAS 146 will be applied prospectively to exit or disposal activities that are initiated after December 31, 2002. We adopted SFAS 146 on January 1, 2003.

In November 2002, the FASB issued FASB Interpretation No. 45, or FIN 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.” FIN 45 currently requires that a liability be recorded in the guarantor’s balance sheet upon issuance of a guarantee. In addition, as of December 31, 2002, FIN 45 requires disclosures about the guarantees that an entity has issued, including a roll-forward of the entity’s product warranty liabilities. We adopted the disclosure requirements of FIN 45 effective December 31, 2002 and the remaining provisions on January 1, 2003 and have included the required disclosures in these Notes to our Consolidated Financial Statement.

In November 2002, the EITF reached a consensus on Issue No. 00-21, “Revenue Arrangements with Multiple Deliverables.” EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003 and are not expected to have a material impact on our financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, “Accounting for Stock-Based Compensation, Transition and Disclosure or SFAS 148.” SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure provisions of SFAS 123 “Accounting for Stock Based Compensation” to currently require disclosure in the summary of significant accounting policies of the effects of an entity’s accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. SFAS 148 does not amend SFAS 123 to require companies to account for their employee stock-based awards using the fair value method. However, the disclosure provisions are required for all companies with stock-based employee compensation, regardless of whether they utilize the fair value method of accounting described in SFAS 123 or the intrinsic value method described in APB Opinion No. 25, “Accounting for Stock Issued to Employees”. We adopted SFAS 148 on January 1, 2003 and have included the initial required disclosures in these Notes to our Consolidated Financial Statements.

In January 2003, the FASB issued FASB Interpretation No. 46 (“FIN 46”), “Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51.” FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after



## Notes to Consolidated Financial Statements

January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. We are evaluating the impact of FIN 46 on our financial position and results of operations.

### 2. DISCONTINUED OPERATIONS

During the third quarter of 2002, we made the decision to exit our commercial services business in Spain, and this business is now held for sale, with the expectation to sell the business within twelve months. In accordance with SFAS 144 (Note 1), the net assets, results of operations and cash flows of the Spain commercial business for 2002 have been classified as “discontinued operations.” For 2002, revenues for this business totaled \$9.1 million and pre-tax losses (after minority interest and before estimated loss on disposal) were \$6.5 million. The estimated loss on disposal recorded in the third quarter of 2002 totaled \$9.0 million after minority interest, or \$0.07 per share. Prior year results were not material and have not been reclassified to discontinued operations.

On July 7, 2001, we completed the spin-off of our Payment Services business segment (Certegey Inc. or Certegey) through a tax-free dividend of all of our Certegey stock to our shareholders. Shareholders received a dividend of one share of Certegey stock for each two shares of Equifax stock owned. This non-cash dividend totaled \$233.9 million. Also in connection with the spin-off, we reduced debt by \$275.0 million in July 2001 following Certegey’s cash dividend of that amount to us.

As a result of the spin-off, our financial statements have been prepared with Certegey’s net assets, results of operations, and cash flows classified as “discontinued operations.” All historical statements have been restated to conform with this presentation. Also as a result of the spin-off, during the second quarter of 2001 we recorded an expense of \$36.5 million (\$28.4 million after tax, or \$0.21 per share) to accrue the costs associated with effecting the spin-off. These costs include fees for investment bankers, legal and accounting services, duplicate software licenses, and various other directly related expenses. This expense has been included as a component of discontinued operations in the accompanying statements of income and cash flows. In 2002, charges to this reserve totaled \$2.3 million, and the remaining reserve of \$0.7 million at December 31, 2002, which represents known costs we expect to incur within the foreseeable future, is included in other current liabilities in the accompanying consolidated balance sheets.

Summarized financial information for the discontinued Certegey operation is as follows:

(In millions)	2001	2000
Revenue	\$ 398.3	\$ 776.7
Income before income taxes	56.0	137.1
Net Income	\$ 33.6	\$ 86.9

### 3. ACQUISITIONS

In 2002, we acquired the credit files, contractual right to territories (generally states of integration areas), and customer relationships and related businesses of eight independent credit reporting agencies that house their consumer information on our system (“Affiliates”) located in the United States and three Affiliates in Canada to continue to grow our credit data franchise. The consumer credit files, contractual right to territories (generally states of integration areas), and customer relationships of the largest of these Affiliates, CBC Companies, Inc., were acquired in November 2002 for \$95.0 million. In April 2002, in conjunction with a put arrangement with the original owners, we completed the purchase of the remaining 20% minority interest in our Brazilian operation making us the sole owners, and in June 2002 completed the purchase of a small technology development company. In August 2002, to accelerate growth in our marketing services business, we purchased Naviant, Inc., a provider of precision marketing services, for approximately \$135.0 million. At the closing of the Naviant, Inc. acquisition, the sellers deposited \$10.0 million of the transaction consideration into escrow. The escrow fund will be held for 24 months following the closing date of August 15, 2002. The escrow arrangement provides for payment to us in the event any indemnified loss arises and is settled during the period. At the end of the 24 months, all escrow funds will be returned to the sellers with holdback for any unresolved claims. In October 2002, we acquired outstanding shares and increased our ownership to 79.4%, from 60.0%, of our information Spanish subsidiary. These acquisitions were accounted for as purchases and had a total purchase price of \$333.6 million. They were acquired for cash of \$328.4 million and notes payable of \$5.2 million. The following table summarizes the estimated fair value of the net assets acquired and the liabilities assumed at the acquisition dates.

(In millions)

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### Notes to Consolidated Financial Statements

Current Assets	\$ 17.6
Property and Equipment	3.1
Other Assets	59.0
Purchased Data Files	88.8
Goodwill	175.7
Total Acquired Assets	344.2
Total Liabilities	10.6
Net Assets Acquired	\$ 333.6

The results of operations from these acquisitions have been included in the consolidated statements of income from the dates of acquisition. The following unaudited pro forma information has been prepared as if these acquisitions had occurred on January 1, 2001. The information is based on the historical results of the separate companies, and may not necessarily be indicative of the results that could have been achieved, or of results that may occur in the future.

(In millions, except per share amounts)

	2002	2001
Revenue	\$ 1,148.0	\$ 1,178.2
Net income	182.4	98.4
Net earnings per common share (diluted)	1.32	0.72

In 2001, we acquired the credit files, customer contracts and related businesses of five Affiliates located in the United States and 13 Affiliates in Canada, as well as an information services business in Uruguay. These acquisitions were accounted for as purchases and had a purchase price of \$48.9 million. They were acquired for cash of \$44.4 million and notes payable of \$4.5 million. They resulted in \$20.5 million of goodwill and \$27.2 million of purchased data files. Their results of operations have been included in the consolidated statements of income from their respective dates of acquisition and were not material.

Goodwill related to acquisitions was allocated to our reporting segments as follows:

(In millions, except per share amounts)

	2002	2001	2000
Equifax North America	\$ 145.5	\$ 13.2	\$ 195.5
Equifax Europe	2.6	—	15.4
Equifax Latin America	27.6	7.3	7.2
Total	\$ 175.7	\$ 20.5	\$ 218.1

During 2000, we acquired or increased our ownership in the following businesses:

Business	Month Acquired	Industry Segment	Percentage Ownership
Organizacion Veraz S.A. (Argentina)	December	Latin America	79.5%(1)
SEK S.r.l. and AIF Gruppo Securitas S.r.l. (Italy)	November	Europe	100.0%
Compliance Data Center, Inc.	October	North America	100.0%
Consumer Information Solutions (CIS) Group of R.L. Polk & Co.	May	North America	100.0%
Propago, S.A. (Chile)	January	Latin America	100.0%

(1) Increased to 79.5% from 66.7% acquired in 1997 and 1994

In 2000, in addition to the businesses above, we acquired the credit files, customer contracts, and related business, of 12 Affiliates located in the United States and 14 Affiliates in Canada. All of the 2000 acquisitions were accounted for as purchases and had an aggregate purchase price of \$348.4 million. They were purchased with a combination of cash totaling \$334.8 million, the re-issuance of treasury stock with a fair market value of \$10.6 million, and notes payable of \$3.0 million. The estimated fair value of the net assets acquired and the liabilities assumed at the acquisition dates are summarized in the following table.

(In millions)

Current Assets	\$ 43.0
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### Notes to Consolidated Financial Statements

Property and Equipment	11.0
Other Assets	17.3
Purchased Data Files	78.8
Goodwill	218.1
Total Acquired Assets	368.2
Total Liabilities	19.8
Net Assets Acquired	\$ 348.4

The results of operations from these acquisitions have been included in our consolidated statements of income from the dates of acquisition. The following un-audited pro forma information has been prepared as if these acquisitions had occurred on January 1, 2000. The information is based on the historical results of the separate companies, and may not necessarily be indicative of the results that could have been achieved, or of results that may occur in the future.

(In millions, except per share amounts)

	2000
Revenue	\$ 1,277.0
Net income	141.1
Net earnings per common share (diluted)	1.04

#### 4. DIVESTITURES

In October 2001, we sold our City Directory business, which had been acquired from R.L. Polk & Co. in May 2000. The resulting pre-tax loss of \$5.8 million (\$4.9 million after tax, or \$0.035 per share) was recorded in our consolidated statement of income as a charge to other income in September 2001.

In October 2000, we sold our risk management collections businesses located in the U.S., Canada, and the United Kingdom, and in December 2000, sold our vehicle information business in the United Kingdom, as well as a direct marketing business in Canada that was a small component of the CIS group acquired earlier in the year from R.L. Polk & Co. Proceeds from these sales included cash of \$149.2 million (net of cash sold) and a \$41.0 million note receivable from one of the buyers (repaid to us in 2002), and resulted in a pre-tax loss of \$4.2 million recorded in other income. Approximately \$25.5 million of the proceeds received in the U.S. and Canadian risk management sales related to exclusive contracts to provide the buyers with credit information products and services over several years, and was recorded in current and long-term deferred revenue. In conjunction with the sale of our risk management collections business in the United Kingdom, we guaranteed approximately \$60.0 million of the buyer's third-party acquisition financing which related to a portfolio of purchased paper. Since this purchased paper financing was entirely guaranteed by us, the amount guaranteed has been recorded in other assets and other long-term liabilities in the accompanying consolidated balance sheets. These corresponding asset and liability balances will be reduced as the buyer makes principal payments on their loan and our guarantee is reduced. The balances totaled \$1.7 million, \$31.2 million, and \$59.1 million at December 31, 2002, 2001, and 2000, respectively.

#### 5. RESTRUCTURING AND IMPAIRMENT CHARGES

In the fourth quarter of 2001, we recorded restructuring and impairment charges (discussed below) of \$60.4 million (\$35.3 million after tax, or \$0.25 per share).

Due to changes in market conditions and our technology strategy, we recorded an impairment charge in the fourth quarter of 2001 of \$23.2 million to write down certain technology investments, including \$6.9 million of investments in several third-party technology companies.

In the fourth quarter of 2001, we initiated a restructuring plan to align our cost structure with changing market conditions, reduce expenses and improve efficiencies, particularly in international operations. The plan included headcount reductions of approximately 700 employees, primarily located in our international operations. The restructuring charge for the year ended 2001 totaled \$37.2 million, and consisted of severance costs associated with headcount reductions and other related costs, including reserves to reflect our estimated exposure on facilities to be vacated or consolidated. Charges to the restructuring reserve totaled \$12.1 million in 2002 and \$8.8 million in 2001, and the remaining reserve of \$16.3 million at December 31, 2002 is included in other current liabilities in the accompanying consolidated balance sheet. During the fourth quarter of 2002, based on revised estimates, we determined that the severance portion of the reserve was inadequate and that the facilities and other portion of the reserve was excessive and made an adjustment of \$1.6 million to each reserve with no effect to net income. The majority of the remaining

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severance and related charges are expected to be paid in 2003, with charges related to real estate rental obligations being paid over the next several years. An analysis of activity in the reserve for 2001 and 2002 is as follows (in millions):

	Severance	Facilities and Other	Total
Original reserve, fourth quarter, 2001	\$ 12.0	\$ 25.2	\$ 37.2
Less 2001 charges	(3.6)	(5.2)	(8.8)
Balance, December 31, 2001	8.4	20.0	28.4
Less 2002 charges	(8.4)	(3.7)	(12.1)
Adjustment	1.6	(1.6)	—
<b>Balance, December 31, 2002</b>	<b>\$ 1.6</b>	<b>\$ 14.7</b>	<b>\$ 16.3</b>

## 6. LONG-TERM DEBT AND SHORT-TERM BORROWINGS

Long-term debt at December 31, 2002 and 2001 was as follows:

(In millions)	2002	2001
Senior Notes, 6.5%, due 2003, net of unamortized discount of \$0.1 million in 2002 and \$0.2 million in 2001	\$ 199.9	\$ 199.8
Notes, 6.3%, due 2005, net of unamortized discount of \$0.4 million in 2002 and \$0.6 million in 2001	249.6	249.4
Notes, 4.95%, due 2007, net of unamortized discount of \$0.5 million in 2002	249.5	—
Debentures, 6.9%, due 2028, net of unamortized discount of \$1.3 million in 2002 and \$1.3 million in 2001	148.7	148.7
Borrowings under revolving credit facilities, weighted average rate of 2.6% at December 31, 2002	21.8	90.9
Other	22.4	8.7
	<b>891.9</b>	<b>697.5</b>
Less current maturities	<b>201.3</b>	<b>3.9</b>
	<b>\$ 690.6</b>	<b>\$ 693.6</b>

In October 2002, we issued new 4.95% fixed rate five-year senior unsecured notes with a face value of \$250.0 million. The notes, which expire in 2007, were sold at a discount of \$0.5 million. The discount, and related issuance costs, will be amortized on a straight-line basis over the term of the notes. Our \$200.0 million 6.5% senior unsecured notes, originally issued in 1993, mature during June 2003, and therefore appear in the short-term debt and current maturities category on our December 31, 2002 balance sheet. The indebtedness evidenced by our 4.95% senior unsecured notes, our 6.5% senior unsecured notes, our 6.3% notes, and our 6.9% senior unsecured debentures, none of which has been guaranteed by any of our subsidiaries, is unsecured, and ranks on parity in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

In October 2001, we replaced our \$750.0 million revolving credit facility with a new, committed \$465.0 million revolving credit facility with a group of commercial and investment banks. This facility is comprised of a \$160.0 million, 364-day portion and a \$305.0 million, multi-year portion. The 364-day portion matures October 2, 2003. The multi-year portion expires October 4, 2004. The agreement provides for borrowings tied to Base Rate, LIBOR and competitive bid interest rate options and contains certain financial covenants related to interest coverage, funded debt to cash flow, and limitations on subsidiary indebtedness. Our borrowings under this facility, which have not been guaranteed by any of our subsidiaries, are unsecured and will rank on parity in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. At December 31, 2002, \$11.8 million of the revolving credit facility's outstanding balance was denominated in a foreign currency. This foreign denominated obligation is used to hedge the impact of foreign exchange rate fluctuations related to inter-company advances with one of our foreign subsidiaries.

Scheduled maturities of long-term debt during the five years subsequent to December 31, 2002, are as follows:

(In millions)	Amount
2003	\$ 201.3
2004	23.8

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## Notes to Consolidated Financial Statements

2005	249.6
2006	—
2007	249.8

Our short-term borrowings at December 31, 2002 and 2001, totaled \$32.6 million and \$58.1 million, respectively, and consisted primarily of notes payable to banks. These notes had a weighted average interest rate of 3.24% at December 31, 2002 and 3.30% at December 31, 2001. In October 2001, one of our Canadian subsidiaries entered into a C\$100.0 million loan, renewable annually, with a bank. The loan agreement provides interest rate options tied to Prime, Base Rate, LIBOR, and Canadian Banker's Acceptances, and contains financial covenants related to interest coverage, funded debt to cash flow, and limitations on subsidiary indebtedness. Our subsidiary's borrowings under this facility, which we have guaranteed, are unsecured. Borrowings under this loan (which are included in the short-term borrowings totals above) at December 31, 2002 and 2001 were \$29.3 million and \$47.7 million, respectively.

### 7. INCOME TAXES

We record deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income tax assets and liabilities are recorded based on the differences between the financial reporting and income tax bases of assets and liabilities.

The provision for income taxes from continuing operations consists of the following:

<i>(In millions)</i>	2002	2001	2000
<b>Current:</b>			
Federal	\$ 71.9	\$ 65.7	\$ 60.6
State	10.0	8.4	2.9
Foreign	20.6	5.7	25.6
	<u>102.5</u>	<u>79.8</u>	<u>89.1</u>
<b>Deferred:</b>			
Federal	23.3	5.7	10.8
State	(1.9)	(2.5)	2.2
Foreign	(0.3)	2.3	6.2
	<u>21.1</u>	<u>5.5</u>	<u>19.2</u>
	<u>\$ 123.6</u>	<u>\$ 85.3</u>	<u>\$ 108.3</u>

Domestic and foreign income from continuing operations before income taxes was as follows:

<i>(In millions)</i>	2002	2001	2000
United States	\$ 264.5	\$ 197.6	\$ 216.3
Foreign	50.4	5.0	33.1
	<u>\$ 314.9</u>	<u>\$ 202.6</u>	<u>\$ 249.4</u>

The provision for income taxes from continuing operations is reconciled with the federal statutory rate, as follows:

<i>(In millions)</i>	2002	2001	2000
Federal statutory rate	<u>35.0%</u>	<u>35.0%</u>	<u>35.0%</u>
Provision computed at federal statutory rate	\$ 110.2	\$ 70.9	\$ 87.3
State and local taxes, net of federal tax benefit	5.0	3.8	3.3
Nondeductible goodwill (including amounts related to divestitures)	—	6.7	8.8
Foreign	(8.8)	1.3	4.0
Valuation allowance	21.1	—	—
Other	(3.9)	2.6	4.9
	<u>\$ 123.6</u>	<u>\$ 85.3</u>	<u>\$ 108.3</u>

Components of the deferred income tax assets and liabilities at December 31, 2002 and 2001 are as follows:



## Notes to Consolidated Financial Statements

(In millions)	2002	2001
Deferred income tax assets:		
Reserves and accrued expenses	\$ —	\$ 30.0
Postretirement benefits	70.2	10.0
Employee compensation programs	11.5	9.9
Deferred revenue	6.9	4.7
Depreciation	6.2	—
Net operating loss carryforwards of subsidiaries	42.3	9.9
Foreign tax credits	22.2	41.5
Valuation allowance	(52.7)	(21.6)
Other	5.0	4.6
	<u>111.6</u>	<u>89.0</u>
Deferred income tax liabilities:		
Reserves and accrued expenses	(2.4)	—
Data files and other assets	(44.6)	(54.4)
Depreciation	—	(0.5)
Pension expense	(47.2)	(40.8)
Undistributed earnings of foreign subsidiaries	(11.7)	(36.3)
Other	(10.7)	(19.2)
	<u>(116.6)</u>	<u>(151.2)</u>
Net deferred income tax liability	<u>\$ (5.0)</u>	<u>\$ (62.2)</u>

Our deferred income tax assets and liabilities at December 31, 2002 and 2001, are included in the accompanying consolidated balance sheets as follows:

(In millions)	2002	2001
Deferred income tax assets	\$ 20.9	\$ 26.4
Deferred income tax liabilities	(25.9)	(88.6)
Net deferred income tax liability	<u>\$ (5.0)</u>	<u>\$ (62.2)</u>

Accumulated undistributed retained earnings of Canadian subsidiaries amounted to approximately \$51.9 million at December 31, 2002. No provision for Canadian withholding taxes or United States federal income taxes is made on these earnings, because they are considered by management to be permanently invested in those subsidiaries and, under the tax laws, are not subject to such taxes until distributed as dividends. If the earnings were not considered permanently invested, approximately \$2.6 million of deferred income taxes would have been provided. Such taxes, if ultimately paid, may be recoverable as foreign tax credits in the United States.

As of December 31, 2002, we have a deferred tax asset of \$78.6 million related to accumulated foreign currency translation loss for foreign locations, excluding Canada. A full valuation allowance, included in accumulated other comprehensive loss, has been provided due to uncertainty of future realization of this deferred tax asset.

At December 31, 2002, we had net operating loss and capital loss carry-forwards of approximately \$125.7 million of which \$61.2 million related to U.S. federal and \$64.5 million to foreign jurisdictions. Of the total net operating loss and capital loss carry-forwards, \$39.1 million has no expiration date, \$32.7 million will expire in 2006 and \$53.9 million will begin to expire at various times beginning in 2012. The U.S. federal loss carry-forward may be subject to certain limitations under Section 382 of the Internal Revenue Code of 1986, as amended. Additionally, we had foreign tax credit carry-forwards of approximately \$22.2 million of which \$13 million will begin to expire in 2005 and the remaining \$9.2 million will be utilized upon repatriation of foreign earnings. Tax effected net operating loss, capital loss and foreign tax credit carry-forwards of \$52.7 million have been fully reserved in the deferred tax valuation allowance due to the uncertainty resulting from a lack of previous foreign taxable income within certain foreign tax jurisdictions, uncertainty that sufficient capital gains will be generated and U.S. federal limitations under Section 382.

A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. We increased the valuation allowance by \$31.1 million in 2002 for capital loss carryovers and net operating loss carryforwards relating to Naviant, Spain, the United Kingdom and other entities.

## 8. SHAREHOLDERS' EQUITY

**Rights Plan.** In 1995, our Board of Directors adopted a Shareholder's Rights Plan. Our Rights Plan contains provisions to protect our shareholders in the event of an unsolicited offer to acquire us, including offers that do not treat all shareholders equally, the acquisition in the open market of shares constituting control without offering fair value to all

**Notes to Consolidated Financial Statements**

shareholders, and other coercive, unfair or inadequate takeover bids and practices that could impair the ability of our Board to represent shareholders' interests fully. Pursuant to the Rights Plan, our Board declared a dividend of one Share Purchase Right for each outstanding share of our common stock, with distribution to be made to shareholders of record as of November 24, 1995. The Rights, which will expire in November 2005, initially will be represented by, and traded together with, our common stock. The Rights are not currently exercisable and do not become exercisable unless certain triggering events occur. Among the triggering events is the acquisition of 20% or more of our common stock by a person or group of affiliated or associated persons. Unless previously redeemed, upon the occurrence of one of the specified triggering events, each Right that is not held by the 20% or more shareholder will entitle its holder to purchase one share of common stock or, under certain circumstances, additional shares of common stock at a discounted price.

**Treasury Stock and Employee Benefits Trusts.** During 2002, 2001, and 2000, we repurchased 2.9 million, 2.2 million, and 0.3 million of our own common shares through open market transactions at an aggregate investment of \$72.5 million, \$49.5 million, and \$6.5 million, respectively. At its February 2002 meeting, our Board of Directors authorized an additional \$250.0 million in share repurchases. At December 31, 2002, approximately \$222.2 million remained available for future purchases from prior authorizations of our Board of Directors.

In 1993, we established the Equifax Inc. Employee Stock Benefits Trust to fund various employee benefit plans and compensation programs and transferred 6.2 million treasury shares to the Trust. In 1994 and 2000, we transferred 0.6 million and 1.5 million treasury shares, respectively, to two other employee benefits trusts. Shares held by the trusts are not considered outstanding for earnings per share calculations until released to the employee benefit plans or programs. During 2002, 2001, and 2000, 752,178 shares, 48,593 shares and 39,830 shares, respectively, were used for various employee incentive and stock option programs.

**Stock Options.** Our shareholders have approved several stock option plans which provide that qualified and nonqualified options may be granted to officers and employees. Our Board of Directors has also approved a nonqualified stock option plan that cannot be used to grant shares to directors or executive officers. In addition, options remain outstanding under two plans from which no new grants may be made, one which was approved by shareholders. All plans require that options be granted at exercise prices not less than market value on the date of grant. Generally, options vest over periods of up to four years and are exercisable for ten years from grant date. Certain of the plans also provide for awards of restricted shares of our common stock. At December 31, 2002, there were 4.5 million shares available for future option grants and restricted stock awards.

The number of options outstanding and their exercise prices were adjusted in July 2001 pursuant to a formula as a result of the spin-off of Certegy. The adjustment increased the number of options outstanding in 2001 by approximately 2.1 million shares. A summary of changes in outstanding options and the related weighted average exercise price per share is shown in the following table:

	2002		2001		2000	
	Shares	Average Price	Shares	Average Price	Shares	Average Price
(Shares in thousands)						
Balance, beginning of year	10,909	\$ 16.37	9,698	\$ 25.22	10,563	\$ 24.14
Adjustment due to spin-off	—	—	2,055	—	—	—
Granted (all at market price)	2,388	25.06	2,680	28.27	1,841	22.39
Canceled	(414)	18.41	(1,171)	22.25	(924)	28.75
Exercised	(2,314)	15.31	(2,353)	16.91	(1,782)	13.70
Balance, end of year	10,569	18.48	10,909	16.37	9,698	25.22
Exercisable at end of year	8,232	\$ 17.59	7,743	\$ 15.66	6,069	\$ 22.13

The following table summarizes information about stock options outstanding at December 31, 2002 (shares in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Shares	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
\$5.14 to \$14.47	3,410	5.3	\$ 12.22	3,310	\$ 12.21



**Notes to Consolidated Financial Statements**

\$14.58 to \$19.35	2,692	6.9	17.13	2,012	17.16
\$19.39 to \$25.5	4,176	7.5	23.76	2,650	23.56
\$25.75 to \$37.25	291	5.0	28.55	260	28.63
	<u>10,569</u>	6.6	18.48	<u>8,232</u>	17.59

**Long-Term Incentive Plans.** We have key management long-term incentive plans for certain key officers that provide for cash awards at the end of various measurement periods based on the growth in earnings per share and/or various other criteria over the measurement period. For certain awards, the employee may elect to receive some or all of their distribution as an equity interest.

Expense for these plans can vary between years due to revisions of estimates of future distributions under the plans, which are based on the likelihood that the performance criteria will be met. The total expense under these plans was \$1.6 million in 2002, and \$4.5 million in 2001, and a credit to expense of \$3.1 million in 2000.

**9. EMPLOYEE BENEFITS**

In 1998, we adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of these plans.

**Pension Benefits:** Pension benefits are provided through U.S. and Canadian defined benefit pension plans and a supplemental executive defined benefit pension plan.

## Notes to Consolidated Financial Statements

**U.S. and Canadian Retirement Plans:** We have a non-contributory qualified retirement plan covering most US salaried employees and maintain a defined benefit plan for most salaried employees in Canada. Benefits are primarily a function of salary and years of service.

**Supplemental Retirement Plan:** We maintain a supplemental executive retirement program for certain key employees. The plan, which is unfunded, provides supplemental retirement payments based on salary and years of service.

**Other Benefits.** We maintain certain health care and life insurance benefit plans for eligible retired employees. Substantially all of our US employees may become eligible for these benefits if they reach retirement age while working for us and satisfy certain years of service requirements. We accrue the cost of providing these benefits over the active service period of the employee.

A reconciliation of the benefit obligations, plan assets, and funded status of the plans are as follows (in millions):

Change in benefit obligation	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Benefit obligation at beginning of year	\$ 442.6	\$ 422.1	\$ 23.1	\$ 22.5
Service cost	4.8	5.8	0.7	0.7
Interest cost	30.8	31.9	1.6	1.6
Actuarial loss	32.7	48.5	4.8	2.0
Plan amendments	0.7	—	—	—
Foreign currency exchange	0.3	(1.5)	—	—
Curtailments	—	(1.5)	—	—
Spin-off of Certegy	—	(27.3)	—	(1.8)
Settlements	—	(0.3)	—	—
Benefits paid	(34.7)	(35.1)	(2.2)	(1.9)
Benefit obligation at end of year	\$ 477.2	\$ 442.6	\$ 28.0	\$ 23.1

  

Change in plan assets	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Fair value of plan assets at beginning of year	\$ 446.3	\$ 549.2	\$ 0.0	\$ 0.2
Actual return on plan assets	(55.7)	(33.0)	(0.5)	—
Employer contribution	19.2	12.3	4.0	—
Foreign currency exchange	0.4	(2.1)	—	—
Spin-off of Certegy	—	(45.0)	—	—
Benefits paid	(34.7)	(35.1)	—	(0.2)
Fair value of plan assets at end of year	\$ 375.5	\$ 446.3	\$ 3.5	\$ —

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## Notes to consolidated Financial Statements

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Funded Status	\$ (101.7)	\$3.7	\$(24.5)	\$(23.1)
Unrecognized actuarial loss	210.5	75.0	8.0	2.3
Unrecognized prior service cost	0.9	0.2	(0.4)	(0.6)
Net amount recognized	\$ 109.7	\$ 78.9	\$ (16.9)	\$(21.4)

Amounts recognized in the statement of financial position consist of:	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Prepaid benefit cost	\$ 13.3	\$97.3	\$ —	\$ —
Accrued benefit liability	(91.6)	(26.3)	(16.9)	(21.4)
Intangible asset	0.8	0.1	—	—
Accumulated other comprehensive income	187.2	7.8	—	—
Net amount recognized	\$ 109.7	\$ 78.9	\$ (16.9)	\$(21.4)

Weighted-average assumptions as of December 31	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
Discount rate	6.75%	7.25%	6.75%	7.25%
Expected return on plan assets	9.50%	9.50%	9.50%	5.00%
Rate of compensation increase	4.25%	4.25%	N/A	N/A

For measurement purposes, a 9 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2003. The rate was assumed to decrease gradually to 5 percent for 2007 and remain at that level thereafter.

Net pension (income) expense for the plans include the following (income) expense components:

(In millions)	Pension Benefits			Other Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	\$ 4.8	\$ 5.8	\$ 5.9	\$ 0.7	\$ 0.7	\$ 0.8
Interest cost	30.8	31.9	32.8	1.6	1.6	1.6
Expected return on plan assets	(47.3)	(47.1)	(46.3)	(0.4)	—	—
Amortization of initial unrecognized net (asset)	—	0.1	(0.1)	—	—	—
Amortization of prior service cost	—	0.3	0.7	(0.2)	(0.5)	(1.0)
Recognized actuarial loss	0.2	0.1	0.4	—	—	—
Curtailment gain	—	—	(1.3)	—	—	(0.8)
Settlement gain	—	0.3	—	—	—	—
Net pension income	\$ (11.5)	\$ (8.6)	\$ (7.9)	\$ 1.7	\$ 1.8	\$ 0.6

Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service cost and interest cost components	\$ 0.1	\$(0.1)
Effect on postretirement benefit obligation	\$ 0.7	(0.7)

The discount rate used to calculate the U.S. Retirement Plan funded status was decreased from 7.25% for year-end 2001 to 6.75% for year-end 2002. The effect of this change was an increase in year-end 2002 benefit obligation (and reduction in funded status) of \$22.3 million.

The discount rate used to calculate US Retirement Plan pension income was decreased from 8.00% for 2001 to 7.25% for 2002. The effect of this change was a decrease in 2002 income of \$0.1 million.



## Notes to consolidated Financial Statements

For calculating pension income, a market-related value of assets is used. The market-related value of assets recognizes the difference between actual returns and expected returns over five years at a rate of 20% per year.

The net pension income shown above includes income amounts allocated to discontinued operations of \$0, \$2.1 million, and \$3.3 million in 2002, 2001, and 2000, respectively. The 2000 curtailment gains of \$1.3 million (pension benefits) and \$0.8 million (other benefits) related to the sale of the U.S. risk management collections business (Note 4), and was included as a component of the loss on sale of businesses recorded in other income.

The U.S. Retirement Plan and the Supplemental Retirement Plan both have accumulated benefit obligations in excess of plan assets as of December 31, 2002. The aggregate projected benefit obligation, accumulated benefit obligation, and fair value of plan assets (in millions) for these two plans are \$451.2, \$436.4, and \$344.8, respectively, as of December 31, 2002, and \$419.0, \$408.1, and \$413.1, respectively, as of December 31, 2001.

During 2002, actual asset returns for the pension plans were adversely impacted by further deterioration in the equity markets. The S&P 500 has declined 22% and 12% in 2002 and 2001, respectively. Our actual return on pension plan assets in 2002 was a negative 12.8%. Also in 2002, corporate bond yields, which we use in determining our discount rate for future pension obligations, continued to decline. The 2002 asset returns and lower discount rates negatively impacted the funded status of our pension plans requiring us to recognize a minimum pension liability. The liability was recorded as a non-cash \$112.4 million after tax reduction to Shareholder's equity as part of accumulated other comprehensive income (loss). This equity reduction did not impact our net income or cash flow in 2002 and has no impact on compliance with debt covenants.

While the asset return and interest rate environment have negatively impacted the funded status of our plans, we do not currently have minimum funding requirements, as set forth in the Employment Retirement Income Security Act and federal tax laws. Although no minimum funding was required, we voluntarily contributed \$20.0 million to our U.S. retirement plan in 2002.

At December 31, 2002 and 2001, the plan's assets included 1.76 million shares of the Company's common stock with a market value of approximately \$40.9 million and \$42.6 million, respectively.

**Foreign Retirement Plans** We also maintain defined contribution plans for certain employees in the United Kingdom. For the year ended December 31, 2002 our expenses related to these plans were \$1.2 million.

**Employee Retirement Savings Plans.** Our retirement savings plans provide for annual contributions, within specified ranges, determined at the discretion of the Board of Directors for the benefit of eligible employees in the form of cash or shares of common stock. Employees may sell their stock, including shares contributed as the Company match, at any time. Expense for these plans was \$3.0 million in 2002, \$2.5 million in 2001, and \$2.4 million in 2000.

## 10. COMMITMENTS AND CONTINGENCIES

**Leases.** Our operating leases involve principally office space and office equipment. Under the terms of the operating lease for our headquarters building in Atlanta, Georgia, which commenced in 1998, we have guaranteed a portion of the residual value of the building at the end of the lease in 2010. The maximum exposure under the guarantee is approximately \$23.2 million. We believe the fair market value of this property exceeds the amount of the guarantee.

Rental expense related to our operating leases was \$22.0 million in 2002, \$23.8 million in 2001, and \$28.4 million in 2000. Our headquarters building operating lease has ground purchase options exercisable beginning in 2019, ground renewal options exercisable in 2048, and escalation clauses of \$50,000 beginning in 2009. Our technology center in Alpharetta, Georgia has rent escalations of approximately \$4.0 million over the next five years, termination options exercisable beginning in 2003, and renewal options through 2039. Future minimum payment obligations for noncancelable operating leases exceeding one year are as follows as of December 31, 2002:

<i>(In millions)</i>		Amount
2003	\$	23.3

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2004	18.7
2005	15.7
2006	13.0
2007	11.3
Thereafter	74.0
	<u>\$ 156.0</u>

**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 - \$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.

**Data Processing and Outsourcing Services Agreements.** We have separate agreements with IBM, PwCES LLC, Polk/Acxiom, Seisint Inc., Xerox Connect, Inc., and Jones-Lang LaSalle which outsource portions of our computer data processing operations and related functions and certain administrative functions. The agreements expire between 2004 and 2010. The estimated aggregate contractual obligation remaining under these agreements is \$578.5 million as of December 31, 2002, with no future year expected to exceed \$115.0 million. However, these amounts could be more or less depending on various factors such as the inflation rate, the introduction of significant new technologies, or changes in our servicing needs as a result of acquisitions or divestitures. Under certain circumstances (e.g., a change in control, or for our convenience), we may terminate these agreements. However, some of the agreements provide that we must pay a significant termination charge in the event of such a termination.

**Change in Control Agreements.** We have agreements with 15 of our officers which provide certain severance pay and benefits in the event of a termination of the officer's employment under certain circumstances following a "change in control". "Change in control" is defined as the accumulation by any person, entity, or group of 20% or more of the combined voting power of our voting stock or the occurrence of certain other specified events. In the event of a "change in control," our performance share plan provides that all shares designated for future distribution will become fully vested and payable, subject to the achievement of certain levels of growth in earnings per share and certain other criteria. At December 31, 2002, the maximum contingent liability under the agreements and plans was approximately \$22.0 million.

**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 of all letters of credit is less than \$15.0 million and all have a maturity of less than one year. 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 balance sheet was extended 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 term loan, which had \$7.9 million outstanding as of December 31, 2002, expires December 1, 2011. Our obligations under such guarantee are not secured. We believe the likelihood of demand for payment under these instruments is minimal and expect no material losses to occur in connection with these instruments.

**Subsidiary Dividends and Fund Transfers.** The ability of certain of our subsidiaries and associated companies to transfer funds to us is limited 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.

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**Litigation.** A number of lawsuits seeking damages are brought against us each year, primarily as a result of reports issued by us. In 2002, a class of plaintiffs was recently certified in a lawsuit, *Franklin Clark and Latanjala Denise Miller v. Equifax Inc. and Equifax Credit Information Services, Inc.*, which alleges that we violated the Fair Credit Reporting Act by failing to follow reasonable procedures to assure maximum possible accuracy with respect to the reporting of accounts included in a bankruptcy. All parties have reached an agreement to settle all claims, and the court has preliminarily approved the settlement. The suit was filed in April 2000 and is pending in federal court in South Carolina. We do not believe the final settlement will be material to our operations or financial condition.

In addition, in *1600 Peachtree, L.L.C. v. Equifax Inc.* the Plaintiff alleges breach of a guaranty agreement relating to our prior headquarters building, and seeks damages of approximately \$43.0 million, substantially all of which represents future rent contingencies. We contend that the guaranty is void and intend to vigorously defend the matter. A related lawsuit based on the same facts, *SouthTrust Bank f/k/a SouthTrust Bank National Association v. Equifax Inc.*, has been dismissed for lack of standing.

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 or resulted 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.

We provide for estimated legal fees and settlements relating to pending lawsuits. In our opinion, the ultimate resolution of these matters will not have a materially adverse effect on our financial position, liquidity, or results of operations.

## 11. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for 2002 and 2001 are as follows (in millions, except per share amounts):

2002	First	Second	Third	Fourth
Operating revenue	\$ 259.0	\$ 268.0	\$ 289.7	\$ 292.6
Operating income	\$ 79.3	\$ 87.6	\$ 89.7	\$ 94.7
Income from continuing operations	\$ 42.0	\$ 47.9	\$ 49.7	\$ 51.7
Net income	\$ 41.7	\$ 47.5	\$ 38.9	\$ 49.9
Per Common Share (Basic):				
Income from continuing operations	\$ 0.31	\$ 0.35	\$ 0.37	\$ 0.38
Net income	\$ 0.31	\$ 0.35	\$ 0.29	\$ 0.37
Per Common Share (Diluted):				
Income from continuing operations	\$ 0.30	\$ 0.34	\$ 0.36	\$ 0.38
Net income	\$ 0.30	\$ 0.34	\$ 0.28	\$ 0.36
2001	First	Second	Third	Fourth
Operating revenue before divested operations	\$ 272.5	\$ 281.4	\$ 274.0	\$ 281.9
Divested operations	12.7	8.1	8.4	—
Operating revenue	\$ 285.2	\$ 289.5	\$ 282.4	\$ 281.9
Operating income before divested operations, goodwill, and restructuring and other charges	\$ 75.4	\$ 85.3	\$ 88.2	\$ 93.6
Divested operations	1.3	(2.8)	(1.4)	—
Goodwill amortization	(6.4)	(6.3)	(6.3)	(6.4)
Restructuring and other charges	—	—	—	(60.4)
Operating income	\$ 70.3	\$ 76.2	\$ 80.5	\$ 26.8

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Income from continuing operations	\$ 34.1	\$ 38.3	\$ 35.8	\$ 9.1
Net income	\$ 48.1	\$ 29.5	\$ 35.8	\$ 9.1
Per Common Share (Basic):				
Income from continuing operations	\$ 0.25	\$ 0.28	\$ 0.26	\$ 0.07
Net income	\$ 0.35	\$ 0.22	\$ 0.26	\$ 0.07
Per Common Share (Diluted):				
Income from continuing operations	\$ 0.25	\$ 0.28	\$ 0.26	\$ 0.07
Net income	\$ 0.35	\$ 0.21	\$ 0.26	\$ 0.07

## 12. SEGMENT INFORMATION

Our operations are primarily organized in five reportable segments, with three segments based on the provision of our three core product lines (Information Services, Marketing Services and Consumer Direct) within geographic regions (Equifax North America, Equifax Europe, and Equifax Latin America), and two segments based on other criteria (Other and Divested Operations). The accounting policies of the segments are the same as those described in our summary of significant accounting and reporting policies (Note 1). We evaluate the segment performance based on its operating income before unusual items (if any). Intersegment sales and transfers are not material. The measurements of segment profit or loss and segment assets for each reportable segment are substantially the same. All transactions between segments are accounted for at cost, and no timing differences occur between segments.

The 2002 operating results of Spain's Commercial Services business have been reclassified to discontinued operations and are not included in Equifax Europe's segment results below. The 2001 and 2000 operating results for this business have not been reclassified to discontinued operations since they were not material, and are included in Equifax Europe's segment results below (Note 2).

Goodwill amortization in 2001 and 2000 for all business segments has been reclassified to a separate line to provide for comparability with 2002.

A description of segment products and services is as follows:

**Equifax North America** . Information Services including consumer services such as credit information; credit card marketing services; locate services; fraud detection and prevention services; mortgage loan origination information; analytics and consulting; identity verification services; commercial services, primarily in Canada and Marketing Services consisting of consumer demographic and lifestyle information and Consumer Direct credit and finance products sold directly to individuals.

**Equifax Europe**. Information Services including Consumer and Commercial Services such as credit, credit scoring and modeling services and Credit Marketing Services.

**Equifax Latin America**. Information Services including consumer and Commercial Services such as credit and other commercial, financial, and consumer information.

**Other**. Lottery services relating solely to a contract to provide services to the state of California. No further revenue or operating income has been received since the second quarter 2002 or is expected to occur in this segment.

**Divested Operations** Includes businesses divested in the fourth quarter of 2001 and 2000 (City Directory, the risk management collections businesses in the U.S., Canada, and the United Kingdom, as well as the vehicle information business in the United Kingdom) (Note 4).



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Segment information for 2002, 2001, and 2000 is as follows (in millions):

	2002	2001	2000
<b>Operating Revenue:</b>			
Equifax North America	\$ 902.2	\$ 852.4	\$ 755.2
Equifax Europe	126.1	141.1	142.9
Equifax Latin America	76.6	106.7	119.5
Other	4.4	9.6	9.6
	<u>1,109.3</u>	<u>1,109.8</u>	<u>1,027.2</u>
Divested Operations	—	29.2	162.0
	<u>\$ 1,109.3</u>	<u>\$ 1,139.0</u>	<u>\$ 1,189.2</u>
<b>Operating Income (Loss):</b>			
Equifax North America	\$ 361.6	\$ 340.6	\$ 295.9
Equifax Europe	12.7	5.8	17.2
Equifax Latin America	20.3	32.0	40.0
Other	4.4	8.9	8.9
General Corporate Expense	(47.7)	(44.8)	(41.7)
	<u>351.3</u>	<u>342.5</u>	<u>320.3</u>
Divested Operations	—	(2.9)	12.7
Goodwill Amortization	—	(25.4)	(24.4)
Restructuring and Other Charges (Note 5)	—	(60.4)	—
	<u>\$ 351.3</u>	<u>\$ 253.8</u>	<u>\$ 308.6</u>
<b>Total Assets at December 31:</b>			
Equifax North America	\$ 1,064.8	\$ 825.5	\$ 832.9
Equifax Europe	174.4	192.4	225.0
Equifax Latin America	161.8	190.6	251.6
Other	3.5	3.7	2.9
Corporate	94.9	210.3	213.5
	<u>1,499.4</u>	<u>1,422.6</u>	<u>1,525.9</u>
Divested Operations	—	—	39.3
	<u>1,499.4</u>	<u>1,422.6</u>	<u>1,565.2</u>
Assets of Discontinued Operations	7.5	—	504.4
	<u>\$ 1,506.9</u>	<u>\$ 1,422.6</u>	<u>\$ 2,069.6</u>
	2002	2001	2000
<b>Depreciation and Amortization:</b>			
Equifax North America	\$ 53.8	\$ 64.4	\$ 57.2
Equifax Europe	12.9	18.5	17.9
Equifax Latin America	5.4	14.4	15.7
Other	—	0.8	0.8
Corporate	8.4	6.9	5.4
	<u>80.5</u>	<u>105.0</u>	<u>97.0</u>
Divested Operations	—	1.2	9.2
	<u>\$ 80.5</u>	<u>\$ 106.2</u>	<u>\$ 106.2</u>
	2002	2001	2000
<b>Capital Expenditures</b> (excluding property and equipment and other assets acquired in acquisitions):			
Equifax North America	\$ 42.9	\$ 20.1	\$ 40.3
Equifax Europe	6.2	12.3	13.8
Equifax Latin America	5.3	8.6	12.3
Other	—	—	—
Corporate	1.4	5.5	3.9
	<u>55.8</u>	<u>46.5</u>	<u>70.3</u>



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Divested Operations

	—	0.6	1.6
	<u>\$ 55.8</u>	<u>\$ 47.1</u>	<u>\$ 71.9</u>

Financial information by geographic area is as follows:

	2002		2001		2000	
	Amount	%	Amount	%	Amount	%
<b>Operating Revenue</b> (based on location of customer):						
United States	\$ 826.0	\$ 74%	\$ 813.8	\$ 71%	\$ 801.6	\$ 67%
Canada	80.4	7	77.5	7	94.6	8
United Kingdom	97.6	9	97.6	9	137.7	12
Brazil	43.4	4	49.5	4	60.9	5
Other	61.9	6	100.6	9	94.4	8
	<u>\$ 1,109.3</u>	<u>100%</u>	<u>\$ 1,139.0</u>	<u>100%</u>	<u>\$ 1,189.2</u>	<u>100%</u>

**Long-Lived Assets of Continuing Operations at December 31:**

United States	844.1	70%	\$ 665.2	63%	\$ 717.1	62%
Canada	99.9	8	100.8	9	96.7	8
United Kingdom	84.0	7	78.8	7	88.2	8
Brazil	89.0	7	97.3	9	119.3	10
Other	96.8	8	122.5	12	140.2	12
	<u>\$ 1,213.8</u>	<u>\$ 100%</u>	<u>\$ 1,064.6</u>	<u>\$ 100%</u>	<u>\$ 1,161.5</u>	<u>\$ 100%</u>

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### REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Shareholders  
Equifax Inc.

