

## 1.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Nature of Operations.** We collect, organize and manage various types of financial, demographic and marketing information. Our products and services enable businesses to make credit and 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 4,600 employees worldwide.

Our products and services are categorized as follows: Information Services, Marketing Services and Personal Solutions. 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 Personal Solutions products and services provide information to consumers which 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 proprietary information management systems and make it available to our customers in virtually any medium or format they choose.

**Basis of Consolidation.** Our Consolidated Financial Statements and the accompanying notes, which are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), include Equifax and all subsidiaries. We consolidate all majority-owned and controlled subsidiaries as well as variable interest entities in which we are the primary beneficiary as defined by Financial Accounting Standards Board (“FASB”) Interpretation No. 46R, “Consolidation of Variable Interest Entities, an interpretation of ARB No. 51.” We did not participate in any variable interest entities for all periods presented. Other parties’ interests in consolidated entities are reported as minority interests. We use the equity method of accounting for investments in which we are able to exercise significant influence and use the

cost method for all other investments. All significant intercompany transactions and balances are eliminated.

Certain prior year amounts have been reclassified to conform to current year presentation. The effect of certain of these reclassifications is not material. We have reclassified certain prior year amounts related to the presentation of intangible assets on the Consolidated Balance Sheets and financing activities within the Consolidated Statements of Cash Flows. For information about our intangible asset reclassification, see Note 3 of the Notes to Consolidated Financial Statements. As for the Consolidated Statements of Cash Flows, we have reclassified all borrowing and payment activity related to our long-term revolving credit facilities for all years presented to one line item within financing activities to provide better visibility to the related activity. This activity is recorded in net borrowings (payments) under long-term revolving credit facilities on our Consolidated Statements of Cash Flows.

**Segments.** We manage our business globally through the following three reporting segments: North America, Europe and Latin America. North America, which includes Canada, is our largest reporting segment with 81% of total revenue in 2005. Our foreign operations are principally located in Canada, the United Kingdom (“U.K.”) and Brazil.

**Use of Estimates.** The preparation of our Consolidated Financial Statements requires us to make estimates and assumptions in accordance with GAAP. Accordingly, we make these estimates and assumptions after exercising judgment and we believe that the estimates and assumptions inherent in our Consolidated Financial Statements are reasonable, based upon information available to us at the time they are made. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

**Revenue Recognition and Deferred Revenue.** We recognize revenue in accordance with the Securities and Exchange Commission’s Staff Accounting Bulletin (“SAB”) No. 104, “Revenue Recognition,” and other applicable revenue recognition authoritative guidance. We recognize revenue when persuasive evidence of an arrangement exists, for which the corresponding products have been delivered or services have been rendered, the pricing is either fixed or determinable, and collectibility of the fee arrangement is reasonably assured. We consider the earnings process to be completed when we have fulfilled our specific obligations under the contract as demonstrated by evidence of product delivery or rendering of services.

Most of our revenues are based upon transactional activity generated by customers' access to, or queries of, our proprietary databases. Revenues are typically usage-based and incorporate predetermined volume-tiered unit pricing. A small portion of our revenue is related to subscription-based contracts under which the customer pays a flat fee for a preset or unlimited volume of transactions or services. Revenue recognition for subscription arrangements containing a preset unit volume limitation is based upon applying an effective unit rate to actual units fulfilled; residual revenue related to any unfulfilled units is not recognized until the end of the contract's subscription period. Revenue for subscription arrangements with an unlimited unit volume is recognized by allocating the contract's subscription fee on a straight-line basis over the contract's subscription period.

In conjunction with certain products and services, we charge non-refundable set-up and membership fees which are recognized on a straight-line basis over the term of the contract. Revenue from the sale of decision or statistical models is recognized upon delivery and customer acceptance.