We have audited the accompanying consolidated balance sheet of Equifax Inc. (the "Company") as of December 31, 2002, and the related consolidated statements of income, shareholders' equity and comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Company as of December 31, 2001, and for the two years then ended, were audited by other auditors who have ceased operations and whose report dated February 8, 2002 expressed an unqualified opinion on those statements before the revisions in the consolidated statements of shareholders' equity and comprehensive income of the Company for each of the two years in the period ended December 31, 2001, and as described in Notes 1, 3, 5, 7, 9, and 12.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2002 financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2002, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 1 to the consolidated financial statements, effective January 1, 2002, the Company changed its method of accounting for goodwill and other intangible assets to conform with Statement of Financial Accounting Standard No. 142, *Goodwill and Other Intangible Assets*.

As discussed above, the consolidated financial statements of the Company as of December 31, 2001 and for the two years then ended were audited by other auditors who have ceased operations. However, the Company made certain adjustments and disclosures to the prior years' financial statements to conform with the current year's presentation or to comply with adoption requirements of new accounting pronouncements, as follows:

- (i) The consolidated statements of income of the Company for each of the two years in the period ended December 31, 2001 have been revised to separately disclose depreciation expense, amortization expense and goodwill amortization expense which were classified within cost of services and selling, general and administrative expenses in the prior years. Our audit procedures with respect to these revisions included (a) agreeing the depreciation expense, amortization expense and goodwill amortization expense balances to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the revisions within the consolidated statements of income.
- (ii) The consolidated statements of shareholders' equity and comprehensive income of the Company for each of the two years in the period ended December 31, 2001 have been revised to include the income tax effect for the minimum pension liability and cash flow hedging transactions. Our audit procedures with respect to the income tax effects for 2001 and 2000 included (a) agreeing the previously reported minimum pension liability and cash flow hedging transactions before tax balances to the previously issued financial statements, (b) re-calculating the income tax effect for the minimum pension liability and cash flow hedging transactions using the Company's income tax rate for the respective year, and (c) re-calculating the minimum pension liability, net of tax, and the cash flow hedging transactions, net of tax, balances.
- (iii) As discussed in Note 1, the consolidated financial statements of the Company as of December 31, 2001 and for each of the two years in the period then ended have been revised to include the disclosures required by Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangibles*, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 1 with respect to 2001 and 2000 included (a) agreeing the previously reported net income to the previously issued financial statements, (b) agreeing the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill that is no longer being amortized as a result of initially applying Statement No. 142 (including any related tax effects) to the Company's underlying records obtained from management, (c) agreeing all 2001 separate asset and accumulated amortization balances as disclosed for individual intangibles to the Company's underlying accounting records obtained from management, (d) agreeing all 2001 and 2000 amortization expense disclosures to the Company's underlying accounting records obtained from management and (e) testing the mathematical accuracy of the reconciliation of pro forma net income to reported net income.
- (iv) The disclosures in Note 3 of the consolidated financial statements of the Company have been revised to disclose additional detail with respect to the estimated fair value of assets acquired and liabilities assumed at the acquisition dates. Our audit procedures with respect to these additional disclosures in Note 3 included (a) agreeing the estimated fair value of assets acquired and liabilities assumed at the acquisition dates balances to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the estimated fair value of the net assets acquired and liabilities assumed information included within the table in Note 3.
- (v) The disclosures in Note 5 of the consolidated financial statements of the Company as of December 31, 2001 and for the year then ended have been revised to disclose additional detail with respect to severance and facilities and other charges reserve and the related activity for 2001. Our audit procedures with respect to these additional disclosures in Note 5 included (a) agreeing the severance and facilities and other charges reserve and the related activity for 2001 to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the restatement within the table in Note 5.
- (vi) The disclosures in Note 7 of the consolidated financial statements of the Company as of December 31, 2001 and 2000 with respect to certain deferred tax balances have been revised to disclose additional detail with respect to the net operating loss carryforwards of subsidiaries, foreign tax credits and valuation allowance balances. Our audit procedures with respect to these additional disclosures in Note 7 included (a) agreeing the net operating loss carryforwards of subsidiaries, foreign tax credits and valuation allowance balances to the Company's underlying records obtained from management, and (b) testing the mathematical accuracy of the revisions within the table in Note 7.
- (vii) The disclosures in Note 9 of the consolidated financial statements of the Company as of December 31, 2001 and 2000 and for each of the two years in the period then ended with respect to employee benefit plan information have been revised to disclose additional detail for the Canadian Retirement Plan, Supplemental Retirement Plan, and Other Benefits with respect to benefit obligations, plan assets, funded status, and amounts recognized in the statement of financial position as of December 31, 2001 and net pension (income) expense components for each of the two years in the period ended December 31, 2001. Our audit procedures with respect to these additional disclosures in Note 9 included (a) agreeing the benefit obligations, plan assets and funded status as of December 31, 2001 and net pension (income) expense components for each to the two years in the period ended December 31, 2001 to the Company's underlying records obtained from management and (b) testing the mathematical accuracy of the revisions included in the tables disclosed in Note 9.

In our opinion, the adjustments and disclosures with respect to the matters discussed in the preceding paragraphs (i) through (vii) are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 consolidated financial statements of the Company other than with respect to such adjustments and disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 consolidated financial statements taken as a whole.

/s/ Ernst & Young LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Equifax Inc.:

We have audited the accompanying consolidated balance sheets of Equifax Inc. (a Georgia corporation) and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of income, changes in shareholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equifax Inc. and subsidiaries as of December 31, 2001 and 2000 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Atlanta, Georgia  
February 13, 2002

THIS IS A COPY OF AN ACCOUNTANTS' REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP, AND HAS NOT BEEN REISSUED BY ANDERSEN.  
SEE EXHIBIT 23.2 FOR FURTHER INFORMATION.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

On March 28, 2002, our Board of Directors, upon recommendation of its Audit Committee, dismissed Arthur Andersen LLP as our independent public accountants, and engaged Ernst & Young LLP to serve as our independent auditors for the year ended December 31, 2002. For more information, see our Current Report on Form 8-K filed with the SEC on April 3, 2002, and the information reported in our Current Report on Form 8-K/A filed with the SEC on April 9, 2002.

**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information required by Item 10 of Part III regarding our directors is included in the section captioned “Directors and Corporate Governance” of our Proxy Statement for the Annual Meeting of Shareholders to be held on May 14, 2003, to be filed with the SEC (the “Proxy Statement”), and is incorporated herein by reference.

Information regarding our Executive Officers required by Item 10 of Part III is set forth in Item 1 of Part I “Business – Executive Officers of the Registrant.”

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is included in the section of our Proxy Statement captioned “Stock Ownership and Performance—Section 16(a) Beneficial Ownership Reporting Compliance,” and is incorporated herein by reference.

**ITEM 11. EXECUTIVE COMPENSATION**

Information required by Item 11 of Part III is included in the sections of our Proxy Statement captioned “Directors and Corporate Governance—Compensation of Directors,” and “Executive Officer Compensation,” and is incorporated herein by reference. Such incorporation by reference shall not be deemed to include the information referred to in Item 402(a)(8) of Regulation S-K.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Information required by Item 12 of Part III is included in the sections of our Proxy Statement captioned “Executive Officer Compensation—Securities Authorized for Issuance Under Equity Compensation Plans” and “Stock Ownership and Performance—Stock Ownership of Directors and Executive Officers,” and is incorporated herein by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

None.

**ITEM 14. CONTROLS AND PROCEDURES**

An evaluation of our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act) was carried out under the supervision and with the participation of our management, including the chief executive and chief financial officers, within the 90 days preceding the filing of this report. Based on that evaluation, the chief executive and chief financial officers have concluded that our disclosure controls and procedures were, as of the date of that evaluation, effective to ensure that the information we are required to disclose in reports filed under the Securities Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC’s rules and forms. No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses identified in the evaluation and, therefore, no corrective actions were taken.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K**

**(a) List of Documents Filed as a Part of This Report:**

- (1) *Financial Statements.* The following financial statements are included in Item 8 of Part II:
- Consolidated Balance Sheets - December 31, 2002 and 2001;
  - Consolidated Statements of Income for the Years Ended December 31, 2002, 2001, and 2000;
  - Consolidated Statements of Cash Flows for the Years Ended December 31, 2002, 2001, and 2000;
  - Consolidated Statements of Shareholders' Equity and Comprehensive Income for the Years Ended December 31, 2002, 2001, and 2000;
  - Notes to Consolidated Financial Statements; and
  - Report of Ernst & Young LLP, Independent Auditors
  - Report of Arthur Andersen LLC, Independent Public Accountants.
- (2) *Financial Statement Schedules.* All schedules have been omitted because they are not required or applicable, or because the required information is included in the Consolidated Financial Statements or notes to these statements.
- (3) *Exhibits.* A list of the exhibits required to be filed as part of this Report by Item 601 of Regulation S-K is set forth in the Exhibit Index on page \_\_\_\_ of this Form 10-K, which immediately precedes such exhibits, and is incorporated herein by reference.

**(b) Reports on Form 8-K.** We filed the following reports on Form 8-K during the quarter ended December 31, 2002:

- On October 18, 2002 Registrant filed a report on Form 8-K filing a press release, dated October 17, 2002 issued by Registrant announcing its third quarter revenue and earnings results and providing financial information regarding the same.
- On October 24, 2002 Registrant filed a report on Form 8-K filing a press release issued by Registrant regarding proposed note issuance by Registrant.
- On October 25, 2002, Registrant filed a report on Form 8-K furnishing pursuant to Regulation FD a press release, dated October 24, 2002, issued by Standard and Poor's Rating Service regarding Registrant's corporate credit rating.
- On October 30, 2002, Registrant filed a report on Form 8-K furnishing pursuant to Regulation FD a press release, dated October 29, 2002, issued by Moody's Investor's Service affirming the Registrant's corporate credit rating and discussing its analysis to support such rating.
- On November 4, 2002, the Registrant filed a report on Form 8-K furnishing pursuant to Regulation FD a press release, dated November 1, 2002 announcing that it had purchased consumer credit files and certain customer contracts from CBC Companies, Inc.

**(c) Exhibits.** See Item 15(a)(3).

**(d) Financial Statement Schedules.** See Item 15(a)(2).

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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: March 28, 2003

/s/ THOMAS F. CHAPMAN

\_\_\_\_\_  
**Thomas F. Chapman,**  
**Chairman and Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 28, 2003

/s/ THOMAS F. CHAPMAN

\_\_\_\_\_  
**Thomas F. Chapman, Chairman of the Board**  
**and Chief Executive Officer**

Date: March 28, 2003

/s/ DONALD T. HEROMAN

\_\_\_\_\_  
**Donald T. Heroman, Corporate Vice President**  
**and Chief Financial Officer**  
**(Principal Financial Officer)**

Date: March 28, 2003

/s/ DENNIS B. STORY

\_\_\_\_\_  
**Dennis B. Story, Vice President and**  
**Corporate Controller**  
**(Principal Accounting Officer)**

Date: March 28, 2003

/s/ LEE A. AULT

\_\_\_\_\_  
**Lee A. Ault III, Director**

Date: March 28, 2003

/s/ JOHN L. CLENDENIN

\_\_\_\_\_  
**John L. Clendenin, Director**

Date: March 28, 2003

/s/A. W. DAHLBERG

\_\_\_\_\_  
**A. W. Dahlberg, Director**

Date: March 28, 2003

/s/ STEVEN J. HEYER

\_\_\_\_\_  
**Steven J. Heyer, Director**

Date: March 28, 2003

/s/ L. PHILLIP HUMANN

\_\_\_\_\_  
**L. Phillip Humann, Director**



Date: March 28, 2003

/s/LARRY L. PRINCE

Larry L. Prince, Director

Date: March 28, 2003

/s/D. RAYMOND RIDDLE

D. Raymond Riddle, Director

Date: March 28, 2003

/s/LOUIS W. SULLIVAN

Dr. Louis W. Sullivan, Director

Date: March 28, 2003

/s/JACQUELYN M. WARD

Jacquelyn M. Ward, Director

## CERTIFICATIONS

I, Thomas F. Chapman, Chief Executive Officer of Equifax Inc. (the “registrant”), certify that:

1. I have reviewed this annual report on Form 10-K of Equifax Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures 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 annual report is being prepared;
  - b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the “Evaluation Date”); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and
6. The registrant’s other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ THOMAS F. CHAPMAN

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**Thomas F. Chapman,**  
**Chairman and Chief Executive Officer**

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I, Donald T. Heroman, Corporate Vice President and Chief Financial Officer of Equifax Inc. (the “registrant”), certify that:

1. I have reviewed this annual report on Form 10-K of Equifax Inc.;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures 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 annual report is being prepared;
  - b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the “Evaluation Date”); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and
6. The registrant’s other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/ DONALD T. HEROMAN

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**Donald T. Heroman**  
Corporate Vice President and Chief Financial Officer

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
2.1	Distribution Agreement, Plan of Reorganization and Distribution dated as of June 30, 2001 by and between Equifax Inc. and Certegy Inc. previously filed as an Exhibit to Form 8-K, filed July 20, 2001, and incorporated by reference.
3.1	Amended and Restated Articles of Incorporation previously filed as an Exhibit to Schedule 14A, filed March 26, 1996, and incorporated by reference.
3.2	Bylaws of Equifax Inc. as Amended and Restated on November 5, 2002.*
4.1	Loan Agreement dated October 4, 2001 previously filed as an Exhibit to Form 10-K filed March 12, 2002, and incorporated by reference.
4.2	Portion of Prospectus and Trust Indenture previously filed as pages 8 through 16 and Exhibit 4.1 on Amendment No. 1 to Form S-3, Registration Statement No. 33-62820, filed June 17, 1993, and incorporated by reference.
4.3	Rights Agreement, dated October 25, 1995, between Equifax Inc. and SunTrust Bank, Atlanta with Form of Right Certificate attached as Exhibit “A” previously filed as an Exhibit on Form 10-K, filed March 29, 2001, and incorporated by reference.
4.3(a)	Amendment to Rights Agreement, dated as of July 7, 2001, amending the Rights Agreement dated October 25, 1995 between the Company and SunTrust Bank, previously filed as an Exhibit on Form 8-A/A (Amendment No. 1), filed July 9, 2002 and incorporated by reference.
4.4	Indenture Relating to Debt Securities previously filed as an Exhibit to Form 10-K, filed March 31, 1999, and incorporated by reference.
4.5	Indenture: Equifax Inc. 4.95% Notes due November 1, 2007, Dated as of October 29, 2002, The Bank of New York Trustee, previously filed as an Exhibit to Form 10-Q, filed November 12, 2002, and incorporated by reference.
4.6	Registration Rights Agreement by and among Equifax Inc. Banc of America Securities LLC and other Initial Purchasers referred to therein, dated as of October 29, 2002, previously filed as an Exhibit to Form 10-Q, filed November 11, 2002, and incorporated by reference.
10.1	Equifax Inc. 1988 Performance Share Plan for Officers, as amended previously filed as an Exhibit on Form 10-K, filed March 31, 1998, and incorporated by reference. <sup>(1)</sup>
10.2	Equifax Inc. Executive Incentive Plan previously filed as an Exhibit to Form 10-K, filed March 31, 1998, and incorporated by reference. <sup>(1)</sup>
10.3	Deferred Compensation Plan previously filed as an Exhibit to Form 10-K, filed April 1, 1996, as amended on Form 10-K/A, filed April 4, 1996, and incorporated by reference. <sup>(1)</sup>
10.4	Form of Change in Control Agreement previously filed as an Exhibit to Form 10-K, filed March 31, 1998, and incorporated by reference. <sup>(1)</sup>
10.5	Equifax Inc. Omnibus Stock Incentive Plan, as amended previously filed as an Exhibit to Form 10-K, filed March 31, 1998, and incorporated by reference. <sup>(1)</sup>
10.6	Equifax Inc. Non-Employee Director Stock Option Plan and Agreement previously filed as an Exhibit to Form 10-K, filed March 31, 1999, and incorporated by reference. <sup>(1)</sup>
10.7	Equifax Inc. Supplemental Executive Retirement Plan and subsequent Amendment previously filed as an Exhibit to Form 10-K, filed March 29, 2001, and incorporated by reference. <sup>(1)</sup>
10.8	Equifax Inc. Executive Life and Supplemental Retirement Benefit Plan (U.S.) previously filed as an Exhibit to Form 10-K, filed March 29, 2001, and incorporated by reference. <sup>(1)</sup>
10.9	Agreement For Computerized Credit Reporting Services previously filed as an Exhibit to Form 10-K filed March 30, 2000 and incorporated by reference.

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10.10	Amendments to Agreement for Computerized Credit Reporting Services and related documents previously filed as an Exhibit to Form 10-K, filed March 31, 1997, and incorporated by reference.
10.11	Amendment to Agreement for Computerized Credit Reporting Services previously filed as pages 8 through 16 and Exhibit 4.1 to Amendment No. 1 to Form S-3, Registration Statement No. 33-62820, filed June 17, 1993, and incorporated by reference.
10.12	Fifth Amendment to Agreement for Computerized Credit Reporting Services previously filed as an Exhibit to Form 10-K filed March 30, 2000 and incorporated by reference.
10.14	Computer and Network Operations Agreement (redacted version) previously filed as an Exhibit to Form 10-Q, filed November 16, 1998, and incorporated by reference. <sup>(2)</sup>
10.15	Lease Agreement previously filed as an Exhibit to Form 10-K filed March 30, 2000 and incorporated by reference.
10.16	Lease Agreement previously filed as an Exhibit to Form 10-K, filed March 31, 1999, and incorporated by reference.
10.17	Transaction Document #1 previously filed as an Exhibit to Form 10-K filed March 30, 2000 and incorporated by reference. <sup>(2)</sup>
10.18	Master Agreement previously filed as an Exhibit to Form 10-K filed March 30, 2000 and incorporated by reference. <sup>(2)</sup>
10.19	Human Resources Business Process and Support Services Agreement with First Amendment and schedule of omitted exhibits previously filed as an Exhibit to Form 10-K filed March 30, 2000 and incorporated by reference.
10.20	Finance & Accounting Business Process and Support Services Agreement, with First Amendment and schedule of omitted exhibits previously filed as an Exhibit to Form 10-K filed March 30, 2000 and incorporated by reference.
10.21	Employment Agreement previously filed as an Exhibit to Form 10-K, filed March 29, 2001, and incorporated by reference. <sup>(1)</sup>
10.22	Equifax Inc. Key Management Long-Term Incentive Plan previously filed as an Exhibit to Form 10-K, filed March 29, 2001, and incorporated by reference. <sup>(1)</sup>
10.23	Equifax Inc. 2000 Stock Incentive Plan previously filed as an Exhibit to Form 10-K, filed March 29, 2001, and incorporated by reference. <sup>(1)</sup>
10.24	Bonus Exchange Program previously filed as an Exhibit to Form 10-K, filed March 29, 2001, and incorporated by reference. <sup>(1)</sup>
10.25	Bonus Deferral Arrangement previously filed as an Exhibit to Form 10-K filed March 12, 2002, and incorporated by reference. <sup>(1)</sup>
10.26	Amended and Restated Master Business Process and Support Services Agreement previously filed as an Exhibit to Form 10-K filed March 12, 2002, and incorporated by reference.
10.27	Equifax Executive Deferred Compensation Plan. <sup>(1)*</sup>
10.28	Equifax Director Deferred Compensation Plan. <sup>(1)*</sup>
10.29	Equifax Director and Executive Stock Deferral Plan. <sup>(1)*</sup>
10.30	Equifax Grantor Trust. <sup>(1)*</sup>
10.31	Employment Agreement. <sup>(1)*</sup>
10.32	Employment Agreement. <sup>(1)*</sup>
10.33	Sale, Sublease, Assignment and License Agreement, dated November 15, 2002, between Equifax Inc., and Seisint Inc.*
10.34	Analytic Products and Services Master Contract Agreement, dated December 19, 1988, between Equifax Incorporated (sic) and Fair Isaac and Company, Incorporated*

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10.35	Global Amendments Agreements, dated July 31, 1999, amending a certain Analytic Products and Services Master Contract Agreement between Equifax Incorporated (sic) and Fair, Isaac and Company, Incorporated*
21	Subsidiaries of the Registrant.*
23.1	Consent of Ernst & Young LLP, Independent Auditors.*
23.2	Notice regarding Consent of Arthur Andersen LLP.*
99.1	Tax Sharing and Indemnification Agreement dated as of June 30, 2001, by and between Equifax Inc. and Certegy Inc., previously filed as an Exhibit to Form 8-K, filed July 20, 2001 and incorporated by reference.
99.2	Employee Benefits Agreement dated as of June 30, 2001, by and between Equifax Inc. and Certegy Inc., previously filed as an Exhibit to Form 8-K, filed July 20, 2001 and incorporated by reference.
99.3	Intercompany Data Purchase Agreement dated as of June 30, 2001, by and between Equifax Inc. and Certegy Inc., previously filed as an Exhibit to Form 8-K, filed July 20, 2001 and incorporated by reference.
99.4	Transition Support Agreement dated as of June 30, 2001, by and between Equifax Inc. and Certegy Inc., previously filed as an Exhibit to Form 8-K, filed July 20, 2001 and incorporated by reference.
99.5	Intellectual Property Agreement dated as of June 30, 2001, by and between Equifax Inc. and Certegy Inc., previously filed as an Exhibit to Form 8-K, filed July 20, 2001 and incorporated by reference.
99.6	Agreement regarding Leases dated as of June 30, 2001, by and between Equifax Inc. and Certegy Inc., previously filed as an Exhibit to Form 8-K, filed July 20, 2001 and incorporated by reference.
99.7	Certification of Thomas F. Chapman, Chairman 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.*
99.8	Certification of Donald T. Heroman, Corporate Vice President and 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.*

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(1) Management Contract or Compensatory Plan.

(2) Document omits information pursuant to a Request for Confidential Treatment under Rule 406 of the Securities Act of 1933.

\* Filed herewith.

**EQUIFAX INC.**  
**AMENDED AND RESTATED**  
**BYLAWS**

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Effective as of November 5, 2002

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**EQUIFAX INC.**

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**AMENDED AND RESTATED  
BYLAWS**

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**AMENDED AND RESTATED BYLAWS  
OF  
EQUIFAX INC.**

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**ARTICLE ONE  
MEETINGS OF THE SHAREHOLDERS**

Section 1.1 Annual Meeting. The annual meeting of the Shareholders of the Company (the “Annual Meeting”) shall be held during the first five months after the end of each fiscal year of the Company at such time and place, within or without the State of Georgia, as shall be fixed by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may be properly brought before the meeting.

Section 1.2 Special Meetings. Special meetings of the Shareholders may be held at the principal office of the Company in the State of Georgia or at such other place, within or without the State of Georgia, as may be named in the call therefor. Such special meetings may be called by the Chairman of the Board of Directors, the Lead Director, the Chief Executive Officer, the President, the Board of Directors by vote at a meeting, a majority of the Directors in writing without a meeting, or by unanimous call of the Shareholders.

Section 1.3 Notice of Meetings. Unless waived in accordance with the Georgia Business Corporation Code as amended from time to time (the “Code”), a notice of each meeting of Shareholders stating the date, time and place of the meeting shall be given not less than 10 days nor more than 60 days before the date thereof to each Shareholder entitled to vote at that meeting. In the case of an Annual Meeting, the notice need not state the purpose or purposes of the meeting unless the Articles of Incorporation or the Code requires the purpose or purposes to be stated in the notice of the meeting. Any irregularity in such notice shall not affect the validity of the Annual Meeting or any action taken at such meeting. In the case of a special meeting of the Shareholders, the notice of meeting shall state the purpose or purposes for which the meeting is called, and only business within the purpose or purposes described in such notice may be conducted at the meeting.

Section 1.4 Voting Groups. “Voting group” as used in these Bylaws means all shares of one or more classes or series that are entitled to vote and be counted together collectively on a matter at a meeting of Shareholders. All shares entitled to vote generally on the matter are for that purpose a single voting group.

Section 1.5 Quorum. With respect to shares entitled to vote as a separate voting group on a matter at a meeting of Shareholders, the presence, in person or by proxy, of a majority of the votes entitled to be cast on the matter by the voting group shall constitute a quorum of that voting group for action on that matter unless the Articles of Incorporation or the Code provides otherwise. Once a share is represented for any purpose at a meeting, other than solely to object to holding the meeting or to transacting business at the meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting unless a new record date is or must be set for the adjourned meeting pursuant to Section 1.11 of these Bylaws.

Section 1.6 Vote Required for Action. If a quorum exists, action on a matter (other than the election of Directors) is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation, provisions of these Bylaws validly adopted by the Shareholders, or the Code requires a greater number of affirmative votes. If the Articles of Incorporation or the Code provide for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately.

Section 1.7 Adjournments. Whether or not a quorum is present to organize a meeting, any meeting of Shareholders (including an adjourned meeting) may be adjourned by the holders of a majority of the voting shares represented at the meeting to reconvene at a specific time and place, but no later than 120 days after the date fixed for the original meeting unless the requirements of the Code concerning the selection of a new record date have been met.

Section 1.8 Presiding Officer. The Chairman of the Board shall call the meeting of the Shareholders to order and shall act as chairman of such meeting. In the absence of the Chairman of the Board, the meeting shall be called to order by any one of the following officers or directors then present, in the following order: the Lead Director, the Chief Executive Officer, the President, any one of the Executive Vice Presidents or Corporate Vice Presidents, or any one of the Vice Presidents, who shall act as chairman of the meeting. The Secretary of the Company shall act as secretary of the meeting of the Shareholders. In the absence of the Secretary, at any meeting of the Shareholders, the presiding officer may appoint any person to act as secretary of the meeting.

Section 1.9 Voting of Shares. Unless the Articles of Incorporation or the Code provides otherwise, each outstanding share having voting rights shall be entitled to one vote on each matter submitted to a vote at a meeting of Shareholders.

Section 1.10 Proxies. A Shareholder entitled to vote pursuant to Section 1.9 may vote in person or by proxy pursuant to an appointment of proxy executed by the Shareholder either in writing or pursuant to an electronic or telephonic transmission, provided that the transmission contains or is accompanied by information from which it can be determined that the Shareholder authorized the transmission. An appointment of proxy shall be valid for only one meeting to be specified therein, and any adjournments of such meeting, but shall not be valid for more than eleven months unless expressly provided therein. Appointments of proxy shall be dated and filed with the records of the meeting to which they relate. If the validity of any appointment of proxy is questioned, it must be submitted for examination to the Secretary of the Company or to a proxy officer or committee appointed by the Board of Directors. The Secretary or, if appointed, the proxy officer or committee shall determine the validity or invalidity of any appointment of proxy submitted, and reference by the Secretary in the minutes of the meeting to the regularity of an appointment of proxy shall be received as prima facie evidence of the facts stated for the purpose of establishing the presence of a quorum at the meeting and for all other purposes.

Section 1.11 Record Date. For the purpose of determining Shareholders entitled to notice of a meeting of the Shareholders, to demand a special meeting, to vote, or to take any other action, the Board of Directors may fix a future date as the record date, which date shall be

not more than 70 days prior to the date on which the particular action, requiring a determination of the Shareholders, is to be taken. A determination of the Shareholders entitled to notice of or to vote at a meeting of the Shareholders is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. If no record date is fixed by the Board of Directors, the 70th day preceding the date on which the particular action, requiring a determination of the Shareholders, is to be taken shall be the record date for that purpose.

Section 1.12 Shareholder Proposals and Nominations.

(a) No proposal for a Shareholder vote shall be submitted by a Shareholder (a "Shareholder Proposal") to the Company's Shareholders unless the Shareholder submitting such proposal (the "Proponent") shall have filed a written notice setting forth with particularity (i) the names and business addresses of the Proponent and all natural persons, corporations, partnerships, trusts or any other type of legal entity or recognized ownership vehicle (collectively, a "Person") acting in concert with the Proponent; (ii) the name and address of the Proponent and the Persons identified in clause (i), as they appear on the Company's books (if they so appear); (iii) the class and number of shares of the Company beneficially owned by the Proponent and by each Person identified in clause (i); (iv) a description of the Shareholder Proposal containing all material information relating thereto; (v) for proposals sought to be included in the Company's proxy statement, any other information required by Securities and Exchange Commission Rule 14a-8; and (vi) such other information as the Board of Directors reasonably determines is necessary or appropriate to enable the Board of Directors and Shareholders of the Company to consider the Shareholder Proposal. The presiding officer at any meeting of the Shareholders may determine that any Shareholder Proposal was not made in accordance with the procedures prescribed in these Bylaws or is otherwise not in accordance with law, and if it is so determined, such officer shall so declare at the meeting and the Shareholder Proposal shall be disregarded.

(b) Only persons who are selected and recommended by the Board of Directors or the committee of the Board of Directors designated to make nominations, or who are nominated by Shareholders in accordance with the procedures set forth in this Section 1.12, shall be eligible for election, or qualified to serve, as Directors. Nominations of individuals for election to the Board of Directors of the Company at any Annual Meeting or any special meeting of Shareholders at which Directors are to be elected may be made by any Shareholder of the Company entitled to vote for the election of Directors at that meeting by compliance with the procedures set forth in this Section 1.12. Nominations by Shareholders shall be made by written notice (a "Nomination Notice"), which shall set forth (i) as to each individual nominated, (A) the name, date of birth, business address and residence address of such individual; (B) the business experience during the past five years of such nominee, including his or her principal occupations and employment during such period, the name and

principal business of any corporation or other organization in which such occupations and employment were carried on, and such other information as to the nature of his or her responsibilities and level of professional competence as may be sufficient to permit assessment of such prior business experience; (C) whether the nominee is or has ever been at any time a director, officer or owner of five percent or more of any class of capital stock, partnership interests or other equity interest of any corporation, partnership or other entity; (D) any directorships held by such nominee in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of such Act or any company registered as an investment company under the Investment Company Act of 1940, as amended; (E) whether such nominee has ever been convicted in a criminal proceeding or has ever been subject to a judgment, order, finding or decree of any federal, state or other governmental entity, concerning any violation of federal, state or other law, or any proceeding in bankruptcy, which conviction, order, finding, decree or proceeding may be material to an evaluation of the ability or integrity of the nominee; and (F) all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of Directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 as amended; and (ii) as to the Person submitting the Nomination Notice and any Person acting in concert with such Person, (X) the name and business address of such Person, (Y) the name and address of such Person as they appear on the Company's books (if they so appear), and (Z) the class and number of shares of the Company that are beneficially owned by such Person. A written consent to being named in a proxy statement as a nominee, and to serve as a Director if elected, signed by the nominee, shall be filed with any Nomination Notice, together with evidence satisfactory to the Company that such nominee has no interests that would limit his or her ability to fulfill his or her duties of office. If the presiding officer at any meeting of the Shareholders determines that a nomination was not made in accordance with the procedures prescribed by these Bylaws, such officer shall so declare to the meeting and the defective nomination shall be disregarded.

(c) If a Shareholder Proposal or Nomination Notice is to be submitted at an Annual Meeting of the Shareholders, it shall be delivered to and received by the Secretary of the Company at the principal executive office of the Company at least 120 days before the first anniversary of the date that the Company's proxy statement was released to Shareholders in connection with the previous year's Annual Meeting of Shareholders. However, if no Annual Meeting of the Shareholders was held in the previous year or if the date of the Annual Meeting of the Shareholders has been changed by more than 30 days from the date contemplated at the time of the previous year's proxy statement, the notice shall be delivered to and received by the Secretary at the principal executive offices of the Company not later than the last to occur of (i) the date that is 150 days prior to the date of the contemplated Annual Meeting or (ii) the date that is 10 days after the date of the first public announcement or other notification to the Shareholders of the date of the contemplated Annual Meeting. Subject to Section 1.3 as to

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matters that may be acted upon at a special meeting of the Shareholders, if a Shareholder Proposal or Nomination Notice is to be submitted at a special meeting of the Shareholders, it shall be delivered to the Secretary of the Company at the principal executive office of the Company no later than the close of business on the earlier of (i) the 30th day following the public announcement that a matter will be submitted to a vote of the Shareholders at a special meeting, or (ii) the 10th day following the day on which notice of the special meeting was given. In addition, if a Shareholder intends to solicit proxies from the Shareholders of the Company for any meeting of the Shareholders, such Shareholder shall notify the Company of this intent in accordance with Securities and Exchange Commission Rule 14a-4.

## **ARTICLE TWO BOARD OF DIRECTORS**

Section 2.1 General. Subject to the Articles of Incorporation, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board of Directors. In addition to the powers and authority expressly conferred upon it by these Bylaws and the Articles of Incorporation, the Board of Directors may exercise all such lawful acts and things as are not by law, by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the Shareholders.

Section 2.2 Number of Directors and Term of Office. The number of Directors shall be not less than five, nor more than fifteen and shall be fixed within such range by the Board of Directors. The Directors shall be divided into three classes, designated as Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of Directors constituting the entire Board of Directors. Each initial Director in Class I shall hold office for a term that expires at the first Annual Meeting of the Shareholders after his election; each initial Director in Class II shall hold office for a term that expires at the second Annual Meeting of the Shareholders after his election; and each initial Director in Class III shall hold office for a term that expires at the third Annual Meeting of the Shareholders after his election. At each Annual Meeting of the Shareholders, successors to the class of Directors whose term expires at that Annual Meeting of the Shareholders shall be elected for a three-year term. If the number of Directors has changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible. Any additional Director of any class elected by the Shareholders to the Board of Directors to fill a vacancy resulting from an increase in such a class shall hold office for a term that shall coincide with the remaining term of that class. Any additional Director of any class elected by the Board of Directors to fill a vacancy resulting from an increase in such a class shall hold office for a term that shall expire at the next Annual Meeting of the Shareholders, and, if such newly-created directorship is to be continued, a nominee therefor shall be submitted to the Shareholders for their vote. In no case shall a decrease in the number of Directors for a class shorten the term of an incumbent Director. A Director shall hold office until the Annual Meeting of the Shareholders for the year in which such Director's term expires and until his or her successor shall be elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Section 2.3 Election of Directors. Unless otherwise provided in the Articles of Incorporation or the Code, Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting of Shareholders at which a quorum is present.

Section 2.4 Vacancies. Any vacancy on the Board of Directors that results from an increase in the number of Directors or from prior death, resignation, retirement, disqualification or removal from office of a Director shall be filled by a majority of the Board of Directors then in office, though less than a quorum, or by the sole remaining Director. Any Director elected to fill a vacancy resulting from prior death, resignation, retirement, disqualification or removal from office of a director, shall have the same remaining term as that of his or her predecessor.

Section 2.5 Term Limits. A Director reaching 70 years of age (or 65 years of age for Directors who are also employees of the Company) shall automatically retire from the Board. A Director who ceases to continue a regular business relationship (as defined below) may continue serving as a Director until the next Annual Meeting of the Shareholders or 70 years of age, whichever first occurs, and shall then automatically retire from the Board. Notwithstanding the preceding, a non-employee Director, or a retiring Chairman of the Board and Chief Executive Officer (or either) may, at the request of the Executive Committee and if ratified by the Board, continue to serve as a Director until age 70 if he or she continues in a position or business activity that the Board determines would be of substantial benefit to the Company. For purposes of this Section 2.5, the expression "regular business relationship" means a relationship as an employee, consultant or officer of a substantial business, professional or educational organization, which requires exercise of business judgment on a regular basis.

Section 2.6 Stock Ownership Requirement. Every Director shall be a Shareholder of the Company. Directors shall serve for the terms for which they are elected and until their successors shall have been duly chosen, unless any such term is sooner ended as herein permitted; provided, however, that if a Director ceases to be a Shareholder, the disposition of the stock shall constitute a resignation of the Director's office as a Director.

Section 2.7 Regular Meetings. Regular meetings of the Board of Directors shall be held at such times as the Board of Directors may determine from time to time.

Section 2.8 Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the direction of the Chairman of the Board, the Lead Director, or the Chief Executive Officer. Special meetings of the Board may also be called by one-third of the Directors then in office. Unless otherwise indicated in the notice thereof, any and all business of the Company may be transacted at any special meeting of the Board of Directors.

Section 2.9 Notice of Meetings. Unless waived in accordance with the Code, notice of each regular or special meeting of the Board of Directors, stating the date, time and place of the meeting, shall be given not less than two days before the date thereof to each Director.

Section 2.10 Quorum; Adjournments. Unless the Code, the Articles of Incorporation or these Bylaws provide for a different number, a majority of the Board of Directors shall constitute a quorum for the transaction of business. Whether or not a quorum is present to organize a meeting, any meeting of Directors (including a reconvened meeting) may be adjourned by a



majority of the Directors present, to reconvene at a specific time and place. At any adjourned meeting, any business may be transacted that could have been transacted at the meeting prior to adjournment. If notice of the original meeting was properly given, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted if the date, time and place of the adjourned meeting are announced at the meeting prior to adjournment.

Section 2.11 Vote Required for Action. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors unless the Code, the Articles of Incorporation, or these Bylaws provide for the vote of a different number of Directors or of specific Directors.

Section 2.12 Action by Directors Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any meeting of the non-management Directors or any action that may be taken at a meeting of a committee of the Board of Directors may be taken without a meeting if the action is taken by all the members of the Board of Directors, all the non-management Directors, or all the members of the committee, as the case may be. The action must be evidenced by one or more written consents describing the action taken, signed by each Director, each non-management Director or each Director serving on the committee, as the case may be, and delivered to the Company for inclusion in the minutes or filing with the corporate records or evidenced in any other manner effective under the Code.

Section 2.13 Compensation of Directors. Directors who are salaried officers or employees of the Company shall receive no additional compensation for service as a Director or as a member of a committee of the Board of Directors. Each Director who is not a salaried officer or employee of the Company shall be compensated as determined by the Board of Directors. A Director may also serve the Company in a capacity other than that of Director or employee and receive compensation, as determined by the Board of Directors, for services rendered in any other capacity.

Section 2.14 Lead Director. The non-management Directors shall elect from among their members a Lead Director, who will convene and chair meetings of the non-management Directors and executive sessions of the non-management members of the Board of Directors and will have such other responsibilities as the non-management Directors may determine from time to time. The Lead Director shall not be, at any time, an officer or employee of the Company. The Lead Director may be removed as Lead Director at any time with or without cause by a majority of the non-management Directors. For purposes of these Bylaws, a "non-management" Director shall mean a Director who is not an officer or employee of the Company.

### **ARTICLE THREE ELECTIONS OF OFFICERS AND COMMITTEES**

Section 3.1 Election of Officers. At the April meeting of the Board of Directors in each year, or, if not done at that time, then at any subsequent meeting, the Board of Directors shall proceed to the election of executive officers of the Company, and of the Executive Committee, as hereinafter provided for.

Section 3.2 Executive Committee. The Board of Directors may elect from their members an Executive Committee which shall include the Chairman of the Board and the Chief Executive Officer. The Executive Committee, if any, shall consist of not less than three nor more than five members, the precise number to be fixed by resolution of the Board of Directors from time to time.

(a) Each member shall serve for one year and until his or her successor shall have been elected, unless that term is sooner terminated by the Board of Directors. The Board of Directors shall fill the vacancies in the Executive Committee by election. The Chairman of the Board, if there is one, or, if not, the Chief Executive Officer, shall be the Chairman of the Executive Committee.

(b) All action by the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board of Directors, provided that no rights or interests of third parties shall be affected by any such revision or alteration. The Executive Committee shall fix its own rules and proceedings, and shall meet where and as provided by such rules or by resolution of the Board of Directors. In every case, the affirmative vote of a majority of all the members of the Committee shall be necessary to its adoption of any resolution.

(c) Except as prohibited by the Code, during the interval between the meetings of the Board of Directors, the Executive Committee shall possess and may exercise all the powers of the Board in the management of all the affairs of the Company, including the making of contracts, the purchase and sale of property, the execution of legal instruments and all other matters in which specific direction shall not have been given by the Board of Directors.

Section 3.3 Other Committees. The Board of Directors shall also have the following additional standing committees: an Audit Committee, a Compensation and Human Resources Committee, and a Governance Committee, together with such other committees as the Board of Directors shall determine. The Board of Directors may delegate to or confer upon such committees all or such part of its powers except as prohibited by the Code, and may prescribe the exercise thereof as it may deem proper.

## **ARTICLE FOUR OFFICERS**

Section 4.1 Officers; Term Limits. The officers of the Company, unless otherwise provided by the Board of Directors from time to time, shall consist of the following: a Chairman of the Board, a Chief Executive Officer, a President, a Chief Operating Officer, one or more Vice Presidents (one or more of whom may be designated Executive Vice President, one or more of whom may be designated Corporate Vice President and one or more of whom may be designated Senior Vice President), a Treasurer, and a Secretary, who shall be elected by the Board of Directors. The Board of Directors, or any officer to whom the Board may delegate such authority, may also appoint such other officers as it or they may see fit, and may prescribe their respective duties. All officers, however elected or appointed, may be removed with or without

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cause by the Board of Directors, and any officer appointed by another officer may also be removed, with or without cause, by the appointing officer or any officer senior to the appointing officer. Any two or more of the offices may be filled by the same person. No person shall serve as Chairman of the Board and Chief Executive Officer (or either), beyond his or her 65th birthday.

Section 4.2 Compensation of Officers. The Board of Directors, Executive Committee or Compensation and Human Resources Committee of the Board of Directors shall approve the salaries of all elected officers and such other employees as may be designated by the Board of Directors or Executive Committee, except that salaries of members of the Executive Committee shall be fixed by the Compensation and Human Resources Committee, subject to ratification by the Board of Directors, or by the Board of Directors.

Section 4.3 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Shareholders, the Board of Directors, and the Executive Committee. Except where by law the signature of the Chief Executive Officer or President is required, the Chairman of the Board shall have the same power as the Chief Executive Officer or President to sign all authorized certificates, contracts, bonds, deeds, mortgages, and other instruments. The Chairman of the Board shall have such other powers and duties as from time to time may be assigned by the Board of Directors.

Section 4.4 Chief Executive Officer. The Chief Executive Officer shall direct the business and policies of the Company and shall have such other powers and duties as from time to time may be assigned by the Board of Directors. In the event of a vacancy in the office of Chairman or during the absence or disability of the Chairman, the Chief Executive Officer shall have all of the rights, powers and authority given hereunder to the Chairman of the Board. The Chief Executive Officer, in the absence of the Chairman of the Board, shall preside at meetings of the Shareholders, at meetings of the Directors and at meetings of the Executive Committee, subject to Section 1.8 hereof. The Chief Executive Officer may sign all authorized certificates, contracts, bonds, deeds, mortgages and other instruments, except in cases in which the signing thereof shall have been expressly and exclusively delegated to some other officer or agent of the Company. In general, the Chief Executive Officer shall have the usual powers and duties incident to the office of a Chief Executive Officer of a corporation and such other powers and duties as from time to time may be assigned by the Board of Directors or a committee thereof.

Section 4.5 President. The President shall have general charge of the business of the Company subject to the specific direction and approval of the Board of Directors. If the Chairman of the Board is not designated Chief Executive Officer by the Board of Directors, the President shall also serve as Chief Executive Officer of the Company if so designated by the Board of Directors. In the event of a vacancy in the office of Chief Executive Officer or during the absence or disability of the Chief Executive Officer, the President shall serve as Chief Executive Officer and shall have all of the rights, powers and authority given hereunder to the Chief Executive Officer. The President may sign all authorized certificates, contracts, bonds, deeds, mortgages and other instruments, except in cases in which the signing thereof shall have been expressly and exclusively delegated to some other officer or agent of the Company. In general, the President shall have the usual powers and duties incident to the office of a president

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of a corporation and such other powers and duties as from time to time may be assigned by the Board of Directors, a committee thereof, or the Chief Executive Officer.

Section 4.6 Chief Operating Officer. The Chief Operating Officer shall have responsibility for the day-to-day operations of the Company. The Chief Operating Officer may sign all authorized certificates, contracts, bonds, deeds, mortgages and other instruments, except in cases in which the signing thereof shall have been expressly and exclusively delegated to some other officer or agent of the Company. In general, the Chief Operating Officer shall have the usual powers and duties incident to the office of a Chief Operating Officer of a corporation and such other powers and duties as from time to time may be assigned by the Board of Directors, a committee thereof, the Chief Executive Officer or the President.

Section 4.7 Executive Vice Presidents and Corporate Vice Presidents. Each shall have authority, on behalf of the Company, to execute, approve, or accept agreements for service, bids, or other contracts, and shall sign such other instruments as each is authorized or directed to sign by the Board of Directors or a committee thereof or by the Chief Executive Officer or the President. Each shall do and perform all acts incident to the office of the Executive Vice President or Corporate Vice President of the Company or as may be directed by its Board of Directors or its committees or the Chief Executive Officer or the President.

Section 4.8 Vice Presidents. There shall be one or more Vice Presidents of the Company, as the Board of Directors may from time to time elect. Each Vice President shall have such power and perform such duties as may be assigned by or under the authority of the Board of Directors.