Some of our sales contracts contain multiple elements pertaining to the delivery of distinct products and services such as decisioning models, prescreening services, and database management services. These deliverables are divided into separate units of accounting to which we allocate the contract revenues based on specific and objective evidence of their relative fair values. The individual deliverables are independent of each other and can be sold on a stand-alone basis without affecting their usefulness to the customer. If the relative fair value cannot be determined for a particular deliverable, then the associated component of the total arrangement fee is deferred and combined with the amount allocable to the applicable undelivered element(s) of the arrangement and recognized when those elements have been delivered and accepted by the customer. Generally, failure to satisfy a specific element in the arrangement does not result in the cancellation of the entire contract but rather would result in a pro rata refund to the customer.

Deferred revenue represents the liability for amounts billed in advance of service delivery. Current deferred revenue represents services expected to be provided within the next twelve months. Current deferred revenue totaled \$49.2 million and \$33.8 million, respectively at December 31, 2005 and 2004 on our Consolidated Balance Sheets. In conjunction with the divestiture of our risk management collections businesses in the U.S. and Canada in October 2000, 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. At December 31, 2005 and 2004, \$4.3 million and \$10.1 million, respectively, remained unrecognized, with \$2.5 million and \$7.7 million, respectively, 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. For additional information about this deferred revenue and the related agreement, see Note 5 of the Notes to Consolidated Financial Statements.

**Cost of Services.** Costs of services consist primarily of (1) data acquisition and royalties fees; (2) 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; (3) hardware and software expense associated with transaction processing systems; (4) telecommunication and computer network expense; and (5) occupancy costs associated with facilities where these functions are performed.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses consist primarily of personnel related costs, fees for professional and consulting services, and advertising costs.

**Advertising.** Advertising costs are expensed as incurred and totaled \$28.1 million in 2005, \$15.7 million in 2004 and \$4.6 million in 2003.

**Income Taxes.** In accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," we account for income taxes under the liability method. Deferred income tax assets and liabilities are determined based on the estimated future tax effects of temporary differences between the financial statement and tax bases of assets and liabilities, as measured by current enacted tax rates. We periodically assess whether it is more likely than not that we will generate sufficient taxable income to realize our deferred tax assets. We record a valuation allowance, as necessary, to reduce our deferred tax assets to the amount of future tax benefit that we estimate is more likely than not to be realized. We believe that our estimates are reasonable, however, the final outcome of tax matters may be different than the estimates reflected in our Consolidated Financial Statements.

Our income tax provisions are based on assumptions and calculations which will be subject to examination by various tax authorities. We record tax benefits for positions that we believe are probable of being sustained under such examinations. Regularly, we assess the potential outcome of such examinations to determine the adequacy of our income tax accruals. We adjust our income tax provision during the period in which we determine that the actual results of the examinations may differ from our estimates. Changes in tax laws and rates are reflected in our income tax provision in the period in which they occur. For additional information about income taxes, see Note 6 of the Notes to Consolidated Financial Statements.

**Earnings Per Share.** In accordance with SFAS No. 128, "Earnings per Share," our basic earnings per share ("EPS") is calculated as income from continuing operations or net income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated to reflect the potential dilution that would occur if stock options or other contracts to issue common stock were exercised and resulted in additional common shares outstanding. The income amounts used in both our basic and diluted EPS calculations are the same. A reconciliation of the weighted average outstanding shares used in the two calculations is as follows:

<i>(in millions)</i>	2005	2004	2003
Weighted average shares outstanding (basic)	129.7	131.3	134.5
Effect of dilutive securities:			
Stock options	2.1	1.6	2.0
Long-term incentive plans	0.4	0.6	0.2
Weighted average shares outstanding (diluted)	132.2	133.5	136.7

**Cash Equivalents.** We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Trade Accounts Receivable and Allowance for Doubtful Accounts.** We do not recognize interest income on our trade accounts receivable. Additionally, we do not require collateral from our customers related to our trade accounts receivable.

The allowance for doubtful accounts for estimated losses on trade accounts receivable is based on historical write-off experience, an analysis of the aging of outstanding receivables, customer payment patterns and the establishment of specific reserves for customers in adverse financial condition or for existing contractual disputes wherein we are not assured of a favorable outcome. We reassess the adequacy of the allowance for doubtful accounts receivable each reporting period. Increases to the allowance for doubtful accounts are recorded as bad debt expense and are included in selling, general and administrative expenses on the accompanying Consolidated Statements of Income. Bad debt expense was \$4.3 million, \$2.9 million, and \$8.8 million during the years ended December 31, 2005, 2004 and 2003, respectively.