Section 4.9 Treasurer. The Treasurer shall be responsible for the custody of all funds and securities belonging to the Company and for the receipt, deposit or disbursement of funds and securities under the direction of the Board of Directors. The Treasurer shall cause to be maintained full and true accounts of all receipts and disbursements and shall make reports of the same to the Board of Directors, its committees, the Chief Executive Officer, and the President upon request. The Treasurer shall perform all duties as may be assigned from time to time by or under the authority of the Board of Directors.

Section 4.10 Secretary. The Secretary shall be responsible for preparing minutes of the acts and proceedings of all meetings of the Shareholders and of the Board of Directors and any committees thereof. The Secretary shall have authority to give all notices required by law or these Bylaws, and shall be responsible for the custody of the corporate books, records, contracts and other documents. The Secretary may affix the corporate seal to any lawfully executed documents and shall sign any instruments as may require the Secretary's signature. The Secretary shall authenticate records of the Company and shall perform whatever additional duties and have whatever additional powers as may be assigned by or under the authority of the Board of Directors from time to time. In the absence or disability of the Secretary or at the direction of the Chief Executive Officer, the President or the Secretary, any Assistant Secretary may perform the duties and exercise the powers of the Secretary.

Section 4.11 Voting of Stock. Unless otherwise ordered by the Board of Directors or Executive Committee, the Chairman of the Board, the Chief Executive Officer, the President or,

when so designated by the Chairman, any Executive Vice President or Corporate Vice President of the Company shall have full power and authority in behalf of the Company to attend and to act and to vote at any meetings of shareholders of any corporation in which the Company may hold stock, and at such meetings may possess and shall exercise any and all rights and powers incident to the ownership of such stock exercisable at such meetings. The Board of Directors or Executive Committee, by resolution from time to time, may confer like powers upon any other person or persons.

## **ARTICLE FIVE INDEMNIFICATION**

Section 5.1 Definitions. As used in this Article, the term:

- (a) “Company” includes any domestic or foreign predecessor entity of the Company in a merger or other transaction in which the predecessor’s existence ceased upon consummation of the transaction.
- (b) “Director” or “Officer” means an individual who is or was a member of the Board of Directors or an officer elected by the Board of Directors, respectively, or who, while a member of the Board of Directors or an officer of the Company, is or was serving at the Company’s request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity. An individual is considered to be serving an employee benefit plan at the Company’s request if his or her duties to the Company also impose duties on, or otherwise involve services by, the individual to the plan or to participants in or beneficiaries of the plan. “Director” or “Officer” includes, unless the context otherwise requires, the estate or personal representative of a Director or Officer.
- (c) “Disinterested Director” or “Disinterested Officer” means a Director or Officer, respectively, who at the time of an evaluation referred to in subsection 5.5(b) is not:
  - (1) A Party to the Proceeding; or
  - (2) An individual having a familial, financial, professional, or employment relationship with the person whose advance for Expenses is the subject of the decision being made with respect to the Proceeding, which relationship would, in the circumstances, reasonably be expected to exert an influence on the Director’s or Officer’s judgment when voting on the decision being made.
- (d) “Expenses” includes counsel fees.
- (e) “Liability” means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), and reasonable Expenses incurred with respect to a Proceeding.

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(f) "Party" includes an individual who was, is, or is threatened to be made a named defendant or respondent in a Proceeding.

(g) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitral or investigative and whether formal or informal.

(h) "Reviewing Party" shall mean the person or persons making the determination as to reasonableness of Expenses pursuant to Section 5.5 of this Article, and shall not include a court making any determination under this Article or otherwise.

#### Section 5.2 Basic Indemnification Arrangement.

(a) The Company shall indemnify an individual who is a Party to a Proceeding because he or she is or was a Director or Officer against Liability incurred in the Proceeding; provided, however, that the Company shall not indemnify a Director or Officer under this Article for any Liability incurred in a Proceeding in which the Director or Officer is adjudged liable to the Company or is subjected to injunctive relief in favor of the Company:

- (1) For any appropriation, in violation of his or her duties, of any business opportunity of the Company;
- (2) For acts or omissions which involve intentional misconduct or a knowing violation of law;
- (3) For the types of liability set forth in Section 14-2-832 of the Code; or
- (4) For any transaction from which he or she received an improper personal benefit.

(b) If any person is entitled under any provision of this Article to indemnification by the Company for some portion of Liability incurred, but not the total amount thereof, the Company shall indemnify such person for the portion of such Liability to which such person is entitled.

#### Section 5.3 Advances for Expenses.

(a) The Company shall, before final disposition of a Proceeding, advance funds to pay for or reimburse the reasonable Expenses incurred by a Director or Officer who is a Party to a Proceeding because he or she is a Director or Officer if he or she delivers to the Company:

- (1) A written affirmation of his or her good faith belief that his or her conduct does not constitute behavior of the kind described in subsection 5.2(a) above; and

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(2) His or her written undertaking (meeting the qualifications set forth below in subsection 5.3(b)) to repay any funds advanced if it is ultimately determined that he or she is not entitled to indemnification under this Article or the Code.

(b) The undertaking required by subsection 5.3(a)(2) above must be an unlimited general obligation of the proposed indemnitee but need not be secured and shall be accepted without reference to the financial ability of the proposed indemnitee to make repayment. If a Director or Officer seeks to enforce his or her rights to indemnification in a court pursuant to Section 5.4 below, such undertaking to repay shall not be applicable or enforceable unless and until there is a final court determination that he or she is not entitled to indemnification, as to which all rights of appeal have been exhausted or have expired.

Section 5.4 Court-Ordered Indemnification and Advances for Expenses. A Director or Officer who is a Party to a Proceeding shall have the rights to court-ordered indemnification and advances for expenses as provided in the Code.

Section 5.5 Determination of Reasonableness of Expenses.

(a) The Company acknowledges that indemnification of, and advance expenses to, a Director or Officer under Section 5.2 has been pre-authorized by the Company as permitted by Section 14-2-859(a) of the Code, and that pursuant to the authority exercised under Section 14-2-856 of the Code, no determination need be made for a specific Proceeding that such indemnification or advances of expenses to the Director or Officer is permissible in the circumstances because he or she has met a particular standard of conduct. Nevertheless, except as set forth in subsection 5.5(b) below, evaluation as to reasonableness of Expenses of a Director or Officer for a specific Proceeding shall be made as follows:

(1) If there are two or more Disinterested Directors, by the Board of Directors of the Company by a majority vote of all Disinterested Directors (a majority of whom shall for such purpose constitute a quorum) or by a majority of the members of a committee of two or more Disinterested Directors appointed by such a vote; or

(2) If there are fewer than two Disinterested Directors, by the Board of Directors (in which determination Directors who do not qualify as Disinterested Directors may participate); or

(3) By the Shareholders, but shares owned by or voted under the control of a Director or Officer who at the time does not qualify as a Disinterested Director or Disinterested Officer may not be voted on the determination.

(b) Notwithstanding the requirement under subsection 5.5(a) that the Reviewing Party evaluate the reasonableness of Expenses claimed by the proposed indemnitee, any Expenses claimed by the proposed indemnitee shall be

deemed reasonable if the Reviewing Party fails to make the evaluation required by subsection 5.5(a) within sixty (60) days following the later of:

- (1) The Company's receipt of the affirmative undertaking required by Section 5.3(a); or
- (2) The Company's receipt of invoices for specific Expenses to be reimbursed or advanced.

Section 5.6 Indemnification of Employees and Agents. The Company may indemnify and advance Expenses under this Article to an employee or agent of the Company who is not a Director or Officer to the same extent and subject to the same conditions that a Georgia corporation could, without shareholder approval under Section 14-2-856 of the Code, indemnify and advance Expenses to a Director, or to any lesser extent (or greater extent if permitted by law) determined by the Board of Directors or Chief Executive Officer, in each case consistent with public policy.

Section 5.7 Liability Insurance. The Company may purchase and maintain insurance on behalf of an individual who is a Director, Officer, employee or agent of the Company or who, while a Director, Officer, employee or agent of the Company, serves at the Company's request as a director, officer, partner, trustee, employee or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity against Liability asserted against or incurred by him or her in that capacity or arising from his or her status as a Director, Officer, employee, or agent, whether or not the corporation would have power to indemnify or advance Expenses to him or her against the same Liability under this Article or the Code.

Section 5.8 Witness Fees. Nothing in this Article shall limit the Company's power to pay or reimburse Expenses incurred by a person in connection with his or her appearance as a witness in a Proceeding at a time when he or she is not a Party.

Section 5.9 Report to Shareholders. To the extent and in the manner required by the Code from time to time, if the Company indemnifies or advances Expenses to a Director or Officer in connection with a Proceeding by or in the right of the Company, the Company shall report the indemnification or advance to the Shareholders.

Section 5.10 No Duplication of Payments; Nonexclusive. The Company shall not be liable under this Article to make any payment to a person hereunder to the extent such person has otherwise actually received payment (under any insurance policy, agreement or otherwise) of the amounts otherwise payable hereunder. The rights of a Director or Officer hereunder shall be in addition to any other rights with respect to indemnification, advancement of expenses or otherwise that he or she may have under contract or the Code or otherwise.

Section 5.11 Subrogation. In the event of payment under this Article, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.



Section 5.12 Contract Rights. The right to indemnification and advancement of Expenses conferred hereunder to Directors and Officers shall be a contract right and shall not be affected adversely to any Director or Officer by any amendment of these Bylaws with respect to any action or inaction occurring prior to such amendment; provided, however, that this provision shall not confer upon any indemnitee or potential indemnitee (in his or her capacity as such) the right to consent or object to any subsequent amendment of these Bylaws.

Section 5.13 Amendments. It is the intent of the Company to indemnify and advance Expenses to its Directors and Officers to the full extent permitted by the Code, as amended from time to time. To the extent that the Code is hereafter amended to permit a Georgia business corporation to provide to its directors or officers greater rights to indemnification or advancement of Expenses than those specifically set forth hereinabove, this Article shall be deemed amended to require such greater indemnification or more liberal advancement of Expenses to the Company's Directors and Officers, in each case consistent with the Code as so amended from time to time. No amendment, modification or rescission of this Article, or any provision hereof, the effect of which would diminish the rights to indemnification or advancement of Expenses as set forth herein shall be effective as to any person with respect to any action taken or omitted by such person prior to such amendment, modification or rescission.

## **ARTICLE SIX CAPITAL STOCK**

Section 6.1 Direct Registration of Shares. The Company may, with the Board of Directors' approval, participate in a direct registration system approved by the Securities and Exchange Commission and by the New York Stock Exchange or any securities exchange on which the stock of the Company may from time to time be traded, whereby shares of capital stock of the Company may be registered in the holder's name in uncertificated, book-entry form on the books of the Company.

Section 6.2 Certificates for Shares. Except for shares represented in book-entry form under a direct registration system contemplated in Section 6.1, the interest of each Shareholder in the Company shall be evidenced by a certificate or certificates representing shares of the Company which shall be in such form as the Board of Directors from time to time may adopt. Share certificates shall be numbered consecutively, shall be in registered form, shall indicate the date of issuance, the name of the Company and that it is organized under the laws of the State of Georgia, the name of the Shareholder, and the number and class of shares and the designation of the series, if any, represented by the certificate. Each certificate shall be signed by the Chairman of the Board, the President or other Chief Executive Officer or a Vice President and also by the Secretary or may be signed with the facsimile signatures of the Chairman of the Board, the President or other Chief Executive Officer or a Vice President and of the Secretary, and in all cases a stock certificate signed in facsimile must also be countersigned by the transfer agent for the stock. The corporate seal need not be affixed.

Section 6.3 Transfer of Shares. The Board of Directors shall have authority to appoint a transfer agent and/or a registrar for the shares of its capital stock, and to empower them or either of them in such manner and to such extent as it may deem best, and to remove such agent or agents from time to time, and to appoint another agent or other agents. Transfers of shares

shall be made upon the transfer books of the Company, kept at the office of the transfer agent designated to transfer the shares, only upon direction of the registered owner, or by an attorney lawfully constituted in writing. With respect to certificated shares, before a new certificate is issued, the old certificate shall be surrendered for cancellation or, in the case of a certificate alleged to have been lost, stolen, or destroyed, the requirements of Section 6.5 of these Bylaws shall have been met. Transfer of shares shall be in accordance with such reasonable rules and regulations as may be made from time to time by the Board of Directors.

Section 6.4 Duty of Company to Register Transfer. Notwithstanding any of the provisions of Section 6.3 of these Bylaws, the Company is under a duty to register the transfer of its shares only if:

- (a) the certificate or transfer instruction is endorsed by the appropriate person or persons; and
- (b) reasonable assurance is given that the endorsement or affidavit is genuine and effective; and
- (c) the Company either has no duty to inquire into adverse claims or has discharged that duty; and
- (d) the requirements of any applicable law relating to the collection of taxes have been met; and
- (e) the transfer in fact is rightful or is to a bona fide purchaser.

Section 6.5 Lost, Stolen or Destroyed Certificates. Any person claiming a share certificate to be lost, stolen or destroyed shall make an affidavit or affirmation of the fact in the manner required by the Company and, if the Company requires, shall give the Company a bond of indemnity in form and amount, and with one or more sureties satisfactory to the Company, as the Company may require, whereupon an appropriate new certificate may be issued in lieu of the one alleged to have been lost, stolen or destroyed.

Section 6.6 Authorization to Issue Shares and Regulations Regarding Transfer and Registration. The Board of Directors, the Executive Committee and any other committee of the Board of Directors so authorized by it shall have power and authority to issue shares of capital stock of the Company and to make all such rules and regulations as, respectively, they may deem expedient concerning the transfer and registration of shares of the capital stock of the Company.

## **ARTICLE SEVEN DISTRIBUTIONS AND DIVIDENDS**

Section 7.1 Authorization or Declaration. Unless the Articles of Incorporation provide otherwise, the Board of Directors from time to time in its discretion may authorize or declare distributions or share dividends in accordance with the Code.

Section 7.2 Record Date with Regard to Distributions and Share Dividends. For the purpose of determining Shareholders entitled to a distribution (other than one involving a

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purchase, redemption, or other reacquisition of the Company's shares) or a share dividend, the Board of Directors may fix a date as the record date. If no record date is fixed by the Board of Directors, the record date shall be determined in accordance with the provisions of the Code.

## **ARTICLE EIGHT MISCELLANEOUS**

Section 8.1 Corporate Seal. The corporate seal of the Company shall be in such form as the Board of Directors may from time to time determine. If at any time it is inconvenient to use the corporate seal of the Company, the signature or name of the Company followed by or used in conjunction with the words "Corporate Seal" or "Seal" or words of similar import shall be deemed the seal of the Company.

Section 8.2 Inspection of Books and Records. The Board of Directors shall have power to determine which accounts, books and records of the Company shall be opened to the inspection of Shareholders, except those as may by law specifically be made open to inspection, and shall have power to fix reasonable rules and regulations not in conflict with the applicable law for the inspection of accounts, books and records which by law or by determination of the Board of Directors shall be open to inspection. Without the prior approval of the Board of Directors in its discretion, the right of inspection set forth in Section 14-2-1602(c) of the Code shall not be available to any Shareholder owning two percent or less of the shares outstanding.

Section 8.3 Conflict with Articles of Incorporation or Code. To the extent that any provision of these Bylaws conflicts with any provision of the Articles of Incorporation, such provision of the Articles of Incorporation shall govern. To the extent that any provision of these Bylaws conflicts with any non-discretionary provision of the Code, such provision of the Code shall govern.

Section 8.4 Severability. In the event that any of the provisions of these Bylaws (including any provision within a single section, subsection, division or sentence) is held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions of these Bylaws shall remain enforceable to the fullest extent permitted by law.

## **ARTICLE NINE AMENDMENTS**

Section 9.1 Amendments. Subject, in each case, to the Articles of Incorporation:

- (a) the Board of Directors shall have power to alter, amend or repeal these Bylaws or adopt new Bylaws; and
- (b) any Bylaws adopted by the Board of Directors may be altered, amended or repealed, and new Bylaws may be adopted, by the Shareholders, as provided by the Code; and
- (c) Articles Ten and Eleven of these Bylaws shall be amended only in the manner provided by relevant provisions of the Code.

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**ARTICLE TEN**  
**FAIR PRICE REQUIREMENTS**

Section 10.1 Fair Price Requirements. All of the requirements of Article 11, Part 2, of the Code, included in Sections 14-2-1110 through 1113 (and any successor provisions thereto), shall be applicable to the Company in connection with any business combination, as defined therein, with any interested shareholder, as defined therein.

**ARTICLE ELEVEN**  
**BUSINESS COMBINATIONS**

Section 11.1 Business Combinations. All of the requirements of Article 11, Part 3, of the Code, included in Sections 14-2-1131 through 1133 (and any successor provisions thereto), shall be applicable to the Company in connection with any business combination, as defined therein, with any interested shareholder, as defined therein.

**EQUIFAX  
EXECUTIVE DEFERRED COMPENSATION PLAN**

Equifax Inc., a Georgia corporation (the "Company"), hereby establishes this Executive Deferred Compensation Plan (the "Plan"), effective January 1, 2003, for the purpose of attracting high quality executives and promoting in its key executives increased efficiency and an interest in the successful operation and performance of the Company.

**ARTICLE 1**

**Definitions**

1.1 *Account* shall mean the account or accounts established for a particular Participant pursuant to Article 3 of the Plan.

1.2 *Administrator* shall mean the person or persons appointed by the Board of Directors of the Company to administer the Plan pursuant to Article 12 of the Plan.

1.3 *Base Salary* shall mean the Participant's base annual salary excluding commissions, incentive and discretionary bonuses and other non-regular forms of compensation, before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.4 *Beneficiary* shall mean the person(s) or entity designated as such in accordance with Article 11 of the Plan.

1.5 *Bonus* shall mean amounts paid to the Participant by the Company annually in the form of a discretionary or incentive compensation or any other bonus designated by the Administrator to be covered by the Plan before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.6 *Change in Control* shall mean either:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this subparagraph (a), a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (iv) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b); or

(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the

beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b).

(e) Definitions. For purposes of this paragraph defining Change in Control, the following definitions shall apply:

(i) *Beneficial Ownership* shall mean beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

(ii) *Business Combination* shall mean a reorganization, merger or consolidation of the Company.

(iii) *Eighty Percent (80%) Subsidiary* shall mean an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(iv) *Exchange Act* shall mean the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(v) *Incumbent Board* shall mean a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the effective date of this Plan or (b) members who become members of the Company's Board of Directors subsequent to the effective date of this Plan whose election, or nomination for election by the Company's shareholders, was

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approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(vi) *Person* shall mean any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

(vii) *Voting Stock* shall mean the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

1.7 *Commissions* shall mean the Participant's commissions payable from the Company for the Plan Year before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company.

1.8 *Company* shall mean Equifax Inc.

1.9 *Crediting Rate* shall mean the notional gains and losses credited on the Participant's Account balance which are based on the Participant's choice among the investment alternatives made available by the Administrator or such other method established by the Administrator pursuant to Article 3 of the Plan.

1.10 *Disability* shall mean any cessation of the Participant's employment with the Company as a result of a physical or mental condition which prevents the Participant from performing the normal duties of his or her current employment for a period of at least one hundred eighty (180) consecutive days. If a Participant makes application for disability benefits under the Social Security Act or under a Company sponsored long term disability plan, as then in effect and qualifies for such benefits, he/she shall be presumed to qualify as totally and permanently disabled under this Plan. The Administrator may require that the Participant submit evidence of such qualification for disability benefits in order to determine the existence of Disability under this Plan.

1.11 *Eligible Executive* shall mean an executive of the Company selected by the Administrator to be eligible to participate in the Plans.

1.12 *ERISA* shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.13 *Financial Hardship* shall mean an unexpected need for cash arising from illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence which is not covered by insurance and which is determined to qualify as a Financial Hardship by the Administrator. Cash needs arising from foreseeable events such as the purchase of a residence or education expenses for children shall not, alone, be considered a Financial Hardship.

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- 1.14 *Participant* shall mean an Eligible Executive who has elected to participate and has completed a Participant Election Form pursuant to Article 2 of the Plan.
- 1.15 *Participant Election Form* shall mean the written agreement to make a deferral submitted by the Participant to the Administrator on a timely basis pursuant to Article 2 of the Plan. The Participant Election Form may take the form of an electronic communication followed by appropriate written confirmation according to specifications established by the Administrator.
- 1.16 *Plan Year* shall mean the calendar year.
- 1.17 *Qualified Plan* shall mean the Equifax Inc. 401(k) Plan, as in effect on the effective date of this Plan and as may be amended from time to time.
- 1.18 *Retirement* shall mean Termination of Employment on or after the Retirement Eligibility Date.
- 1.19 *Retirement Eligibility Date* shall mean the earlier of (a) the date on which the Participant attains age sixty-five (65), (b) the date on which the Participant has both attained age fifty-five (55) and completed at least five (5) Years of Service, or (c) the date on which the Participant has both attained age fifty (50) and the Participant's combined years of age and Years of Service total at least seventy-five (75).
- 1.20 *Scheduled Withdrawal* shall mean the distribution elected by the Participant pursuant to Article 7 of the Plan.
- 1.21 *Settlement Date* shall mean the date by which a lump sum payment shall be made or the date by which installment payments shall commence. Unless otherwise specified, the Settlement Date shall be the later of the last day of January of the Plan Year following the year in which the event triggering the payout occurs, or ninety (90) days following such event. In the case of death, the event triggering payout shall be deemed to occur upon the date the Administrator is provided with the documentation reasonably necessary to establish the fact of the Participant's death.
- 1.22 *Termination of Employment* shall mean the date of the cessation of the Participant's employment with the Company for any reason whatsoever, whether voluntary or involuntary, including as a result of the Participant's Retirement or death, or to the extent provided in Article 6 of the Plan, Disability.
- 1.23 *Unscheduled Withdrawal* shall mean a distribution elected by the Participant pursuant to Article 8 of the Plan.
- 1.24 *Valuation Date* shall mean the date through which earnings are credited and shall be the last day of the month preceding the month in which the payout or other event triggering the Valuation occurs.
- 1.25 *Withdrawal Penalty* shall mean the ten percent (10%) penalty deducted from an Account as a result of an Unscheduled Withdrawal pursuant to Article 8 of the Plan, or a change in the form of payout within thirteen (13) months prior to Retirement as provided in Article 4 of the Plan.



1.26 *Years of Service* shall mean the cumulative consecutive years of continuous full-time employment with the Company, beginning on the date the Participant first began service with the Company, and counting each anniversary thereof.

## ARTICLE 2

### Participation

2.1 Elective Deferral. For each Plan Year a Participant may elect to defer any whole percentage between five percent (5%) and seventy-five percent (75%) of Base Salary and/or Commissions and/or any whole percentage between five percent (5%) and one hundred percent (100%) of Bonus earned by the Participant during the Plan Year. A Participant may also make an irrevocable election prior to the beginning of the Plan Year to have contributed to this Plan any deferral contributions which the Participant has elected as of the beginning of the Plan Year to be made to the Qualified Plan for such Plan Year which, for any reason, may not be contributed to the Qualified Plan. The foregoing limits shall be interpreted and applied by the Administrator in its complete and sole discretion and the Administrator may further limit the minimum or maximum amount deferred by any Participant or group of Participants, or waive the foregoing limits for any Participant or group of Participants, for any reason.

2.2 Participant Election Form. In order to make a deferral, an Eligible Executive must submit a Participant Election Form to the Administrator during the enrollment period established by the Administrator prior to the beginning of the period during which the Base Salary, Commissions and/or Bonus is earned, except that with respect to the first Plan Year, the Participant shall submit a Participant Election Form within thirty (30) days of adoption of the Plan by the Board of Directors of the Company. The Administrator may establish a special enrollment period for Eligible Executives hired during a Plan Year to allow deferrals of Base Salary, Commissions and/or Bonus earned during the balance of such Plan Year after such enrollment period. The Participant shall be required to submit a new Participant Election Form on a timely basis in order to change the Participant's deferral election for a subsequent Plan Year. If no Participant Election Form is filed during the prescribed enrollment period, the Participant's election for the prior Plan Year shall continue in force for the next Plan Year.

2.3 Election Irrevocable Except on Change in Control. The election to defer Base Salary, Commissions or Bonus shall be irrevocable except as provided in Article 6 in the event of Disability or Article 9 in the case of a Financial Hardship. Notwithstanding the foregoing, in the event of a Change in Control, a Participant may elect within ninety (90) days following such Change in Control to discontinue all deferrals under the Plan for the calendar months following the month in which such election is made. If the Participant elects to discontinue deferrals under the Plan, the Participant shall forfeit the right to make deferrals for the balance of the Plan Year in which such election occurs and for the entire next following Plan Year.

## ARTICLE 3

### Accounts

3.1 Participant Accounts. Solely for recordkeeping purposes up to three (3) Accounts (a Retirement Account and two Scheduled Withdrawal Accounts) shall be maintained for each Participant and shall be credited with the Participant's deferrals directed by the Participant to each Account at the time such

amounts would otherwise have been paid to the Participant. Accounts shall be deemed to be credited with notional gains or losses as provided in Section 3.2 from the date the deferral is credited to the Account through the Valuation Date. Amounts credited to a Participant's Account shall be fully vested at all times.

3.2 Crediting Rate. Unless the Administrator elects to establish a different method of determining the Crediting Rate, the Crediting Rate on amounts in a Participant's Account shall be based on the Participant's choice among the investment alternatives made available from time to time by the Administrator. The Administrator shall establish a procedure by which a Participant may elect to have the Crediting Rate based on one or more investment alternatives and by which the Participant may change investment elections at least quarterly. The Participant's Account balance shall reflect the investments selected by the Participant. If an investment selected by a Participant sustains a loss, the Participant's Account shall be reduced to reflect such loss. The Participant's choice among investments shall be solely for purposes of calculation of the Crediting Rate. If the Participant fails to elect an investment alternative the Crediting Rate shall be based on the investment alternative selected for this purpose by the Administrator. The Company shall have no obligation to set aside or invest funds as directed by the Participant and, if the Company elects to invest funds as directed by the Participant, the Participant shall have no more right to such investments than any other unsecured general creditor. During payout, the Participant's Account shall continue to be credited at the Crediting Rate selected by the Participant from among the investment alternatives or rates made available by the Administrator for such purpose. Installment payments shall be recalculated annually by dividing the account balance by the number of payments remaining without regard to anticipated earnings or in any other reasonable manner as may be determined from time to time by the Administrator.

3.3 Rollovers From Prior Plan. The Administrator may direct that amounts previously credited to the old Equifax Deferred Compensation Plan on behalf of any Participant be rolled into this Plan and credited to a Retirement Account of such Participant under this Plan. Such amounts shall be fully vested at all times, shall be credited with notional earnings under Section 3.2 and shall be distributed as elected by the Participant in the same manner as other amounts credited to such Participant's Retirement Account.

3.4 Statement of Accounts. The Administrator shall provide each Participant with statements at least quarterly setting forth the Participant's Account balance as of the end of each quarter.

## **ARTICLE 4**

### **Retirement Benefits**

4.1 Retirement Benefits. In the event of the Participant's Retirement, the Participant shall be entitled to receive an amount equal to the total balance of the Participant's Account credited with notional earnings as provided in Article 3 through the Valuation Date. The benefits shall be paid in a single lump sum unless the Participant makes a timely election prior to Retirement to have the benefit paid in substantially level annual installments over a specified period of not more than fifteen (15) years. Payments shall begin on the Settlement Date following Retirement. An election to change the form of benefit payout may be made at any time prior to Retirement by submitting to the Administrator the form provided for such purpose but elections shall not be effective unless made no less than thirteen (13) calendar months prior to Retirement. Notwithstanding the foregoing, the Participant may elect to have the new election take effect less than

thirteen (13) months prior to Retirement subject to a Withdrawal Penalty of ten percent (10%) of the pre-election Account balance forfeited to the Company.

4.2 Termination Benefit. Upon Termination of Employment other than by reason of Retirement or death, the Company shall pay to the Participant a termination benefit equal to the balance on Termination of Employment of the Participant's deferral Account credited with notional earnings as provided in Article 3 through the Valuation Date. The termination benefits shall be paid in a single lump sum on the Settlement Date following Termination of Employment. However, the Company may, in its sole discretion, elect to pay the termination benefits over a period of three (3) years in equal annual installments beginning on the Settlement Date.

4.3 Small Benefit Exception. Notwithstanding the foregoing, in the event the sum of all benefits payable to the Participant is less than or equal to fifty thousand dollars (\$50,000), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum payable on the last day of the month in which such benefits first become payable.

## ARTICLE 5

### Death Benefits

5.1 Survivor Benefit Before Benefits Commence If the Participant dies prior to commencement of benefits under Article 4, the Company shall pay to the Participant's Beneficiary a death benefit equal to the total balance on death of the Participant's Account credited with notional earnings as provided in Article 3 through the Valuation Date. The death benefit shall be paid in the same form elected by the Participant for Retirement benefits under Article 4.1 (without regard to the thirteen (13) month waiting period) beginning on the Settlement Date following the date the Participant's death is established by reasonable documentation. However, the Administrator may, in its complete and sole discretion, change the form of distribution of the death benefit prior to the Settlement Date on which the benefits are scheduled to commence.

5.2 Survivor Benefit After Benefits Commence If the Participant dies after benefits have commenced under Article 4, the Company shall pay to the Participant's Beneficiary an amount equal to the remaining benefits payable to the Participant under the Plan over the same period such benefits would have been paid to the Participant. However, the Administrator may, in its complete and sole discretion, change the form of distribution of the death benefit prior to the Settlement Date on which the benefits are scheduled to commence.

5.3 Small Benefit Exception. Notwithstanding the foregoing, in the event the sum of all benefits payable to a Beneficiary is less than or equal to fifty thousand dollars (\$50,000), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum payable on the last day of the month in which such benefits first become payable.

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## ARTICLE 6

### Disability Benefits

6.1 Disability. In the event of Disability, the Participant's deferral elections shall cease to be effective and for purposes of calculation and payment of benefits under the Plan, Disability shall be treated as a Retirement entitling the Participant to receive the benefits provided under Article 4.1 of the Plan without regard to the thirteen month waiting period.

## ARTICLE 7

### Scheduled Withdrawal

7.1 Election. The Participant may make an election on the Participant Election Form at the time of making a deferral to take a Scheduled Withdrawal from the Account established by the Participant for such purpose, including any earnings credited thereon. The Participant may elect to receive the Scheduled Withdrawal in any Plan Year on or after the third Plan Year following the enrollment period in which such Scheduled Withdrawal is elected and may elect to have the Scheduled Withdrawal distributed in a single lump sum or in annual installments over a period of up to five (5) years. The Participant may elect to make additional deferrals into such Scheduled Withdrawal Account in subsequent Participant Election Forms but may not elect another Scheduled Withdrawal date for such Account until all of the amounts in the original Scheduled Withdrawal Account have been paid out. The Participant may establish up to two (2) separate Scheduled Withdrawal Accounts with different Scheduled Withdrawal dates but shall not establish a third such Account until all of the funds in one of the first two Scheduled Withdrawal Accounts have been paid out. The Scheduled Withdrawal date and form of payout elected for a Scheduled Withdrawal Account shall be irrevocable, except that a Participant may petition to the Administrator once no less than thirteen (13) months prior to the date originally elected for the Scheduled Withdrawal to defer (but not accelerate) the Scheduled Withdrawal date and/or to change the form of payout of the Scheduled Withdrawal.

7.2 Timing of Scheduled Withdrawal. The Scheduled Withdrawal payment shall be paid by the Company to the Participant no later than the last day of January of the Plan Year elected by the Participant in the Participant Election Form unless preceded by Termination of Employment. In the event of Termination of Employment prior to the date elected for the Scheduled Withdrawal, the Scheduled Withdrawal shall be paid in the form provided in Article 4 of the Plan. In the event such Termination of Employment is as a result of the Participant's death, the Scheduled Withdrawal shall be paid as provided in Section 5.1 of the Plan.

## ARTICLE 8

### Unscheduled Withdrawal

8.1 Election. A Participant (or, after the Participant's death, a Beneficiary) may take an Unscheduled Withdrawal from an Account at any time. The Unscheduled Withdrawal shall be paid no later than the last day of the month following the month in which the Unscheduled Withdrawal is requested. After an Unscheduled Withdrawal, a Participant's deferrals shall cease and the Participant shall not be allowed to

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make a new deferral election until the enrollment period next following one full calendar year from the date of the Unscheduled Withdrawal. Only one Unscheduled Withdrawal shall be permitted in each Plan Year.

8.2 Withdrawal Penalty. There shall be a Withdrawal Penalty deducted from the Account prior to an Unscheduled Withdrawal from such Account equal to ten percent (10%) of the Unscheduled Withdrawal.

8.3 Minimum Withdrawal. The minimum Unscheduled Withdrawal shall be twenty-five percent (25%) of the balance of the specified Account.

## **ARTICLE 9**

### **Financial Hardship Distribution**

9.1 Financial Hardship Distribution. Upon a finding that the Participant (or, after the Participant's death, a Beneficiary) has suffered a Financial Hardship, the Administrator may in its sole discretion, accelerate distributions of benefits or approve reduction or cessation of current deferrals under the Plan in the amount reasonably necessary to alleviate such Financial Hardship. In the event of a distribution from the Plan based on Financial Hardship, a Participant's deferrals shall cease and the Participant shall not be allowed to make a new deferral election until the enrollment period next following one full calendar year from the date of such distribution.

## **ARTICLE 10**

### **Amendment and Termination of Plan**

10.1 Amendment or Termination of Plan. The Company may, at any time, direct the Administrator to amend or terminate the Plan, except that no such amendment or termination may reduce a Participant's Account balance. If the Company terminates the Plan, the date of such termination shall be treated as a Termination of Employment for the purpose of calculating Plan benefits and the Company shall pay to each Participant the benefits such Participant would be entitled to receive under Article 4 of the Plan except that such termination benefits shall be paid in a single lump sum payable on the last day of the month following the month in which termination of the Plan occurs.

## **ARTICLE 11**

### **Beneficiaries**

11.1 Beneficiary Designation. The Participant shall have the right, at any time, to designate any person or persons as Beneficiary (both primary and contingent) to whom payment under the Plan shall be made in the event of the Participant's death. The designation by a married Participant of a primary Beneficiary other than the Participant's spouse shall require consent of such spouse. The Beneficiary designation shall be effective when it is submitted in writing to and acknowledged by the Administrator during the Participant's lifetime on a form prescribed by the Administrator.

11.2 Revision of Designation. The submission of a new Beneficiary designation shall cancel all prior Beneficiary designations. Any marriage (other than a common law marriage) or finalized divorce of

a Participant subsequent to the date of a Beneficiary designation shall revoke such designation, unless in the case of divorce the previous spouse was not designated as a Beneficiary and unless in the case of marriage the Participant's new spouse has previously been designated as the sole primary Beneficiary.

11.3 Successor Beneficiary. If all primary Beneficiaries die prior to complete distribution of the benefits provided in Article 5, the remaining Account balance shall be paid to the contingent Beneficiary elected by the Participant in the form of a lump sum payable no later than the last day of the month following the month in which the last remaining primary Beneficiary's death is established.

11.4 Absence of Valid Designation. If a Participant fails to designate a Beneficiary as provided above, or if the Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Administrator shall direct the distribution of such benefits to the Participant's spouse, if the Participant was married on the date of death, or, if the Participant was not married on death, to the Participant's estate.

## ARTICLE 12

### Administration/Claims Procedures

12.1 Administration. The Plan shall be administered by the Administrator, which shall have the exclusive right and full discretion (i) to interpret the Plan, (ii) to decide any and all matters arising hereunder (including the right to remedy possible ambiguities, inconsistencies, or admissions), (iii) to make, amend and rescind such rules as it deems necessary for the proper administration of the Plan and (iv) to make all other determinations necessary or advisable for the administration of the Plan, including determinations regarding eligibility for benefits payable under the Plan. All interpretations of the Administrator with respect to any matter hereunder shall be final, conclusive and binding on all persons affected thereby. No member of the Administrator shall be liable for any determination, decision, or action made in good faith with respect to the Plan. The Company will indemnify and hold harmless the members of the Administrator from and against any and all liabilities, costs, and expenses incurred by such persons as a result of any act, or omission, in connection with the performance of such persons' duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, willful misconduct, or criminal acts of such persons.

12.2 Claims Procedure. Any Participant, former Participant or Beneficiary may file a written claim with the Administrator setting forth the nature of the benefit claimed, the amount thereof, and the basis for claiming entitlement to such benefit. The Administrator shall determine the validity of the claim and communicate a decision to the claimant promptly and, in any event, not later than ninety (90) days after the date of the claim. The claim may be deemed by the claimant to have been denied for purposes of further review described below in the event a decision is not furnished to the claimant within such ninety (90) day period. If additional information is necessary to make a determination on a claim, the claimant shall be advised of the need for such additional information within forty-five (45) days after the date of the claim. The claimant shall have up to one hundred and eighty (180) days to supplement the claim information, and the claimant shall be advised of the decision on the claim within forty-five (45) days after the earlier of the date the supplemental information is supplied or the end of the one hundred and eighty (180) day period. Every claim for benefits which is denied shall be denied by written notice setting forth in a manner calculated to be

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understood by the claimant (i) the specific reason or reasons for the denial, (ii) specific reference to any provisions of the Plan (including any internal rules, guidelines, protocols, criteria, etc.) on which the denial is based, (iii) description of any additional material or information that is necessary to process the claim, and (iv) an explanation of the procedure for further reviewing the denial of the claim.

12.3 Review Procedures. Within sixty (60) days after the receipt of a denial on a claim, a claimant or his/her authorized representative may file a written request for review of such denial. Such review shall be undertaken by the Administrator and shall be a full and fair review. The claimant shall have the right to review all pertinent documents. The Administrator shall issue a decision not later than sixty (60) days after receipt of a request for review from a claimant unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than one hundred and twenty (120) days after receipt of the claimant's request for review. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to any provisions of the Plan on which the decision is based and shall include an explanation the claimants right to pursue a legal action in the event the claim is denied.

## **ARTICLE 13**

### **Conditions Related to Benefits**

13.1 Nonassignability. The Participant's Account balance and the benefits provided under the Plan shall not be subject to sale, alienation, assignment, transfer, pledge or hypothecation by the Participant or any Beneficiary and any attempt to sale, alienate, assign, transfer, pledge or hypothecate an Account balance or Plan benefits shall be null and void. The Participant's Account balance and benefits shall be exempt from the claims of creditors or other claimants of the Participant or Beneficiary and from all orders, decrees, levies, garnishment or executions to the fullest extent allowed by law.

13.2 No Right to Company Assets. The benefits paid under the Plan shall be paid from the general funds of the Company, and the Participant and any Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder. At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. Benefits paid to the Participant from any such trust or trusts shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

13.3 Protective Provisions. The Participant shall cooperate with the Company by furnishing any and all information requested by the Administrator, in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Administrator may deem necessary and taking such other actions as may be requested by the Administrator. If the Participant refuses to so cooperate, the Company shall have no further obligation to the Participant under the Plan. In the event of the Participant's suicide during the first two (2) years in the Plan, or if the Participant makes any material misstatement of information or non-disclosure of medical history, then no benefits shall be payable to the Participant under the Plan, except that benefits may be payable in a reduced amount in the sole discretion of the Administrator.

13.4 Withholding. The Participant shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements and Social Security or other employee tax requirements applicable to the payment of benefits under the Plan. If no other arrangements are made, the Company may provide, at its discretion, for such withholding and tax payments as may be required, including, without limitation, by the reduction of other amounts payable to the Participant.

13.5 Assumptions and Methodology. To the extent required, the Administrator shall establish the actuarial assumptions and method of calculation used in determining the present or future value of benefits, earnings, payments, fees, expenses or any other amounts required to be calculated under the terms of the Plan. The Administrator shall also establish reasonable procedures regarding the form and timing of installment payments.

## **ARTICLE 14**

### **Miscellaneous**

14.1 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

14.2 Employment Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continued employment with the Company, nor as a limitation on the right of the Company to terminate the employment of any Participant at any time.

14.3 Gender, Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

14.4 Captions. The captions of the articles, paragraphs and sections of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

14.5 Validity. In the event any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

14.6 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan shall not operate or be construed as a waiver of any subsequent breach by that Participant or any other Participant.

14.7 Notice. Any notice or filing required or permitted to be given to the Company or the Participant under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Administrator, and in the case of the Participant, to the last known address of the Participant indicated on the employment records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Administrator.



14.8 Errors in Benefit Statement or Distributions In the event an error is made in a benefit statement, such error shall be corrected as soon as is practical following the date such error is discovered. In the event of an error in a distribution, the Participant's Account shall, as soon as is practical after discovery of such error, be adjusted to reflect such under or over payment and, if possible, the next distribution shall be adjusted upward or downward to correct such prior error. If the remaining balance of a Participant's Account is insufficient to cover an erroneous overpayment, the Company may, at its discretion, offset other amounts payable to the Participant from the Company (including but not limited to salary, bonuses, expense reimbursements, severance benefits or other compensation or benefit arrangements, to the extent allowed by law) to recoup the amount of such overpayment(s).

14.9 ERISA Plan. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA.

14.10 Applicable Law. The Plan shall be governed by ERISA and, in the event any provision of, or legal issue relating to, this Plan is not fully preempted by ERISA, such issue or provision shall be governed by the laws of the State of Georgia (without regard to conflict of law provisions).

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 17th day of December, 2002.

**EQUIFAX INC.**

By        /s/ KAREN H. GASON

Its        Chief Administrative Officer

**EQUIFAX  
DIRECTOR DEFERRED COMPENSATION PLAN**

Equifax Inc., a Georgia corporation (the "Company"), hereby establishes this Director Deferred Compensation Plan (the "Plan"), effective January 1, 2003, for the purpose of attracting high quality outside directors and promoting in its directors increased efficiency and an interest in the successful operation and performance of the Company.

**Definitions**

1.1 *Account* shall mean the account or accounts established for a particular Participant pursuant to Article 3 of the Plan.

1.2 *Administrator* shall mean the person or persons appointed by the Board of Directors of the Company to administer the Plan pursuant to Article 12 of the Plan.

1.3 *Beneficiary* shall mean the person(s) or entity designated as such in accordance with Article 11 of the Plan.

1.4 *Change in Control* shall mean either:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this subparagraph (a), a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (iv) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b); or

(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding

shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b).

(e) Definitions. For purposes of this paragraph defining Change in Control, the following definitions shall apply:

(i) *Beneficial Ownership* shall mean beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

(ii) *Business Combination* shall mean a reorganization, merger or consolidation of the Company.

(iii) *Eighty Percent (80%) Subsidiary* shall mean an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(iv) *Exchange Act* shall mean the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(v) *Incumbent Board* shall mean a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the effective date of this Plan or (b) members who become members of the Company's Board of Directors subsequent to the effective date of this Plan whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(vi) *Person* shall mean any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

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(vii) *Voting Stock* shall mean the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

1.5 *Compensation* shall mean the retainer and meeting fees payable to the Participant by the Company for the Plan Year before reductions for contributions to or deferrals under any deferred compensation or benefit plans sponsored by the Company.

1.6 *Company* shall mean Equifax Inc.

1.7 *Crediting Rate* shall mean the notional gains and losses credited on the Participant's Account balance pursuant to Article 3 of the Plan.

1.8 *Eligible Director* shall mean a member of the Board of Directors of the Company who is not an employee of the Company or such other independent contractor as may be designated by the Administrator to be eligible to participate in the Plan.

1.9 *Financial Hardship* shall mean an unexpected need for cash arising from illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence which is not covered by insurance and which is determined to qualify as a Financial Hardship by the Administrator. Cash needs arising from foreseeable events such as the purchase of a residence or education expenses for children shall not, alone, be considered a Financial Hardship.

1.10 *Participant* shall mean an Eligible Director who has elected to participate and has completed a Participant Election Form pursuant to Article 2 of the Plan.

1.11 *Participant Election Form* shall mean the written agreement to make a deferral submitted by the Participant to the Administrator on a timely basis pursuant to Article 2 of the Plan. The Participant Election Form may take the form of an electronic communication followed by appropriate written confirmation according to specifications established by the Administrator.

1.12 *Plan Year* shall mean the calendar year.

1.13 *Retirement* shall mean Termination of Service.

1.14 *Scheduled Withdrawal* shall mean the distribution elected by the Participant pursuant to Article 7 of the Plan.

1.15 *Settlement Date* shall mean the date by which a lump sum payment shall be made or the date by which installment payments shall commence. Unless otherwise specified, the Settlement Date shall be the later of the last day of January of the Plan Year following the year in which the event triggering the payout occurs, or ninety (90) days following such event. In the case of death, the event triggering payout shall be deemed to occur upon the date the Administrator is provided with the documentation reasonably necessary to establish the fact of the Participant's death.

1.16 *Termination of Service* shall mean the date of the cessation of the Participant's service as a member of the Board of Directors of the Company for any reason whatsoever, whether voluntary or involuntary, including as a result of the Participant's death or disability.

1.17 *Unscheduled Withdrawal* shall mean a distribution elected by the Participant pursuant to Article 8 of the Plan.

1.18 *Valuation Date* shall mean the date through which earnings are credited and shall be the last day of the month preceding the month in which the payout or other event triggering the Valuation occurs.

1.19 *Withdrawal Penalty* shall mean the ten percent (10%) penalty deducted from an Account as a result of an Unscheduled Withdrawal pursuant to Article 8 of the Plan, or a change in the form of payout within thirteen (13) months prior to Retirement as provided in Article 4 of the Plan.

## **ARTICLE 2**

### **Participation**

2.1 Elective Deferral. For each Plan Year a Participant may elect to defer any whole percentage between five percent (5%) and one hundred percent (100%) of Compensation earned by the Participant during the Plan Year. The foregoing limits shall be interpreted and applied by the Administrator in its complete and sole discretion and the Administrator may further limit the minimum or maximum amount deferred by any Participant or group of Participants, or waive the foregoing limits for any Participant or group of Participants, for any reason.

2.2 Participant Election Form. In order to make a deferral, an Eligible Director must submit a Participant Election Form to the Administrator during the enrollment period established by the Administrator prior to the beginning of the period during which the Compensation is earned, except that with respect to the first Plan Year, the Participant shall submit a Participant Election Form within thirty (30) days of adoption of the Plan by the Board of Directors of the Company. The Administrator may establish a special enrollment period for Eligible Directors hired during a Plan Year to allow deferrals of Compensation earned during the balance of such Plan Year after such enrollment period. The Participant shall be required to submit a new Participant Election Form on a timely basis in order to change the Participant's deferral election for a subsequent Plan Year. If no Participant Election Form is filed during the prescribed enrollment period, the Participant's election for the prior Plan Year shall continue in force for the next Plan Year.

2.3 Election Irrevocable Except on Change in Control. The election to defer Compensation shall be irrevocable except as provided in Article 6 in the event of disability or Article 9 in the case of a Financial Hardship. Notwithstanding the foregoing, in the event of a Change in Control, a Participant may elect within ninety (90) days following such Change in Control to discontinue all deferrals under the Plan for the calendar months following the month in which such election is made. If the Participant elects to discontinue deferrals under the Plan, the Participant shall forfeit the right to make deferrals for the balance of the Plan Year in which such election occurs and for the entire next following Plan Year.

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## ARTICLE 3

### Accounts

3.1 Participant Accounts. Solely for recordkeeping purposes up to three (3) Accounts (a Retirement Account and two Scheduled Withdrawal Accounts) shall be maintained for each Participant and shall be credited with the Participant's deferrals directed by the Participant to each Account at the time such amounts would otherwise have been paid to the Participant. Accounts shall be deemed to be credited with notional gains or losses as provided in Section 3.2 from the date the deferral is credited to the Account through the Valuation Date. Amounts credited to a Participant's Account shall be fully vested at all times.

3.2 Crediting Rate. The Crediting Rate on amounts in a Participant's Account shall be based on the hypothetical investment of such amounts in the Equifax Common Stock Fund. If the Equifax Common Stock Fund reflects a gain, the Participant's Account shall be increased to reflect such gain. If the Equifax Common Stock Fund sustains a loss, the Participant's Account shall be reduced to reflect such loss. The Company shall have no obligation to set aside or invest funds in the Equifax Common Stock Fund on behalf of the Participant and, if the Company elects to invest funds in such manner, the Participant shall have no more right to such investments than any other unsecured general creditor. During payout, the Participant's Account shall continue to be credited at the Crediting Rate through the Valuation Date. Installment payments shall be recalculated annually by dividing the account balance by the number of payments remaining without regard to anticipated earnings or in any other reasonable manner as may be determined from time to time by the Administrator.

3.3 Rollovers From Prior Plan. The Administrator may direct that amounts previously credited to the old Equifax Deferred Compensation Plan on behalf of any Participant be rolled into this Plan and credited to a Retirement Account of such Participant under this Plan. Such amounts shall be fully vested at all times, shall be credited with notional earnings under Section 3.2 and shall be distributed as elected by the Participant in the same manner as other amounts credited to such Participant's Retirement Account.

3.4 Statement of Accounts. The Administrator shall provide each Participant with statements at least quarterly setting forth the Participant's Account balance as of the end of each quarter.

## ARTICLE 4

### Retirement Benefits

4.1 Retirement Benefits. In the event of the Participant's Retirement, the Participant shall be entitled to receive an amount equal to the total balance of the Participant's Account credited with notional earnings as provided in Article 3 through the Valuation Date. The benefits shall be paid in a single lump sum unless the Participant makes a timely election prior to Retirement to have the benefit paid in substantially level annual installments over a specified period of not more than fifteen (15) years. Payments shall begin on the Settlement Date following Retirement. An election to change the form of benefit payout may be made at any time prior to Retirement by submitting to the Administrator the form provided for such purpose but elections shall not be effective unless made no less than thirteen (13) calendar months prior to Retirement. Notwithstanding the foregoing, the Participant may elect to have the new election take effect less than

thirteen (13) months prior to Retirement subject to a Withdrawal Penalty of ten percent (10%) of the pre-election Account balance forfeited to the Company.

4.2 Small Benefit Exception. Notwithstanding the foregoing, in the event the sum of all benefits payable to the Participant is less than or equal to fifty thousand dollars (\$50,000), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum payable on the last day of the month in which such benefits first become payable.

## **ARTICLE 5**

### **Death Benefits**

5.1 Survivor Benefit Before Benefits Commence If the Participant dies prior to commencement of benefits under Article 4, the Company shall pay to the Participant's Beneficiary a death benefit equal to the total balance on death of the Participant's Account credited with notional earnings as provided in Article 3 through the Valuation Date. The death benefit shall be paid in the same form elected by the Participant for Retirement benefits under Article 4.1 (without regard to the thirteen (13) month waiting period) beginning on the Settlement Date following the date the Participant's death is established by reasonable documentation. However, the Administrator may, in its complete and sole discretion, change the form of distribution of the death benefit prior to the Settlement Date upon which benefits are scheduled to commence.

5.2 Survivor Benefit After Benefits Commence If the Participant dies after benefits have commenced under Article 4, the Company shall pay to the Participant's Beneficiary an amount equal to the remaining benefits payable to the Participant under the Plan over the same period such benefits would have been paid to the Participant. However, the Administrator may, in its complete and sole discretion, change the form of distribution of the death benefit prior to the Settlement Date upon which benefits are scheduled to commence.

5.3 Small Benefit Exception. Notwithstanding the foregoing, in the event the sum of all benefits payable to a Beneficiary is less than or equal to fifty thousand dollars (\$50,000), the Company may, in its sole discretion, elect to pay such benefits in a single lump sum payable on the last day of the month in which such benefits first become payable.

## **ARTICLE 6**

### **Disability Benefits**

6.1 Disability. In the event of the Participant's Termination of Service by reason of a physical or mental disability which prevents the Participant from performing the normal duties of a member of the Board of Directors of the Company for a period of at least one hundred eighty (180) consecutive days, deferral elections shall cease and for purposes of the calculation and payment of benefits under the Plan, such disability shall be treated as a Retirement entitling the Participant to receive the benefits provided under Article 4 of the Plan. The determination of disability shall be in the complete and sole discretion of the Administrator.

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## ARTICLE 7

### Scheduled Withdrawal

7.1 Election. The Participant may make an election on the Participant Election Form at the time of making a deferral to take a Scheduled Withdrawal from the Account established by the Participant for such purpose, including any earnings credited thereon. The Participant may elect to receive the Scheduled Withdrawal in any Plan Year on or after the third Plan Year following the enrollment period in which such Scheduled Withdrawal is elected and may elect to have the Scheduled Withdrawal distributed in a single lump sum or in annual installments over a period of up to five (5) years. The Participant may elect to make additional deferrals into such Scheduled Withdrawal Account in subsequent Participant Election Forms but may not elect another Scheduled Withdrawal date for such Account until all of the amounts in the original Scheduled Withdrawal Account have been paid out. The Participant may establish up to two (2) separate Scheduled Withdrawal Accounts with different Scheduled Withdrawal dates but shall not establish a third such Account until all of the funds in one of the first two Scheduled Withdrawal Accounts have been paid out. The Scheduled Withdrawal date and form of payout elected for a Scheduled Withdrawal Account shall be irrevocable, except that a Participant may petition to the Administrator once no less than thirteen (13) months prior to the date originally elected for the Scheduled Withdrawal to defer (but not accelerate) the Scheduled Withdrawal date and/or to change the form of payout of the Scheduled Withdrawal.

7.2 Timing of Scheduled Withdrawal. The Scheduled Withdrawal payment shall be paid by the Company to the Participant no later than the last day of January of the Plan Year elected by the Participant in the Participant Election Form unless preceded by Termination of Service. In the event of Termination of Service prior to the date elected for the Scheduled Withdrawal, the Scheduled Withdrawal shall be paid in the form provided in Article 4 of the Plan. In the event such Termination of Service is as a result of the Participant's death, the Scheduled Withdrawal shall be paid as provided in Section 5.1 of the Plan.

## ARTICLE 8

### Unscheduled Withdrawal

8.1 Election. A Participant (or, after the Participant's death, a Beneficiary) may take an Unscheduled Withdrawal from an Account at any time. The Unscheduled Withdrawal shall be paid no later than the last day of the month following the month in which the Unscheduled Withdrawal is requested. After an Unscheduled Withdrawal, a Participant's deferrals shall cease and the Participant shall not be allowed to make a new deferral election until the enrollment period next following one full calendar year from the date of the Unscheduled Withdrawal. Only one Unscheduled Withdrawal shall be permitted in each Plan Year.

8.2 Withdrawal Penalty. There shall be a Withdrawal Penalty deducted from the Account prior to an Unscheduled Withdrawal from such Account equal to ten percent (10%) of the Unscheduled Withdrawal.

8.3 Minimum Withdrawal. The minimum Unscheduled Withdrawal shall be twenty-five percent (25%) of the balance of the specified Account.



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## ARTICLE 9

### Financial Hardship Distribution

9.1 Financial Hardship Distribution. Upon a finding that the Participant (or, after the Participant's death, a Beneficiary) has suffered a Financial Hardship, the Administrator may in its sole discretion, accelerate distributions of benefits or approve reduction or cessation of current deferrals under the Plan in the amount reasonably necessary to alleviate such Financial Hardship. In the event of a distribution from the Plan based on Financial Hardship, a Participant's deferrals shall cease and the Participant shall not be allowed to make a new deferral election until the enrollment period next following one full calendar year from the date of such distribution.

## ARTICLE 10

### Amendment and Termination of Plan

10.1 Amendment or Termination of Plan. The Company may, at any time, direct the Administrator to amend or terminate the Plan, except that no such amendment or termination may reduce a Participant's Account balance. If the Company terminates the Plan, the date of such termination shall be treated as a Termination of Service for the purpose of calculating Plan benefits and the Company shall pay to each Participant the benefits such Participant would be entitled to receive under Article 4 of the Plan except that such termination benefits shall be paid in a single lump sum payable on the last day of the month following the month in which termination of the Plan occurs.

## ARTICLE 11

### Beneficiaries

11.1 Beneficiary Designation. The Participant shall have the right, at any time, to designate any person or persons as Beneficiary (both primary and contingent) to whom payment under the Plan shall be made in the event of the Participant's death. The designation by a married Participant of a primary Beneficiary other than the Participant's spouse shall require consent of such spouse. The Beneficiary designation shall be effective when it is submitted in writing to and acknowledged by the Administrator during the Participant's lifetime on a form prescribed by the Administrator.

11.2 Revision of Designation. The submission of a new Beneficiary designation shall cancel all prior Beneficiary designations. Any marriage (other than a common law marriage) or finalized divorce of a Participant subsequent to the date of a Beneficiary designation shall revoke such designation, unless in the case of divorce the previous spouse was not designated as a Beneficiary and unless in the case of marriage the Participant's new spouse has previously been designated as the sole primary Beneficiary.

11.3 Successor Beneficiary. If all primary Beneficiaries die prior to complete distribution of the benefits provided in Article 5, the remaining Account balance shall be paid to the contingent Beneficiary elected by the Participant in the form of a lump sum payable no later than the last day of the month following the month in which the last remaining primary Beneficiary's death is established.

11.4 Absence of Valid Designation. If a Participant fails to designate a Beneficiary as provided above, or if the Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Administrator shall direct the distribution of such benefits to the Participant's spouse, if the Participant was married on the date of death, or, if the Participant was not married on death, to the Participant's estate.

## ARTICLE 12

### Administration/Claims Procedures

12.1 Administration. The Plan shall be administered by the Administrator, which shall have the exclusive right and full discretion (i) to interpret the Plan, (ii) to decide any and all matters arising hereunder (including the right to remedy possible ambiguities, inconsistencies, or admissions), (iii) to make, amend and rescind such rules as it deems necessary for the proper administration of the Plan and (iv) to make all other determinations necessary or advisable for the administration of the Plan, including determinations regarding eligibility for benefits payable under the Plan. All interpretations of the Administrator with respect to any matter hereunder shall be final, conclusive and binding on all persons affected thereby. No member of the Administrator shall be liable for any determination, decision, or action made in good faith with respect to the Plan. The Company will indemnify and hold harmless the members of the Administrator from and against any and all liabilities, costs, and expenses incurred by such persons as a result of any act, or omission, in connection with the performance of such persons' duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, willful misconduct, or criminal acts of such persons.

12.2 Claims Procedure. Any Participant, former Participant or Beneficiary may file a written claim with the Administrator setting forth the nature of the benefit claimed, the amount thereof, and the basis for claiming entitlement to such benefit. The Administrator shall determine the validity of the claim and communicate a decision to the claimant promptly. Every claim for benefits which is denied shall be denied by written notice setting forth the specific reason or reasons for the denial, an explanation of the procedure for further reviewing the denial of the claim.

## ARTICLE 13

### Conditions Related to Benefits

13.1 Nonassignability. The Participant's Account balance and the benefits provided under the Plan shall not be subject to sale, alienation, assignment, transfer, pledge or hypothecation by the Participant or any Beneficiary and any attempt to sale, alienate, assign, transfer, pledge or hypothecate an Account balance or Plan benefits shall be null and void. The Participant's Account balance and benefits shall be exempt from the claims of creditors or other claimants of the Participant or Beneficiary and from all orders, decrees, levies, garnishment or executions to the fullest extent allowed by law.

13.2 No Right to Company Assets. The benefits paid under the Plan shall be paid from the general funds of the Company, and the Participant and any Beneficiary shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of

any obligations hereunder. At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. Benefits paid to the Participant from any such trust or trusts shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

13.3 Protective Provisions. The Participant shall cooperate with the Company by furnishing any and all information requested by the Administrator, in order to facilitate the payment of benefits hereunder, taking such physical examinations as the Administrator may deem necessary and taking such other actions as may be requested by the Administrator. If the Participant refuses to so cooperate, the Company shall have no further obligation to the Participant under the Plan. In the event of the Participant's suicide during the first two (2) years in the Plan, or if the Participant makes any material misstatement of information or non-disclosure of medical history, then no benefits shall be payable to the Participant under the Plan, except that benefits may be payable in a reduced amount in the sole discretion of the Administrator.

13.4 Assumptions and Methodology. To the extent required, the Administrator shall establish the actuarial assumptions and method of calculation used in determining the present or future value of benefits, earnings, payments, fees, expenses or any other amounts required to be calculated under the terms of the Plan. The Administrator shall also establish reasonable procedures regarding the form and timing of installment payments.

## **ARTICLE 14**

### **Miscellaneous**

14.1 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

14.2 Continued Service Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as giving any Participant any right to continued service with the Company, nor as a limitation on the right of the Company to terminate the service of any Participant at any time.

14.3 Gender, Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

14.4 Captions. The captions of the articles, paragraphs and sections of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

14.5 Validity. In the event any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

14.6 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan shall not operate or be construed as a waiver of any subsequent breach by that Participant or any other Participant.

14.7 Notice. Any notice or filing required or permitted to be given to the Company or the Participant under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Administrator, and in the case of the Participant, to the last known address of the Participant indicated on the records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Administrator.

14.8 Errors in Benefit Statement or Distributions In the event an error is made in a benefit statement, such error shall be corrected as soon as is practical following the date such error is discovered. In the event of an error in a distribution, the Participant's Account shall, as soon as is practical after discovery of such error, be adjusted to reflect such under or over payment and, if possible, the next distribution shall be adjusted upward or downward to correct such prior error. If the remaining balance of a Participant's Account is insufficient to cover an erroneous overpayment, the Company may, at its discretion, offset other amounts payable to the Participant from the Company (including but not limited to salary, bonuses, expense reimbursements, severance benefits or other compensation or benefit arrangements, to the extent allowed by law) to recoup the amount of such overpayment(s).

14.9 Applicable Law. Any provision of, or legal issue relating to, this Plan shall be governed by the laws of the State of Georgia, without regard to conflict of law provisions.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 17th day of December, 2002.

**EQUIFAX INC.**

By                     /S/ KAREN H. GASTON                    

Its                     Chief Administrative Officer

**EQUIFAX  
DIRECTOR AND EXECUTIVE STOCK DEFERRAL PLAN**

Equifax Inc., a Georgia corporation (the "Company"), hereby establishes this Director and Executive Stock Deferral Plan (the "Plan"), effective January 1, 2003, for the purpose of attracting high quality executives and directors and promoting in its key executives and directors increased efficiency and an interest in the successful operation and performance of the Company.

**ARTICLE 1**

**Definitions**

1.1 *Account* shall mean the account established for a particular Participant pursuant to Article 3 of the Plan.

1.2 *Administrator* shall mean the person or persons appointed by the Board of Directors of the Company to administer the Plan pursuant to Article 11 of the Plan.

1.3 *Beneficiary* shall mean the person(s) or entity designated as such in accordance with Article 10 of the Plan.

1.4 *Change in Control* shall mean either:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this subparagraph (a), a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (iv) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b); or

(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent

(80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b).

(e) Definitions. For purposes of this paragraph defining Change in Control, the following definitions shall apply:

(i) *Beneficial Ownership* shall mean beneficial ownership as that term is used in Rule 13d-3 promulgated under the Exchange Act.

(ii) *Business Combination* shall mean a reorganization, merger or consolidation of the Company.

(iii) *Eighty Percent (80%) Subsidiary* shall mean an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(iv) *Exchange Act* shall mean the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(v) *Incumbent Board* shall mean a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the effective date of this Plan or (b) members who become members of the Company's Board of Directors subsequent to the effective date of this Plan whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

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(vi) *Person* shall mean any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

(vii) *Voting Stock* shall mean the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

1.5 *Company* shall mean Equifax Inc.

1.6 *Common Stock* shall mean the common voting stock of the Company.

1.7 *Deferred Stock or Shares* shall mean Common Stock, the receipt of which the Participant has agreed to delay pursuant to Article 2 of this Plan.

1.8 *Disability* shall be defined as eligibility to receive benefits under the Company's Long Term Disability Plan as in effect at the time of such Disability. If no such plan is then in effect, a physical or mental condition which prevents the Participant from performing the normal duties of his or her current position for a period of at least one hundred eighty (180) consecutive days.

1.9 *Eligible Executive* shall mean a Level 2-9 U.S. Employee of the Company, a former employee who was a Level 2-9 U.S. Employee of the Company on the date of the Employee's Termination of Employment and who satisfied the requirements for Retirement on such date, a member of the Board of Directors of the Company or such other management or highly compensated employee or independent contractor as may be designated by the Administrator to be eligible to participate in the Plan.

1.10 *ERISA* shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.11 *Exchange Date* shall mean the date an exercise and exchange of Stock Options for Common Stock and Deferred Stock is deemed to occur under Article 2.

1.12 *Fair Market Value* shall mean the closing price of the Common Stock, except with respect to determining the dollar amount of gain on Stock Options, where the meaning given to such term under the applicable Stock Incentive Plan applies.

1.13 *Financial Hardship* shall mean an unexpected need for cash arising from illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence which is not covered by insurance and which is determined to qualify as a Financial Hardship by the Administrator. Cash needs arising from foreseeable events such as the purchase of a residence or education expenses for children shall not, alone, be considered a Financial Hardship.

1.14 *Participant* shall mean an Eligible Executive who has elected to participate and has completed a Participant Election Form pursuant to Article 2 of the Plan.

1.15 *Participant Election Form* shall mean the written agreement submitted by the Participant to the Administrator on a timely basis pursuant to Article 2 of the Plan. The Participant Election Form may take the form of an electronic communication followed by appropriate written confirmation according to specifications established by the Administrator.

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1.16 *Plan Year* shall mean the calendar year.

1.17 *Restricted Stock* shall mean shares of restricted stock of the Company granted to the Participant pursuant to the Stock Incentive Plan.

1.18 *Retirement* shall mean Termination of Employment on or after the Retirement Eligibility Date except that with respect to a Participant who is a non-employee director, Retirement shall mean termination of service as a member of the Board of Directors of the Company.

1.19 *Retirement Eligibility Date* shall mean the earlier of (a) the date on which the Participant attains age sixty-five (65), (b) the date on which the Participant has both attained age fifty-five (55) and completed at least five (5) Years of Service, or (c) the date on which the Participant has both attained age fifty (50) and the Participant's combined years of age and Years of Service total at least seventy-five (75).

1.20 *Scheduled Withdrawal* shall mean the distribution elected by the Participant pursuant to Article 6 of the Plan.

1.21 *Settlement Date* shall mean the date by which a lump sum payment shall be made or the date by which installment payments shall commence. Unless otherwise specified, the Settlement Date shall be in the month following the month in which the event triggering the payout occurs. In the case of death, the event triggering payout shall be deemed to occur upon the date the Administrator is provided with the documentation reasonably necessary to establish the fact of the Participant's death.

1.22 *Stock Options* shall mean options on shares of Company stock granted to the Participant pursuant to the Stock Incentive Plan.

1.23 *Stock Incentive Plan* shall mean the Equifax Inc. 2001 Nonqualified Stock Incentive Plan, the Equifax Inc. 2000 Stock Incentive Plan, the Equifax Inc. 1995 Employees Stock Incentive Plan, the Equifax Inc. 1992 Employees Stock Incentive Plan, Equifax Inc. Non-Employee Director Stock Option Plan and the Equifax Inc. 1990 Omnibus Stock Incentive Plan, each as in effect January 1, 2003 and as amended hereafter, or such other stock option plan or plans sponsored by the Company as may be designated by the Administrator.

1.24 *Termination of Employment* shall mean the date of the cessation of the Participant's employment and service with the Company for any reason whatsoever, whether voluntary or involuntary, including as a result of the Participant's Retirement, Disability or death.

1.25 *Unscheduled Withdrawal* shall mean a distribution elected by the Participant pursuant to Article 8 of the Plan.

1.26 *Valuation Date* shall mean the date the Participant's Account is valued and shall be the last day of the month preceding the month in which the payout or other event triggering the Valuation occurs.

1.27 *Vesting Date* shall mean the date on which the Stock Options or Restricted Stock first become fully vested and are no longer subject to a substantial risk of forfeiture under the terms of the Stock Incentive Plan, as determined by the Administrator.



1.28 *Withdrawal Penalty* shall mean the ten percent (10%) penalty deducted from an Account as a result of an Unscheduled Withdrawal or a change in the form of payout within thirteen (13) months prior to Termination of Employment as provided in Article 4 of the Plan.

1.29 *Years of Service* shall mean the cumulative consecutive years of continuous full-time employment with the Company, beginning on the date the Participant first began service with the Company, and counting each anniversary thereof.

## ARTICLE 2

### Participation

2.1 Deferral of Restricted Stock. An Eligible Executive may make an election at least six (6) months prior to the Vesting Date to delay receipt of Restricted Stock granted under the Stock Incentive Plan and receive rights to Deferred Stock, if the Participant has not previously elected to take the Restricted Stock into income under Section 83(b) of the Internal Revenue Code. By making an election to delay receipt of Restricted Stock, the Eligible Executive is irrevocably agreeing to delay receipt of the stock certificates for the Deferred Stock, to forfeit any dividends that may become payable on the Deferred Stock after the Vesting Date and prior to the date the Deferred Stock is delivered to the Participant and to stand in the position of an unsecured general creditor with respect to any right to receipt of the Deferred Stock under this Plan.

2.2 Exercise and Deferral of Stock Options. An Eligible Executive may make an election before or after the Vesting Date but at least six (6) months prior to the Exchange Date to exercise Stock Options granted under the Stock Incentive Plan by tendering Common Stock in payment of the exercise price and to delay receipt of the portion of the Common Stock payable to the Participant in excess of the tendered Common Stock as a result of the gain on the Stock Options. The number of shares of Deferred Stock received by the Participant upon exercise of the Stock Options shall be equal (rounded to the closest tenth of a share) in value to the difference between the Fair Market Value of the Company's Common Stock on the Exchange Date and the option price which is notionally tendered by the Participant in the form of Common Stock on the exercise of the Stock Options. The Participant need not actually transfer Common Stock equal to the exercise price to the Company but may simply attest to ownership of such Common Stock. By making such an election to defer receipt of the Common Stock representing the option gain, the Eligible Executive is agreeing to delay receipt of the stock certificates for the Deferred Stock, to forfeit any dividends that may become payable on the Deferred Stock after the Exercise Date and prior to the date the Deferred Stock is delivered to the Participant and to stand in the position of an unsecured general creditor with respect to any right to receipt of the Deferred Stock under this Plan.

2.3 Participant Election Form. In order to make an election, an Eligible Executive must submit a Participant Election Form to the Administrator at least six (6) months prior to the Vesting Date applicable to Restricted Stock being deferred or the Exchange Date applicable to Stock Options being deferred. The requirements regarding the form and timing of such election shall be interpreted and applied by the Administrator in its complete and sole discretion. The Administrator may change the timing of such election, limit the number or type of shares available to be deferred by any Participant or group of Participants, or cancel an election for any reason.

2.4 Election Irrevocable Except on Change in Control. The election to defer Stock Options or Restricted Stock under this Plan shall be irrevocable except in the event of the Participant's Termination of Employment or a Change in Control prior to the Vesting Date for Restricted Stock or prior to the Exchange Date for Stock Options. An election to defer shall be automatically canceled in the event of Termination of Employment prior to the Vesting Date for Restricted Stock or prior to the Exchange Date for Stock Options but shall not be cancelled with respect to Stock Options in the event of Termination of Employment after the Vesting Date but prior to the Exchange Date. A Participant may revoke an election prior to the Vesting Date for Restricted Stock or prior to the Exchange Date for Stock Options if such election is made within ninety (90) days following the Change in Control. Notwithstanding the foregoing, the Company may still postpone the delivery of Restricted Stock or the exercise and/or delivery of Stock Options for such reasonable period as may be required to comply with all applicable securities laws, rules and regulations. If the Participant elects to discontinue deferrals under the Plan, the Participant shall forfeit the right to make deferrals for the balance of the Plan Year in which such election occurs and for the entire next following Plan Year.

### ARTICLE 3

#### Rights Associated With Deferred Shares

3.1 Participant Account. Solely for recordkeeping purposes, an Account shall be maintained for each Participant and shall be credited with the Participant's Deferred Shares on the date determined in accordance with Article 2.

3.2 No Dividend or Voting Rights. A Participant shall have no right to dividends and no voting rights, and, except as expressly provided in the Plan, shall have no other rights against the Company by reason of the crediting of the Deferred Shares.

3.3 Deferred Stock Not Transferable. Except as provided in Article 5 upon the Participant's death, Deferred Shares (including any and all benefits provided under this Plan) shall not be subject to sale, alienation, assignment, transfer, pledge or hypothecation by the Participant or any Beneficiary and any attempt to sell, alienate, assign, transfer, pledge or hypothecate Deferred Shares shall be null and void. Deferred Shares shall be exempt from the claims of creditors or other claimants of the Participant or Beneficiary and from all orders, decrees, levies, garnishment or executions to the fullest extent allowed by law.

3.4 Share Adjustments. Nothing contained in this Plan nor any action taken hereunder shall be construed as limiting the rights of the Company to credit additional Deferred Stock or issue additional Common Stock even though such issuances may dilute the value of outstanding Deferred Stock. If the outstanding shares of Common Stock of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares of the Company through reorganization, recapitalization, reclassification, stock dividend, stock split or reverse stock split, upon authorization of the Board of Directors of the Company, a proportionate adjustment shall be made in the number or kind of Deferred Shares which may be purchased or issued in the aggregate and to individual Participants under the Plan; provided, however, that (except with respect to a stock split or reverse stock split) no such adjustment need be made if upon the advice of counsel, the Administrator determines that such adjustment may result in the receipt of federally taxable income to Participants hereunder or to the holders of Common Stock or other classes of the Company's securities. In all cases, the nature and

extent of adjustments under this Section shall be determined by the Administrator in its sole discretion, and any such determination as to what adjustments shall be made, and the extent thereof, shall be final and binding. No fractional shares of stock shall be issued under the Plan pursuant to any such adjustment. All adjustments and actions described in this Section shall be subject to compliance with the requirements of all applicable securities laws, rules, and regulations.

3.5 Statement of Accounts. The Administrator shall provide each Participant with statements at least quarterly setting forth the number of Deferred Shares in the Participant's Account at the end of each quarter.

## **ARTICLE 4**

### **Retirement Benefits**

4.1 Retirement Benefits. In the event of the Participant's Retirement or Disability, the Participant shall be entitled to receive a distribution of shares of Common Stock of the Company equal to number of Deferred Shares credited to the Participant's Account as of the Valuation Date. The distribution shall be in a single lump sum unless the Participant makes a timely election prior to Retirement to divide the Deferred Shares into equal annual installments distributed over a specified period of not more than fifteen (15) years. Payments shall begin on the Settlement Date following Termination of Employment. An election to change the form of payout may be made at any time prior to Termination of Employment by submitting to the Administrator the form provided for such purpose, but elections shall not be effective unless made no less than thirteen (13) calendar months prior to Termination of Employment. Notwithstanding the foregoing, the Participant may elect to have the new election take effect less than thirteen (13) months prior to Termination of Employment, subject to a Withdrawal Penalty of ten percent (10%) of the value of the pre-election Account balance forfeited to the Company.

If an Eligible Employee who is a retiree makes a deferral pursuant to Article 2, the Deferred Stock shall be credited to the Participant's Account and distributed in the same manner as the remainder of the Participant's Account in accordance with the Participant's benefit election pursuant to this Section 4.1. If such a Participant does not have a benefit election in effect at the time the Participant elects to make a deferral, the Participant shall complete a Distribution Election Form at the time of deferral, provided that the distribution of the Account to such Participant shall not commence until the date at least two (2) years after the Exchange Date. An Eligible Employee who is a retiree and makes a deferral pursuant to Article 2 shall not be permitted to elect a Scheduled Withdrawal with respect to such deferral, but shall be permitted to make an Unscheduled Withdrawal or Financial Hardship Distribution with respect to such deferral.

4.2 Termination Benefit. Upon Termination of Employment other than by reason of Retirement, Disability or death, the Participant shall be entitled to receive a distribution of shares of Common Stock of the Company equal to number of Deferred Shares credited to the Participant's Account as of the Valuation Date. The distribution shall be in a single lump sum on the Settlement Date following Termination of Employment. However, the Company may, in its sole discretion, elect to divide the Deferred Shares into equal annual installments distributed over a period of three (3) years beginning on the Settlement Date following Termination of Employment.

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## ARTICLE 5

### Death Benefits

5.1 Survivor Benefit Before Benefits Commence If the Participant dies prior to commencement of benefits under Article 4, the Participant's Beneficiary shall be entitled to receive a distribution of shares of Common Stock of the Company equal to number of Deferred Shares credited to the Participant's Account as of the Valuation Date. The death benefit shall be paid in the same form elected by the Participant for Retirement benefits under Article 4.1 (without regard to the thirteen (13) month waiting period) beginning on the Settlement Date following the date the Participant's death is established by reasonable documentation. However, the Administrator may, in its complete and sole discretion, change the form of distribution of the death benefit prior to the Settlement Date upon which benefits are scheduled to commence.

5.2 Survivor Benefit After Benefits Commence If the Participant dies after benefits have commenced under Article 4, the Company shall pay to the Participant's Beneficiary the remaining Deferred Shares payable to the Participant under the Plan over the same period such amounts would have been paid to the Participant. However, the Administrator may, in its complete and sole discretion, change the form of distribution of the death benefit prior to the Settlement Date on which the benefits are scheduled to commence.

## ARTICLE 6

### Scheduled Withdrawal

6.1 Election. The Participant may make an election on the Participant Election Form at the time of making a deferral to take a Scheduled Withdrawal of Deferred Stock from the Account established by the Participant for such purpose. The Participant may elect to receive the Scheduled Withdrawal in any Plan Year on or after the third Plan Year following the enrollment period in which such Scheduled Withdrawal is elected and may elect to have the Scheduled Withdrawal distributed in a single lump sum or to divide the Deferred Shares into equal annual installments distributed over a period of up to five (5) years. The Participant may elect to make additional deferrals into such Scheduled Withdrawal Account in subsequent Participant Election Forms but may not elect another Scheduled Withdrawal date for such Account until all of the Deferred Stock in the original Scheduled Withdrawal Account has been distributed. The Participant may establish up to two (2) separate Scheduled Withdrawal Accounts with different Scheduled Withdrawal dates but shall not establish a third such Account until all of the Deferred Stock in one of the first two Scheduled Withdrawal Accounts has been paid out. The Scheduled Withdrawal date and form of payout elected for a Scheduled Withdrawal Account shall be irrevocable, except that a Participant may petition to the Administrator once no less than thirteen (13) months prior to the date originally elected for the Scheduled Withdrawal to defer (but not accelerate) the Scheduled Withdrawal date and/or to change the form of payout of the Scheduled Withdrawal to an alternative payout period then available for Scheduled Withdrawals under the Plan.

6.2 Timing of Scheduled Withdrawal. The Scheduled Withdrawal payment shall be paid by the Company to the Participant no later than the last day of January of the Plan Year elected by the Participant in the Participant Election Form unless preceded by Termination of Employment. In the event of Termination of Employment prior to complete payment of the Scheduled Withdrawal, the

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Scheduled Withdrawal (or the remaining balance thereof) shall be paid in the form provided in Article 4 of the Plan. In the event such Termination of Employment is as a result of the Participant's death prior to complete payment of the Scheduled Withdrawal, the Scheduled Withdrawal shall be paid as provided in Section 5.1 of the Plan.

## **ARTICLE 7**

### **Unscheduled Withdrawal**

7.1 Election. A Participant (or, after the Participant's death, a Beneficiary) may take an Unscheduled Withdrawal from an Account at any time. The Unscheduled Withdrawal shall be paid no later than the last day of the month following the month in which the Unscheduled Withdrawal is requested. After an Unscheduled Withdrawal, a Participant's deferrals shall cease and the Participant shall not be allowed to make a new deferral election until the enrollment period next following one full calendar year from the date of the Unscheduled Withdrawal. Only one Unscheduled Withdrawal shall be permitted in each Plan Year.

7.2 Withdrawal Penalty. There shall be a Withdrawal Penalty deducted from the Account prior to an Unscheduled Withdrawal from such Account equal to ten percent (10%) of the Unscheduled Withdrawal.

7.3 Minimum Withdrawal. The minimum Unscheduled Withdrawal shall be twenty-five percent (25%) of the balance of the specified Account rounded to the nearest whole share.

## **ARTICLE 8**

### **Financial Hardship Distribution**

8.1 Financial Hardship Distribution. Upon a finding that the Participant (or, after the Participant's death, a Beneficiary) has suffered a Financial Hardship, the Administrator may in its sole discretion, accelerate distributions of benefits or approve reduction or cessation of current deferrals under the Plan in the amount reasonably necessary to alleviate such Financial Hardship. In the event of a distribution from the Plan based on Financial Hardship, a Participant's deferrals shall cease and the Participant shall not be allowed to make a new deferral election until the enrollment period next following one full calendar year from the date of such distribution.

## **ARTICLE 9**

### **Amendment and Termination of Plan**

9.1 Amendment or Termination of Plan. The Company may, at any time, direct the Administrator to amend or terminate the Plan, except that no such amendment or termination may reduce the number or value of a Participant's Deferred Shares. If the Company terminates the Plan, the date of such termination shall be treated as a Termination of Employment of each Participant for the purpose of calculating Plan benefits, and the Company shall pay to each Participant the benefits such Participant would be entitled to receive under Article 4 of the Plan, except that such termination benefits shall be paid in a single lump sum payable on the last day of the month following the month in which termination of the Plan occurs unless the Administrator, in its complete and sole discretion determines to

pay such amounts over a longer period not to exceed the period over which such amounts would otherwise have been paid had the Plan not been terminated.

## **ARTICLE 10**

### **Beneficiaries**

10.1 Beneficiary Designation. The Participant shall have the right, at any time, to designate any person or persons as Beneficiary (both primary and contingent) to whom payment under the Plan shall be made in the event of the Participant's death. The designation by a married Participant of a primary Beneficiary other than the Participant's spouse shall require consent of such spouse. The Beneficiary designation shall be effective when it is submitted in writing to and acknowledged by the Administrator during the Participant's lifetime on a form prescribed by the Administrator.

10.2 Revision of Designation. The submission of a new Beneficiary designation shall cancel all prior Beneficiary designations. Any marriage (other than a common law marriage) or finalized divorce of a Participant subsequent to the date of a Beneficiary designation shall revoke such designation, unless in the case of divorce the previous spouse was not designated as a Beneficiary and unless in the case of marriage the Participant's new spouse has previously been designated as the sole primary Beneficiary.

10.3 Successor Beneficiary. If the primary Beneficiary dies prior to complete distribution of the benefits provided in Article 5, the remaining Account balance shall be paid to the contingent Beneficiary elected by the Participant in the form of a lump sum payable no later than the last day of the month following the month in which the last remaining primary Beneficiary's death is established.

10.4 Absence of Valid Designation. If a Participant fails to designate a Beneficiary as provided above, or if the Beneficiary designation is revoked by marriage, divorce, or otherwise without execution of a new designation, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Administrator shall direct the distribution of such benefits to the Participant's spouse, if the Participant was married on the date of death, or, if the Participant was not married on death, to the Participant's estate.

## **ARTICLE 11**

### **Administration/Claims Procedures**

11.1 Administration. The Plan shall be administered by the Administrator, which shall have the exclusive right and full discretion (i) to interpret the Plan, (ii) to decide any and all matters arising hereunder (including the right to remedy possible ambiguities, inconsistencies, or admissions), (iii) to make, amend and rescind such rules as it deems necessary for the proper administration of the Plan and (iv) to make all other determinations necessary or advisable for the administration of the Plan, including determinations regarding eligibility for benefits payable under the Plan. All interpretations of the Administrator with respect to any matter hereunder shall be final, conclusive and binding on all persons affected thereby. No member of the Administrator shall be liable for any determination, decision, or action made in good faith with respect to the Plan. The Company will indemnify and hold harmless the members of the Administrator from and against any and all liabilities, costs, and expenses incurred by

such persons as a result of any act, or omission, in connection with the performance of such persons' duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, willful misconduct, or criminal acts of such persons.

11.2 Claims Procedure. Any Participant, former Participant or Beneficiary may file a written claim with the Administrator setting forth the nature of the benefit claimed, the amount thereof, and the basis for claiming entitlement to such benefit. The Administrator shall determine the validity of the claim and communicate a decision to the claimant promptly and, in any event, not later than ninety (90) days after the date of the claim. The claim may be deemed by the claimant to have been denied for purposes of further review described below in the event a decision is not furnished to the claimant within such ninety (90) day period. If additional information is necessary to make a determination on a claim, the claimant shall be advised of the need for such additional information within forty-five (45) days after the date of the claim. The claimant shall have up to one hundred and eighty (180) days to supplement the claim information, and the claimant shall be advised of the decision on the claim within forty-five (45) days after the earlier of the date the supplemental information is supplied or the end of the one hundred and eighty (180) day period. Every claim for benefits which is denied shall be denied by written notice setting forth in a manner calculated to be understood by the claimant (i) the specific reason or reasons for the denial, (ii) specific reference to any provisions of the Plan (including any internal rules, guidelines, protocols, criteria, etc.) on which the denial is based, (iii) description of any additional material or information that is necessary to process the claim, and (iv) an explanation of the procedure for further reviewing the denial of the claim.

11.3 Review Procedures. Within sixty (60) days after the receipt of a denial on a claim, a claimant or his/her authorized representative may file a written request for review of such denial. Such review shall be undertaken by the Administrator and shall be a full and fair review. The claimant shall have the right to review all pertinent documents. The Administrator shall issue a decision not later than sixty (60) days after receipt of a request for review from a claimant unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than one hundred and twenty (120) days after receipt of the claimant's request for review. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to any provisions of the Plan on which the decision is based and shall include an explanation the claimants right to pursue a legal action in the event the claim is denied.

## **ARTICLE 12**

### **Conditions Related to Benefits**

12.1 Nonassignability. The rights and benefits provided under the Plan shall not be subject to sale, alienation, assignment, transfer, pledge or hypothecation by the Participant or any Beneficiary and any attempt to sell, alienate, assign, transfer, pledge or hypothecate an Account balance or Plan benefits shall be null and void. The Deferred Shares and Plan benefits shall be exempt from the claims of creditors or other claimants of the Participant or Beneficiary and from all orders, decrees, levies, garnishment or executions to the fullest extent allowed by law.

12.2 No Right to Company Assets. The Deferred Shares paid under the Plan shall be paid from treasury shares of the Company, shares acquired at the time of distribution by the Company for

such purposes or shares held in a trust maintained by the Company, and the Participant and any Beneficiary shall be no more than an unsecured general creditor of the Company with no special or prior right to any assets or shares of the Company for payment of any obligations hereunder. At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. Benefits paid to the Participant from any such trust or trusts shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

12.3 Securities Law Compliance. Notwithstanding anything contained herein, the Company shall not be obligated to honor any election or make any distribution under this Plan or to sell, issue or effect any transfer of any Common Stock unless such distribution, sale, issuance or transfer is at such time effectively (i) registered or exempt from registration under the Securities Act of 1933, as amended (the "Act") and (ii) qualified or exempt from qualification under the applicable state securities laws. As a condition to make any election or receive any distribution under this Plan, the Participant or other payee shall make such representations as may be deemed appropriate by counsel to the Company for the Company to use any available exemption from registration under the Act or qualification under any applicable state securities law.

12.4 Withholding. The Participant shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements and Social Security or other employee tax requirements applicable to the deferral and distribution of shares under the Plan. If no other arrangements are made, the Company may provide, at its discretion, for such withholding and tax payments as may be required, including, without limitation, by the reduction of other amounts payable to the Participant.

12.5 Assumptions and Methodology. To the extent required, the Administrator shall establish the assumptions and method of calculation used in determining the value of Common Stock, benefits, payments, fees, expenses or any other amounts required to be calculated under the terms of the Plan. The Administrator shall also establish reasonable procedures regarding the form and timing of installment payments. Unless otherwise specified by the Administrator, installment payments shall be calculated by equally dividing the number of Deferred Shares in the Participant's Account by the number of installment payments elected and rounding down to the nearest whole share until the final installment which shall include the full balance remaining in the Participant's Account.

## **ARTICLE 13**

### **Miscellaneous**

13.1 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

13.2 Employment/Service Not Guaranteed. Nothing contained in the Plan nor any action taken hereunder shall be construed as a contract of employment or for services or as giving any Participant any right to continued employment with or performance of services for the Company, nor as a limitation on the right of the Company to terminate the employment or services of any Participant at any time.



13.3 Gender, Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

13.4 Captions. The captions of the articles, paragraphs and sections of the Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

13.5 Validity. In the event any provision of the Plan is held invalid, void or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provisions of the Plan.

13.6 Waiver of Breach. The waiver by the Company of any breach of any provision of the Plan shall not operate or be construed as a waiver of any subsequent breach by that Participant or any other Participant.

13.7 Notice. Any notice or filing required or permitted to be given to the Company or the Participant under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Administrator, and in the case of the Participant, to the last known address of the Participant indicated on the employment records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Administrator.

13.8 Errors in Benefit Statement or Distributions. In the event an error is made in a benefit statement, such error shall be corrected as soon as practical following the date such error is discovered. In the event of an error in a distribution, the Participant's Account shall, as soon as practical after the discovery of such error, be adjusted to reflect such under or over payment and, if possible, the next distribution shall be adjusted upward or downward to correct such prior error. If the remaining balance of a Participant's Account is insufficient to cover an erroneous overpayment, the Company may, at its discretion, offset other amounts payable to the Participant from the Company (including but not limited to salary, bonuses, expense reimbursements, severance benefits or other compensation or benefit arrangements, to the extent allowed by law) to recoup the amount of such overpayment(s).

13.9 ERISA Plan. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA.

13.10 Applicable Law. The Plan shall be governed by ERISA and, in the event any provision of, or legal issue relating to, this Plan is not fully preempted by ERISA, such issue or provision shall be governed by the laws of the State of Georgia (without regard to conflict of law provisions).

IN WITNESS WHEREOF, the Company has caused this Plan to be executed this 17th day of December, 2002.

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**EQUIFAX INC.**

By /s/ KAREN H. GASTON

Its Chief Administrative Officer

**EQUIFAX  
GRANTOR TRUST**

This Trust Agreement made effective as of January 1, 2003 by and between Equifax Inc., a Georgia corporation (the "Company"), and Wachovia Bank, N.A. (the "Trustee");

WHEREAS, the Company has entered into the plan or plans designated in Exhibit A hereto (referred to together herein as the "Plan") pursuant to which the Company has agreed to provide participants in the Plan (the "Participants") with certain supplemental deferred compensation and phantom stock benefits;

WHEREAS, the Company has incurred or expects to incur liability under the terms of such Plan with respect to the individuals participating in such Plan;

WHEREAS, the Company wishes to establish a trust (the "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's Insolvency (as defined in Article 14 of the Trust Agreement) until paid to Plan Participants and their beneficiaries in such manner and at such times as specified in the Plan;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974;

WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

**ARTICLE 1**

**Establishment of Trust**

1.1 Normal Contributions. The Company hereby deposits with the Trustee in trust one dollar, which shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. The Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in Trust with the Trustee to augment the principal to be held, administered and deposited by the Trustee as provided in this Trust Agreement. Neither the Trustee nor any Plan Participant or beneficiary shall have any right to compel such additional contributions prior to a Change in Control.