**Long-Lived Assets.** Property and equipment are stated at cost less accumulated depreciation. The cost of additions is capitalized. Property and equipment are depreciated primarily on a straight-line basis over estimated assets' useful lives, which are generally three to ten years for data processing equipment and capitalized internal-use software and systems costs. Leasehold improvements are depreciated over the shorter of their estimated useful lives, not to exceed lease terms, or lease terms that are

reasonably assured. Other fixed assets are depreciated over three to seven years.

Certain internal use software and system development costs are deferred and capitalized in accordance with American Institute of Certified Public Accountants Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," and Emerging Issues Task Force ("EITF") 97-13, "Accounting for Costs Incurred with a Business Process Reengineering Project." Accordingly, the specifically identified costs incurred to develop or obtain software and accompanying hardware which is intended for internal use are not capitalized until the determination is made as to the availability of a technically feasible solution to solve the pre-defined user and operating performance requirements as established during the preliminary stage of an internal use software development project. Costs incurred during a software development project's preliminary stage are expensed. Application development activities which are eligible for capitalization include software design and configuration, development of interfaces, coding, testing, installation and the development of training materials. Costs of business process reengineering are expensed as incurred. We monitor the activities undertaken in our various software and systems development projects and analyze the associated costs, making appropriate distinction between and accounting for costs to be capitalized and costs to be expensed. Capitalized internal-use software and systems costs are subsequently amortized on a straight-line basis over a three to ten year period after project completion and when the related software or system is ready for its intended use. Amortization expense related to capitalized internal-use software and system costs totaled \$21.2 million, \$21.9 million and \$28.2 million during the twelve months ended December 31, 2005, 2004 and 2003, respectively.

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets to be Disposed Of," ("SFAS No. 144"), we monitor the status of our long-lived assets annually or more frequently if necessary, in order to determine if conditions exist or events and circumstances indicate that an asset may be impaired in that its carrying amount may not be recoverable. Significant factors that are considered that could be indicative of an impairment include: changes in business strategy, market conditions or the manner in which an asset is used; underperformance relative to historical or expected future operating results; and negative industry or economic trends. If potential indicators of impairment exist, we estimate recoverability based on the asset's ability to generate cash flows greater than the carrying value of the asset. We estimate the undiscounted future cash flows arising from the use and eventual disposition of the related long-lived asset or asset group. If the carrying value of the long-lived asset or asset group exceeds the estimated future undiscounted cash flows, an impairment loss is recorded based on the amount by which the asset's or asset group's carrying

amount exceeds its fair value. We generally utilize the discounted future estimated cash flows to determine the asset's or asset group's fair value. For additional information about the impairment charges recorded in 2004 and 2003, see Note 10 of the Notes to the Consolidated Financial Statements.

**Goodwill and Indefinite-Lived Intangible Assets.** Goodwill represents the cost in excess of the fair value of the net assets of acquired businesses. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"), goodwill is tested for impairment at the reporting unit level on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. We perform our annual goodwill impairment test as of September 30th. In analyzing goodwill for potential impairment, we use projections of future discounted cash flows from our reporting units to determine whether the reporting unit's estimated fair value exceeds its carrying value. Our estimates of fair value for each reporting unit are corroborated by market multiple comparables. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. However, if a reporting unit's fair value is less than its carrying value, we then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the reporting unit's goodwill exceeded its implied value. In accordance with SFAS No. 142, we are required to test goodwill at the reporting unit level as defined by reference to our operating segments determined under SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." We have five reporting units for which we test goodwill for impairment: Information Services, Marketing Services, Personal Solutions, Europe and Latin America.