1.2 Contributions Upon Change in Control. Upon a Change in Control, the Company shall make a contribution to the Trust (allocated to each applicable subtrust), as soon as possible but in no event later than the fifteenth (15<sup>th</sup>) day after the occurrence of the Change in Control, equal to the following:

(a) one hundred and ten percent (110%) of the present value of all vested and unvested accrued benefits payable to Participants or beneficiaries under the Plan calculated according to the Assumptions and Methodology described in Exhibit B; plus

(b) the present value of all reasonably anticipated fees and expenses (including reasonably anticipated legal expenses) of the Trust for the twenty-four (24) month period immediately following the Change in Control, which shall be presumed to be at least five percent (5%) of the amount in paragraph (a) unless the Trustee determines that a greater number is appropriate; less

(c) the current fair market value of all the assets held in the Trust immediately before such contribution.

If the Company fails to deposit the amount required by this Section 1.2 within the required time period, the Trustee shall commence legal action to compel the Company to pay such amounts to the Trust. The Company shall be obligated to contribute an additional amount to the Trust, reasonably calculated to cover the costs and expenses (including reasonable attorneys' fees) of such legal action, within ten (10) days of commencement of such action. As provided in Article 5, the Trustee shall have the power and authority to hire legal counsel to pursue such action against the Company and the costs of such legal counsel shall be paid from the Trust until reimbursed by the Company.

**1.3 Irrevocability.** The Trust hereby established shall be irrevocable and, except as provided in Section 2.2 and Article 4, all contributions made to the Trust shall be irrevocable regardless of whether such contributions are voluntary or required by the Trust Agreement.

**1.4 Grantor Trust.** The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of Subpart E, Part I, Subchapter J, Chapter 1, Subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly. The Company shall be responsible for reporting and paying any and all Federal, state and local income taxes that may become due as a result of any earnings or realized gain on any Trust assets. The principal of the Trust, and any earnings thereon, shall be held separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of Plan Participants and general creditors as herein set forth. Plan Participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan Participants and their beneficiaries against the Company. Any assets held by the Trust will be subject to the claims of the Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3.1 herein.

**1.5 Establishment of Subtrusts.** The Trustee shall establish two separate segregated subtrusts: one for the deferred compensation Plans and one for the phantom stock Plans as directed in Exhibit A hereto. The Company may also direct the Trustee in writing to establish separate subtrusts for other Plans or groups of Participants covered by the Trust. At the discretion of the Company, such additional subtrusts may reflect a segregation of particular assets or may reflect an undivided interest in the assets of the Trust, not requiring any segregation of assets. Upon a Change in Control, the Trustee shall also establish separate subtrusts for all then-existing Participants in the Plans (or, at the written direction of either the Company or

the Participant Committee, for each Participant in the Plan who is covered by the Trust). The subtrust established for all then-existing Participants upon Change in Control shall require segregation of particular assets. However, individual subtrusts established for each Participant may reflect an undivided interest in the assets of the subtrust for all then-existing Participants and shall not require segregation of particular assets among particular individual subtrusts. Whenever separate subtrusts are established, the then-existing assets of the Trust or affected portion thereof shall be allocated in proportion to the vested accrued benefits, and then, if any assets remain, the unvested (if any) accrued benefits of the Participants affected thereby, in both instances as of the end of the month immediately preceding such allocation. With respect to any new contributions to the Trust by the Company after separate subtrusts have been established, the Company shall designate the subtrust for which such contributions are made. Except as provided in Section 4.1 herein, after separate subtrusts are established, assets allocated to one subtrust may not be utilized to provide benefits under any other subtrust until all benefits payable under such subtrust have been paid in full. Payments to general creditors in the event of the Company becoming Insolvent shall be charged against the subtrusts in proportion to their account balances, except that payment of benefits to a Participant as a general creditor shall be charged against the subtrust for that Participant.

## **ARTICLE 2**

### **Payments to Plan Participants and Their Beneficiaries**

2.1 Payment Schedule Provided by the Company. Prior to a Change in Control, the Company shall direct the Trustee with respect to the amount and timing of any payment to be made to a Plan Participant. After a Change in Control, the Trustee shall make payments to the Plan Participants and their beneficiaries in accordance with a schedule prepared by the Company and approved by a Participant Committee (the "Payment Schedule"). The Payment Schedule shall be prepared by the Company and delivered to the Trustee upon a Change in Control. The Payment Schedule shall be in a form acceptable to Trustee and the Participant Committee and shall indicate the amounts payable on behalf of each Plan Participant (and his or her beneficiaries), shall provide a formula or other instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan), and the time of commencement for payment of such amounts. Any subsequent change in the Payment Schedule shall be approved by a Participant Committee.

2.2 Direct Payment by the Company. The Company may make payments of benefits directly to Plan Participants or their beneficiaries as they become due under the terms of the Plan and may obtain reimbursement for such benefit payments from the Trust (or offset required contributions to the Trust) within twelve (12) months following the date such payments are made. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan, the Company shall make the balance of each such payment as it falls due. The Trustee shall notify the Company when principal and earnings are not sufficient to make payments the Trustee has been directed to make by the Company or the Participant Committee. Failure by the Company to make benefit payments in accordance with the terms of the Plan shall be considered a Change in Control as provided in Section 1.2.

2.3 Tax Reporting and Withholding Requirements. The Company shall direct the Trustee to make provisions for reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits by the Trustee pursuant to the terms of the Plan and to pay amounts withheld to the appropriate taxing authorities. In the event that payments are made by the Company directly to participants, or amounts withheld on payments made by the Trustee are paid to the Company, the Company shall have the responsibility for reporting and withholding of all federal, state or local taxes required to be withheld with respect to such payments and for paying such amounts withheld to the appropriate taxing authorities. The Trustee shall have no duty or responsibility with respect to the reporting and withholding or payment of such taxes and shall have no responsibility to determine that the Company has provided for the reporting, withholding and payment of such taxes.

2.4 Participant Claims for Benefits. The entitlement of a Plan Participant or his or her beneficiaries to benefits under the Plan shall be determined by the Administrator appointed by the Company under the Plan. Any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan. Any dispute relating to benefits covered by the Trust which is remaining after such procedures shall be resolved as provided in Article 8 of the Trust Agreement.

### ARTICLE 3

#### **The Trustee Responsibility Regarding Payments to Trust Beneficiary When the Company is Insolvent**

3.1 Insolvency Defined. The Trustee shall cease payment of benefits to Plan Participants and their beneficiaries if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (a) the Company is unable to pay its debts as they become due, or (b) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

3.2 Assets Subject to Claims of Creditors on Insolvency. At all times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

(a) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing of the Company's Insolvency. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Plan Participants or their beneficiaries.

(b) Unless the Trustee has actual knowledge of the Company's Insolvency, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning the Company's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.

(c) If at any time the Trustee has been notified or has determined that the Company is Insolvent, the Trustee shall discontinue payments to Plan Participants or their beneficiaries and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan Participants or their beneficiaries to pursue their rights as general creditors of the Company with respect to benefits due under the Plan or otherwise.

(d) The Trustee shall resume the payment of benefits to Plan Participants or their beneficiaries in accordance with Article 2 of this Trust Agreement only after the Trustee has determined that the Company is not Insolvent (or is no longer Insolvent).

3.3 Make Up of Suspended Benefits After Insolvency. Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3.2 hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan Participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan Participants or their beneficiaries by the Company in lieu of the payments provided for hereunder during any such period of discontinuance.

#### ARTICLE 4

##### Payments to the Company

4.1 Return of Excess Assets to the Company. In the event the Trust holds Excess Assets, the Company, at its option, may direct the Trustee to return to the Company, or to divert to others, any of the Excess Assets of the Trust. For this purpose, "Excess Assets" means the assets of the Trust and the assets of each subtrust of the Trust individually, which exceed one hundred twenty-five percent (125%) of the sum of all Plan liabilities funded thereby. In the event that the assets of one subtrust exceed such required percentage but the assets of another subtrust do not, the Company must first direct the excess from the overfunded subtrust to be allocated to any other less funded subtrust until all subtrusts meet the required minimum percentage before Excess Assets shall be available for return to the Company. The Trustee is authorized to obtain written documentation of the amount of such Excess Assets from an independent third party.

4.2 The Company May Substitute Other Property for Trust Assets. The Company shall have the power to reacquire part or all of the assets or collateral held in the Trust at any time, by simultaneously substituting for it other readily marketable property of equivalent value, net of any costs of disposition. The property which is substituted may not be less liquid or marketable or less well secured than the property for which it is substituted, as determined by the Trustee. Such power is exercisable in a nonfiduciary capacity and may be exercised without the approval or consent of Participants or any other person. The value of any insurance contract for purposes of substitution shall be the present value of future projected cash flow or benefits payable under the contract, but not less than the cash surrender value. The projection shall include death benefits based on reasonable mortality assumptions, including facts specifically related to the health of the insured and the terms of the contract to be reacquired. Values shall be reasonably determined by the Trustee and may be based on the determination of qualified independent parties or experts. The Trustee shall have the right to secure confirmation of value by a qualified independent party or expert for all property to be substituted for other property hereunder.

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## ARTICLE 5

### Powers of the Trustee

5.1 Investment Policy. The Company shall establish and provide to the Trustee an “Investment Policy” setting forth permitted investments for the Trust. Prior to a Change in Control, the Company may revise this Investment Policy from time to time and the Trustee shall invest the Trust assets in investments authorized under the Investment Policy, in accordance with written directions of the Company. After a Change in Control, the Participant Committee shall approve any revision made by the Company in the Investment Policy. The Trustee shall be fully protected in acting upon or complying with any investment objectives, guidelines, restrictions or directions provided by the Company or the Participant Committee in accordance with this Section. If the Trustee does not receive instructions from the Company prior to a Change in Control, or from a Participant Committee after a Change in Control, for the investment of part or all of the Trust assets for a period of at least sixty (60) days, the Trustee shall invest and reinvest the assets of the Trust as the Trustee determines, in its sole discretion, pursuant to a prudent investment strategy that is in the best interests of the Plan Participants, in insurance and annuity contracts, obligations of governmental bodies, certificates of deposit, and other investments permitted under the Investment Policy as previously furnished to the Trustee. In the event the Company or the Participant Committee delegates to the Trustee or the Trustee is otherwise required to take responsibility for the investment of Trust assets at any time, for any reason, the Trustee is hereby specifically authorized to retain and maintain any insurance contracts and employer securities regardless of the desirability of diversification of Trust assets. The Trustee is hereby specifically authorized to invest in any proprietary mutual fund (within the types of investments permitted under the Investment Policy), now or hereafter maintained by the Trustee, or an affiliate of the Trustee, and any interest-bearing savings or deposit accounts with the banking department of the Trustee, or an affiliate of the Trustee.

5.2 Administrative Powers. Subject in all respects to applicable provisions of this Trust Agreement and the Plan, the Trustee shall have the rights, powers and privileges of an absolute owner when dealing with property of the Trust, including, without limiting the generality of the foregoing, the powers listed below:

(a) To invest and reinvest the Trust assets in any one or more kind, type, class, item or parcel of property, real or personal, tangible or intangible; or in any one or more kind, type, class, or item of obligation, secured or unsecured; or in any combination of them and to retain the property for the period of time that the Company or Participant Committee deems appropriate, despite fluctuations in the market price or the property.

(b) To sell, convey, transfer, exchange, partition, lease, and otherwise dispose of any of the assets of the Trust at any time held by the Trustee under this Trust Agreement with or without notice.

(c) To exercise any option, conversion privilege or subscription right given the Trustee as the owner of any security held in the Trust; to vote any corporate stock either in person or by proxy, with or without power of substitution; to consent to or oppose any reorganization, consolidation, merger, readjustment of financial structure, sale, lease or other disposition of the assets



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of any corporation or other organization, the securities of which may be an asset of the Trust; to take any action in connection therewith and receive and retain any securities resulting therefrom.

(d) To cause any property of the Trust to be issued, held or registered in the name of the Trustee as the Trustee, or in the name of one or more of its nominees, or one or more nominees of any system for the central handling of securities, or in such form that title will pass by delivery, provided that the records of the Trustee shall in all events indicate the true ownership of such property.

(e) To renew or extend the time of payment of any obligation due or to become due.

(f) To commence or defend lawsuits or legal or administrative proceedings; to compromise, arbitrate or settle claims, debts or damages in favor of or against the Trust; to deliver or accept, in either total or partial satisfaction of any indebtedness or other obligation, any property; to continue to hold for such period of time as the Trustee may deem appropriate any property so received; and to pay all costs and reasonable attorneys' fees in connection therewith out of the assets of the Trust.

(g) To manage any real property in the Trust in the same manner as if the Trustee were the absolute owner thereof.

(h) To borrow money from any person in such amounts, upon such terms and conditions and for such purposes as the Trustee, in its discretion, may deem appropriate; in connection therewith to pledge or mortgage any Trust asset as security; to lend money on a secured or unsecured basis to any person other than a party in interest.

(i) To hold such part of the assets of the Trust uninvested for such limited periods of time as may be necessary for purposes of orderly account administration or pending required directions, without liability for payment of interest.

(j) To determine how all receipts and disbursements shall be credited, charged or apportioned as between income and principal.

(k) To dispose of any property in the Trust and to enforce any note or obligations of the Company to the Trust (and foreclose on any collateral securing such notes, subject to the terms of any pledge agreement to the Trustee) in the event the Company fails to make required contributions to the Trust after sixty (60) days' written notice to the Company of its failure to make such required contributions.

(l) Generally to do all acts, whether or not expressly authorized, which the Trustee may deem necessary or desirable for the orderly administration or protection of the Trust.

**5.3 Investment in the Company Securities.** The Trustee may, if specifically directed to do so, invest in securities (including stock or rights to acquire stock) or obligations issued by the Company. All rights associated with such securities or obligations acquired by the Trust shall be exercised by the Trustee or the person designated by the Trustee, and shall in no event be exercisable by or rest with Plan Participants.

5.4 Limitation With Respect to Insurance Policies. The Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

5.5 Limitation With Respect to the Company as a Business. Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

## **ARTICLE 6**

### **Disposition of Income**

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested until such time as it is distributed as directed by this Trust Agreement.

## **ARTICLE 7**

### **Accounting by the Trustee**

7.1 Accounting and Records. The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Such records shall be open to inspection by the Company at all reasonable times. Within sixty (60) days following the close of each calendar year and within sixty (60) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. After a Change in Control, the Participant Committee shall have the same rights of inspection as the Company and the Trustee shall deliver a copy of its written account to the Participant Committee as well as to the Company. The requirement for any other accountings, including without limitation accountings to any Participant or beneficiary, is hereby waived to the fullest extent permitted by applicable law.

7.2 Valuation. The assets of the Trust shall be valued at their fair market value on the date of valuation, as determined by the Trustee based upon such sources of information as it may deem reliable; provided, however, that the Company, and after a Change in Control, the Participant Committee, shall instruct the Trustee as to asset valuations which are not readily determinable on an established market. The

Trustee may rely conclusively on such valuations provided by the Company, the Participant Committee or a duly appointed agent of either. If the Company or Participant Committee fails to provide such values, the Trustee may take whatever action it deems reasonable, including employment of attorneys, appraisers or other professionals, the expense of which will be an expense of administration of the Trust. The value of any insurance contract for purposes of substitution shall be the present value of future projected cash flow or benefits payable under the contract, but not less than the cash surrender value. The projection shall include death benefits based on reasonable mortality assumptions, including facts specifically related to the health of the insured and the terms of the contract to be reacquired.

7.3 Tax Reporting. The Company and not the Trustee shall be responsible for all income tax reporting and calculation and payment of any wage withholding or other tax requirements in connection with the Trust and any contributions thereto, and any income earned thereby, and payments or distributions therefrom. Unless otherwise agreed in writing by the parties, the Trustee shall prepare annually grantor trust tax forms for the Trust and shall promptly transmit copies of such documents to the Company for its use in preparing its annual corporate income tax return. If any part of the Trust may become liable for payment of any estate, inheritance, or other taxes, charges or assessments, the Trustee shall refer such matter to the Company and may take such action as the Company shall direct.

## ARTICLE 8

### Responsibility of the Trustee

8.1 Fiduciary Responsibility. The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Company or Participant Committee which is contemplated by, and in conformity with, the terms of this Trust Agreement, and is given in writing by the Company or Participant Committee.

8.2 Indemnification. The Company hereby indemnifies the Trustee against losses, liabilities, claims, costs and expenses in connection with the administration of the Trust, unless resulting from the proven negligence or misconduct of the Trustee. To the extent the Company fails to make any payment on account of an indemnity provided in this Section in a reasonably timely manner, the Trustee may obtain payment from the Trust. If the Trustee undertakes or defends any litigation arising in connection with this Trust or to protect a Participant's or Beneficiary's rights under the Plan or Trust, the Company agrees to indemnify the Trustee against the Trustee's costs, reasonable expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to be primarily liable for such payments. If the Company does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.

8.3 Legal Counsel. The Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

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8.4 Experts. The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder and may rely on any determinations made by such agents and information provided to it by the Company.

8.5 Resolution of Disputes. In the event a dispute arises with respect to benefits, rights or allocations under the Plan or this Trust Agreement among the Company, the Participant Committee, a Plan Participant or a beneficiary, the Trustee shall in its sole and absolute discretion decide such claim and give notice to the disputing parties of its decision on the claim. The Trustee may require a Participant to first exhaust all dispute resolution options available under the Plan.

## **ARTICLE 9**

### **Compensation and Expenses of the Trustee**

The Trustee shall be paid a reasonable Trustee fee fixed by agreement with the Company from time to time and shall be reimbursed for all reasonable expenses, including, but not limited to, legal fees, experts' fees or fees and expenses associated with legal proceedings. No increase in the Trustee fee shall be effective before sixty (60) days after the Trustee gives notice to the Company of the increase. The Trustee shall notify the Company periodically of fees and expenses. The Company shall pay the Trustee fees and all other fees and expenses. However, to the extent that any such fees or expenses are not paid by the Company within sixty (60) days after the Company's receipt of the Trustee's invoice therefor, the Trustee may charge the Trust for such fees or expenses.

## **ARTICLE 10**

### **Resignation and Removal of the Trustee**

10.1 Resignation. The Trustee may resign at any time by written notice to the Company, which shall be effective sixty (60) days after receipt of such notice unless the Company and the Trustee agree otherwise. If the Trustee resigns prior to a Change in Control, the Company shall select a successor Trustee in accordance with the provisions of Section 11.1 hereof prior to the effective date of the Trustee's resignation or removal. On or after a Change in Control, the selection of the successor Trustee shall be made by the Participant Committee prior to the effective date of the Trustee's resignation.

10.2 Removal. The Trustee may be removed by the Company at any time prior to a Change in Control on sixty (60) days' notice or upon shorter notice accepted by the Trustee. On or after a Change in Control, the Trustee may be removed by the Participant Committee on sixty (60) days' notice or upon shorter notice accepted by the Trustee. If the Trustee is removed, a successor shall be appointed, in accordance with Section 11.2 hereof, by the effective date of removal. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust payable by the Company as provided in Article 9.

10.3 Transfer of Assets. Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within ninety (90) days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.

## **ARTICLE 11**

### **Appointment of Successor**

11.1 On Resignation of the Trustee. If the Trustee resigns pursuant to the provisions of Section 10.1 hereof, the Company may appoint as successor Trustee any third party, such as a bank trust department or other entity, with at least one billion dollars (\$1,000,000,000) in trust assets and that may be granted corporate trustee powers under applicable law, provided that as specified in Section 10.1 on or after a Change in Control the Participant Committee shall appoint the successor Trustee. The appointment of a successor Trustee shall be effective when accepted in writing by the new Trustee. The new Trustee shall have all the rights and powers of the former Trustee, including ownership rights in Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the successor Trustee to evidence the transfer. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust payable by the Company as provided in Article 9.

11.2 On Removal of the Trustee. If the Trustee is removed in accordance with Section 10.2 hereof, the Company or the Participant Committee having the authority to make such removal may appoint any third party, such as a bank trust department or other entity, with at least one billion dollars (\$1,000,000,000) in trust assets and that may be granted corporate trustee powers under applicable law, as a successor to replace the Trustee upon removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the Company, the Participant Committee or the successor Trustee to evidence the transfer.

11.3 Responsibility of Successor Trustee. The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to the terms of this Trust Agreement. The successor Trustee shall not be responsible for and the Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

## **ARTICLE 12**

### **Amendment or Termination**

12.1 Amendment. Prior to a Change in Control, this Trust Agreement may be amended by a written instrument executed by the Trustee and the Company. After a Change in Control, this Trust Agreement may only be amended by a written instrument executed by the Trustee, the Company and an authorized representative of the Participant Committee. Notwithstanding the foregoing, no such amendment

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shall significantly reduce the rights of Participants, conflict with the terms of the Plan or make the Trust revocable.

12.2 Termination. The Trust shall not terminate until the date on which all Plan Participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust any assets remaining in the Trust shall be returned to the Company. Notwithstanding the foregoing, upon written approval of all Participants or beneficiaries entitled to payment of benefits pursuant to the terms of the Plan, the Company may terminate this Trust prior to the time all benefit payments under the Plan have been made and all assets in the Trust remaining after payments to Participants and beneficiaries at such agreed to termination shall be returned to the Company.

## **ARTICLE 13**

### **Miscellaneous**

13.1 Binding Effect: Successor Company. This Trust Agreement shall be binding upon and inure to the benefit of any successor to the Company or its business as the result of merger, consolidation, reorganization, transfer of assets or otherwise, and any subsequent successor thereto. In the event of any such merger, consolidation, reorganization, transfer of assets or other similar transaction, the successor to the Company or its business or any subsequent successor thereto shall promptly notify the Trustee in writing of its successorship and shall promptly supply information required by the Trustee.

13.2 Severability. Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

13.3 Nonassignability. Benefits payable to Plan Participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged or encumbered and any attempt to anticipate, assign, alienate, pledge or encumber any benefits shall be null and void. Benefits under this Trust shall not be subject to attachment, garnishment, levy, execution or other legal or equitable process.

13.4 Applicable Law. This Trust Agreement shall be governed by and construed in accordance with the laws of North Carolina except where preempted by federal law.

## **ARTICLE 14**

### **Definitions**

14.1 *Assumptions and Methodology* shall mean the actuarial assumptions and method of calculation used in determining the present or future value of benefits, earnings, payments, fees, expenses or any other amounts required to be calculated under the terms of the Trust Agreement. Such Assumptions and Methodology shall be outlined in detail in Exhibit B to the Trust Agreement and may be changed from time to time by the Company prior to a Change in Control and by the Participant Committee after a Change in Control.

14.2 *Change in Control* shall mean either:

(a) Voting Stock Accumulations. The accumulation by any Person of Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Company's Voting Stock; provided that for purposes of this subparagraph (a), a Change in Control will not be deemed to have occurred if the accumulation of twenty percent (20%) or more of the voting power of the Company's Voting Stock results from any acquisition of Voting Stock (i) directly from the Company that is approved by the Incumbent Board, (ii) by the Company, (iii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (iv) by any Person pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b); or

(b) Business Combinations. Consummation of a Business Combination, unless, immediately following that Business Combination, (i) all or substantially all of the Persons who were the beneficial owners of Voting Stock of the Company immediately prior to that Business Combination beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of Directors of the entity resulting from that Business Combination (including, without limitation, an entity that as a result of that transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to that Business Combination, of the Voting Stock of the Company, (ii) no Person (other than the Company, that entity resulting from that Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Eighty Percent (80%) Subsidiary or that entity resulting from that Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of the then outstanding shares of common stock of the entity resulting from that Business Combination or the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of that entity, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from that Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for that Business Combination; or

(c) Sale of Assets. A sale or other disposition of all or substantially all of the assets of the Company; or

(d) Liquidations or Dissolutions. Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with all of the provisions of clauses (i), (ii) and (iii) of subparagraph (b); or

(e) Failure to Pay Benefits. A failure by the Company to make benefit payments as they come due under the Plan, such failure shall be treated as a Change in Control and until the cure of such failure, a Change in Control shall be deemed to have occurred for purposes of this Agreement

(f) Definitions. For purposes of this paragraph defining Change in Control, the following definitions shall apply:

(i) *Beneficial Ownership* shall mean beneficial ownership as that term is used

in Rule 13d-3 promulgated under the Exchange Act.

(ii) *Business Combination* shall mean a reorganization, merger or consolidation of the Company.

(iii) *Eighty Percent (80%) Subsidiary* shall mean an entity in which the Company directly or indirectly beneficially owns eighty percent (80%) or more of the outstanding Voting Stock.

(iv) *Exchange Act* shall mean the Securities Exchange Act of 1934, including amendments, or successor statutes of similar intent.

(v) *Incumbent Board* shall mean a Board of Directors at least a majority of whom consist of individuals who either are (a) members of the Company's Board of Directors as of the effective date of this Plan or (b) members who become members of the Company's Board of Directors subsequent to the effective date of this Plan whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which that person is named as a nominee for director, without objection to that nomination), but excluding, for that purpose, any individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

(vi) *Person* shall mean any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act).

(vii) *Voting Stock* shall mean the then outstanding securities of an entity entitled to vote generally in the election of members of that entity's Board of Directors.

The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing when there has been a Change in Control. If a Plan Participant alleges in writing to the Trustee that a Change in Control has occurred, the Trustee shall inquire of the Company to determine if there has been a Change in Control. Unless the Trustee has actual knowledge of a Change in Control, or has received notice from the Company or a Plan Participant alleging that a Change in Control has occurred, the Trustee shall have no duty to inquire whether a Change in Control has occurred. The Trustee may, in all events, rely on such evidence concerning the occurrence of a Change in Control as may be furnished by the Company to the Trustee and that provides the Trustee with a reasonable basis for making a determination.

14.3 *Company* shall mean Equifax Inc.

14.4 *Excess Assets* shall have the meaning given to such term in Section 4.1.



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14.5 *Insolvent/Insolvency* shall have the meaning given to such term in Section 3.1 of the Trust Agreement.

14.6 *Investment Policy* shall mean the investment policy provided by the Company or the Participant Committee to the Trustee pursuant to Section 5.1 of the Trust Agreement.

14.7 *Payment Schedule* shall have the meaning given to such term in Section 2.1 of the Trust Agreement.

14.8 *Participant* shall mean a participant in the Plan and shall have the meaning given to such term in the Plan.

14.9 *Participant Committee* shall mean a committee of Participants which shall be established upon a Change in Control to direct the Trustee. The Participant Committee shall consist at all times of the three Participants holding the largest accrued benefits protected by the Trust assets (whether vested or unvested). Any action taken by the Participant Committee shall require a unanimous vote of all three members of the committee. After a Change in Control, it shall be the responsibility of the Company to notify such Participants of their obligation to serve on the Participant Committee. In the event one of the three largest Participants is incompetent or otherwise unavailable to serve, it shall be the responsibility of the Company to notify the Participant having the next largest interest in the Trust assets of his or her obligation to take the place of such unavailable Participant and serve on the Participant Committee. After a Change in Control, it shall also be the responsibility of the Company to provide the Trustee with the names, specimen signatures and contact information, including addresses and phone numbers, of the members of the Participant Committee.

14.10 *Plan* shall mean the plan or plans sponsored by the Company and funded by the assets of the Trust. Such Plans shall be listed as Exhibit A to the Trust Agreement. Additional plans may be added from time to time by the Company prior to a Change in Control and with approval of the Participant Committee after a Change in Control.

14.11 *Trust* shall mean the trust fund established by this Trust Agreement.

14.12 *Trustee* shall mean Wachovia Bank, N.A.

TRUSTEE:

By

Its Senior Vice President

COMPANY:

Equifax Inc.

By

/s/ KAREN H. GASTON

Its Chief Administrative Officer

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**Exhibit A**

Plans Funded by Trust

**Subtrust A:**

**Equifax Executive Deferred Compensation Plan, effective January 1, 2003**  
**Equifax Director Deferred Compensation Plan, effective January 1, 2003**

**Subtrust B:**

**Equifax Executive And Director Stock Deferral Plan, effective January 1, 2003**

This Exhibit A shall supersede any prior Exhibit A and shall be effective January 1, 2003.

TRUSTEE:

Wachovia Bank, N.A.

By

/s/ JOHN N. SMITH

Its Senior Vice President

COMPANY:

Equifax Inc.

By

/s/ KAREN H. GASTON

Its Chief Administrative Officer

## Assumptions and Methodology

- The present value of future accrued benefits shall be assumed to equal the total combined account balances of all Participants.
- The present value of an insurance policy held by the Trust will be assumed to be the cash value of such policy.
- The present value of other assets shall be assumed to be the fair market value of such assets.
- The present value of all reasonably anticipated fees & expenses (including legal expenses) shall be determined by the Trustee.

TRUSTEE:

By

Its Senior Vice President

Equifax Inc.

By

/s/ KAREN H. GASTON

Its Chief Administrative Officer

June 13, 2002

Mr. Mark E. Miller  
775 Oneida Trail  
Franklin Lakes, New Jersey 07417

Dear Mark:

This letter agreement ("Agreement") sets forth the terms and conditions of our offer of employment to you as President and Chief Operating Officer of Equifax Inc. After you have reviewed the terms of our offer, please sign below to signify your acceptance. We anticipate that your employment will commence on August 1, 2002, and we look forward to working with you as a key member of our leadership team.

**1. Employment as President and Chief Operating Officer of Equifax.** We are hereby offering you (hereinafter "Executive") the position of President & Chief Operating Officer of Equifax Inc. ("Equifax"). Executive will report to the CEO of Equifax for all operational, general, and administration matters. Executive's duties will include the general management and operation of Equifax, and Executive will perform such additional duties and have the responsibilities and powers as delegated to him from time to time by the CEO of Equifax or the Board of Directors.

Executive accepts the duties listed above and agrees to perform in compliance with instructions and directives of management and to render his services for the term of this Agreement.

**2. Term.** This Agreement shall commence on August 1, 2002 and continue in effect for the period until either party gives notice of termination (such period, the "term of this Agreement"). Either party may terminate this Agreement at-will and with or without notice.

**3. Extent of Services.** Executive agrees that during the term of this Agreement he will devote his full working time and all of his energy and skill to the diligent performance of Executive's duties. Nothing in this Agreement, however, will be construed as preventing Executive from investing his assets in such form or manner as will not require any services on his part in the operation of the affairs of the entities in which such investments are made.

**4. Consideration.** As consideration for all of the services performed by Executive pursuant to this Agreement and the Restrictive Covenants set forth in Section 5, Equifax will compensate Executive during the term of this Agreement as follows:

**4.1 Base Salary.** Executive will be entitled to an annual base salary of \$600,000, payable by direct deposit in equal biweekly installments.

**4.2 Benefits.** Executive will be entitled to participate in all employee benefit plans and perquisites of Equifax in effect from time to time (including health, life, disability, dental, retirement plans, financial planning and tax counseling services, relocation assistance and country club membership) in which employees at his level are entitled to participate.

**4.3 Annual Incentive.** Executive will be eligible for an annual incentive payment in accordance with the Executive Incentive Plan in effect for each year. Per Plan guidelines, the amount of the incentive payment is determined by Equifax's overall financial performance and Executive's individual performance. Executive's target bonus will be 70% of base salary paid in the year, with the opportunity to earn up to 210% of base salary paid in the year. In no event will the incentive payment for Plan year 2002 be less than \$420,000; however, Executive shall have the opportunity to earn up to 210% of base salary paid in Plan year 2002 per Plan guidelines. The Executive Incentive Plan may be modified at any time in Equifax's sole discretion.

**4.4 Restricted Stock.** Immediately upon commencement of employment or the earliest practical date thereafter, Executive will receive a grant of 85,000 shares of Equifax Inc., restricted stock, which will vest in full upon the third anniversary of the stock grant. This restricted stock grant will be subject to the additional terms and conditions set forth in a separate restricted stock agreement.

**4.5 Stock Options.** Immediately upon commencement of employment or the earliest practical date thereafter, Equifax will grant Executive an option to purchase 125,000 shares of Equifax Inc., common stock at the fair market value on the day of the grant. One-fourth of the shares will vest as of the grant date. Another one-fourth of the shares will vest on each subsequent anniversary of the grant. The shares will become fully vested on the third anniversary of the grant. This grant will be tax qualified, or incentive stock options, to the full extent permitted under applicable laws or regulations. Additionally, this stock option grant will be subject to the additional terms and conditions set forth in a separate stock option agreement.

**4.6 Executive Life & Supplemental Retirement Benefit Plan.** Upon employment, Executive will be designated a participant in the Executive Life & Supplemental Retirement Benefit Plan, as amended from time to time in Equifax's sole discretion. Equifax will pay all policy premiums to provide Executive \$5 million in life insurance coverage under this plan. In addition, this plan currently includes a flexible tax sheltered cash account, which can grow to a significant balance over a period of several years.

**4.7 Change in Control.** Upon employment you will receive a separate Change-in-Control agreement, which will provide certain enhanced severance benefits under specific circumstances. The severance benefits in the Change-in-Control agreement are in lieu of and not in addition to any severance benefits payable pursuant to Section 6 of this Agreement.

## **5. Restrictive Covenants.**

**5.1 Definition.** As used in this Section 5, the term “Equifax” means Equifax Inc., and any of its subsidiary, affiliated or successor companies.

**5.2 Noncompetition Agreement.** Executive agrees that he will not, during employment with Equifax and for a period of two (2) years following the termination of his employment, within the Territory (as defined in the attached Exhibit A), directly or indirectly, provide any Services to or for the benefit of any individual, business, corporation or other entity or organization that engages in any of the following businesses: consumer credit reporting services, direct to consumer credit reporting services and products, credit and direct marketing services, customer relationship management and customer data integration products, fraud protection services, employment screening, airport passenger security services and products, commercial credit reporting services, identity authentication services and global regulatory data services (the “Company’s Products and Services”). As used herein, “Services” means (a) acting as an executive officer with general responsibility for operations, and, (b) without limiting the forgoing, participating in, and managing and supervising others in, marketing, sales, customer service, supplier relations, administration, personnel, formulation and implementation of budgets and strategic, financial and operational plans, and the delivery of products and services to customers.

**5.3 Nonsolicitation of Customers Agreement.** Executive agrees that for a period of two (2) years following the termination of Executive’s employment, Executive will not directly or indirectly, solicit or assist others in soliciting any business from any of Equifax’s customers with which Executive had material contact [i.e., dealt with, supervised dealings with, or obtained confidential information concerning] on Equifax’s behalf during the two year period preceding the termination of employment with Equifax, for purposes of providing products or services that are identical to or reasonably substitutable for the Company’s Products and Services.

**5.4 Remedies Upon Breach.** Executive agrees that Equifax will be entitled, in addition to any other remedies and damages available, to an injunction restraining violations or threatened violations of this Section 5, as well as an award of any attorneys’ fees which Equifax may incur in enforcing, to any extent, the provisions of this Section 5, whether or not litigation is actually commenced and including any appeal.

## **6. Severance Upon Termination.**

**6.1 Termination without Cause.** If Equifax terminates Executive's employment during the term of this Agreement for any reason other than the reasons described in Sections 6.3 or 6.4 below, Executive will be entitled under this Agreement to receive salary continuation for two (2) years from the date of termination at his base salary rate in effect at the time of termination. If Executive is terminated by Equifax for any reason other than those reasons described in Section 6.3 or 6.4, Executive will additionally be entitled to receive his annual incentive payment paid at his target bonus rate for two (2) Executive Incentive Plan years subsequent to his termination. If said termination is during a Plan year, Executive will receive an incentive payment paid at his target bonus rate for that year and one (1) subsequent year only. Equifax's obligation to provide any severance in the form of salary continuation or incentive payment is contingent upon Executive executing a general release of all claims against Equifax and its subsidiaries and affiliates and his compliance with Section 5 herein. Executive agrees that any payment pursuant to this Section 6.1 satisfies any and all obligations Equifax may have under the Severance Pay Plan for Salaried Employees or any other severance plan in effect.

**6.2 Resignation.** Should Executive resign, no future salary, unpaid bonuses, incentive pay, severance pay or other benefits will be due under this Agreement. Provided, however, that should Executive resign due to Equifax materially diminishing his duties or requiring Executive's employment to be based more than 40 miles outside of metropolitan Atlanta, the salary continuation and annual incentive payments provided in Section 6.1 shall be payable, on and subject to the terms and conditions of Section 6.1 and this Agreement.

**6.3 Death or Disability.** Should Executive's employment end due to his death or should Executive become disabled such that he cannot perform the essential functions of his job, as determined by the Board of Directors of Equifax in good faith and consistent with applicable law, no future salary, unpaid bonuses, severance pay or other benefits will be due under this Agreement.

**6.4 Termination for Cause.** If Executive is terminated for Cause, no severance, salary continuation, bonus, incentive pay, or other benefits are due under this Agreement. A termination will be considered "for Cause" if Executive is terminated because of any of the following reasons, as determined by the Board of Directors of Equifax in good faith and consistent with applicable law:

- (a) personal dishonesty;
- (b) willful misconduct;



- (c) unauthorized disclosure of the trade or business secrets of Equifax or any of its subsidiaries, affiliates or successors;
- (d) breach of fiduciary duty involving personal profit;
- (e) intentional failure to perform stated duties;
- (f) willful violation of any law, rule or regulation (other than minor traffic violations or similar offenses) or final cease-and desist order;
- (g) Executive is indicted or convicted on a felony charge;
- (h) Executive has embezzled funds of Equifax or any of its subsidiaries, affiliates or successors, or has committed any fraud in connection with the affairs of Equifax or any of its subsidiaries, affiliates or successors; or
- (i) Executive fails or refuses to carry out the directives of the CEO or the Board of Directors of Equifax.

**7. Notice.** For the purposes of this Agreement, notices and all other communications provided for in this Agreement will be in writing and will be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the following addresses:

To Equifax: Mr. Kent E. Mast  
Chief Development Officer and General Counsel  
Equifax Inc.  
1550 Peachtree Street, N.W.  
Atlanta, Georgia 30309

To Executive: Mr. Mark E. Miller  
775 Oneida Trail  
Franklin Lakes, New Jersey 07417

**8. Assignability.** This Agreement is binding on Equifax and any successors of Equifax. Equifax may assign this Agreement and its rights under this Agreement in whole or in part to any corporation or other entity with or into which Equifax may merge or consolidate or to which Equifax may transfer all or substantially all of its respective assets.

**9. Amendment, Waiver.** No provisions of this Agreement may be modified, waived or discharged unless the waiver, modification or discharge is agreed to in writing signed by Executive and such officer or officers as may be specifically designated by the Board of Directors of Equifax to sign on their behalf. No waiver by any party at any time of any breach by any other party of, or compliance with, any condition or provision of this Agreement will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

**10. No Conflicting Obligations.** Executive represents and warrants that he is not subject to any duties or restrictions under any prior agreement with any previous employer or other person, and that he has no rights or obligations which may conflict with the interests of Equifax or with Executive's duties and obligations under this Agreement. Executive agrees to notify Equifax immediately if any conflicts occur in the future.

**11. Governing Law.** The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the United States where applicable and otherwise the substantive laws of the State of Georgia.

**12. Headings.** The section headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

**13. Construction of Agreement.** It is the intent of the parties that this Agreement will be considered severable in part and in whole, and that if any covenant or other provision hereof is determined to be unenforceable in any part, that portion of the Agreement will be severed or modified by the Court so as to permit enforcement of the Agreement to the extent reasonable. It is agreed by the parties that the obligations set forth herein will be considered to be independent of any other obligations between the parties, and the existence of any other claim or defense will not affect the enforceability of this Agreement. Except as otherwise expressly provided herein, all of the consideration to be provided to Executive hereunder shall be paid or otherwise provided on and in accordance with and subject to Equifax's standard policies, practices, terms and conditions applicable from time to time under Equifax's plans, programs and arrangements relating to compensation and benefits of the type agreed to be provided, including without limitation, the terms and conditions of Equifax's standard forms of stock option or other applicable executive compensation agreements. Without limiting the foregoing, any and all benefit plans or other plans, programs and arrangements may be modified, amended, replaced or terminated at Equifax's sole discretion unless otherwise expressly provided therein or herein.

**14. Certification of Understanding.** Executive certifies that Executive received a copy of this Agreement for review and study before being asked to sign it; read this Agreement carefully; had sufficient opportunity before the Agreement was signed to ask questions about the provisions of the Agreement and received satisfactory answers; and understands the Executive's rights and obligations under the Agreement. This Agreement constitutes the complete understanding and agreement of the parties concerning the subject matter of this Agreement. Except as provided in Sections 4.4, 4.5, 4.7, 13 and 15, there are no other agreements, written or oral, express or implied, between the parties, concerning the subject matter of this Agreement.

**15. Employment Requirements.** Equifax's obligations under this Agreement and any offer of employment are contingent upon Executive's satisfactory completion of a standard pre-employment drug screen and routine credit, background and reference checks. Equifax's obligations under this Agreement are also contingent upon Executive signing Equifax's standard "Employee Confidentiality, Non-Solicitation and Assignment Agreement," which is attached and incorporated by reference. Executive will comply with and, if requested, execute, all codes of ethical conduct, securities trading policies and similar agreements and policies that senior executives of Equifax may from time to time be required to comply with or execute.

Warmest Regards,

/s/ KENT E. MAST

Kent E. Mast

I, Mark E. Miller have thoroughly read the terms and conditions contained in this letter pertaining to Equifax's offer of employment. I fully agree to be bound by these terms and hereby accept this offer of employment.

/s/ MARK E. MILLER

Mark E. Miller

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**EXHIBIT A — DEFINITION OF TERRITORY**

Employee acknowledges that Employee will provide Services for or on behalf of Company in the following areas (the “Territory”):

United States of America  
Canada  
Brazil  
Chile  
Argentina  
Uruguay  
Peru  
El Salvador  
Honduras  
United Kingdom  
Spain  
Portugal  
Italy  
Ireland

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**EMPLOYEE CONFIDENTIALITY, NON-SOLICITATION AND  
ASSIGNMENT AGREEMENT**

This Employee Confidentiality, Non-solicitation and Assignment Agreement (the "Agreement") is entered into on, August 7, 2002 by and between Equifax Inc. on behalf of itself, its subsidiary and/or affiliate companies

Date  
(collectively "Equifax") and the undersigned Equifax employee ("Employee").

Statement of Facts

The purpose of this Agreement is to obtain Employee's commitment to protect and preserve Equifax's business relationships, Trade Secrets and Confidential Information as defined below.

Statement of Terms

1. **Employment Relationship.** Employee acknowledges that (A) this Agreement is not an employment agreement, and (B) his or her employment with Equifax is not specified for any particular term. Employee will abide by Equifax's rules, regulations, policies and practices as revised from time to time by Equifax at its sole discretion.
2. **Agreement Not to Solicit Employees.** During the term of Employee's employment by Equifax and for a period of six (6) months following the termination of Employee's employment for any reason, Employee will not, either directly or indirectly, on his or her behalf or on behalf of others, solicit for employment or hire, or attempt to solicit for employment or hire, any Equifax employee with whom Employee had regular contact in the course of his or her employment or any Equifax employee at any facility where Employee performed services for Equifax.
3. **Trade Secrets and Confidential Information.**
  - (a) All Trade Secrets (defined below) and Confidential Information (defined below), and all materials containing them, received or developed by Employee during the term of his or her employment are confidential to Equifax, and will remain Equifax's property exclusively. Except as necessary to perform Employee's duties for Equifax, Employee will hold all Trade Secrets and Confidential Information in strict confidence, and will not use, reproduce, disclose or otherwise distribute the Trade Secrets or Confidential Information, or any materials containing them, and will take those actions reasonably necessary to protect any Trade Secret or Confidential Information. Employee's obligation regarding Trade Secrets will continue indefinitely, while Employee's obligations regarding Confidential Information will cease two (2) years from the date of termination of Employee's employment with Equifax.
  - (b) "Trade Secret" means information, including, but not limited to, technical or non-technical 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, or a list of actual or potential Equifax customers or suppliers which (A) derives independent 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 Equifax's efforts that are reasonable under the circumstances to maintain secrecy; or as otherwise defined by applicable state law. "Confidential Information" means any and all knowledge, information, data, methods or plans (other than Trade Secrets) which are now or at any time in the future developed, used or employed by Equifax which are treated as confidential by Equifax and not generally disclosed by Equifax to the public, and which relate to the business or financial affairs of Equifax, including, but not limited to, financial statements and information, marketing strategies, business development plans and product or process enhancement plans.
  - (c) Employee acknowledges that Equifax is obligated under federal and state credit reporting and similar laws and regulations to hold in confidence and not disclose certain information regarding individuals, firms or corporations which is obtained or held by Equifax, and that Equifax is required to adopt reasonable procedures for protecting the confidentiality, accuracy, relevancy and proper utilization of consumer credit information. In that regard, except as necessary to perform Employee's duties for Equifax, Employee will hold in strict confidence, and will not use, reproduce, disclose or otherwise distribute any information which Equifax is required to hold confidential under applicable federal and state laws and regulations, including the federal Fair Credit reporting Act (15 U.S.C. § 1681 et. Seq.) and any state credit reporting statutes.
  - (d) Employee agrees that any unauthorized disclosure of confidential codes or system access instructions or file data, intentional alteration or destruction of data, or unauthorized access or updating of Employees own or any other file can lead to immediate dismissal and federal prosecution under the Fair Credit Reporting Act, the Counterfeit Access Device and Computer Fraud and Abuse Act, or prosecution under other state and federal laws. Should Employee

ever be approached by anyone to commit unauthorized or illegal acts or to disclose confidential materials or data, Employee will immediately report this directly to Equifax management.