Contractual/territorial rights represent the estimated fair value of rights to operate in certain territories acquired through the purchase of independent credit reporting agencies in the U.S. and Canada. Our contractual/territorial rights are perpetual in nature and, therefore, the useful lives are considered indefinite. Indefinite-lived intangible assets are not amortized. In accordance with SFAS No. 142, we are required to test indefinite-lived intangible assets, consisting of contractual/territorial rights, for impairment annually or whenever events and circumstances indicate that there may be an impairment of the asset value. Our annual impairment test date is September 30th. We perform the impairment test for our indefinite-lived intangible assets by comparing the asset's fair value to its carrying value. We estimate the fair value based on projected discounted future cash flows. An impairment charge is recognized if the asset's estimated fair value is less than its carrying value.

For additional information about our goodwill and contractual/territorial rights, see Note 3 of the Notes to Consolidated Financial Statements.

**Purchased Intangible Assets.** Purchased intangible assets represent the estimated fair value of acquired intangible assets used in our products and services. Purchased data files represent the estimated fair value of files acquired primarily through the purchase of independent credit reporting agencies in the U.S. and Canada. We expense the cost of modifying and updating credit files in the period such costs are incurred. We generally amortize purchased data files, which primarily consist of acquired credit files, over 15 years on a straight-line basis. Other data files, such as marketing data files, are amortized over their useful lives which are generally much shorter than credit files. Acquired software is typically amortized over a period of three to seven years and non-compete agreements are amortized over a period of two to three years. All of our purchased intangible assets are amortized on a straight-line basis. For additional information about our purchased intangible assets, see Note 3 of the Notes to Consolidated Financial Statements.

**Other Assets.** Other assets on our Consolidated Balance Sheets primarily represents life insurance cash surrender value, purchased software, net, employee benefit trust assets and data purchases, net. As of December 31, 2005 and 2004, accumulated amortization balances, related to certain amortizable other assets, were \$33.2 million and \$31.3 million, respectively. Amortization expense for certain amortizable other assets was \$10.0 million, \$8.0 million and \$17.6 million during the years ended December 31, 2005, 2004 and 2003, respectively, which is recorded in depreciation and amortization on the Consolidated Statements of Income. See "Long-Lived Assets" for impairment analysis policy.

**Foreign Currency Translation.** The functional currency of each of our foreign subsidiaries is that subsidiary's local currency. We translate the assets and liabilities of foreign subsidiaries at the year-end rate of exchange, and revenue and expenses at the average rates prevailing during the year. We record the resulting translation adjustment as a component of shareholders' equity. We also record gains and losses resulting from the translation of inter-company balances of a long-term investment nature in accumulated other comprehensive loss, a component of shareholders' equity. We record foreign currency transaction gains and losses, which are not material for all periods presented, in the Consolidated Statements of Income.

**Accounting for Stock-Based Compensation.** In accordance with the accounting and disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" ("SFAS No. 148"), we have elected to apply the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB

No. 25"), and related interpretations in accounting for our stock option and performance share plans. Accordingly, no stock option compensation expense is recognized in our Consolidated Statements of Income since all stock options granted had an exercise price equal to the fair value of the underlying common stock on the grant date.

We have computed the pro forma disclosures required under SFAS No. 123 and SFAS No. 148. The fair value of options granted during the twelve months ended 2005, 2004 and 2003 is estimated on the date of grant using the Black-Scholes option pricing model. The following table includes the weighted-average

assumptions used in estimating the fair values and the resulting weighted-average fair value of a stock option granted in the periods presented:

	2005	2004	2003
Dividend yield	0.5%	0.5%	0.4%
Expected volatility	33.0%	36.3%	40.7%
Risk-free interest rate	3.8%	3.6%	1.1%
Expected life in years	4.5	4.5	2.8
Weighted-average fair value of a stock option granted	\$9.81	\$8.75	\$5.59

The following table shows what our net income and earnings per share would have been for the twelve months ended December 31, 2005, 2004 and 2003, had we accounted for our stock-based compensation plans under the fair value method prescribed by SFAS No. 123, as amended by SFAS No. 148, utilizing the assumptions in the table above:

	Twelve Months Ended December 31,		
	2005	2004	2003
<i>(in millions, except per share data)</i>			
Net income, as reported	\$246.5	\$234.7	\$164.9
Add: Total stock-based employee compensation expense, net of related tax effect, included in reported net income	5.2	1.5	2.3
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	(7.2)	(6.4)	(14.4)
Pro forma net income	\$244.5	\$229.8	\$152.8
Earnings per share:			
Basic – as reported	\$ 1.90	\$ 1.79	\$ 1.23
Basic – pro forma	\$ 1.88	\$ 1.75	\$ 1.14
Diluted – as reported	\$ 1.86	\$ 1.76	\$ 1.21
Diluted – pro forma	\$ 1.85	\$ 1.72	\$ 1.12

**Derivative Instruments and Hedging Activities.** We enter into hedging transactions in order to reduce financial volatility and manage the fixed-floating mix of our debt portfolio. We do not enter into derivative transactions for speculative purposes. In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," we measure the effectiveness of our derivatives at the inception of a hedge and on-going thereafter. We discontinue hedge accounting prospectively when (1) we determine that the derivative is no longer an effective hedge, (2) the derivative instrument expires, is sold or terminated, or (3) we determine that designating the derivative as a hedge is no longer appropriate.

We recognize derivatives as assets or liabilities on our Consolidated Balance Sheets at fair value, and the gain or loss related to the effective portion of derivatives designated as cash flow hedges as a component of other comprehensive income. As of December 31, 2005, the only hedging transaction to which

we were a counterparty consisted of an interest rate swap agreement.

At December 31, 2005, we had a \$29.0 million notional amount floating-to-fixed interest rate swap agreement with a bank counterparty that fixes the interest rate on a \$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 No. 133, is fully effective, and at December 31, 2005 and 2004, was marked to market and valued as a liability totaling \$1.6 million and \$3.1 million, respectively. We determine the fair value of our interest rate swap derivative through markets quotes obtained from the counterparty bank. This liability is recorded in other current liabilities and the related loss of \$1.0 million, \$1.8 million and \$2.3 million at December 31, 2005, 2004 and 2003, respectively, is recorded, net of tax, in accumulated other comprehensive loss on the Consolidated Balance Sheets. The termination of the lease, whenever that occurs, of our headquarters building will result in the reclassification of accumulated other comprehensive loss into earnings

for the cash flow hedge. We do not expect to reclassify any amounts into earnings in 2006.

During the year ended December 31, 2005, our interest rate swap agreements with bank counterparties to float the interest rate on \$250.0 million of our fixed rate senior unsecured notes matured. These derivatives were designated as fair value hedges and were fully effective. The value of these swaps was \$5.6 million at December 31, 2004 and is recorded in other current assets with a corresponding increase in short-term debt and current maturities on the Consolidated Balance Sheets. Changes in the fair value of these swaps and that of the related debt were recorded in interest expense in the accompanying Consolidated Statements of Income, the net of which is zero in 2005, 2004 and 2003.

**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 the short-term nature of these instruments. As of December 31, 2005 and 2004, the fair value of our long-term, fixed rate debt, excluding current maturities, (determined primarily by broker quotes) was \$412.4 million and \$426.3 million compared to its carrying value, net of discount, of \$398.8 million and \$398.5 million, respectively.

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

In March 2005, the SEC issued SAB No. 107, "Share-Based Payment" ("SAB No. 107"), which expressed the views of the SEC regarding the interaction between SFAS No. 123R and certain SEC rules and regulations. SAB No. 107 provides guidance related to the valuation of share-based payment arrangements for public companies, including assumptions such as expected volatility and expected term.

We adopted SFAS No. 123R in January 2006, which applies to all of our outstanding unvested share-based payment awards as of January 1, 2006 and all prospective awards. We elected to use the modified prospective transition method as opposed to the modified retrospective transition method. Under the modified prospective transition method, financial statements prior to adoption remain unchanged. The following discusses several other elections we made as a result of adopting SFAS No. 123R:

- For our pro forma disclosures under SFAS No. 123, we used the Black-Scholes option pricing model. Upon the adoption of SFAS No. 123R, we will compute the fair value of options granted on or after January 1, 2006 using the binomial model. Additionally, based on the guidance in SAB 107 we will change our expected volatility assumption used in the binomial model. We will revisit all assumptions at each grant date. The fair value of stock options granted prior to the adoption of SFAS No. 123R calculated using the Black-Scholes model will remain unchanged.
- Forfeitures under SFAS No. 123 were recognized when they occurred. SFAS No. 123R, however, requires forfeitures to be estimated at the grant date. Accordingly, compensation cost will be recognized based on the number of awards expected to vest. There may be adjustments in future periods if actual forfeitures differ from our estimates. For nonvested shares granted prior to our adoption of SFAS No. 123R, we recorded a cumulative catch-up adjustment in January 2006 related to estimated forfeitures. This adjustment was not material to our Consolidated Financial Statements.
- Generally, our stock options have graded vesting, while our nonvested shares have cliff vesting. SFAS No. 123R permits entities to elect between the accelerated recognition method or straight-line recognition method for recognizing compensation cost related to awards with graded vesting based on a service condition. Consistent with our prior practice, we intend to continue to apply the accelerated recognition method related to awards with graded vesting, which results in more compensation cost early in the vesting period.

Upon the adoption of SFAS No. 123R, we began recognizing compensation cost related to new stock-based awards from the grant date through the date the employee is eligible to receive the award without further service, such as when the employee becomes retirement eligible, which may be shorter than the stated vesting period ("New Policy"). For stock-based awards granted prior to the adoption of SFAS No. 123R with accelerated vesting terms, we recognized compensation cost over the stated vesting period; this recognition policy will continue for any such awards that are unvested at the time of adoption. If we had recognized compensation cost related to all stock-based awards granted in prior periods under the New Policy in our pro forma disclosures, the compensation cost and earnings per share amounts

would not have been materially different than our historical pro forma disclosures.

We estimate that the adoption of SFAS No. 123R will reduce our 2006 fully diluted earnings per share on a consolidated basis by approximately \$0.05. This estimate, however, is subject to change based on a number of factors, including without limitation the number, terms and conditions of new stock awards and the fair value at date of grant of such awards. For additional information about our stock-based compensation plans, see Note 7 of the Notes to Consolidated Financial Statements.

On October 22, 2004, the American Jobs Creation Act was signed into law. In December 2004, Financial Accounting Standards Board Staff Position No. 109-2 "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("FSP 109-2") was issued. FSP 109-2 specifically addresses the one-time deduction of 85% of certain foreign earnings that are repatriated. We did not elect to apply this provision to qualifying earnings repatriations.

## 2. ACQUISITIONS

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

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

Also during 2005, in order to continue to grow our credit data business, we acquired the credit files, contractual rights to territories (generally states or integration areas) and customer relationships and related businesses of two independent credit reporting agencies in the U.S. (also referred to as "Affiliates") and one in Canada that house their consumer information on our system.

The acquisitions in 2005 were accounted for as purchases in accordance with SFAS No. 141, "Business Combinations," and had a total cash purchase price of \$129.1 million. The

purchase of one U.S. Affiliate was paid for primarily with the issuance of 0.4 million shares of Equifax treasury stock. The value of the shares was \$14.7 million on the date of issuance and the number of shares issued was based on the terms of the acquisition agreement. The results of operations for these acquisitions have been included in the accompanying Consolidated Statements of Income from the date of acquisition, and are not material.

During 2004, in order to continue to grow our credit data business, we acquired two Affiliates located in the U.S. and one Affiliate located in Canada that house their consumer information on our system. We acquired these businesses for a total of \$17.4 million in cash. The results of operations for these acquisitions have been included in the accompanying Consolidated Statements of Income from the date of acquisition, and are not material.

During 2003, we acquired three Affiliates located in the U.S. and one Affiliate located in Canada, that house their consumer information on our system, in order to continue to grow our credit data business. Additionally, in April 2003, we completed the purchase of an eMarketing business for \$10.0 million. We acquired all of these businesses for \$41.0 million in cash and \$1.9 million in liabilities. In the case of the eMarketing business, the preliminary purchase price allocation did not include the involuntary termination of certain employees of the acquired company during 2004. The results of operations for these acquisitions have been included in our Consolidated Statements of Income from the date of acquisition, and are not material.

The following table summarizes the estimated fair value of the net assets acquired and the liabilities assumed at the acquisition dates. These allocations are considered final, except for those related to BeNow which are preliminary estimates that will be finalized upon agreement with the sellers regarding working capital adjustments.

<i>(in millions)</i>	2005	2004
Current assets	\$ 27.7	\$ -
Property and equipment	4.8	-
Other assets	2.9	-
Purchased data files <sup>(1)</sup>	15.1	11.7
Acquired software <sup>(1)</sup>	29.0	-
Customer relationships <sup>(1)</sup>	13.0	-
Other purchased intangible assets	2.3	1.6
Contractual/territorial rights <sup>(1)</sup>	17.2	4.0
Goodwill <sup>(2)</sup>	66.3	0.1
Total assets acquired	178.3	17.4
Total liabilities	(34.5)	-
Net assets acquired	<b>\$143.8</b>	<b>\$17.4</b>

(1) The useful lives for these purchased intangible assets are consistent with those discussed in Note 1 to the Notes to Consolidated Financial Statements.

(2) Substantially all of the goodwill resulting from acquisitions in 2005 is not tax deductible.

The primary reason that the purchase price of certain of these acquisitions exceeded the fair value of the net assets acquired, which resulted in the recognition of goodwill, is that we were broadening and further strengthening capabilities that we did not have internally. Accordingly, these acquisitions allowed us to obtain the workforce and access to market segments that complement our strengths.

The following unaudited pro forma information represents consolidated results of operations as if the 2005 acquisitions had occurred at the beginning of each year presented. The pro forma amounts may not necessarily be indicative of the operating revenues and results of operations had the acquisitions actually taken place at the beginning of each year presented. Furthermore, the pro forma information may not be indicative of future performance. The impact of 2004 and 2003 acquisitions, if they had occurred at the beginning of each year presented, would not have significantly changed our consolidated results of operations.

	Twelve Months Ended December 31,			
	2005		2004	
<i>(in millions, except per share data)</i>	As Reported	Pro Forma	As Reported	Pro Forma
Revenues	\$1,443.4	\$1,460.2	\$1,272.8	\$1,308.2
Income from continuing operations	\$ 246.5	\$ 248.1	\$ 237.3	\$ 241.4
Net income	\$ 246.5	\$ 248.1	\$ 234.7	\$ 238.8
Income from continuing operations per share (basic)	\$ 1.90	\$ 1.91	\$ 1.81	\$ 1.84
Income from continuing operations per share (diluted)	\$ 1.86	\$ 1.88	\$ 1.78	\$ 1.81
Net income per share (basic)	\$ 1.90	\$ 1.91	\$ 1.79	\$ 1.82
Net income per share (diluted)	\$ 1.86	\$ 1.88	\$ 1.76	\$ 1.79

### 3.

#### GOODWILL AND INTANGIBLE ASSETS

**Goodwill and Indefinite-Lived Intangible Assets.** We have reclassified the accompanying Consolidated Balance Sheets to combine intangible assets which are not amortized in accordance with SFAS No. 142, including goodwill and contractual/territorial rights, into goodwill and indefinite-lived intangible assets. The remaining definite-lived intangible assets are included in purchased intangible assets, net on the accompanying Consolidated Balance Sheets. In addition, we have reclassified \$37.0 million and \$36.8 million at December 31, 2005 and 2004, respectively, to contractual/territorial rights, previously recorded in goodwill for certain prior year affiliate acquisitions, to better reflect the underlying nature of the acquired intangible assets.