- (e) Except as set forth in a separate written agreement executed by an officer of Equifax, ownership of all programs, systems, inventions, discoveries, developments, modifications, procedures, ideas, innovations, know-how or designs developed by Employee relating to his or her employment with Equifax will be Equifax's property. Employee will cooperate in applying for patents or copyrights on those developments as Equifax requests, and assign those patents or copyrights to Equifax. The confidentiality requirements of the preceding paragraphs will apply to all of the above.
  - (f) At Equifax's request or on termination of Employee's employment with Equifax, Employee will deliver promptly to Equifax all Equifax property in his or her possession or control, including all Trade Secrets and Confidential Information and all materials containing them.
4. **Remedies.** Employee agrees that his or her promises in this Agreement are reasonable and necessary to protect and preserve the interests and assets of Equifax, and that Equifax will suffer irreparable harm if Employee breaches any of his or her promises. Therefore, in addition to all the remedies provided at law or in equity, Equifax will be entitled to a temporary restraining order and permanent injunctions to prevent a breach or contemplated breach of any of Employee's promises. While Employee will retain the absolute right to pursue any claim, demand, action or cause of action that he or she may have against Equifax, if not otherwise compromised or released, the existence of any claim, demand, action or cause of action by Employee against Equifax, if any, will not constitute a defense to the enforcement by Equifax of any of Employee's promises in this Agreement.
5. **Severability.** Each provision of this Agreement is separate and severable from the remaining provisions, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of any other provisions. Further, if any provision is ruled invalid or unenforceable by a court of competent jurisdiction because of a conflict between that provision and any applicable law or regulation, that provision will be curtailed only to the extent necessary to make it consistent with that law or regulation.
6. **Assignment.** Equifax may assign its rights and obligations under this Agreement. Employee may not assign his or her rights and obligations under this Agreement.
7. **Waiver.** Equifax's waiver of any breach of this Agreement will not be effective unless in writing, and will not be a waiver of the same or another breach on a subsequent occasion.
8. **Governing Law.** This Agreement will be governed and construed in accordance with the laws of the State of Georgia without reference to its conflicts of laws provisions.
9. **Entire Agreement.** This Agreement contains Employee's entire agreement with Equifax regarding the subject matter covered by this Agreement. No amendment or modification of this Agreement will be valid or binding on Equifax or Employee unless in writing signed by both parties. All prior understandings and agreements regarding the subject matter of this Agreement are terminated.

THIS AGREEMENT, AS A CONDITION OF EMPLOYEE'S EMPLOYMENT OR CONTINUED EMPLOYMENT WITH EQUIFAX, IMPOSES UPON EMPLOYEE CERTAIN CONFIDENTIALITY RESTRICTIONS WITH RESPECT TO TRADE SECRETS AND CONFIDENTIAL INFORMATION BELONGING TO EQUIFAX. BY SIGNING BELOW, EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ AND UNDERSTANDS THIS AGREEMENT.

EMPLOYEE: /s/ MARK E. MILLER

Signature

Print Name: Mark E. Miller

Date: 8/7/02

EQUIFAX

By: /s/ ELLEN WHITFIELD

Title: HR Consultant

Company/Department: 20-110

Donald T. Heroman

Dear Don:

This letter agreement ("Agreement") sets forth the terms and conditions of our offer of employment to you as Chief Financial Officer of Equifax Inc. After you have reviewed the terms of our offer, please sign below to signify your acceptance. We anticipate that your employment will commence on November 25, 2002, and we look forward to working with you as a key member of our leadership team.

**1. Employment as Corporate Vice President and Chief Financial Officer of Equifax.** We are hereby offering you (hereinafter "Executive") the position of Corporate Vice President and Chief Financial Officer of Equifax Inc. ("Equifax"). Executive will report to the CEO of Equifax for all operational, general, and administration matters. Executive's duties will include formulating company financial policy and plans, directing activities associated with the investment of the company's assets and funds, and the general management of the accounting, tax, insurance, budget, credit and treasury functions. Executive will perform such additional duties and have the responsibilities and powers as delegated to him from time to time by the CEO of Equifax or the Board of Directors. Executive accepts the duties listed above and agrees to perform in compliance with instructions and directives of management and to render his services for the term of this Agreement.

**2. Term.** This Agreement shall commence on November 25, 2002 and continue in effect until either party gives notice of termination (such period, the "term of this Agreement"). Either party may terminate this Agreement for any reason and at any time, with or without cause and with or without advance notice.

**3. Extent of Services.** Executive agrees that during the term of this Agreement he will devote his full working time and all of his energy and skill to the diligent performance of Executive's duties.

**4. Consideration.** As consideration for all of the services performed by Executive pursuant to this Agreement and the Restrictive Covenant set forth in Section 5, Equifax will compensate Executive during the term of this Agreement as follows:

**4.1 Base Salary.** Executive will be entitled to an annual base salary of Three Hundred Seventy Thousand dollars (\$370,000), payable by direct deposit in equal biweekly installments.

**4.2 Benefits.** Executive will be entitled to participate in all employee benefit plans and perquisites of Equifax in effect from time to time (including health, life, disability, dental, retirement plans, financial planning and tax counseling services, and country club membership) in which employees at his level are entitled to participate.

**4.3 Annual Incentive.** Executive will be eligible for an annual incentive payment in accordance with the Executive Incentive Plan in effect for each year. Per Plan guidelines, the amount of the incentive payment is determined by Equifax's overall financial

performance and Executive's individual performance. Executive's target bonus will be 60% of base salary paid in the year, with the opportunity to earn up to 180% of base salary paid in the year. Equifax agrees to pay Executive an incentive payment of \$300,000 for Plan year 2002, in an effort to offset any incentive or bonus Executive will forfeit as a result of commencing employment with Equifax. The Executive Incentive Plan may be modified at any time in Equifax's sole discretion.

**4.4 Restricted Stock.** Immediately upon commencement of employment or the earliest practical date thereafter, Executive will receive a grant of 10,000 shares of Equifax Inc., restricted stock, which will vest in full upon the third anniversary of the stock grant. Immediately upon commencement of employment or the earliest practical date thereafter, Executive will receive a second grant of 12,000 shares, which will vest in 50% increments beginning on the first anniversary date of the grant. This second grant will become fully vested on the second anniversary of the grant. These restricted stock grants will be subject to the additional terms and conditions set forth in separate restricted stock agreements.

**4.5 Stock Options.** Immediately upon commencement of employment or the earliest practical date thereafter, Equifax will grant Executive an option to purchase 60,000 shares of Equifax Inc., common stock at the fair market value on the day of the grant. One-fourth of the shares will vest as of the grant date. Another one-fourth of the shares will vest on each subsequent anniversary of the grant. The shares will become fully vested on the third anniversary of the grant. This grant will be tax qualified, or incentive stock options, to the full extent permitted under applicable laws or regulations. Additionally, this stock option grant will be subject to the additional terms and conditions set forth in a separate stock option agreement.

**4.6 Executive Life & Supplemental Retirement Benefit Plans.** Upon employment, Executive will be designated a participant in the Executive Life Plan. During the term of this Agreement, Equifax will pay all policy premiums to provide Executive \$3 million in life insurance coverage under this plan. Equifax is currently redesigning its Executive Supplemental Retirement Benefit Plan, in which Executive will be entitled to participate at the appropriate level once the Plan has been adopted and approved by the Compensation and Human Resources Committee of the Board. Equifax's intent is to provide Executive at least as much value under this Plan as Executive has under his current supplemental retirement benefit plan.

**4.7 Change in Control.** Upon employment Executive will receive a separate Change-in-Control agreement, which will provide certain enhanced severance benefits under specific circumstances. The severance benefits in the Change-in-Control agreement are in lieu of and not in addition to any severance benefits payable pursuant to the Severance Pay Plan for Salaried Employees.

## **5. Restrictive Covenants.**

**5.1 Definition.** As used in this Section 5, the term "Equifax" means Equifax Inc., and any of its subsidiary, affiliated or successor companies.

**5.2 Noncompetition Agreement.** Executive agrees that he will not, during



employment with Equifax and for a period of two (2) years following the termination of his employment, within the Territory (as defined in the attached Exhibit A), directly or indirectly, provide any Services (as defined below) to or for the benefit of any individual, business, corporation or other entity or organization that engages in any of the following businesses: consumer credit reporting services, direct to consumer credit reporting services and products, credit and direct marketing services, customer relationship management and customer data integration products, fraud protection services, airport passenger security services and products, commercial credit reporting services, identity authentication services and global regulatory data services (the "Company's Products and Services"). As used herein, "Services" means (a) acting as an executive officer with general responsibility for financial policy and planning, and (b) without limiting the foregoing, participating in, and managing and supervising others in, accounting, tax, insurance, budget, credit, or treasury functions.

**5.3 Remedies Upon Breach.** Executive agrees that Equifax will be entitled, in addition to any other remedies and damages available, to an injunction restraining violations or threatened violations of this Section 5, as well as an award of any attorneys' fees which Equifax may incur in enforcing, to any extent, the provisions of this Section 5, whether or not litigation is actually commenced and including any appeal.

**6. Assignability.** This Agreement is binding on Equifax and any successors of Equifax. Equifax may assign this Agreement and its rights under this Agreement in whole or in part to any corporation or other entity with or into which Equifax may merge or consolidate or to which Equifax may transfer all or substantially all of its respective assets.

**7. Amendment, Waiver.** No provisions of this Agreement may be modified, waived or discharged unless the waiver, modification or discharge is agreed to in writing signed by Executive and such officer or officers as may be specifically designated by the Board of Directors of Equifax to sign on their behalf. No waiver by any party at any time of any breach by any other party of, or compliance with, any condition or provision of this Agreement will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

**8. No Conflicting Obligations.** Executive represents and warrants that he is not subject to any duties or restrictions under any prior agreement with any previous employer or other person, and that he has no rights or obligations which may conflict with the interests of Equifax or with Executive's duties and obligations under this Agreement. Executive agrees to notify Equifax immediately if any conflicts occur in the future.

**9. Governing Law.** The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the United States where applicable and otherwise the substantive laws of the State of Georgia.

**10. Headings.** The section headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

**11. Construction of Agreement.** It is the intent of the parties that this Agreement will be considered severable in part and in whole, and that if any covenant or other provision hereof is

determined to be unenforceable in any part, that portion of the Agreement will be severed or modified by the Court so as to permit enforcement of the Agreement to the extent reasonable. It is agreed by the parties that the obligations set forth herein will be considered to be independent of any other obligations between the parties, and the existence of any other claim or defense will not affect the enforceability of this Agreement. Except as otherwise expressly provided herein, all of the consideration to be provided to Executive hereunder shall be paid or otherwise provided on and in accordance with and subject to Equifax's standard policies, practices, terms and conditions applicable from time to time under Equifax's plans, programs and arrangements relating to compensation and benefits of the type agreed to be provided, including without limitation, the terms and conditions of Equifax's standard forms of stock option or other applicable executive compensation agreements. Without limiting the foregoing, any and all benefit plans or other plans, programs and arrangements may be modified, amended, replaced or terminated at Equifax's sole discretion unless otherwise expressly provided therein or herein.

**12. Certification of Understanding.** Executive certifies that Executive received a copy of this Agreement for review and study before being asked to sign it; read this Agreement carefully; had sufficient opportunity before the Agreement was signed to ask questions about the provisions of the Agreement and received satisfactory answers; and understands the Executive's rights and obligations under the Agreement. This Agreement constitutes the complete understanding and agreement of the parties concerning the subject matter of this Agreement. Except as provided in Sections 4.4, 4.5, 4.7, and 13, there are no other agreements, written or oral, express or implied, between the parties, concerning the subject matter of this Agreement.

**13. Employment Requirements.** Equifax's obligations under this Agreement and any offer of employment are contingent upon Executive's satisfactory completion of a standard pre-employment drug screen and routine credit, background and reference checks. Equifax's obligations under this Agreement are also contingent upon Executive signing Equifax's standard "Employee Confidentiality, Non-Solicitation and Assignment Agreement," which is attached and incorporated by reference. Executive will comply with and, if requested, execute, all codes of ethical conduct, securities trading policies and similar agreements and policies that senior executives of Equifax may from time to time be required to comply with or execute.

Sincerely,

/s/ KAREN H. GASTON

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Karen H. Gaston

I, Donald T. Heroman have thoroughly read the terms and conditions contained in this letter pertaining to Equifax's offer of employment. I fully agree to be bound by these terms and hereby accept this offer of employment.

/s/ DONALD T. HEROMAN

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Donald T. Heroman

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**EXHIBIT A — DEFINITION OF TERRITORY**

Employee acknowledges that Employee will provide Services for or on behalf of Company in the following areas (the “Territory”):

The United States  
Argentina  
Brazil  
Canada  
Chile  
Costa Rica  
El Salvador  
Italy  
Peru  
Portugal  
Spain  
Uruguay  
U.K.

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**EMPLOYEE CONFIDENTIALITY, NON-SOLICITATION AND  
ASSIGNMENT AGREEMENT**

This Employee Confidentiality, Non-solicitation and Assignment Agreement (the "Agreement") is entered into on, October 29, 2002 by and between Equifax Inc. on behalf of itself, its subsidiary and/or affiliate companies  
Date  
(collectively "Equifax") and the undersigned Equifax employee ("Employee").

**Statement of Facts**

The purpose of this Agreement is to obtain Employee's commitment to protect and preserve Equifax's business relationships, Trade Secrets and Confidential Information as defined below.

**Statement of Terms**

1. **Employment Relationship.** Employee acknowledges that (A) this Agreement is not an employment agreement, and (B) his or her employment with Equifax is not specified for any particular term. Employee will abide by Equifax's rules, regulations, policies and practices as revised from time to time by Equifax at its sole discretion.
2. **Agreement Not to Solicit Employees.** During the term of Employee's employment by Equifax and for a period of six (6) months following the termination of Employee's employment for any reason, Employee will not, either directly or indirectly, on his or her behalf or on behalf of others, solicit for employment or hire, or attempt to solicit for employment or hire, any Equifax employee with whom Employee had regular contact in the course of his or her employment or any Equifax employee at any facility where Employee performed services for Equifax.
3. **Trade Secrets and Confidential Information.**
  - (a) All Trade Secrets (defined below) and Confidential Information (defined below), and all materials containing them, received or developed by Employee during the term of his or her employment are confidential to Equifax, and will remain Equifax's property exclusively. Except as necessary to perform Employee's duties for Equifax, Employee will hold all Trade Secrets and Confidential Information in strict confidence, and will not use, reproduce, disclose or otherwise distribute the Trade Secrets or Confidential Information, or any materials containing them, and will take those actions reasonably necessary to protect any Trade Secret or Confidential Information. Employee's obligation regarding Trade Secrets will continue indefinitely, while Employee's obligations regarding Confidential Information will cease two (2) years from the date of termination of Employee's employment with Equifax.
  - (b) "Trade Secret" means information, including, but not limited to, technical or non-technical 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, or a list of actual or potential Equifax customers or suppliers which (A) derives independent 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 Equifax's efforts that are reasonable under the circumstances to maintain secrecy; or as otherwise defined by applicable state law. "Confidential Information" means any and all knowledge, information, data, methods or plans (other than Trade Secrets) which are now or at any time in the future developed, used or employed by Equifax which are treated as confidential by Equifax and not generally disclosed by Equifax to the public, and which relate to the business or financial affairs of Equifax, including, but not limited to, financial statements and information, marketing strategies, business development plans and product or process enhancement plans.
  - (c) Employee acknowledges that Equifax is obligated under federal and state credit reporting and similar laws and regulations to hold in confidence and not disclose certain information regarding individuals, firms or corporations which is obtained or held by Equifax, and that Equifax is required to adopt reasonable procedures for protecting the confidentiality, accuracy, relevancy and proper utilization of consumer credit information. In that regard, except as necessary to perform Employee's duties for Equifax, Employee will hold in strict confidence, and will not use, reproduce, disclose or otherwise distribute any information which Equifax is required to hold confidential under applicable federal and state laws and regulations, including the federal Fair Credit reporting Act (15 U.S.C. § 1681 et. Seq.) and any state credit reporting statutes.
  - (d) Employee agrees that any unauthorized disclosure of confidential codes or system access instructions or file data, intentional alteration or destruction of data, or unauthorized access or updating of Employees own or any other file can lead to immediate dismissal and federal prosecution under the Fair Credit Reporting Act, the Counterfeit Access Device and Computer Fraud and Abuse Act, or prosecution under other state and federal laws. Should Employee ever be approached by anyone to commit unauthorized or illegal acts or to disclose confidential materials or data, Employee will immediately report this directly to Equifax management.

- (e) Except as set forth in a separate written agreement executed by an officer of Equifax, ownership of all programs, systems, inventions, discoveries, developments, modifications, procedures, ideas, innovations, know-how or designs developed by Employee relating to his or her employment with Equifax will be Equifax's property. Employee will cooperate in applying for patents or copyrights on those developments as Equifax requests, and assign those patents or copyrights to Equifax. The confidentiality requirements of the preceding paragraphs will apply to all of the above.
- (f) At Equifax's request or on termination of Employee's employment with Equifax, Employee will deliver promptly to Equifax all Equifax property in his or her possession or control, including all Trade Secrets and Confidential Information and all materials containing them.
4. **Remedies.** Employee agrees that his or her promises in this Agreement are reasonable and necessary to protect and preserve the interests and assets of Equifax, and that Equifax will suffer irreparable harm if Employee breaches any of his or her promises. Therefore, in addition to all the remedies provided at law or in equity, Equifax will be entitled to a temporary restraining order and permanent injunctions to prevent a breach or contemplated breach of any of Employee's promises. While Employee will retain the absolute right to pursue any claim, demand, action or cause of action that he or she may have against Equifax, if not otherwise compromised or released, the existence of any claim, demand, action or cause of action by Employee against Equifax, if any, will not constitute a defense to the enforcement by Equifax of any of Employee's promises in this Agreement.
5. **Severability.** Each provision of this Agreement is separate and severable from the remaining provisions, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of any other provisions. Further, if any provision is ruled invalid or unenforceable by a court of competent jurisdiction because of a conflict between that provision and any applicable law or regulation, that provision will be curtailed only to the extent necessary to make it consistent with that law or regulation.
6. **Assignment.** Equifax may assign its rights and obligations under this Agreement. Employee may not assign his or her rights and obligations under this Agreement.
7. **Waiver.** Equifax's waiver of any breach of this Agreement will not be effective unless in writing, and will not be a waiver of the same or another breach on a subsequent occasion.
8. **Governing Law.** This Agreement will be governed and construed in accordance with the laws of the State of Georgia without reference to its conflicts of laws provisions.
9. **Entire Agreement.** This Agreement contains Employee's entire agreement with Equifax regarding the subject matter covered by this Agreement. No amendment or modification of this Agreement will be valid or binding on Equifax or Employee unless in writing signed by both parties. All prior understandings and agreements regarding the subject matter of this Agreement are terminated.

THIS AGREEMENT, AS A CONDITION OF EMPLOYEE'S EMPLOYMENT OR CONTINUED EMPLOYMENT WITH EQUIFAX, IMPOSES UPON EMPLOYEE CERTAIN CONFIDENTIALITY RESTRICTIONS WITH RESPECT TO TRADE SECRETS AND CONFIDENTIAL INFORMATION BELONGING TO EQUIFAX. BY SIGNING BELOW, EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ AND UNDERSTANDS THIS AGREEMENT.

EMPLOYEE: /s/ DONALD T. HEROMAN

Signature

Print Name: Donald T. Heroman

Date: 10/29/02

EQUIFAX

By: /s/ KAREN H. GASTON

Title: Chief Administrative Officer

Company/Department: Equifax Inc.

### Sale, Sublease, Assignment and License Agreement

This Sale, Sublease, Assignment and License Agreement is effective as of November 15, 2002 (the “**Effective Date**”), and is made by Equifax Inc., a Georgia corporation (“**Equifax**”), and Seisint, Inc., a Florida corporation (“**Seisint**”).

#### Recitals

This Agreement sets forth the replacement and cancellation of the Master Agreement and the DMS Transaction Document by Equifax and Seisint (each a “**Party**” and collectively the “**Parties**”).

In consideration of the covenants and agreements set forth in this Agreement and for valuable and sufficient consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

#### 1. Definitions

In addition to any term capitalized and defined in this Agreement, capitalized terms used in this Agreement shall have the meaning set forth in Exhibit A.

#### 2. Sale and Sublease of the Equipment

a. Pursuant to the terms of this Agreement and the terms and conditions of the Bill of Sale in the form attached hereto as Exhibit B, Seisint shall sell to Equifax the Equipment identified in Section A(1) of Schedule 1.

b. Pursuant to the terms of this Agreement and subject to Seisint’s contractual ability to sublease the Equipment, Seisint shall sublease to Equifax the Equipment identified in Section A(2) of Schedule 1 pursuant to and in accordance with a Sublease in the form attached hereto as Exhibit C. The Parties agree to accept commercially reasonable changes, if any, to the Sublease requested by each lessor party to the Leased Equipment Agreements. Seisint shall cooperate with Equifax and take all commercially reasonable action to obtain from each lessor party to the Leased Equipment Agreements a consent to the sublease by Seisint to Equifax of the Equipment. At Equifax’s request, Seisint also shall cooperate with Equifax and take all commercially reasonable action to obtain from each such lessor a grant of an option to purchase the Equipment upon the event of default by Seisint under a Leased Equipment Agreement and/or upon expiration of a Leased Equipment Agreement. At Equifax’s request, Seisint also shall cooperate with Equifax and take all commercially reasonable action to obtain an assignment of the portion of the Leased Equipment Agreements applicable to the Equipment that Seisint subleases to Equifax pursuant to the Sublease or a buyout of such portion of the Leased Equipment Agreements or a new lease(s) directly with Equifax for such portion of the Equipment. At Equifax’s request, Seisint will exercise its option under either or both of the Leased Equipment Agreements to purchase the Equipment subject to such Leased Equipment Agreements and then sell such Equipment to Equifax at the same cost Seisint incurred to exercise its option to purchase such Equipment.

c. Seisint shall sell or sublease, as the case may be, the Equipment to Equifax “as is.” Seisint does not warrant that the Equipment is fit for a particular purpose, or that the Equipment is of merchantable quality, and Seisint disclaims all other warranties regarding the Equipment of any kind, whether actual or implied; provided however, Seisint warrants that (a) subject to Seisint having the right under the Leased Equipment Agreements to sublease to Equifax the Equipment, it has the right to sell and/or sublease the Equipment to Equifax, (b) the configuration and integration of the Equipment does not infringe on the intellectual property rights of any third party, (c) in selling and/or subleasing the Equipment to Equifax, Seisint is not violating the intellectual property rights of any third party, (d) the Equipment is unencumbered by any adverse Claims, liens, security interests or judgments that would inhibit in any way Equifax’s possession, use and enjoyment of the Equipment, except that such Equipment is subject to the rights of each lessor party to the Leased Equipment Agreements, (e) it shall not amend or modify or default under the Leased Equipment Agreements, and (f) there is no default or circumstances that with the giving of notice and/or the passage of time will become defaults under the Leased Equipment Agreements. Wherever contractually possible and/or commercially reasonable, Seisint shall transfer to Equifax any and all third party warranties related to or applicable to the Equipment.

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### 3. Assignment of the Assigned Commercial Software

a. Pursuant to the terms of this Agreement and in accordance with the terms and conditions of the Assignment Agreement in the form attached hereto as ~~Exhibit D~~, Seisint shall assign to Equifax the Assigned Commercial Software, and the attendant licenses to such Assigned Commercial Software; provided however, Seisint's obligation to assign the Assigned Commercial Software is subject to Seisint's contractual ability to assign any Commercial Software.

b. Seisint shall take commercially reasonable measures to attempt to assign to Equifax all of the Commercial Software and shall cooperate with Equifax to attempt to effectuate such assignment. The Parties agree to accept commercially reasonable changes, if any, to the Assignment Agreement requested by third parties who license to Seisint the Commercial Software. To the extent that any fees or costs in addition to those set forth in Section 9 of this Agreement are incurred to effectuate such assignment, Equifax shall be responsible for such additional costs and fees. To the extent that new licenses must be negotiated to effectuate the assignment of any Commercial Software, Equifax shall bear primary responsibility for negotiating such new licenses; provided however, Seisint shall provide Equifax commercially reasonable assistance in negotiating such new licenses with the third party licensors of such software. To the extent that Seisint is not able to effectuate the assignment of any Commercial Software, Equifax acknowledges that it will need to purchase from third party vendors licenses for such software.

c. Seisint will assign the Assigned Commercial Software to Equifax "as is." Seisint does not warrant that the Assigned Commercial Software is fit for a particular purpose, or that the Assigned Commercial Software is of merchantable quality, and Seisint disclaims all other warranties regarding the Assigned Commercial Software of any kind, whether actual or implied; provided however, Seisint warrants that (a) it has the right to assign the Assigned Commercial Software to Equifax, (b) in assigning the Assigned Commercial Software to Equifax, Seisint is not violating the intellectual property rights of a third party and (c) the Assigned Commercial Software is unencumbered by any adverse Claims, liens, security interests or judgments that would inhibit in any way Equifax's possession, use and enjoyment of the Assigned Commercial Software. Wherever contractually possible and/or commercially reasonable, Seisint shall transfer to Equifax any and all third party warranties related to or applicable to the Commercial Software.

### 4. License of the Seisint DMS Core Technology

a. Subject to the release from escrow of the Seisint DMS Core Technology source code pursuant to Section 5 of this Agreement, Seisint hereby grants to Equifax, and its Affiliates, a non-exclusive, worldwide license to (i) use, operate and reproduce the Seisint DMS Core Technology (object code and source code) solely for Internal Purposes within the DMS Scope and (ii) create derivatives, enhancements, modifications and extensions to the Seisint DMS Core Technology; provided however, Equifax may engage third party contractors/service providers to provide outsourced services with respect to the Seisint DMS Core Technology from an Equifax Data Center (the "**Restricted License**"). All derivatives, enhancements or modifications to the Seisint DMS Core Technology, whether made by Equifax or Seisint shall be owned by Seisint; provided however, such derivatives, enhancements or modifications developed by Equifax shall be licensed to Equifax during the Term and pursuant to the Restricted License and, provided further, Equifax shall be authorized to disclose to members of its CMS project team any such derivatives, enhancements or modifications made to the Seisint DMS Core Technology.

b. Seisint shall license the Seisint DMS Core Technology to Equifax "as is." Seisint does not warrant that the Seisint DMS Core Technology is fit for a particular purpose, or that the Seisint DMS Core Technology is of merchantable quality, and Seisint disclaims all other warranties regarding the Seisint DMS Core Technology of any kind, whether actual or implied; provided however, Seisint warrants on the Effective Date and for the Term that (a) it owns and has the right to license the Seisint DMS Core Technology to Equifax, (b) the Seisint DMS Core Technology does not infringe on the intellectual property rights of any third party, (c) in licensing the Seisint DMS Core Technology to Equifax, Seisint is not violating the intellectual property rights of any third party and (d) the Seisint DMS Core Technology is unencumbered by any adverse Claims, liens, security interests or judgments that would inhibit in any way Equifax's possession, use and enjoyment of the Seisint DMS Core Technology or Equifax's full exercise of the license rights granted to it in this Agreement.

c. Seisint further warrants that it is providing to Equifax, pursuant to this Agreement and whether by sale, sublease, assignment, escrow or license, the complete DMS System and that it is in the same state as it existed in Seisint's possession and control as of the Effective Date, other than such Commercial Software that does not become Assigned Commercial Software.

d. Equifax shall limit access to the Seisint DMS Core Technology, including, but not limited to, the attendant design documentation, executable code, and hardware configuration, to only such employees or third party contractors/service providers engaged by Equifax having a "need to know", and Equifax shall use accepted professional standards to protect the Seisint DMS Core Technology equal to the protections afforded Equifax's own proprietary code and the Equifax Credit Data Base (the "**Equifax Security Standards**"). If the source code to the Seisint DMS Core Technology is released pursuant to Section 5 of this Agreement, then Equifax shall not permit any more than three (3) Equifax employees to have access to the entire source code or design documentation set of the Seisint DMS Core Technology and Equifax shall not permit any third party contractors/service providers engaged by Equifax to have access to the entire source code or design documentation set of the Seisint DMS Core Technology, but such third party contractors/service providers engaged by Equifax may have access on a need to know basis pertaining specifically to such portion of the Seisint DMS Core Technology source code or design documentation immediately pertaining to the scope of work directed by Equifax to such third party contractors/service providers. Equifax shall have the right to copy, in a manner consistent with the Equifax Security Standards, the Seisint DMS Core Technology source code (subject to its release as described in Section 5 of this Agreement) and the Seisint DMS Core Technology object code; provided however, in regard to the Seisint DMS Core Technology source code, Equifax shall only be permitted (a) to maintain two (2) copies of such portion of the Seisint DMS Core Technology source code for back up purposes, and (b) when actively working on the Seisint DMS Core Technology source code, to maintain additional copies of such source code solely for development of executable code file to be promoted into production. Development shall be defined as the different stages that the source code will pass within the Equifax development environment to produce an executable file. Equifax shall have the right to copy the Application Software source code and object code.

e. Commencing at the beginning of the first full calendar quarter after the Effective Date and, thereafter, at the beginning of each calendar quarter during the Term, Equifax and Seisint shall hold a quarterly review at which time Seisint shall brief Equifax on and describe to Equifax any functional enhancements either (i) made to the Seisint DMS Core Technology or (ii) expected to be made, within the next two quarters, to the Seisint DMS Core Technology. If, after any such quarterly review, Equifax desires to license one or more of the enhancements already made to the Seisint DMS Core Technology described by Seisint, then Seisint shall provide a code release containing the enhanced code to Equifax at no additional cost.

f. Seisint shall maintain its ownership of, and all rights, title and interest in the Seisint DMS Core Technology.

## **5. Source Code Escrow**

a. Within thirty (30) days of the Effective Date, Seisint shall place in escrow with an escrow agent reasonably acceptable to both Parties and pursuant to a source code escrow agreement in the form attached hereto as Exhibit E the source code for the software comprising elements of the Seisint DMS Core Technology and all documentation attendant thereto (the "**Escrowed Code**"). Seisint shall update the Escrowed Code through additional deposits with the escrow agent within ten (10) days of the date when Seisint provides Equifax enhancements to the Seisint DMS Core Technology pursuant to Section 4(e) of this Agreement. Seisint shall provide a certificate to Equifax at the time of each deposit of the Escrowed Code with the escrow agent that the Escrowed Code is true, correct and complete, and Equifax shall have the right, through its own personnel, at the time of each such deposit to review and certify that the Escrowed Code complies with this Section 5. Equifax shall bear the costs of such review and certification.

b. The term of the escrow shall be until a release event occurs. The Escrowed Code shall be released from the escrow by the escrow agent upon any of the following events:

1. Upon agreement of the Parties;



2. (a) Upon the determination from a court of law that (i) Seisint materially breached this Agreement pursuant to Section 15(b) of this Agreement and (ii) such breach was not cured by Seisint within the notice and cure period provided in Section 15(b), (b) if Seisint becomes insolvent or is unable to pay its debts or enters into or files (or has filed against it) a petition, arrangement, action or other proceeding seeking relief or protection under the bankruptcy laws, or (c) if Equifax obtains a court order in response to Equifax's request for injunctive relief (as detailed herein). Notwithstanding the foregoing, Seisint agrees that a failure by Seisint to provide the Seisint Support as required under this Agreement will adversely affect Equifax's ability to use and enjoy the Seisint DMS Core Technology and adversely affect Equifax's business by compromising Equifax's ability to perform required support and maintenance for the Seisint DMS Core Technology. Accordingly, if Seisint materially breaches this Agreement by failing to provide the Seisint Support as required under this Agreement, then Equifax shall be entitled to petition for injunctive relief in the form of an order of a court for release of the Escrowed Code; or
3. (a) Upon the determination from a court of law that (i) Equifax breached this Agreement pursuant to Section 15(d) of this Agreement and (ii) such breach was not cured by Equifax within the notice and cure period provided in Section 15(d) or (b) if Equifax becomes insolvent or is unable to pay its debts or enters into or files (or has filed against it) a petition, arrangement, action or other proceeding seeking relief or protection under the bankruptcy laws.

In the event of a release under item 1, the Escrowed Code shall be delivered to the Party designated in a joint notice from the Parties to the escrow agent, in the event of a release under item 2, the Escrowed Code shall be delivered to Equifax and in the event of a release under item 3, the Escrowed Code shall be delivered to Seisint.

c. The Parties shall enter into a three party contractual arrangement with each other and the escrow agent in the form of Exhibit E hereto, with commercially reasonable changes, if any, requested by the escrow agent, to implement the provisions of this Section 5. Equifax shall bear the cost of the escrow arrangement with the Escrow Agent.

## **6. Sale of the Application Software**

a. Pursuant to the terms of this Agreement and the terms and conditions of the Bill of Sale in the form attached hereto as Exhibit B, Seisint shall sell to Equifax the Application Software developed as of the Effective Date of this Agreement. Equifax shall own all right, title and interest in and to the Application Software, and all patent, copyrights and trademarks and all other intellectual property rights embodied and/or practiced therein, including but not limited to all derivatives, enhancements, modifications and improvements thereto.

b. Seisint shall sell the Application Software to Equifax "as is." Seisint does not warrant that the Application Software is fit for a particular purpose, or that the Application Software is of merchantable quality, and Seisint disclaims all other warranties regarding the Application Software of any kind, whether actual or implied; provided however, Seisint warrants on the Effective Date and for the Term that (a) it owns and has the right to sell the Application Software to Equifax, (b) the Application Software does not infringe on the intellectual property rights of any third party, (c) in selling the Application Software to Equifax, Seisint is not violating the intellectual property rights of any third party and (d) the Application Software is unencumbered by any adverse Claims, liens, security interests or judgments that would inhibit in any way Equifax's possession, use and enjoyment of the Application Software or Equifax's ownership rights in the Application Software.

## **7. Exclusivity**

a. Seisint shall not, directly or indirectly, with respect to the Seisint DMS Core Technology and/or the DMS Scope (i) perform or provide services for or to a DMS Competitor that are the same as or substantially similar to the DMS Scope; (ii) provide software and/or equipment to a DMS Competitor to perform the DMS Scope or services or functions which are the same as or substantially similar to those comprising the DMS Scope; or (iii) provide the intellectual property rights of the Seisint DMS Core Technology to a DMS Competitor to enable such DMS Competitor to develop software and/or equipment to perform services or functions in the DMS Scope or services or functions which are the same as or substantially similar to those comprising the DMS Scope. Additionally, Seisint

shall specifically prohibit all third parties to which Seisint provides services, software, equipment and/or intellectual property from performing and providing services for the DMS Competitors in the DMS Scope.

- b. The exclusive rights described herein shall remain in full force and effect for the Term and shall terminate only as follows:
  1. Upon agreement of the Parties, or
  2. Upon the expiration of the Term or a termination of this Agreement or the Restricted License for any reason, including a breach of this Agreement constituting a default by either Party, except a termination by Equifax based on an intentional breach or default by Seisint or a refusal by Seisint to continue to perform its obligations under this Agreement.

## 8. Documentation

Upon execution of this Agreement, Seisint shall provide to Equifax (i) all existing technical documentation for the Equipment, Assigned Commercial Software, and the Application Software, as the case may be, that is in Seisint's control or possession and (ii) the technical documentation related to the Seisint DMS Core Technology that is identified in Schedule 2 to this Agreement.

## 9. Fees and Costs

a. On the Effective Date, Equifax shall pay to Seisint \$6,000,000 (the "**Initial Fee**"); provided however, Equifax shall pay \$283,937.36 of the Initial Fee into escrow, to be held pursuant to a cash escrow agreement in the form attached hereto Exhibit F, for disbursement to pay future charges that are due and payable under the Leased Equipment Agreements and provided further that Equifax shall withhold payment of \$500,000 of the Initial Fee until thirty (30) days after the Effective Date. On each of the nine anniversaries of the Effective Date, Equifax shall pay to Seisint \$750,000 (the "**Annual Fee**"). The Initial Fee and each Annual Fee may be referred to in this Agreement collectively as the "**Fees**".

b. Equifax's payment of the Initial Fee shall obligate Seisint to sell and sublease to Equifax, as the case may be, the Equipment; to assign to Equifax the Assigned Commercial Software (and attempt to assign to Equifax the Commercial Software); to license to Equifax the Seisint DMS Core Technology; to sell to Equifax the Application Software; and, at no cost, to perform and provide the first year of Seisint Support, all in accordance with the terms and conditions of this Agreement. Equifax's payment of the Annual Fee shall obligate Seisint to perform and provide the Seisint Support.

## 10. Support

a. In consideration for payment of the Fees and pursuant to the procedures set forth in Section 10(c) of this Agreement, Seisint shall provide to Equifax, for each year of the Initial Term, up to 2000 hours per year of training time and operation and technical support all within the DMS Scope from Seisint personnel (the "**Seisint Support**"). The Seisint Support shall include, but not be limited to, the provision of senior level developers to aid and help through the exertion of commercially reasonable efforts (i) to correct known but not yet rectified problems to the Seisint DMS Core Technology code, including memory image loads, model performance issues, enhanced attribute processing, ECL extension, and (ii) to bring the Seisint DMS Core Technology current with Seisint's then current technology code level.

b. At Equifax's request, and upon the consent of Seisint, Seisint shall provide Equifax additional Seisint Support, in addition to the 2,000 hours per year of Seisint Support detailed above, at a rate of \$250 per hour, plus reasonable out-of-pocket expenses, payable on a monthly basis.

c. If Equifax desires for Seisint to perform the Seisint Support, Equifax must first contact the Seisint customer support hotline (at 561.999.8686) to notify Seisint that a request will be submitted then, pursuant to the instructions from the hotline personnel, Equifax must submit a written request (by e-mail or otherwise) for such Seisint Support

which such request must include a reasonable description of the Seisint Support Equifax desires for Seisint to perform (the "SOW"). (i) If the Seisint Support described in the SOW requires less than one effort-day to complete, then, within four (4) business hours of receipt of the SOW, Seisint shall schedule and begin performing such Seisint Support in good faith cooperation with Equifax. (ii) If the Seisint Support described in the SOW requires more than one effort-day to complete, then, within four (4) business hours of receipt of the SOW, Seisint shall respond in writing by giving Equifax an estimate of the time expected to perform the Seisint Support and then cooperate in good faith with Equifax to schedule and begin performing such Seisint Support. (iii) If the Seisint Support requested in the SOW requests the development of an enhancement, then Seisint shall respond in writing to the SOW within five (5) business days and either accept the SOW or request additional details regarding the requested enhancement to be made in which case the Parties shall have fifteen (15) days to negotiate modifications or clarifications to the SOW. For purposes of this Agreement, one effort-day shall be equal to the amount of work one person can perform in eight hours.

#### **11. Development of Transition Plan and Continued Use of Seisint Facilities**

a. Commencing on the Effective Date, Equifax and Seisint shall work together to develop a mutually agreed transition plan that, at a minimum, will include a fee schedule regarding the payment to Seisint of its fees and costs incurred in implementing the transition plan. The final, mutually agreed transition plan shall be incorporated into this Agreement.

b. Seisint agrees that Equifax may continue to use the Seisint facility located in Boca Raton, Florida during the implementation of the transition plan; provided however, Equifax's use of this facility during this time period will be consistent with its use levels immediately prior to the Effective Date and Equifax must take commercially reasonable measures to vacate this facility by January 31, 2003 and provided further that Equifax shall vacate this facility by February 28, 2003. From the Effective Date and so long as Equifax continues to use this facility, Equifax shall pay Seisint only for Equifax's continued use of the data circuit to Alpharetta, Georgia at the current rate as set forth in the Rules of Engagement.

#### **12. Affected Employees, Nonsolicitation and Accenture Accounting Time**

a. Equifax shall offer employment to the Affected Employees and shall offer them compensation packages in accordance with the standard compensation and benefit packages that Equifax offers to similarly situated employees; provided however, the Affected Employees shall be offered a salary equal to or greater than the salary noted in Schedule 3. Should Equifax desire to relocate its DMS project team, reasonable relocation reimbursements shall be included with all offers of employment to the Affected Employees. Seisint shall encourage the Affected Employees to accept Equifax's offers of employment. Except as agreed to in writing by Seisint and Equifax, Seisint shall not offer continued employment to the Affected Employees unless (i) special hardship circumstances exist, or (ii) it is mutually convenient for both Seisint and Equifax.

b. Equifax agrees that for the Initial Term, and for an additional two (2) years immediately thereafter, Equifax shall not (i) hire any Seisint personnel, except for Seisint's administrative, accounting, facilities or telemarketing personnel, unless such hiring is consented to in writing in advance by Seisint or (ii) otherwise communicate, except through general solicitations of employment not targeted at specific individuals, with Seisint personnel with the intent of making an offer of employment, unless such communication is consented to in writing in advance by Seisint.

c. From the Effective Date and until November 30, 2002, Seisint shall provide to Equifax current levels of Accenture resources (which consists of eight (8) Accenture employees' time, based on a forty (40) hour work week). From December 1, 2002 and until December 31, 2002, Seisint shall provide to Equifax and will pay for the services of the following four (4) Accenture employees' time, to be assigned to work on the DMS System as based upon a forty (40) hour work week: Debbie Brown, Ken Kurzweil, Lac Consentine, and Ben Ray. Equifax agrees to pay all Accenture out-of-pocket expenses incurred for the provision of services by Accenture personnel pursuant to this Section 12(c).

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### 13. Confidentiality

- a. Equifax and Seisint each acknowledge that the other Party possesses and shall continue to possess information, that has commercial value in such other Party's business and that is not in the public domain. Such information has been created, discovered, developed by such other Party or provided to it by a third party, and such other Party holds property rights in such information by assignment, license or otherwise.
- b. Equifax and Seisint each shall refrain from disclosing, shall hold as confidential and shall use the same level of care to prevent disclosing to third parties, the Company Information of the other Party as it employs to avoid disclosure, publication or dissemination of its own information of a similar nature, but in no event less than a reasonable standard of care. Notwithstanding the foregoing, either Party may disclose Company Information of the other Party as required by law and Equifax may disclose Company Information to third party contractors/service providers engaged by Equifax where: (i) such disclosure is necessary to permit Equifax, or third party contractors/service providers engaged by Equifax, to perform services or functions in the DMS Scope or outsourcing services using the Seisint DMS Core Technology from an Equifax Data Center, (ii) third party contractors/service providers engaged by Equifax agree in writing to observe the confidentiality and restricted use and disclosure covenants and standards of care set forth in this Section 13, and (iii) Equifax in the case of Company Information received by Equifax from Seisint and disclosed by it as permitted herein, assumes full responsibility for the acts or omissions of third party contractors/service providers engaged by Equifax no less than if the acts or omissions were those of Equifax.
- c. Neither Equifax nor Seisint shall use the Company Information of the other Party except (i) in the case of Seisint, in connection with the performance its obligations under this Agreement and as otherwise specifically permitted in this Agreement, and (ii) in the case of Equifax, or third party contractors/service providers engaged by Equifax, to perform services or functions in the DMS Scope or outsourcing services using the Seisint DMS Core Technology from an Equifax Data Center and as otherwise specifically permitted in this Agreement. Seisint shall ensure that its employees comply with this Section 13 and Equifax shall ensure that its employees and third party contractors/service providers engaged by Equifax comply with this Section 13.
- d. Without limiting the generality of the foregoing, neither Party shall publicly disclose the terms of this Agreement, except to the extent permitted by this Section 13 and to enforce the terms of this Agreement, without the prior written consent of the other. Furthermore except as contemplated by this Agreement, neither Seisint nor Equifax shall make any use of the Company Information of the other Party, acquire any right in or assert any lien against the other Party's Company Information except as contemplated by this Agreement, or refuse to promptly return, provide a copy of or destroy such Company Information upon the request of the disclosing Party.
- e. All of Equifax's Company Information (including, without limitation, data, records and reports related to Equifax's business) whether in existence at the Effective Date or compiled thereafter, is the exclusive property of Equifax and the furnishing of such information, data, records and reports to, or access to such items by, Seisint shall not grant any express or implied license to or interest in Seisint relating to such information, data, records and reports except as required by Seisint to perform its obligations pursuant to this Agreement. Upon request by Equifax at any time and from time to time and without regard to the default status of the Parties under the Agreement, Seisint shall promptly deliver to Equifax Equifax's Company Information (including without limitation all data, records and related reports related to Equifax's business, but excluding any information provided by Equifax to Seisint pursuant to the Restated Data Purchase and Sale Agreement) in electronic (tape) format and in such hard copy as existing on the date of the request by Equifax.
- f. All of Seisint's Company Information (including, without limitation, data, records and reports related to Seisint's business) whether in existence at the Effective Date or compiled thereafter, is the exclusive property of Seisint and the furnishing of such information, data, records and reports to, or access to such items by, Equifax shall not grant any express or implied license to or interest in Equifax relating to such information, data, records and reports except as required by Equifax to perform its obligations and exercise its rights pursuant to this Agreement.

#### 14. Term

The term of this Agreement and the Restricted License granted herein shall begin on the Effective Date and shall expire on the tenth (10th) anniversary thereof unless extended pursuant to this [Section 14](#) (the “**Initial Term**”). At the option of Equifax, the Term and the Restricted License granted herein may be renewed for consecutive twelve (12) month renewal terms upon the payment by Equifax of an additional annual fee of \$750,000 (each a “**Renewal Term**”); provided however, if Equifax exercises such renewal option, then Seisint shall have no further duties, responsibilities, or obligations to Equifax in accordance with this Agreement, or the Restricted License of the Seisint DMS Core Technology, other than the continued granting of the Restricted License of the Seisint DMS Core Technology on an annual basis to Equifax. The Initial Term and any Renewal Term(s) may be referred to in this Agreement collectively as the “**Term**”.

#### 15. Termination and Breach

a. Equifax may terminate this Agreement for convenience upon hundred eighty (180) days prior written notice to Seisint of its intent to terminate. If Equifax terminates this Agreement pursuant to this [Section 15\(a\)](#), then Equifax will not be entitled to reimbursement of any Fees paid, but Equifax will not be required to pay any additional Fees and Equifax shall promptly return to Seisint all embodiments of the Seisint DMS Core Technology, including the attendant documentation; provided however, that Equifax shall not be required to return to Seisint the Application Software, the Equipment or the licenses to the Commercial Software.

b. Equifax may terminate this Agreement and/or cease to be obligated to pay any Fees or other charges hereunder, if Seisint has materially breached this Agreement and such breach is not cured by Seisint within thirty (30) days of Equifax providing written notice to Seisint of such material breach. If Equifax terminates this Agreement and a court of law determines that Seisint has materially breached this Agreement and failed to timely cure such breach, then Equifax shall not be required to pay any additional Fees and shall retain the license rights granted hereunder, including the Restricted License, and Equifax shall not be required to return to Seisint the Application Software, the Equipment or the Commercial Software.

c. In the event of the bankruptcy of Seisint pursuant to the Bankruptcy Act and any attendant rejection of this Agreement or any license or assignment granted hereunder pursuant to Section 365 of the Bankruptcy Act, the Parties intend that the provisions of the Bankruptcy Act shall apply and Equifax shall be entitled to retain possession of all Embodiments of Intellectual Property (as that term is defined in the Bankruptcy Act), including the attendant documentation, delivered to it by Seisint under this Agreement and to the extent permitted by law, retain the license rights granted hereunder, including the Restricted License, subject to the obligations to pay fees hereunder.

d. Seisint may terminate this Agreement if Equifax has materially breached this Agreement and such breach is not cured by Equifax within thirty (30) days of Seisint providing written notice to Equifax of such material breach; provided however, Seisint shall be entitled to terminate this Agreement on two (2) business days written notice to Equifax and Equifax’s failure to cure if such material breach is a violation of the Restricted License or the Equifax Security Standards attendant to protection of the Seisint DMS Core Technology. If Seisint terminates this Agreement and a court of law determines that Equifax has materially breached this Agreement and failed to timely cure such breach, then Equifax shall not be entitled to reimbursement of any fees or costs paid to Seisint prior to such termination and Equifax shall be required to immediately return to Seisint any embodiments of the Seisint DMS Core Technology, including the attendant documentation; provided however, Equifax shall not be required to return to Seisint the Application Software, the Equipment or the Commercial Software. Equifax shall be responsible for the acts of its employees, former employees and third party contractors/service providers engaged by Equifax that constitute a material breach of this Agreement.

e. The following sections of this Agreement shall survive the expiration or termination of this Agreement: [Section 2\(c\)](#), [Section 3\(c\)](#), [Section 4](#), [Section 6\(b\)](#), [Section 7](#), [Section 12\(b\)](#), [Section 13](#), [Section 15](#), [Section 16](#), [Section 17](#), [Section 18](#), [Section 19](#), [Section 20](#), [Section 23](#) and [Section 27](#).

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#### **16. Continued Performance and Right to Withhold Payments**

a. To the extent that a dispute arises regarding the alleged breach of this Agreement or the nonperformance of a Party's obligations under this Agreement, the Parties agree to continue performing their respective obligations under this Agreement while the dispute is being resolved unless and until (i) such obligations are terminated or expire in accordance with the provisions of this Agreement or (ii) a court of law enters an order excusing a Party from its obligation to perform.

b. Notwithstanding the foregoing, each Party shall be entitled to withhold payment of any amount disputed in good faith until such dispute is resolved and such withholding shall not constitute a breach of this Agreement which would excuse the other Party from performing under this Agreement.

#### **17. Injunctive Relief**

a. Either Party shall be entitled to seek injunctive relief upon the occurrence of a material breach of this Agreement. Equifax agrees that its material violation of the Restricted License, a threatened breach thereof, or the intentional or unintentional material release by Equifax of the intellectual property forming the Seisint DMS Core Technology to any third party in violation of the Restricted License, or a material violation of such covenants of this Agreement related thereto, will constitute immediate and irreparable injury to Seisint and that Seisint shall be entitled to seek the issuance of a temporary injunction to further prevent such actual or threatened breach.

b. [INTENTIONALLY OMITTED]

#### **18. Indemnification by Seisint**

Seisint shall indemnify and hold harmless each Equifax Indemnitee from and against any and all Losses incurred by any of them arising from or in connection with:

a. any Claims of infringement of any patent or any copyright, trademark, service mark, trade name, trade secret, or similar intellectual property right conferred by contract or by common law or by any law of any country or any state to the extent resulting from or arising out of any aspect of the Seisint DMS Core Technology, the Equipment, the Commercial Software, the Application Software and/or the documentation delivered by Seisint to Equifax in connection therewith. Further, Seisint shall have no obligation with respect to any Losses to the extent arising out of or in connection with an Equifax Indemnitee's modification of the Seisint DMS Core Technology, the Equipment, the Commercial Software or the Application Software, or an Equifax Indemnitee's combination, operation or use of the services, equipment, software or other resources provided by Seisint with devices, data, programs or other resources not furnished by, through or at the specification of Seisint;

b. any Claims, however described, regarding any Third Party Agreements. However, Seisint shall have no obligation with respect to any Losses to the extent arising out of or in connection with Claims for copyright infringement and/or breach of software licenses committed by any Equifax Indemnitee that is not the result of Seisint's failing to perform its obligations under this Agreement;

c. any Claims for personal injuries, death or damage to tangible personal or real property of third parties including employees of Seisint caused by the negligence or willful misconduct of Seisint or its employees. However, Seisint shall have no obligation under this part, to the extent the same arise out of or in connection with the negligence or willful misconduct of Equifax or third party contractors/service providers engaged by Equifax;

d. any Claims for violation of any laws or regulations applicable to Seisint's performance under this Agreement, except to the extent that Equifax or its employees has caused the violation of the laws or regulations from which the Claim arises;

e. any Claims arising out of or resulting from the operations of Seisint to the extent such Claims do not arise out of a breach of this Agreement by Equifax and are not the subject of a specific indemnity provided by Equifax to Seisint in Section 19 of this Agreement. However, Seisint shall have no obligation under this item, to the extent the

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Claims arise out of or result from the negligence or willful misconduct of Equifax;

f. any Claims for any amounts, including, without limitation, taxes, interest and penalties thereon, assessed against Equifax which are obligations of Seisint under this Agreement; and

g. any Claims by any Affected Employees arising out of or resulting from their employment, or the termination of their employment, with Seisint, except to the extent any such claim arises from a wrongful act of Equifax or third party contractors/service providers engaged by Equifax.

In the event and to the extent that a Claim is made against an Equifax Indemnatee by an employee of Seisint, the Parties agree that Seisint shall indemnify and hold harmless the Equifax Indemnatee to the same extent as if the Claim was made by a non-employee of Seisint. Seisint's indemnification obligations hereunder shall be primary and immediate. Accordingly, in addition to other provisions herein, and in order to render the Parties' intent and this indemnification provision fully enforceable, Seisint, in an indemnification claim hereunder, expressly and without reservation waives any defense or immunity it may have under any applicable workers' compensation law(s) or any other statute or judicial decision disallowing or limiting such indemnification and consents to a cause of action for indemnity. This waiver and consent to indemnification is made irrespective of and specifically waiving any defense or immunity under any statute or judicial decision.

#### **19. Indemnification by Equifax**

Equifax shall indemnify and hold harmless each Seisint Indemnatee from and against any and all Losses incurred by Seisint arising from or in connection with:

a. any Claims of infringement of any patent or any copyright, trademark, service mark, trade name, trade secret, or similar property right conferred by contract or by common law or by any law of any country or any state to the extent resulting from or arising out of any equipment, materials and other resources provided to Seisint by Equifax in connection with the performance of this Agreement. Further, Equifax shall have no obligation with respect to any Losses to the extent arising out of or in connection with a Seisint Indemnatee's combination, operation or use of the equipment, software or other resources provided by Equifax with devices, data, programs or other resources not furnished by the Equifax;

b. any Claims for personal injuries, death or damage to tangible personal or real property of third parties including employees of Equifax caused by the negligence or willful misconduct of Equifax or its employees; provided that Equifax shall have no obligation, under this part, to the extent the same arise out of or in connection with the negligence or willful misconduct of Seisint or its employees;

c. any Claims for violation of any laws or regulations applicable to the Equifax's performance under this Agreement, except to the extent that Seisint or its employees has caused the violation of the laws or regulations from which the Claim arises;

d. any Claims arising out of or resulting from the operations of Equifax to the extent such Claims do not arise out of a breach of this Agreement by Seisint and are not the subject of a specific indemnity provided by Seisint to Equifax in Section 18 of this Agreement. However, Equifax shall have no obligation under this item, to the extent the Claims arise out of or result from the negligence or willful misconduct of Seisint or its Affiliates or subcontractors;

e. any Claims for amounts, including, without limitation, taxes, interest and penalties assessed or claimed against Seisint which are obligations of Equifax under this Agreement; and

f. any Claims by any Affected Employees arising out of or resulting from their employment, or the termination of their employment, with Equifax except to the extent any such Claim arises from a wrongful act of Seisint.

In the event and to the extent that a Claim is made by an employee of Equifax against a Seisint Indemnatee, the

Parties agree that Equifax shall indemnify and hold harmless the Seisint Indemnitee to the same extent as if the Claim was made by a non-employee of Equifax. Equifax's indemnification obligations hereunder shall be primary and immediate. Accordingly, in addition to other provisions herein, and in order to render the Parties' intent and this indemnification provision fully enforceable, Equifax, in an indemnification claim hereunder, expressly and without reservation waives any defense or immunity it may have under any applicable workers' compensation law(s) or any other statute or judicial decision disallowing or limiting such indemnification and consents to a cause of action for indemnity. This waiver and consent to indemnification is made irrespective of and specifically waiving any defense or immunity under any statute or judicial decision.

## **20. Audit Rights**

Equifax agrees that Seisint shall have the right, directly and through its independent auditors, upon at least one (1) business day's prior written notice, to visit Equifax's facilities during normal business hours. Seisint, or its designee, may inspect Equifax's facilities and records (including without limitation electronic records) and interview Equifax's employees or third party contractors/service providers to determine whether Equifax's security processes and procedures are in order, and otherwise audit, monitor and ensure that Equifax is in compliance with the terms and conditions of the Restricted License; provided however, such audits shall be reasonable in number and scope, and shall not become an impediment to Equifax's quiet enjoyment of the Restricted License to use the Seisint DMS Core Technology. Except as required by law, Seisint agrees to maintain the confidentiality, in accordance with Section 13 of this Agreement, of all of Equifax's procedures, processes and all other information that are disclosed to it as a result of the audit. If an audit reveals a violation of the Restricted License, Seisint agrees to promptly notify Equifax in writing of any problems discovered and to allow Equifax two (2) business days to cure the problem. Equifax shall notify Seisint in one (1) business day of its response and efforts to cure. If Equifax is unable to cure a breach of the Restricted License, or otherwise make Seisint whole relative to a breach, then such notification shall not in any manner act as a waiver by Seisint of such rights Seisint may have pursuant to this Agreement or by law.

## **21. Reserved**

## **22. Release of Certain Contractual Obligations**

a. Upon the Effective Date, the Master Agreement and the DMS Transaction Document shall be deemed terminated and the Parties shall be deemed to have fully released each other from any and all duties and obligations arising out of or related to the Master Agreement and the DMS Transaction Document.

b. Upon the Effective Date and subject to Section 11(b) of this Agreement, all licenses of space granted by Seisint to Equifax pursuant to the Master Agreement or the DMS Transaction Document are hereby terminated.

## **23. Entire Agreement, Updates, Amendments and Modifications**

This Agreement, including the Exhibits and Schedules referenced herein, constitutes the entire agreement and understanding of the Parties with regard to the matters addressed herein, and all prior agreements, letters, proposals, discussions and other documents regarding the matters addressed in this Agreement are superseded and merged into this Agreement. Updates, amendments and modifications to this Agreement, including the Exhibits and Schedules referenced herein, may not be made orally, but shall only be made by a written document signed by both Parties. Any terms and conditions varying from this Agreement on any order or written notification from either Party shall not be effective or binding on the other Party.

## **24. Waiver**

No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof.



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**25. Severability**

If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and such provision shall be deemed to be restated to reflect the Parties' original intentions as nearly as possible in accordance with applicable law(s).

**26. Counterparts**

This Agreement may be executed in counterparts. Each such counterpart shall be an original and together shall constitute but one and the same document.

**27. Governing Law**

This Agreement and any and all claims, actions, proceeding and disputes arising out of or in connection with or related to the relationships and arrangements between Equifax and Seisint described in this Agreement shall be governed by and construed in accordance with the laws of the State of Georgia. The Parties hereby (a) agree that the U.S. District Court for the Northern District of Georgia, Atlanta Division, or if such court does not have subject matter jurisdiction, the appropriate State or Superior Court sitting in Fulton County, Georgia, shall have exclusive jurisdiction over all claims, actions, and proceedings arising out of or related to or in connection with this Agreement and the subject matter of this Agreement; (b) agree to initiate any claim, action or proceeding against the other Party only in such courts; (c) agree that they shall not raise any defense to the lawful jurisdiction of such courts; and (d) agree that they shall not attempt the removal of any claim, action or proceeding to any other court, whether local, state or Federal courts of the United States or the courts of any other country.

**28. Assignment**

Equifax shall not be entitled to assign, sell or transfer the rights to the Restricted License without Seisint's express written consent which consent shall not be unreasonably withheld; provided however, the Restricted License granted herein may be assigned by Equifax upon an occurrence of a change of control in Equifax, or a divestiture of Equifax's DMS division, if such change of control or divestiture of Equifax's DMS division does not involve ChoicePoint Services, Inc. or its affiliates.

**29. Notices**

a. Whenever one Party is required or permitted to give notice to the other Party under this Agreement, such notice shall be in writing unless otherwise specifically provided herein and shall be deemed given when delivered by hand, one (1) day after being given to an express courier with a reliable system for tracking delivery, or five (5) days after the day of mailing, when mailed by United States mail, registered or certified mail, return receipt requested, postage prepaid, or when sent if delivered by facsimile, with confirmation of delivery by the sending machine.

b. Notifications shall be addressed as follows:

In the case of Seisint:	with a copy to:
Ken Schwartz 6601 Park of Commerce Blvd. Boca Raton, Florida 33487 Facsimile: (561) 999-4496	Paul Cameron 6601 Park of Commerce Blvd. Boca Raton, Florida 33487 Facsimile: (561) 999-4496
In the case of Equifax:	with a copy to:
Kent Mast, Esq. General Counsel 1550 Peachtree Street Atlanta, Georgia 30309 Facsimile: (404) 885-8988	Owen Flynn Chief Technology Officer 1525 Windward Concourse Alpharetta, Georgia 30005 Facsimile: (770) 740-7979

Either Party hereto may from time to time change its address for notification purposes by giving the other prior written notice of the new address and the date upon which it will become effective.

### 30. Further Assurances

Each Party agrees to execute and deliver to the other Party those additional documents necessary to effectuate the purposes of this Agreement and each Party further agrees to take those additional actions necessary to effectuate the purposes of this Agreement.

### 31. Headings

All headings herein are not to be considered in the construction or interpretation of any provision of this Agreement. This Agreement was drafted with the joint participation of both Parties and shall be construed neither against nor in favor of either, but rather in accordance with the fair meaning thereof. In the event of any apparent conflicts or inconsistencies between the provisions of this Agreement, the Exhibits or the Schedules, such provisions shall be interpreted so as to make them consistent to the extent possible, and if such is not possible, the provisions of this Agreement shall prevail.

### 32. Publicity

Neither Party shall make, and each shall direct its representatives not to make, directly or indirectly, any public comment, statement or communication with respect to, or otherwise disclose or permit the disclosure of this Agreement or the transactions contemplated herein, without the prior written consent of the other Party; provided however, Seisint shall be permitted during sales presentations to reference to potential customers that Seisint has sold to Equifax a supercomputer platform.

### 33. Signatures

The Parties agree to the terms and conditions set forth in this Agreement (including the Exhibits and Schedules referenced in this Agreement) executed by the Parties referencing this Agreement. Each Exhibit and Schedule is incorporated into this Agreement and are herein collectively referred to as this Agreement.

*[Signatures appear on the following page]*

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Accepted by:

**Equifax Inc.**

By:

/s/ OWEN V. FLYNN

\_\_\_\_\_  
Authorized Signature  
Owen Flynn, CTO

Date: Nov. 15, 2002

Accepted by:

**Seisint, Inc.**

By:

/s/ PAUL CAMERON

\_\_\_\_\_  
Authorized Signature  
Paul Cameron, President

Date: Nov. 15, 2002

**Table of Attachments**

**Exhibit A—Definitions**

**Exhibit B—Form of Bill of Sale**

**Exhibit C—Form of Sublease**

**Exhibit D—Form of Assignment Agreement**

**Exhibit E—Form of Source Code Escrow Agreement**

**Exhibit F—Form of Cash Escrow Agreement**

**Schedule 1—Equipment and Commercial Software**

**Schedule 2—Seisint DMS Core Technology and Application Software**

**Schedule 3—Affected Employees**

[Signature Page to DMS Agreement]

## The Fair, Isaac Companies

Fair, Isaac Contract No. 880246  
Date of Offer: December 12, 1988

**ANALYTIC PRODUCTS AND SERVICES MASTER CONTRACT  
AGREEMENT**

**INTRODUCTION**

This Agreement is made and entered into as of December 19, 1988, by and between Equifax Incorporated, a Georgia corporation and its United States subsidiaries, hereinafter referred to as "Equifax", and Fair, Isaac and Company, Incorporated, a Delaware corporation and its wholly owned subsidiaries, hereinafter referred to as "Fair, Isaac".

Equifax and Fair, Isaac desire to mutually create and market various products and services. This contract specifies the nature of the overall business relationship between Equifax and Fair, Isaac. Specific products and services are or will be defined and incorporated herein by addenda to this general Agreement. Some of these addenda may be contracted between subsidiaries of Fair, Isaac or Equifax as the case may be.

**1. DEFINITION OF TERMS.**

Wherever they appear within, the following terms shall have the meaning here stated:

- 1.1 Credit Bureau Records refers to all data on an individual that are maintained and made available by The Credit Bureau, Inc. of Georgia and Equifax Marketing Services, including, but not limited to, trade line data, inquiry data, public records data, and demographic data as needed in connection with a specific addendum.
- 1.2 Scoring refers to the act of quantifying a consumer's risk on the basis of Credit Bureau Records.
- 1.3 Scorecard refers to the table of numeric weights produced by Fair, Isaac from an analysis of a body of Equifax's credit bureau records which assigns various numeric values to the various levels of performance ("attributes") which may be observed within each of several measured fields ("characteristics"). The scorecard may also include various scaling parameters.
- 1.4 Score is the result of applying the scorecard numeric weights to the data contained in a credit bureau record. The score is used to estimate the relative likelihood that future performance will be as desired.

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- 1.5 Pooled Data Scorecards refer to those developed by Fair, Isaac from an analysis of a body of credit bureau records which has been aggregated from two or more unaffiliated credit granting organizations, or from Equifax Snap-Shot files.
  - 1.6 Snap-Shots or Snap-Shot Data refer to data resulting from the periodic sampling of Equifax credit bureau files using the Research Data Base System structured specifications. Each Snap-Shot will consist of current credit bureau records identified by Fair, Isaac, concatenated with one or more corresponding archived sets of credit bureau records from earlier time periods.
  - 1.7 The Software Facility will consist of the structured specifications and the set of computer software programs designed specifically to accomplish characteristic selection, translation into final score or exclusion code, selection of reason codes, verification of scoring accuracy, and such other functionality which may be agreed to in subsequent addenda; and written from the structured specifications originated by Fair, Isaac. Excluded from the Software Facility definition are all computer software programs and specifications which are required to interact with a customer in locating consumer files for scoring, as well as all resultant billing, auditing and reporting programs; excepting those reporting and auditing programs defined by Fair, Isaac for Fair, Isaac use and defined in separate addenda. This definition shall include, but shall not be limited by, those structured specifications and computer programs written from those specifications set forth in Appendix A.
  - 1.8 Date of Execution refers to the date on which this document shall have been signed by lawful representatives of both parties.
  - 1.9 Date of Commencement, also referred to as Commencement, refers to the date on which, by mutual agreement, the first use of the Software Facility is made for paid commercial purposes with respect to each product offered hereunder.
  - 1.10 Travel Expenses shall refer to all the costs associated with the transportation, housing and sustenance of an individual while away from home on approved business related to the sales, development, and servicing of such products and services that result from this Agreement. Except as otherwise stated or agreed to, each of the parties shall be solely responsible for payment of the Travel Expenses of its own employees. Where the term Host appears, it shall imply the obligation of the Host organization to arrange and pay for needed meeting room facilities and other common expenses associated with the gathering, including any food and beverage costs that are included.

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## **2. AGREEMENT STRUCTURE.**

Each product or service to be developed and offered under this Agreement, the responsibilities of Equifax and Fair, Isaac with respect thereto, the fees to be charged for the use of such product or service by Equifax's subscribers and the allocation of revenue between Equifax and Fair, Isaac will be set forth in detail in Addenda to this Master Agreement. The terms and provisions of this Master Agreement shall apply to all such Addenda unless otherwise provided in an Addendum in which case the contrary provisions of the Addendum shall apply to the products or services covered by that Addendum. Addenda shall be effective only upon execution by both Equifax, or a subsidiary or affiliate thereof, and Fair, Isaac.

## **3. TERM.**

This Agreement shall be in effect from the Date of Execution hereof and shall remain in effect as long as there is a signed addendum currently active.

## **4. SERVICE CHARGES.**

It is anticipated that both Equifax and Fair, Isaac will generate revenues as a result of this Agreement. It is the intention that such revenues, unless otherwise defined, will be pooled and shared in proportions set forth in this Agreement and its addenda. It is likely that shared proportions will differ by product or service depending on the relative contributions of Fair, Isaac and Equifax.

- 4.1 Equifax and Fair, Isaac shall agree on an initial schedule of end user charges for each product or service offered. These may be mutually reviewed and adjusted from time to time. For most products and services, customers will subscribe to and contract for the basic product or service directly with Equifax. Equifax is at liberty to make individual subscriber price concessions. If any price concession has the potential to reduce Fair, Isaac's revenue, it will be mutually agreed to by Equifax and Fair, Isaac prior to implementation of price.
- 4.2 Equifax's share of any fees billed by Fair, Isaac directly to subscribers for meetings or other services shall be credited to Equifax by memo to be deducted from the next usage fees settlement check to Fair, Isaac.
- 4.3 Payment shall be made by Equifax once per month, whether or not all customers have by then paid Equifax, and shall be accompanied by a copy of the billing report from which said service charges were computed. In the event that Equifax's share of revenues paid directly to Fair, Isaac should exceed Fair, Isaac's share of the fees paid to Equifax in any one month then Fair, Isaac shall reimburse Equifax under the same conditions

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set forth in this paragraph.

- 4.4 In the event that either party should write off as bad debt any usage fees due from a customer for which the other has already been compensated, then the party that has received compensation shall return to the other said revenues.
- 4.5 Either party may engage an independent auditor to make a reasonable examination of the other's records in the event of a billing or revenue related dispute between the two parties.

**5. DATA PROVIDED.**

Data for the development of Scorecards shall consist of Snap-Shots sampled from Equifax credit bureau records, provided by Equifax to Fair, Isaac based on a Structured Specification, entitled "Equifax/Fair, Isaac Research Data Base System" incorporated herein by Appendix A. The data to be provided by Equifax shall be provided at no cost to Fair, Isaac in a mutually agreeable form and shall be updated no less frequently than every twelve months until this Agreement is terminated. Equifax agrees not to disclose the Equifax/Fair, Isaac Research Data Base System specifications, related computer software programs, or resultant sample data to any third party.

Fair, Isaac shall use the data provided by Equifax to develop Scorecards, to conduct validation analyses of Pooled Data Base Scorecards, to provide performance data for use in marketing the products and services, and for research and development to the end of improving the jointly developed products and services. Such scorecards will be developed for the sole use of Equifax in the Software Facility defined by this Agreement.

**6. SOFTWARE FACILITY.**

Some of the products and services covered by this Agreement will need unique Equifax software.

For the software modules that Fair, Isaac designs, Fair, Isaac shall create and maintain rigorous structured specifications for each module of the Software Facility to reside within the Equifax system. Equifax and Fair, Isaac will mutually agree on the content of said specifications and modify them as needed to reach agreement. Equifax will write and install the computer software code according to these specifications.

**7. RIGHTS IN DATA.**

All original data furnished by, and all hard copy output generated for, either party by the other, including but not limited to studies, plans, reports, or projections

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(except information in the public domain) shall belong exclusively to the originating party excepting as otherwise specified herein. Materials prepared exclusively for and delivered to one of Equifax's subscribers shall remain the property of that company.

#### **8. OWNERSHIP.**

During the term or upon the termination of this Agreement, Equifax shall own and retain the commercial rights to all computer software programs developed for use on Equifax's computer systems, other than those which were written from the structured specifications originated by Fair, Isaac and covered by Section 1.7 of this Agreement, including the right to resale. During the term or upon termination of this Agreement, Fair, Isaac shall own and retain the commercial rights to the Software Facility as defined in Section 1.7, including the right to resale.

- 8.1 All scorecards and associated characteristic generation logic, unless otherwise designated, shall remain the property of Fair, Isaac and the rights to the use of same are granted by Fair, Isaac to Equifax customers by way of this Agreement only for the term of this Agreement except as provided in paragraph 7.
- 8.2 Fair, Isaac shall be compensated at the rate provided for in this Agreement from revenues received by Equifax for use of the Software Facility by a third party, regardless of the scorecard used.

#### **9. MARKETING & SALES.**

Both parties shall provide what each respective organization determines to be adequate staffing and resources to facilitate the marketing and sale of products and services covered by this Agreement. Fair, Isaac shall provide said resources under the direction of a single Marketing Director who shall aggressively pursue all mutually agreed upon marketing and publicity activities. Equifax shall name a lead marketing individual who shall have final authority to coordinate the combined efforts. However, this provision shall in no way prohibit either party from contacting mutual customers on other sales and customer service matters.

Equifax shall have primary responsibility for sales. Fair, Isaac will make best efforts to participate in joint sales calls, when the customer is large, and when technical expertise is needed to close the sale. However, Fair, Isaac is not obligated to make a minimum number of sales calls, unless otherwise so stated in this Agreement.

- 9.1 Marketing materials intended for prospects, customers, or staff of Equifax and Fair, Isaac shall from time to time be prepared by Fair, Isaac and/or Equifax. Such materials and literature shall be furnished by the originating party to the other for review and modification. Equifax shall, at its expense



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and within the constraints of its advertising/promotion budget, print all marketing material and sales literature approved by both parties. Any media releases with regard to products or services covered by this Agreement shall be prepared jointly by Fair, Isaac and Equifax and shall not be disseminated without the approval of both parties.

- 9.2 It is understood that the coupling of the names of Equifax and Fair, Isaac is mutually advantageous in marketing products and services covered by this Agreement and each of the parties hereto agree to the reasonable use of the other party's name in connection with such products and services. Each party proposing to use the other party's name in a public communication must first furnish an exact copy of the proposed communication to such other party and such other party shall make a prompt response to the requesting party either approving or amending such communication. Any written marketing or customer service materials including, but not limited to, manuals, brochures, and instructions for general dissemination to Equifax customers shall be identified as a Equifax product and shall remain Equifax's property; provided, however, that any portions of such materials which were written by Fair, Isaac shall bear acknowledgement of such fact.

#### **10. COMPETITIVE INTERESTS.**

Equifax and Fair, Isaac acknowledge that they may offer competing products or services in the future. Equifax and Fair, Isaac agree that each party shall remain free to pursue, unless otherwise restricted, its own interest in such cases but shall make a good faith effort to avoid any negative product comparisons or other statements or actions that would tend to hold the other party in disrepute in order not to disrupt or jeopardize the continuation of a mutually supporting working relationship between both parties.

#### **11. CONFIDENTIALITY.**

Fair, Isaac agrees to maintain the confidentiality of all data provided by Equifax during the course of this contract and to indemnify and to hold Equifax harmless from and against any claim, loss, or expense that Equifax may suffer as a result of failure on the part of Fair, Isaac to do so. Fair, Isaac further agrees that the usage of the data shall be limited to the production of products and services for Equifax's own proprietary use or for generic product research and development, and that in no case will any use be made or cognizance be taken of the identity of individuals or institutions whose records are utilized.

Each party agrees that information and materials, trade secrets and business affairs relating to the business of the other (except such information and material as may be in the public domain) shall be held and treated as confidential, and will be made available only to authorized employees, and will not be divulged to any

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third party for any purpose except as mutually agreed upon. Nothing in this paragraph, however, shall prevent or prohibit either party from providing access to such information upon request for purposes of regulation, examination or investigation by applicable state and federal regulatory agencies and authorities as may be required by law or judicial or administrative process, in which case the other party is to be notified of said order within three business days.

**12. LIMITATIONS ON LIABILITY.**

Fair, Isaac warrants and represents to Equifax and its customers who may sign the type of Agreements contemplated by this Agreement that the services provided herein will accomplish the functions described in the documentation which is set forth in each Addendum. It is intended that those customers of Equifax who sign the type of Agreements contemplated by this Agreement shall be beneficiaries of the warranties and representations made by Fair, Isaac in accordance with this Agreement. The liability of Fair, Isaac for its failure to accomplish the functions described in this document shall not exceed the revenue received by Fair, Isaac from the complaining Equifax customer during the previous twelve (12) months. In no event shall Fair, Isaac be liable for special or consequential damages arising from the provisions of the services hereunder, or for the performance of any facility elements which were programmed by other than Fair, Isaac programmers.

**13. INDEMNIFICATION.**

Equifax agrees to indemnify Fair, Isaac, and to hold Fair, Isaac, its employees and agents harmless for all liability (including all costs and reasonable attorney fees) up to a total of \$100,000 (One Hundred Thousand Dollars) resulting from claims against Fair, Isaac arising out of Equifax's use of the products and services under this Agreement including but not limited to any claim arising out of any alleged failure by Equifax to comply with all applicable legal requirements or from the performance or failure to perform of any software facility produced by Equifax programmers. Fair, Isaac warrants that it owns or has rights to use all software components used to develop all elements to be delivered under this Agreement and Fair, Isaac agrees to indemnify and hold harmless Equifax and its agents and employees from any claim, liability or expense (including all costs and reasonable attorney fees) arising from Fair, Isaac's proven non-ownership of, or lack of rights to same. Fair, Isaac further warrants that the scorecards delivered hereunder (a) will be statistically sound and empirically derived from a representative sample of the full Equifax file of credit bureau records, and (b) will not contain any characteristic prohibited by The Equal Credit Opportunity Act or Regulation B thereunder. However, Fair, Isaac does not warrant that any scorecard will qualify as an "empirically derived, demonstrably and statistically sound credit scoring system" within the meaning of ECOA and Regulation B with respect to a particular customer unless Fair, Isaac has specifically validated an Account Scoring Scorecard on that customer's own performance data. Fair,

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Isaac's obligations to indemnify Equifax, as stated herein, shall not exceed a total of \$100,000 (One Hundred Thousand Dollars).

**14. ASSIGNMENT AND CHANGE OF OWNERSHIP.**

This Agreement may not be assigned by either party without the prior written consent of the other party except to the parent corporation or a wholly-owned subsidiary of the party. If a controlling interest in either party to this contract (or a parent or subsidiary to which the contract has been assigned in whole or in part) is acquired by a person or corporation other than as disclosed in the party's proxy statement for its 1988 meeting of shareholders, the other party may, at its option, terminate this Agreement. Twenty percent of the outstanding shares of any class of stocks shall be considered a "controlling interest."

**15. FAILURE TO PERFORM.**

Neither party shall be liable for any failure to perform its obligation under this Agreement if prevented from doing so by a cause or causes beyond its control. Without limiting the generality of the foregoing, such causes include acts of God or the public enemy, fires, floods, storms, earthquakes, riots, strikes, blackouts, wars or war operations, restraints of government, or other causes which could not with reasonable diligence be controlled or prevented by the party.

**16. INDEPENDENT CONTRACTORS.**

Nothing contained in this Agreement shall be construed as creating a joint venture, partnership, principal-agent or mutual agency relationship between or among the parties hereto, and no party, shall by virtue of this Agreement, have any right or power to create any obligation, expressed or implied, on behalf of any other party. No party, nor any employee of a party, shall be deemed to be an employee of another party by virtue of this Agreement.

**17. REMEDIES.**

In the execution of this Agreement both Equifax and Fair, Isaac will make a substantial initial investment prior to the Commencement Date. Hence, it is counter to either party's interests to have the other party terminate this Agreement prematurely. Furthermore, it is recognized that due to the novelty and technical complexity of the undertakings, it is impossible to anticipate and provide for every significant technical and business detail. Consequently, Equifax and Fair, Isaac will make a good faith effort to pursue all possible means for the resolution of disputes or failures to perform before resorting to termination.

**17.1 Review Committee.** In the event that there is any dispute between Equifax and Fair, Isaac with respect to this Agreement which is not resolved in the ordinary course of discussion between the Project

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Managers or Marketing Managers, as the case may be, the parties agree that such matters shall be submitted to the appropriate review committee. Two review committees shall be established. One such review committee (the "technical review committee") shall deal with disputes involving the software, scoring algorithms, and other matters relating to the development and maintenance of the Software Facility. The other review committee (the "business review committee") shall deal with disputes involving financial, marketing, or other general business matters. Realizing that each product offering will be unique, representatives for each of these two committees shall be named in the respective addendum. Either party may change its designated representatives at any time by furnishing written notice to the other party in the manner provided for in this Agreement. If a party is notified that a review committee decision is requested by the other party, the members of the appropriate review committee shall meet within seven (7) days, either in person or by telephone, to study the available facts and render a written decision to be signed by both committee members and which shall include a justification for such decision. If the review committee does not reach a unanimous decision, then the issue will automatically be appealed to the Policy Committee provided for below. In the event of disagreement as to which review committee has jurisdiction over a dispute, the party filing the request shall prevail.

- 17.2 Policy committee.** The Policy Committee shall consist of two senior officers of each party. The Policy Committee shall consist initially of John O. Woldrich and O. Davis Nelson, for Fair, Isaac and Joe Dawson and, Mike Cahoon for Equifax. Either party may change its designated representatives at any time upon written notice to the other party in the manner provided for in this Agreement. The Policy Committee shall meet either in person or by telephone within seven (7) days after written notice from either party that a stalemate has occurred in a review committee. Policy Committee meetings shall consist of discussions with all four members present. In the event that one of the members is unavailable, then such party shall send a substitute representative of equal or higher rank. If the Policy Committee members shall not agree otherwise, such meeting shall be held at a neutral site in Denver, Colorado. If the Policy Committee does not reach a majority decision, the dispute shall be referred to arbitration as set forth below.
- 17.3 Arbitration.** In the event that there is any dispute between Equifax and Fair, Isaac with respect to this Agreement which is not resolved in the dispute resolution manner provided for in this Section 17, the parties agree that such matters shall be submitted to a panel of three arbitrators. Within seven (7) days after written notice from

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either party of a failure of the Policy Committee to resolve a dispute, Equifax and Fair, Isaac each shall select one arbitrator and notify each other of their selection. Within fifteen (15) days after their selection, such two arbitrators shall select the third arbitrator. The arbitrators shall meet within thirty (30) days after the selection of the third arbitrator and conduct a hearing in accordance with the rules of the American Arbitration Association to resolve the dispute. A majority of the arbitrators shall determine the decision/award which shall be rendered within five (5) days after the completion of the hearing. The decision of the panel shall be final and not subject to appeal to a court of law or equity. Each party shall bear its own legal costs unless the arbitration committee shall provide otherwise. All meetings referred to in this subsection 17.3 shall take place in Denver, Colorado, or some other neutral location geographically convenient for both parties. No arbitration arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner, any additional person not a party to this Agreement except by written consent of both parties to this Agreement. Any consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of any dispute not described there in or with any person not named or described therein.

**18. GENERAL.**

- 18.1 This Agreement shall be construed in accordance with the laws of the State of the defendant party in any action, Georgia if Equifax and California if Fair, Isaac.
- 18.2 It is expressly agreed that this Agreement embodies the entire understanding of the parties in relation to its subject matter, and that no other agreement or understanding, oral or otherwise, relative to its subject matter exists between the parties at the time of execution of this Agreement.
- 18.3 Each Addendum attached hereto is by this reference made a part of this Agreement and the terms of these Addenda shall be fully binding on the parties.
- 18.4 If any court of competent jurisdiction finds any part or provision of this Agreement to be invalid or unenforceable, such finding shall have no effect on any other part or provision of this Agreement.
- 18.5 Either party may choose not to enforce its rights under some part or provision of this Agreement at a particular time. Such choice shall have no effect on their right to enforce that same part or provision at another time,

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or to enforce any other part or provision at any time.

18.6 The section titles in the Agreement are for convenience only and shall have no effect on the interpretation of any part or provision regardless of the title heading under which the part of provision is located. Some words in this Agreement may be used as singular or as plural depending upon the context in which the word is used each time.

**19. SURVIVAL OF RIGHTS AND OBLIGATIONS.**

The rights and obligations of the parties under paragraphs 7, 8, 10, 11, 13, and 17 of this Agreement shall survive any termination hereof.

**20. ACCEPTANCE.**

Contract No. 870246

Accepted for Equifax Inc.

For Fair, Isaac and Company, Incorporated

/s/ MICHAEL W. CAHOON

By: /s/ JOHN D. WOLDRICH

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

Name: **Michael W. Cahoon**

**John D. Woldrich**

Title: **Vice President**

**Executive Vice President**

Date: **December 15, 1988**

Date: **December 12, 1988**

## GLOBAL AMENDMENTS AGREEMENT

*I. INTRODUCTION*

This Global Amendments Agreement is made and entered into as of the 31st day of July, 1999 (the “Effective Date”) by and between Equifax Credit Information Services, Inc., hereinafter referred to as “Equifax”, as successor in interest to Equifax, Inc., and Fair, Isaac and Company, Incorporated, a Delaware corporation with offices at 120 North Redwood Drive, San Rafael, California 94903, hereinafter referred to as “Fair, Isaac”, as successor in interest to Fair, Isaac Analysis Corporation. Unless otherwise defined in this Global Amendments Agreement, capitalized terms shall have the meanings given them in that certain Analytic Products and Services Master Contract, Fair, Isaac Contract No. 880246, (hereinafter referred to as the “Master Contract”), as amended or modified, including, as applicable, in the pertinent Amendment or Addendum thereto.

*II. RECITALS*

Fair, Isaac and Equifax desire to amend the Master Contract and certain Addenda thereto for the purpose of modifying certain terms applicable to the joint products and services and adding additional joint products and services (collectively, the “Services”). Each credit scoring system now or hereafter provided to End Users as part of the Master Contract, whether by addenda or otherwise, is considered a part of the Services and shall hereinafter be referred to generically as a “Performance Score,” including, without limitation, the Performance Scores known specifically as BEACON, BEACON Industry Options, Revenue Evaluator (REV), the attrition scoring system and NewGen scoring system described herein and in addenda to the Master Contract. Each of the amendments and new agreements executed concurrently herewith and listed herein are made a part of the Master Contract as amended hereby and may individually be referred to as an “Amendment” and collectively as the “Global Agreements.”

*III. AGREEMENT AND AMENDMENTS***A. Amendments to Master Contract Addenda**

The following Amendments to Addenda to the Master Contract are to be executed concurrently herewith and made a part of the Master Contract as amended hereby, all effective as of July 31, 1999.

**Miscellaneous**

- Archive Score Amendment to the Master Contract 880246 including all its related Attachments, Exhibits and Appendices

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- Prospect Database Amendment to the Master Contract 880246 including all its related Attachments, Exhibits and Appendices
  - NewGen Risk Score Addendum to the Master Contract 880246 including all its related Attachments, Exhibits and Appendices
  - Attachment A to the NewGen Risk Score Addendum (Business Terms for On-Line)
  - Attachment B to the NewGen Risk Score Addendum (Account Management Batch Mode Delivery)
  - Attachment C to the NewGen Risk Score Addendum (Prescreen Batch Mode Delivery)
  - On-Line Beacon Rebate Amendment to the On-Line Score Addendum to Master Contract 880246
  - Amendment Number Two to the Account Management Addendum and to the Prescreen Score Addendum to Master Contract 880246

#### **Revenue Score**

- Amendment Number One To Attachment A to the General Bankcard Revenue Score Addendum to Master Contract 880246 including all its related Attachments, Exhibits and Appendices
- Annex 1 Restated Attachment A to the General Bankcard Revenue Score Addendum (Business Terms for Prescreen Batch-Mode Delivery)
- Attachment B to the General Bankcard Revenue Score Addendum (Business Terms for Account Management Batch-Mode Delivery)
- Attachment C to the General Bankcard Revenue Score Addendum (Business Terms for On-Line Delivery)

#### **ScoreNet Service**

- Addendum Number Two to the ScoreNet Addendum to Master Contract No. 880246 including all its related Attachments, Exhibits and Appendices
- Addendum Number Three to the ScoreNet Addendum to Master Contract No. 880246 including all its related Attachments, Exhibits and Appendices (Additional & Custom Attributes)
- Addendum Number Four to the ScoreNet Addendum to Master Contract No. 880246 including all its related Attachments, Exhibits and Appendices (Revenue Score)
- Addendum Number Five to the ScoreNet Addendum to Master Contract No. 880246 including all its related Attachments, Exhibits and Appendices (Attrition Score)
- Addendum Number Six to the ScoreNet Addendum to Master Contract No. 880246 including all its related Attachments, Exhibits and Appendices (Custom Scores)
- Addendum Number Seven to the ScoreNet Addendum to Master Contract No. 880246 including all its related Attachments, Exhibits and Appendices (NewGen Score)



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**Attrition Score**

- Analytic Products and Services Bankcard Attrition Score Addendum To Master Contract 880246 including all its related Attachments, Exhibits and Appendices
- Attachment A to Master Contract Revised per Bankcard Attrition Score Addendum

**B. Amendments to Terms of the Master Contract and Addenda**

1. **PreScore Agreement.** The current term of the PreScore Agreement executed by the parties hereto on May 20, 1985, as amended as of May 30, 1988 (the "PreScore Agreement") is hereby extended to May 30, 2003. Thereafter, the term of the PreScore Agreement will be automatically renewed for consecutive two (2) year terms, unless one party notifies the other in writing at least 270 days prior to the termination date of its intent to terminate the PreScore Agreement upon the conclusion of the 270 day notice period.
2. **Prescreen Score Addendum.** The current term of the Prescreen Score Addendum to the Master Contract executed by the parties hereto on June 1, 1989, as amended (the "Prescreen Addendum") is hereby extended to September 30, 2003. Thereafter, the term of the Prescreen Addendum will be automatically renewed for consecutive two (2) year terms, unless one party notifies the other in writing at least 270 days prior to the termination date of its intent to terminate the Prescreen Addendum upon the conclusion of the 270 day notice period.
3. **On-Line Score Addendum.** The current term of the On-Line Score Addendum to the Master Contract executed by the parties hereto on December 19, 1988, as amended (the "On-Line Score Addendum") is hereby extended to December 31, 2004. Thereafter, the term of the On-Line Score Addendum will be automatically renewed for consecutive two (2) year terms, unless one party notifies the other in writing at least 270 days prior to the termination date of its intent to terminate the On-Line Score Addendum upon the conclusion of the 270 day notice period.
4. **Account Management Addendum.** The current term of the Account Management Addendum to the Master Contract executed by the parties hereto on June 7, 1989, as amended (the "Account Management Addendum") is hereby extended to October 31, 2003. Thereafter, the term of the Account Management Addendum will be automatically renewed for consecutive two (2) year terms, unless one party notifies the other in writing at least 270 days prior to the termination date of its intent to terminate the Account Management Addendum upon the conclusion of the 270 day notice period.
5. **ScoreNet Addendum.** The current term of the ScoreNet Addendum executed by the parties hereto on March 2, 1992, as amended (the "ScoreNet Addendum") is hereby extended to November 30, 2003. Thereafter, the term of the ScoreNet Addendum will be automatically

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renewed for consecutive two (2) year terms, unless one party notifies the other in writing at least 270 days prior to the termination date of its intent to terminate the ScoreNet Addendum upon the conclusion of the 270 day notice period.

6. **Revenue Score Addendum.** The current term of the General Bankcard Revenue Score Addendum to the Master Contract executed by the parties hereto on February 17, 1995, as amended (the "Revenue Score Addendum") is hereby extended to November 30, 2004. Thereafter, the term of the Revenue Score Addendum will be automatically renewed for consecutive two (2) year terms, unless one party notifies the other in writing at least 270 days prior to the termination date of its intent to terminate the Revenue Score Addendum upon the conclusion of the 270 day notice period.

**C. Software Scoring Addendum**

Equifax and Fair, Isaac agree to negotiate in good faith regarding the terms of a Scoring Software Addendum to the Master Contract, which will contain terms and conditions applicable to Performance Scores for which Equifax does not write the Software Facility according to Structured Specifications provided by Fair, Isaac, and to execute a mutually acceptable Scoring Software Addendum within forty-five (45) days of the Effective Date.

**D. Conflicting End User Agreements**

Fair, Isaac acknowledges and agrees that certain existing Equifax End User Agreements do not comply with certain terms of the Global Agreements. Equifax shall have no obligation to cause such Equifax End User Agreements that are in effect as of the Effective Date to comply with any of the Global Amendments; provided, however, that in any case where such End User Agreement provides for the renewal of the current term thereof, Equifax shall use good faith efforts to cause such End User Agreement to be amended to comply with all applicable Global Amendments, concurrently with the beginning of the first renewal term after December 31, 1999.

**E. Amendments to Master Contract**

The Master Contract is hereby amended as follows, as of July 31, 1999:

1. **Financial Reviews.** Section 20 of the Master Contract is hereby redesignated as Section 32, and the following text is added to the Master Contract as Section 20 thereof:

- (a) Equifax shall maintain materially accurate books and records and follow appropriate accounting practices in respect of its sales of Performance Scores.

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- (b) Equifax agrees that Fair, Isaac shall have the right, not more frequently than annually and upon at least twenty (20) business days notice, to visit the facility or facilities at which Equifax prepares and maintains the books and records described in Section 20(a) and at which Equifax maintains and utilizes the Software Facility during normal business hours. Fair, Isaac may inspect and evaluate Equifax's security processes and procedures in effect at such facility as they relate to the security of the Software Facility and review the books and records used by Equifax to determine the amounts payable to Fair, Isaac under this Agreement and the Addenda hereto. Such reviews shall be reasonable in scope and length and shall be subject to Equifax's security regulations. All information reviewed by Fair, Isaac or its agent shall be subject to the confidentiality provisions of this Agreement. Fair, Isaac shall cause its agent to execute a confidentiality agreement mutually acceptable to Fair, Isaac and Equifax before any such agent will be permitted to conduct any review under this Section 20 of this Agreement.
  - (c) Equifax will cooperate reasonably with Fair, Isaac or its agent in connection with Fair, Isaac's exercise of its rights as set forth in this Section 20.
  - (d) The reviews shall be conducted in a manner which does not unreasonably disrupt, delay or interfere with Equifax's performance of its business.
  - (e) Each party shall bear its own expenses incurred in relation to such examination. If Fair, Isaac or its agent certifies in writing, a copy of which will be provided to Equifax, that an underpayment has occurred, Equifax shall pay the undisputed arrears within sixty (60) days of receipt of sufficient documentation demonstrating Equifax's underpayment. If Fair, Isaac or its agent certifies that an overpayment has occurred, the amount of such overpayment shall be credited against any outstanding or subsequent amounts owed by Equifax to Fair, Isaac.
  - (f) On a periodic basis, not more frequently than monthly and not less frequently than quarterly, Fair, Isaac will send Equifax a billing exception report, including a list of billing exceptions and the reason the billing is being questioned. Equifax shall notify Fair, Isaac within sixty (60) days of receipt of the billing exception report of the nature of any items therein which Equifax disputes in good faith. Equifax will pay Fair, Isaac for the items identified in the billing exception report that are not disputed or take other such action requested by Fair, Isaac with respect to such exceptions. The parties agree to cooperate in good faith to resolve such disputed items within thirty (30) days of receipt of such notice from Equifax. All billing for periods beginning August 1, 1999 which Fair, Isaac does not include

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on a billing exception report will be deemed final, unless it was not reasonably possible for Fair, Isaac to determine the correct billing looking only at the monthly reports required to be provided to Fair, Isaac under the Master Contract together with any other information delivered by Equifax to the Fair, Isaac Revenue Manager (as identified by Fair, Isaac from time to time), or his or her designee, in response to and related to a question from the Revenue Manager regarding a given report.

- (g) Fair, Isaac acknowledges that all information contained in the monthly reports required to be provided to Fair, Isaac under this Master Contract and the Amendments and Addenda hereto, together with any other information delivered by Equifax to the Fair, Isaac Revenue Manager or his or her designee in response to a question from the Revenue Manager regarding a given report, constitute confidential information of Equifax that shall only be used for internal financial and administrative reporting, evaluation of industry trends, and to reconcile End User usage as reported therein with Equifax's payments to Fair, Isaac; provided that such information shall not be used for any competitive purpose.

2. **ScoreNet® Service.** The following text is added to the Master Contract as Section 21 thereof:

21. **ScoreNet.** ScoreNet Service is a registered trademark of Fair, Isaac and is a proprietary account management information delivery service implemented at all the major U.S.A. credit bureaus, including Equifax. ScoreNet Service is addressed in the ScoreNet Addendum to Master Contract No. 880246.

Equifax and Fair, Isaac agree to enter into contracts to make available BEACON, BEACON Industry Options, Revenue Evaluator, Attrition scoring system and NewGen scoring system, to Fair, Isaac as agent for its customers electing to use Fair, Isaac's ScoreNet Service as set forth in the ScoreNet Agreement and such other scores and information to which Equifax, Fair, Isaac and the ScoreNet subscriber may agree. Equifax agrees to make a good faith effort to update the Software Modules within a reasonable time frame to be consistent with the then most current version of those Performance Scores being offered through ScoreNet if and only if Equifax has updated the applicable Performance Score for its on-line and off-line delivery to Equifax customers.

3. **Equifax Pricing.** The text of Section 4.1 of the Master Contract is deleted and replaced with the following:

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- 4.1(a) **General Pricing Reviews.** Equifax and Fair, Isaac shall agree on an initial schedule of End User charges for each product or service offered and incorporate such schedule into the applicable Addendum. Equifax and Fair, Isaac agree that it may be desirable to modify the Minimum End User pricing schedules set forth in Addenda to this Agreement from time to time when markets and competition change. Such modifications may only occur by mutual written consent. Either party may initiate an End User price review for this purpose, with no greater frequency than once every twelve (12) months for any given Performance Score in any given distribution channel. The initiating party shall provide the other party with a written proposal outlining the proposed changes to Minimum End User prices, and the reasons for such change. Any agreed upon changes to Minimum End User pricing resulting from price reviews shall pertain to the then remaining term of the pertinent Addendum unless otherwise specified. Should the parties not reach agreement as to Minimum End User pricing changes, the prices currently in effect for such Addendum will prevail for the remainder of the term thereof.
- 4.1(b) **Customer-Specific Pricing Concessions.** Fair, Isaac shall consider in good faith reductions in Minimum End User Price requested by Equifax for particular End User programs or annual End User agreements with an actual program volume or annual volume commitment, as the case may be, in excess of 10 million Performance Scores having the same performance definition, provided Fair, Isaac shall be under no obligation to consider more than ten (10) such requests in a calendar month. Any reduction in Minimum End User Price is permissible only with Fair, Isaac's consent; provided, however, that such consent shall be given under the following circumstances:
- (i) If Equifax makes such a request with respect to one or more Performance Score(s) and (A) Fair, Isaac has offered to provide such Performance Score(s) through the ScoreNet Distribution Channel at a ScoreNet Performance Score Price (as defined below) that is less than the Minimum End User Price, calculated at the annual volume tier that equates to four times the quarterly volume commitment underlying the ScoreNet Performance Score Price, in effect under the applicable Addendum; and (B) the Performance Score(s), contract term and volume commitment to which such ScoreNet Performance Score Price applies, are comparable to the Performance Score(s), contract term and volume commitment to which the Equifax request applies, Fair, Isaac shall match and extend to Equifax the ScoreNet Performance Score Price for such Performance Score(s). "ScoreNet Performance Score Price" means

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the ScoreNet charge to the End User applicable to each specific Performance Score(s), stated on a per-unit basis.

- (ii) If Equifax makes such a request with respect to one or more Performance Score(s) and (A) Fair, Isaac has authorized any third party to provide any Comparable Performance Score(s) (as defined below), at a lower price than the Minimum End User Price in effect under the applicable Addendum, and (B) the Comparable Performance Score(s), contract term and volume commitment to which such lower price applies, are comparable to the Performance Score(s), contract term and volume commitment to which the Equifax request applies, Fair, Isaac shall match and extend to Equifax the lowest customer price available for such Comparable Performance Score(s). “Comparable Performance Score” means a score generated from scorecards (w) developed by Fair, Isaac from a body of credit bureau records, (x) installed and delivered through software located at such credit bureau’s facility, (y) with a performance definition comparable to that of a given Performance Score for which a request under this section has been made by Equifax, and (z) in the comparable generation as such Performance Score (e.g., BEACON and Empirica are Comparable Performance Scores, but NewGen and Empirica are not Comparable Performance Scores).

If the conditions stated in Subsections 4.1(b)(i) and 4.1(b)(ii) both apply in any given situation, the lower of the two prices shall be made available to Equifax. In the event that Fair, Isaac denies a request subject to Subsections 4.1(b), the relevant Minimum End User Price (from the pertinent addendum) shall prevail, and if Equifax does not obtain the End User program or annual agreement with respect to which Equifax submitted its price concession request, for forty five (45) days following receipt of Equifax’s pricing proposal, Fair, Isaac shall be precluded from providing the Performance Score(s) to the End User subject to Equifax’s proposal for a program substantially similar to the subject program through the ScoreNet Distribution Channel at a ScoreNet Performance Score Price that is less than the lowest End User price proposed by Fair, Isaac in response to Equifax’s request for a Minimum End User Price reduction, or permitting any third party to provide Comparable Performance Score(s) to the End User subject to Equifax’s proposal for a program substantially similar to the subject program at a price lower than the lowest End User price proposed by Fair, Isaac in response to Equifax’s request for a Minimum End User Price reduction.

Nothing in this Section 4.1(b) shall be construed to prohibit Equifax from submitting, or to excuse Fair, Isaac from considering in good faith, additional price reduction requests or price reduction requests with respect to programs or agreements not meeting the foregoing volume threshold. For the avoidance of doubt, no request for a price reduction shall be subject to the foregoing paragraphs of this Section 4.1(b) unless Equifax so states (which statement shall be confirmed in writing if originally made orally), and Fair, Isaac shall only be obligated to consider such requests in good faith.

4. **Marketing of Performance Scores and Sales Staff Support** The following text is added to the Master Contract as Section 9.3:

- 9.3(a) Equifax shall select the product names for the Performance Scores offered hereunder that have not already received a designated and mutually approved name. Equifax's name selection shall be subject to the approval of Fair, Isaac, which approval shall not be unreasonably withheld. These names shall be used to uniquely identify the applicable Performance Scores as distinct from a similar product or service developed by an entity other than Fair, Isaac and/or Equifax; and shall be the trademarks or service marks of Equifax which both parties may use only to promote the applicable Performance Scores and only during the term of the applicable Addendum. For the term of the applicable Addendum, each party grants to the other party a limited license to use the Performance Score trademarks and each other's name as necessary for the sole purpose of allowing the other party to promote and market the Performance Scores pursuant to the terms of this Agreement and the various Addenda. Whenever either party employs any trademark of the other in any medium or in any form of published material which is prepared for distribution outside of Equifax and/or Fair, Isaac, the using party shall place an asterisk immediately after and slightly above the first use of the trademark referring to a footnote reading "Trademark of [the owning party]." Upon the expiration or termination of any Addendum, or any particular Attachment thereto, both Equifax and Fair, Isaac will thereafter discontinue the use of the applicable Performance Score trademark.
- 9.3(b) Both parties agree that all media releases, public announcements and public disclosures by either party directly referring to a specific Performance Score or the name of a Service offered hereunder, including without limitation promotional or marketing material (but not including any announcement intended solely for its internal distribution), will be coordinated with and approved by the other party prior to the release thereof. All such materials shall bear Equifax and Fair, Isaac's name and include a mutually-agreed upon development attribution and description of

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the pertinent product or Service immediately following the first use of such product or Service name. Fair, Isaac reserves the right to approve for technical accuracy materials prepared for external distribution by Equifax that describe the technical functioning of the Performance Score.

- 9.3(c) Both parties will make a good faith effort to promote and sell the Performance Scores, but neither party shall be obligated to incur expenses with respect to the promotion of a given Performance Score that are not expressly set forth in the relevant Addendum.
- 9.3(d) Both parties agree to promptly prepare, publish and disseminate joint press releases and other marketing communications each time a new Service or an enhancement thereto is developed and made commercially available as set forth herein. Both parties agree to use commercially reasonable efforts to finalize the press release prior to the date of commercial availability of the joint product or service.
- 9.3(e) The parties further acknowledge that the development of sales, marketing and End User materials will require the dissemination of information regarding the techniques used by Fair, Isaac in developing Performance Scores. Equifax agrees to accurately depict, to the level of detail reasonably appropriate for such materials, the development methods as described to Equifax by Fair, Isaac.
- 9.3(f) Each party shall provide its sales staff with user guides, sales literature, retail price and terms information, education and training. If either party elects to produce such materials, the other party shall, upon request, provide reasonable technical assistance in the preparation of script and graphic content to insure technical accuracy.
5. **Year 2000 Warranty.** The following text is added to the Master Contract as Section 22:
22. Equifax will use commercially reasonable efforts, as well as sound business practices, to make the Performance Score services "Year 2000 Ready." For purposes of this Master Contract and each Addendum or Amendment hereto, and any subsequent Amendments, Addenda or attachments hereto or thereto, Year 2000 Ready means that the subject Performance Score will process and handle date and time data without material interruption or delay (including, but not limited to calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000, including leap year calculations, to the extent that all other information technology used in combination with such Performance Score properly exchanges date data



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with the pertinent Performance Score Software Facility. As the sole and exclusive remedy for any breach of this Section 22, Equifax will (a) exercise commercially reasonable efforts to correct any material non-compliance caused solely by the performance of the hardware and software at Equifax that is used to generate the applicable Performance Score and (b) reprocess affected Performance Score output, if any, to Fair, Isaac or the affected End User, without charge, when it is generally available.

Fair, Isaac will use commercially reasonable efforts, as well as sound business practices, to make the ScoreNet Service "Year 2000 Ready." For purposes of this Master Contract and each Addendum or Amendment hereto, and any subsequent Amendments, Addenda or attachments hereto or thereto, Year 2000 Ready means that the ScoreNet Service will process and handle date and time data without material interruption or delay (including, but not limited to calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, and the years 1999 and 2000, including leap year calculations, to the extent that all other information technology used in combination with such ScoreNet Service properly exchanges date data with the ScoreNet Service. As the sole and exclusive remedy for any breach of this Section 22, Fair, Isaac will (a) exercise commercially reasonable efforts to correct any material noncompliance caused solely by the performance of the hardware and software at Fair, Isaac that is used to generate the ScoreNet Service and (b) reprocess affected ScoreNet Service output, if any, to the affected End User, without charge, when it is generally available.

6. **Performance Score Updates.** The following text is added to the Master Contract as Section 26:

26. Equifax will provide Fair, Isaac with Snapshot Data from the Basic Records at least every 18 months for each Performance Score in order for Fair, Isaac to review the performance of the Scorecards for Performance Scores then available from Equifax. Fair, Isaac shall use such Snapshot Data (and any other data provided by Equifax under this Master Contract or any addendum or amendment hereto) only as expressly permitted in this Master Contract or any Addendum or Amendment hereto. Notwithstanding anything in this Master Contract or any Addendum or Amendment hereto to the contrary, the contents of the Snapshot Data, Basic Records or other information provided by Equifax shall be as agreed by the parties from time to time. Fair, Isaac acknowledges that Equifax may be prohibited by data contributors from providing certain information to Fair, Isaac. Equifax will advise Fair, Isaac of such prohibitions and the industry codes of such data contributors and the relative size of the data

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contribution affected, and the parties will in good faith address the impact on the Performance Score(s) as mutually agreed.

If such review indicates, in the judgment of Fair, Isaac, that new Scorecards are warranted, and if mutual agreement is reached that the Scorecards should at that time be replaced, then Fair, Isaac shall develop replacement Scorecards and Equifax will install them. Equifax will be under no obligation to install updates, provided, however, that Fair, Isaac may require Equifax to install a Fair, Isaac provided update to the scorecards for each of the existing Performance Scores once within the thirty (30) month period beginning on the Effective Date (and, as to Performance Scores that become Commercially Available after the Effective Date, once within the thirty (30) month period beginning on the date on which such Performance Score becomes Commercially Available) and thereafter not more than once every 4 years for as long as the pertinent Performance Score Addendum remains in effect, or as otherwise agreed. This Section applies only to Scorecards for which Fair, Isaac provides the update Specifications to Equifax for coding by Equifax.

7. **Adverse Action.** The following text is added to the Master Contract as Section 27:

27. For each Performance Score to be provided hereunder in account management or on-line mode, score factor codes may be developed by Fair, Isaac and in such event the Structured Specification document will provide Score Factor Codes which are to accompany each delivery of such Performance Score by Equifax to End Users along with the pertinent Performance Scores in account management or on-line delivery modes (but not with Performance Scores delivered for prescreening, for population of a prospect database, or archive scores, except as agreed by Equifax and Fair, Isaac). If adverse Score Factor Codes are not developed by Fair, Isaac for delivery by Equifax to End Users along with such Performance Scores, Equifax shall instruct End Users that such Performance Scores or any of the related information provided hereunder shall not be used for "adverse action" as defined by the Equal Credit Opportunity Act or Regulation B. Equifax will have ten business days to approve the score factor codes following delivery of Fair, Isaac's list of the same or the Score Factor Codes will be deemed approved. If Equifax does not approve of the Score Factor Codes, Fair, Isaac will make such modifications as are mutually acceptable. Following approval of the Score Factor Codes, Equifax will add them to the Software Facility within a reasonable period of time.

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8. **End User Agreements.** The following text is added to the Master Contract as Section 28; provided, however, that Equifax shall have 180 days from the Effective Date to include the following specified terms in its End User Agreements, and it shall not be a violation of the Master Contract for Equifax to enter into any End User Agreement that does not comply with Section 28 of the Master Contract, as amended hereby, during such 180 day period; provided that Equifax shall make a good faith effort to include such terms within its standard contract forms within such 180 day period:

Except for the use of the Performance Scores as permitted under Section 31 of the Master Contract, Equifax may provide Performance Scores only to End Users who have duly executed an End User Agreement with Equifax. For purposes of this Master Contract, End User shall mean individuals or entities requesting and obtaining individually identified Performance Scores only for a permissible purpose as defined by the Fair Credit Reporting Act. Such agreement must include at a minimum the following terms:

- (a) A description of the applicable Performance Score, product(s) and/or Service(s);
- (b) A provision limiting the combined liability of Equifax and Fair, Isaac to the End User to the fees received from the End User for use of the Performance Score service in the preceding twelve (12) months;
- (c) A statement that Equifax is the authorized agent of Fair, Isaac for purposes of executing the End User Agreement as it pertains to the specified Performance Score(s) and for collection of all fees and charges arising thereunder with respect to the specified Performance Score(s);
- (d) A provision certifying that the End User has a permissible purpose for obtaining the Performance Score(s) (except as otherwise permitted by law or in the applicable Addendum or Amendment hereto);
- (e) A provision representing that the End User will not publicly disseminate or otherwise disclose to others any results of the validations or other reports derived from the Performance Score service without Equifax's and Fair, Isaac's express written permission;
- (f) A provision representing that the End User acknowledges that the Performance Score service and its associated output are proprietary

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and that, except for (1) disclosure to the subject consumer if the End User has taken adverse action against such consumer based in whole or in part on the consumer report with which the Performance Score was delivered or (2) as required by law, End User will not provide the Performance Scores to any other party without Equifax's and Fair, Isaac's prior written consent;

- (g) Pricing terms in accordance with the applicable Addendum or Attachments thereto, unless modified as provided herein;
- (h) If applicable, a provision whereby the End User asserts that any use of the Performance Scores for the purposes of evaluating the credit risk associated with applicants, prospects, or existing customers will be in a manner consistent with the provisions described in the Equal Credit Opportunity Act, Regulation B, or the FCRA;
- (i) A statement that the Performance Score(s) shall not be used for "Adverse Action" as defined by the Equal Credit Opportunity Act or Regulation B, unless Score Factor Codes have been delivered to the End User along with the Performance Score(s);
- (j) Any additional terms required pursuant to the Addenda and/or Amendment applicable to the pertinent Performance Score(s) and distribution channel(s), including without limitation the warranties of Fair, Isaac set forth therein; and
- (k) An agreement that End User will, before delivering or directing Equifax to deliver Performance Scores to any third party, enter into a contract with such third party that (1) limits the use of the Performance Scores by the third party only to the use permitted to the End User and (2) identifies Fair, Isaac as an express third party beneficiary to such contract.

Equifax may additionally provide Performance Scores to third parties performing supplemental processing functions on behalf of Equifax for the End User if that third party has duly executed a third party agreement with Equifax. Such agreement must include at a minimum the following terms:

- (a) A description of the applicable Performance Score, product(s) and/or Service(s);
- (b) A provision representing that the third party acknowledges that the Performance Scores are proprietary and will not provide the Performance Scores to any other party other than the End User

without Equifax's and Fair, Isaac's prior written consent or use the Performance Scores for any purpose other than the supplemental processing required by Equifax on behalf of the End User(s);

- (c) A provision representing that such third party supplemental processing shall not use the Performance Scores for model development, model validation, reverse engineering, or model calibration; and
- (d) A provision that prohibits such third party from reselling the Performance Scores or using the Performance Scores to maintain or populate a Prospect Database unless the appropriate Prospect Database End User agreement has been executed.

Equifax may additionally provide Performance Scores to affiliates or resellers only for sale to End Users so long as such End Users duly execute an End User agreement containing at a minimum the End User Agreement provisions above.

The final version of the End User or third party contract utilized by one party in any instance shall not be subject to approval by the other party unless such version includes deviations from the foregoing terms that affect the other party, it being understood that no provision in an End User or third party contract shall, as between Equifax and Fair, Isaac, be construed to change the limitations or allocations of liability set forth in this Agreement and in the applicable Addendum. If a party hereto is engaged in negotiations with an End User ("Negotiating Party") and desires to change the terms of the End User contract in a manner that would materially affect the other party hereto ("Other Party"), the Negotiating Party must submit the proposed changes to the Other Party in writing and the Other Party shall approve or disapprove the suggested changes.

9. **Financial Information Reporting.** The following text is added to the Master Contract as Section 29:

For each Performance Score provided under this Master Contract, Equifax agrees to program all processes required to calculate and make available to Fair, Isaac in the time frames set forth in the Master Contract and its Addenda, the detailed financial information set forth in the Master Contract and its Addenda. Equifax also agrees to revise its reporting procedures to separately identify and report each Performance Score by Distribution Channel in the Monthly Usage Summary Report and Royalty Model Owner Report. For purposes of this Master Contract and all

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addenda and amendments hereto, the term "Distribution Channel" means, unless the context clearly requires otherwise, one or more of the following methods of delivering (and/or uses of) Performance Scores: off-line Prescreen, off-line Account Management (which, together with off-line Prescreen, may be referred to as the Off-line Distribution Channel), on-line, Archive, Prospect Database, PreScore and ScoreNet.

10. **Notices.** The following text is added to the Master Contract as Section 30:

Notices and consents that are required or permitted under this Master Contract or any addendum, amendment or attachment hereto, or any addendum, amendment or attachment to any of the foregoing, shall either be (i) served personally upon the person(s) identified below at the address(es) identified below ("Personal Service"); (ii) delivered by first class U.S. mail, certified or registered, postage prepaid and addressed to the addressee(s) as set forth below ("U.S. Mail"); (iii) delivered by overnight courier service, addressed to the addressee(s) as set forth below ("Courier Service"); (iv) delivered by telecopy or facsimile transmission, directed to the recipient(s) at the telecopy or facsimile number(s) set forth below ("Fax Delivery"); or (v) delivered electronically via e-mail, directed to the recipient(s) at the e-mail address(es) set forth below ("Electronic Delivery"). In the case of Fax Delivery or Electronic Delivery, a confirming hard copy of such transmission shall be sent on the same day by U.S. Mail or Courier Service. A communication by Personal Service, U.S. Mail or Courier Service shall be deemed received upon delivery; a communication by Fax Delivery shall be deemed received upon successful completion of the transmission; and a communication by E-Mail shall be deemed received upon transmission; provided, however, that in the event of delivery or transmission on a Saturday, Sunday or holiday, such communication shall be deemed received on the next business day. The parties may change the following addresses and facsimile numbers by giving notice thereof to the other party.

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Equifax: Linda Willson  
Equifax, Inc.  
1600 Peachtree Street, H10C  
Atlanta, GA 30309  
Tel: 404 888 3525  
Fax: 404 885 8872  
E-mail: linda.willson@equifax.com

With copy  
to: ECIS Group Counsel  
Equifax, Inc.  
1600 Peachtree Street, H10A  
Atlanta, GA 30309  
Tel: 404 885 8034  
Fax: 404 885 8922  
E-mail: richard.goerss@equifax.com

Fair, Isaac: Cheri St. John  
Fair, Isaac & Co.  
120 North Redwood Drive  
San Rafael, CA 94903  
Tel: 415 491 5176  
Fax: 415 444 5070  
E-mail: cherist.john@fairisaac.com

With copy  
to: General Counsel  
Fair, Isaac & Co.  
120 North Redwood Drive  
San Rafael, CA 94903  
Tel: 415 472 2211  
Fax: 415 444 5029  
E-mail: pmccorkell@fairisaac.com

11. **Internal Use.** The following text is added to the Master Contract Section as 31:

- (a) Equifax Credit Information Services, Inc. ("ECIS") shall have the right to use all or part of the Software Facility for each Performance Score to generate Scores to be used only for the following purposes, without payment to Fair, Isaac:
  - (i) To derive score distribution information to assist in developing End User score cut-offs and strategies and to assist in future sales efforts that include joint products, provided that ECIS shall provide only analysis reports

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- regarding such score cut-offs and strategies and will not deliver the scores;
- (ii) For internal fraud detection, in which Scores are generated to identify improper Score manipulation by employees, customers and other parties having a means of performing such manipulation;
  - (iii) To perform depersonalized file and score comparisons commissioned by End Users, provided that Equifax must not charge the End User for this service (other than computer processing charges passed through to the End User); and
  - (iv) To build databases for the subsequent sale of prescreen scores to End Users, such as the REDI-Screen product, provided that the Performance Scores housed in such databases shall be used for no purpose other than the sale of such Performance Scores to End Users subject to an appropriate End User contract.
- (b) ECIS and any other company controlled by Equifax, Inc. ("Equifax End User") shall have the right to use all or part of the Software Facility for each Performance Score to generate Scores to be used only for the following purposes, provided that such Equifax End User shall pay Fair, Isaac for the use of such Performance Scores at the rates set forth with respect to End Users in the Archive Score Amendment to this Master Contract: (1) internal validation of the Performance Scores; (2) comparisons to other Performance Scores; and (3) evaluation of the predictiveness of the Performance Scores as compared to other scores. Such use shall further be subject to the following restrictions:
- (i) The Equifax End User will not publicly disseminate or otherwise disclose to others any results of the validations, analysis or other reports derived from the permitted use of the Performance Scores without Fair, Isaac's consent;
  - (ii) The Equifax End User will not provide the Performance Scores generated for such internal use to any other party without Fair, Isaac's consent; and



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(iii) The Equifax End User will not use the Performance Scores for model development, reverse engineering or model calibration.

- (c) To the extent that a given instance of Performance Score use by ECIS is authorized by both subsections (a) and (b), such use shall be deemed to be made under subsection (a).

12. **Geographic Scope.** The Master Contract as amended hereby governs the parties' rights and responsibilities regarding the promotion, sale and delivery of Services in the United States of America and its territories and possessions ("United States") only and shall have no applicability to any other geographic region unless the parties expressly agree otherwise.

#### *IV. ON-LINE REBATE AMENDMENT INCENTIVE CONDITIONS*

Under the terms of the On-Line Rebate Amendment to the On-Line Addendum to the Master Contract (the "Rebate Amendment"), in order to create certain volume-based incentives for the sale of On-Line Scores for BEACON and NewGen as defined in the Rebate Amendment and to encourage Equifax to offer certain new Performance Scores in accordance with the timelines set forth below, Fair, Isaac has agreed to provide certain Rebates as calculated therein subject to the conditions set forth herein. Fair, Isaac will calculate and conditionally accrue the Rebate Amount for Equifax starting with the October 1, 1998 to December 31, 1998 calendar quarter but will not be obligated to remit payment to Equifax until Equifax and Fair, Isaac execute the Global Agreements.

In addition, time is of the essence with respect to a number of Equifax's and Fair, Isaac's obligations which are set forth below and contained in the Global Agreements ("Enhancements"). The calculation of the Fair, Isaac Share for BEACON and the corresponding Rebate Amount will vary as described below in the event Equifax fails to meet the Completion Dates set forth below.

The parties acknowledge that Equifax's obligations to complete its tasks set forth below such that a given Enhancement is Commercially Available (as defined below) on or before the applicable "Completion Date" specified below for the identified Distribution Channels require the timely performance by Equifax and Fair, Isaac of certain preliminary tasks. The column identified below as Specification Date ("Specification Date") represents the date by which Fair, Isaac shall be required to have delivered to Equifax the Structured Specifications and other documentation adequately detailing the process by which Equifax will code the applicable Enhancement. The column identified below as Audit Date ("Audit Date") represents the date by which Equifax shall be required to have the Enhancement programming completed and have reasonable audit materials available for Fair, Isaac to conduct assurance testing. Fair, Isaac and Equifax will allocate reasonable resources and make a diligent effort to ensure that the relevant Enhancement timeframes are achieved. The parties will in advance of the Specification Date(s) mutually agree to a comprehensive project schedule for each Enhancement which will specify the

obligations of each party and the associated deadlines. The Audit Date and the Completion Date for each Enhancement set forth below will be extended by one business day for each day that Fair, Isaac fails to meet any of its obligations. If it happens that the completion dates are not achieved due to unforeseen complexity in implementing the Performance Scores despite diligent effort on the part of both parties, the Completion Date will be extended appropriately.

Enhancement	Specification Date	Audit Date	Completion Date
New version of REV and reason codes (AM) in the Online, Offline, PreScore and ScoreNet channels	NA	5/01/99	7/30/99
51 Additional Attributes in ScoreNet and Triggering Trade Line Information (credit limit, balance and status)	NA	5/15/99	7/30/99
Attrition Model and reason codes (when available) in Account Management and ScoreNet	4/02/99	8/31/99	9/30/99
NewGen Model and reason codes in the Online, Offline, PreScore and ScoreNet Distribution Channels	NA	7/31/99	9/30/99
ScoreNet Custom attribute and custom score capability sufficient to enable compliance with the ScoreNet Amendment to the Master Contract and the Addenda thereto.	5/01/99	7/15/99	8/31/99

An Enhancement will be deemed Commercially Available when the Equifax system requirements necessary to allow an End User wishing to use the pertinent Enhancement through the agreed to Distribution Channels are operational. Should Equifax fail to meet a Completion Date as extended above, with the exception of the Attrition Score Completion Date, the Rebate Amount for that quarter will be reduced pro rata for each business day that one or more Enhancements (except the Attrition Score) is not Commercially Available according to the above schedule as extended. Should Equifax fail to meet a Completion Date as extended above for REV in ScoreNet or the Additional Attribute information, the Rebate Amount for that quarter will be reduced pro rata for a minimum of 30 business days.

If the Fair, Isaac Share per Name Scored would fall from \$0.06 under the provisions of the On-Line Beacon Rebate Amendment and one or more Enhancements is not Commercially

Available, the Fair, Isaac Share per Name Scored will revert to or remain at \$0.06, as the case may be, until all such Enhancements that are then due according to the above schedule (as extended) are Commercially Available. Notwithstanding any other provision in this Master Contract, the only liability of Equifax and the sole remedy of Fair, Isaac for Equifax's failure to make an Enhancement Commercially Available within the required timeframe under this Section IV shall be to only affect Fair, Isaac's requirement to pay a Rebate Amount as set forth in this Section IV. If Fair, Isaac is permitted to reduce a Rebate Amount in accordance with the terms and conditions in the immediately preceding paragraph, such reduction of payment shall not affect the redetermination of the Fair, Isaac Share per Name Scored for BEACON pursuant to the On-Line Addendum to the Master Contract. Accordingly, notwithstanding any reduction in the Rebate Amount to be paid, the parties shall in all cases calculate the Rebate Amount and the corresponding Fair, Isaac Share per Name Scored for BEACON in Year 1 or beyond as described in the On-Line Rebate Amendment to the On-Line Addendum to the Master Contract.

*V. NO FURTHER CHANGES*

Except as expressly amended hereby, all of the terms and conditions of the Master Contract and any heretofore executed amendments, addenda, exhibits, schedules or attachments thereto shall remain in full force and effect.

IN WITNESS WHEREOF, each of the parties have duly executed this Amendment to the Master Contract as of the date first set forth above.

Accepted for:

Equifax Credit Information  
Services, Inc.

Fair, Isaac and Company, Inc.

/s/ M. SHANNON

/s/ CHERI ST. JOHN

(Signature)  
Michael Shannon  
Senior Vice President

(Signature)  
Cheri St. John  
Senior Vice President

7/30/99

7/30/99

Date

Date

## SUBSIDIARIES

Registrant – Equifax Inc. (a Georgia corporation).

The Registrant owns, directly or indirectly, 100% of the stock of the following subsidiaries as of March 2003 (all of which are included in the consolidated financial statements):

Name of Subsidiary	State or Country of Incorporation
24/7 Mail, Inc. <sup>(22)</sup>	Florida
511759 N.B. Inc. <sup>(4)</sup>	New Brunswick
3032423 Nova Scotia Company <sup>(13)(18)</sup>	Nova Scotia
3651754 Canada Inc. <sup>(14)</sup>	Canada
Acrofax Inc.	Quebec
CD Holdings, Inc. <sup>(21)</sup>	Georgia
Clearing de Informes S.A. <sup>(11)</sup>	Uruguay
Compliance Data Center, Inc.	Georgia
Computer Ventures, Inc. <sup>(1)</sup>	Delaware
Credit Northwest Corporation <sup>(1)</sup>	Washington
Dicom S.A. <sup>(12)</sup>	Chile
Equifax Canada Inc. <sup>(2)</sup>	Canada
Equifax City Directory Canada Inc. <sup>(4)</sup>	New Brunswick
Equifax City Directory, Inc.	Georgia
Equifax Commercial Services Ltd. <sup>(5)</sup>	Ireland
Equifax Consumer Services, Inc.	Georgia
Equifax de Chile, S.A. <sup>(11)</sup>	Chile
Equifax Decision Solutions, Inc.	Arizona
Equifax Decision Systems, B.V.	The Netherlands
Equifax do Brasil Holdings Ltda. <sup>(11)</sup>	Brazil
Equifax Direct Marketing Solutions, Inc.	Georgia
Equifax Europe LLC	Georgia
Equifax Europe (U.K.) Ltd. <sup>(6)</sup>	United Kingdom
Equifax Financial Services <sup>(14)(20)</sup>	Ontario
Equifax Finance (1), Inc. <sup>(1)</sup>	Georgia
Equifax Finance (2), Inc. <sup>(1)</sup>	Georgia

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Equifax Infolink Plc <sup>(9)</sup>	United Kingdom
Equifax Information Services LLC	Georgia
Equifax Information Services Puerto Rico, Inc.	Georgia
Equifax Information Technology, Inc.	Georgia
Equifax Investment (South America) LLC <sup>(11)</sup>	Georgia
Equifax (Isle of Man) Ltd. <sup>(5)</sup>	Isle of Man
Equifax Italy Holdings, Srl <sup>(15)(16)</sup>	Italy
Equifax Italy, Srl <sup>(17)</sup>	Italy
Equifax Luxembourg (No. 2) S.À.R.L.	Luxembourg
Equifax Luxembourg S.A.	Luxembourg
Equifx Plc <sup>(5)(19)</sup>	England
Equifax Real Estate Mortgage Solutions, LLC <sup>(1)</sup>	Georgia
Equifax Secure U.K. Ltd. <sup>(6)</sup>	United Kingdom
Equifax South America LLC	Georgia
Equifax U.K. Finance (No. 2) <sup>(15)</sup>	England
Equifax Ventures, Inc.	Georgia
Global Scan Ltd. <sup>(7)</sup>	England
Global Scan Investments Ltd. <sup>(8)</sup>	United Kingdom
High Integrity Systems, LLC	California
Imperitek Corporation	Georgia
Infocheck On-line Ltd. <sup>(7)</sup>	United Kingdom
Infolink Decision Services Ltd. <sup>(9)</sup>	United Kingdom
Infolink Ltd. <sup>(9)</sup>	England
Light Signatures, Inc.	California
Naviant, Inc.	Florida
Privista Inc.	Georgia
Propago S.A. <sup>(12)</sup>	Chile
Prospects Unlimited Canada Inc. <sup>(4)</sup>	New Brunswick
Prospects Unlimited Inc. <sup>(4)</sup>	New Brunswick
The Infocheck Group Ltd. <sup>(6)</sup>	England
UAPT-Infolink Plc <sup>(6)</sup>	United Kingdom
Verdad Informatica de Costa Rica, S.A. <sup>(3)</sup>	Costa Rica

Registrant's subsidiary Equifax Europe LLC owns 59.2% of the stock of Equifax Iberica, S.L. (Spain), which owns 95% of the stock of ASNEF/Equifax Servicios de Informacion

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Sobre Solvencia y Credito S.L. (Spain); 100% of the stock of Dicodi, S.A. (Spain); 100% of the stock of Informacion Tecnica Del Credito S.L. (Spain); and 29.622% of the stock of Credinformacoes, Informacoes de Credito, LDA (Portugal), along with Equifax Decision Systems, B.V., wholly-owned subsidiary of Equifax Inc., which owns 25%.

Registrant's subsidiary Equifax South America LLC owns 79% of the stock of Organizacion Veraz, S.A. (Argentina).

Registrant's subsidiary Equifax South America LLC owns 100% of the stock of Equifax de Chile S.A. which owns 100% of the stock of Propago S.A. and 100% of the stock of Dicom S.A., which owns 49% of the stock of Dicom of CentroAmerica (El Salvador), along with Equifax South America LLC, wholly-owned subsidiary of Equifax Inc., which owns 2%, and 16% of the stock of InfoCorp S.A. (Peru), along with Dicom S.A. which owns 35%.

Registrant's subsidiary Equifax Information Services LLC owns 60% of FT/E Mortgage Solutions, LLC (Delaware) and 100% of Equifax Real Estate Mortgage Solutions, LLC (Georgia) which owns 59.4%, along with FT/E, which owns 1% of Total Credit Services, L.P. (Delaware).

Registrant's subsidiary Equifax do Brazil Holdings Ltda owns 80% of the stock of Equifax do Brasil Ltd. (Brazil).

Registrant's subsidiary Equifax South America LLC owns 15% of Infocom Honduras S.A. de C.B. (Honduras).

<sup>(1)</sup>Subsidiary of Equifax Information Services LLC

<sup>(2)</sup>Subsidiary of Acrofax Inc.

<sup>(3)</sup>Subsidiary of Equifax Direct Marketing Solutions, Inc.

<sup>(4)</sup>Subsidiary of Equifax Canada Inc.

<sup>(5)</sup>Subsidiary of Equifax Europe LLC

<sup>(6)</sup>Subsidiary of Equifax Plc

<sup>(7)</sup>Subsidiary of The Infocheck Group Ltd.

<sup>(8)</sup>Subsidiary of Global Scan Ltd.

<sup>(9)</sup>Subsidiary of UAPT-Infolink Plc

<sup>(10)</sup>Subsidiary of Infolink Ltd.

<sup>(11)</sup>Subsidiary of Equifax South America LLC

<sup>(12)</sup>Subsidiary of Equifax de Chile, S.A.

<sup>(13)</sup>Subsidiary of Equifax Finance (1), Inc.

<sup>(14)</sup>Subsidiary of 3032423 Nova Scotia Company

<sup>(15)</sup>Subsidiary of Equifax Luxembourg (No. 2) S.À.R.L.

<sup>(16)</sup>Subsidiary of Equifax Luxembourg S.A.

<sup>(17)</sup>Subsidiary of Equifax Italy Holdings, Srl.

<sup>(18)</sup>Subsidiary of Equifax Finance (2), Inc.

<sup>(19)</sup>Subsidiary of Equifax (Isle of Man) Ltd.

<sup>(20)</sup>Subsidiary of 3651754 Canada Inc.

<sup>(21)</sup>Subsidiary of Equifax Consumer Services, Inc.

<sup>(22)</sup>Subsidiary of Naviant, Inc.

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in the Registration Statements Equifax Inc. listed below of our report dated January 22, 2003, with respect to the consolidated financial statements of Equifax Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended December 31, 2002.

1. Registration Statement on Form S-8 pertaining to the Equifax Inc. Omnibus Stock Incentive Plan (File No. 33-34640);
2. Registration Statement on Form S-8 pertaining to the Equifax Inc. Employee Stock Incentive Plan (File No. 33-58734);
3. Registration Statement on Form S-8 pertaining to the Equifax, Inc. 1995 Employees Stock Incentive Plan (File No. 33-58627);
4. Registration Statement on Form S-8 pertaining to the Equifax Inc. Omnibus Incentive Plan and Employee Stock Incentive Plan: to be funded in part through the Equifax Inc. Employees Stock Benefits Trust (File No. 33-86978);
5. Registration Statement on Form S-8 pertaining to the Equifax Inc. Omnibus Incentive Plan and Employee Stock Incentive Plan to be funded in part through the Equifax Inc. Employees Stock Benefits Trust (File No. 33-71200);
6. Registration Statement on Form S-8 pertaining to the Equifax Inc. Global Stock Sale Program: to be funded in part through the Equifax Inc. Employees Stock Benefits Trust (File No. 333-52203);
7. Registration Statement on Form S-8 pertaining to the Equifax Inc. Employee Special Recognition Bonus Award Plan: to be funded in part through the Equifax Inc. Employees Stock Benefits Trust (File No. 333-52201);
8. Registration Statement on Form S-8 pertaining to the Equifax Inc. Non-Employee Director Stock Option Plan (File No. 333-68421);
9. Registration Statement on Form S-8 pertaining to the Equifax Inc. 1995 Employees Stock Incentive Plan (File No. 333-68477);
10. Registration Statement on Form S-8 pertaining to the Equifax Inc. 2000 Stock Incentive Plan (File No. 333-48702);
11. Registration Statement on Form S-8 pertaining to the Equifax Inc. 401(k) Plan (File No. 333-97875);
12. Registration Statement on Form S-3 pertaining to the acquisition of Commercial Data Center (File No. 333-54764);
13. Registration Statement of Form S-4 pertaining to the 4.95% Notes Due 2007 with an aggregate principal of \$250,000,000. (File No. 333-101701).

/s/ ERNST & YOUNG LLP

Atlanta, Georgia  
March 28, 2003

**NOTICE REGARDING CONSENT OF ARTHUR ANDERSEN LLP**

Section 11(a) of the Securities Act of 1933, as amended (the "Securities Act"), provides that if any part of a registration statement at the time such part becomes effective contains an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may sue, among others, every accountant who has consented to be named as having prepared or certified any part of the registration statement, or as having prepared or certified any report or valuation which is used in connection with the registration statement, with respect to the statement in such registration statement, report or valuation which purports to have been prepared or certified by the accountant.

This Annual Report on Form 10-K is incorporated by reference into Registration Statement File Nos. 33-34640; 33-58734; 33-86978; 33-58607; 33-86978; 33-71200; 333-52203; 333-52201; 333-68421; 333-68477; 333-48702; 333-04583; 333-97875 on Form S-8, No. 333-101701 on Form S-4 and No. 333-54764 on Form S-3 (collectively, the "Registration Statements") of Equifax Inc. ("Equifax") and, for purposes of determining any liability under the Securities Act, is deemed to be a new registration statement for each Registration Statement into which it is incorporated by reference.

As recommended by Equifax's Audit Committee, Equifax's Board of Directors on March 28, 2002 decided to dismiss Arthur Andersen LLP ("Andersen") as Equifax's independent accountants. See Equifax's Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on April 3, 2002, and the information reported in our Current Report on Form 8-K/A filed with the SEC on April 9, 2002 for more information. After reasonable efforts, Equifax has been unable to obtain Andersen's written consent to the incorporation by reference into the Registration Statements of its audit reports with respect to Equifax's financial statements as of and for the fiscal years ended December 31, 2001 and 2000.

Under these circumstances, Rule 437a under the Securities Act permits Equifax to file this Form 10-K without a written consent from Andersen. However, as a result, with respect to transactions in Equifax securities pursuant to the Registration Statements that occur subsequent to the date this Annual Report on Form 10-K is filed with the SEC, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act because it has not consented to the incorporation by reference of its previously issued reports into the Registration Statements. To the extent provided in Section 11(b)(3)(C) of the Securities Act, however, other persons who are liable under Section 11(a) of the Securities Act, including Equifax's officers and directors, may still rely on Andersen's original audit reports as being made by an expert for purposes of establishing a due diligence defense under Section 11(b) of the Securities Act.



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

I, Thomas F. Chapman, Chief Executive Officer of Equifax Inc. (the "Company") do hereby certify in connection with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (the "Report"), (i) that the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and (ii) that the information contained in the Report fairly represents, in all material respects, the financial condition and results of operation of the Company.

/s/ THOMAS F. CHAPMAN

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**Thomas F. Chapman**  
Chairman and Chief Executive Officer

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

I, Donald T. Heroman, Corporate Vice President and Chief Financial Officer of Equifax Inc. (the "Company") do hereby certify in connection with the Company's Annual Report on Form 10-K for the fiscal ended December 31, 2002 (the "Report"), (i) that the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and (ii) that the information contained in the Report fairly represents, in all material respects, the financial condition and results of operation of the Company.

/s/ DONALD T. HEROMAN

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**Donald T. Heroman**  
Corporate Vice President and Chief Financial Officer