Goodwill allocated to our reporting units at December 31, 2003, and changes in the carrying amount of goodwill for the twelve months ended December 31, 2005 and 2004, are as follows:

<i>(in millions)</i>	Information Services	Marketing Services	Personal Solutions	European Operations	Latin American Operations	Corporate	Total
Balance, December 31, 2003	\$171.6	\$280.3	\$1.8	\$107.4	\$124.5	\$5.9	\$691.5
Acquisitions	0.1	-	-	-	-	-	0.1
Adjustments to initial purchase price allocation	-	(4.4)	-	0.9	-	-	(3.5)
Foreign currency translation	3.6	-	-	9.3	9.7	-	22.6
Balance, December 31, 2004	175.3	275.9	1.8	117.6	134.2	5.9	710.7
Acquisitions	54.2	12.1	-	-	-	-	66.3
Adjustments to initial purchase price allocation	1.7	1.5	-	-	5.5	-	8.7
Foreign currency translation	1.6	-	-	(12.2)	16.1	-	5.5
Balance, December 31, 2005	\$232.8	\$289.5	\$1.8	\$105.4	\$155.8	\$5.9	\$791.2

Contractual/territorial rights at December 31, 2003 and changes in the carrying amounts for the twelve months ended December 31, 2005 and 2004, are as follows:

<i>(in millions)</i>	Amount
Balance, December 31, 2003	\$73.8
Acquisitions	4.0
Balance, December 31, 2004	77.8
Acquisitions	17.2
Balance, December 31, 2005	<b>\$95.0</b>

As discussed in Note 1, SFAS No. 142 requires that goodwill and indefinite-lived intangible assets be tested for impairment at least on an annual basis. Accordingly, we performed our annual impairment tests as of September 30, 2005, which resulted in no impairment of our reporting units' goodwill or our contractual/territorial rights. There were no impairment charges related to goodwill or contractual/territorial rights in 2005, 2004 or 2003.

**Purchased Intangible Assets.** Purchased intangible assets, net recorded on the accompanying Consolidated Balance Sheets at December 31, 2005 and 2004, are as follows:

<i>(in millions)</i>	2005			2004		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Definite-lived intangible assets:						
Purchased data files	\$398.9	\$(176.2)	\$222.7	\$405.4	\$(171.7)	\$233.7
Acquired software	38.7	(12.0)	26.7	10.4	(8.2)	2.2
Non-compete agreements	11.9	(9.2)	2.7	11.7	(7.3)	4.4
Customer relationships	11.4	(0.7)	10.7	-	-	-
Purchased trademarks	0.8	(0.2)	0.6	-	-	-
Total definite-lived intangible assets	<b>\$461.7</b>	<b>\$(198.3)</b>	<b>\$263.4</b>	\$427.5	\$(187.2)	\$240.3

Amortization expense related to definite-lived purchased intangible assets was \$31.7 million, \$36.2 million and \$51.8 million for 2005, 2004 and 2003, respectively. For additional information about the useful lives related purchased intangible assets, see Note 1 of the Notes to Consolidated Financial Statements. Estimated future amortization expense related to definite-lived purchased intangible assets at December 31, 2005 is as follows:

<i>(in millions)</i>	Amount
Years Ending December 31,	
2006	\$ 30.8
2007	28.6
2008	27.9
2009	27.2
2010	27.0
Thereafter	121.9
	<b>\$263.4</b>

#### 4. DEBT

Debt at December 31, 2005 and 2004 was as follows:

<i>(in millions)</i>	December 31,	
	2005	2004
Notes, 4.95%, due November 2007	\$250.0	\$250.0
Debentures, 6.9%, due July 2028	150.0	150.0
Notes, 6.3%, due July 2005	-	250.0
Trade receivables-backed revolving credit facility, weighted-average rate of 3.9% in 2005	88.0	-
Borrowings under U.S. revolving credit facilities, weighted-average rate of 4.1% in 2005	65.0	-
Other	4.4	5.8
Total debt	557.4	655.8
Less short-term debt and current maturities	(92.3)	(255.7)
Less unamortized discounts	(1.3)	(1.6)
Total long-term debt	<b>\$463.8</b>	<b>\$398.5</b>

On July 1, 2005, we redeemed \$250.0 million principal amount of our 6.3% senior unsecured notes, by utilizing borrowings of \$165.0 million under our U.S. senior unsecured revolving credit agreement and \$85.0 million under our trade receivables-backed revolving credit facility. A portion of the borrowings under our U.S. senior unsecured revolving credit agreement was subsequently repaid.

Scheduled future maturities of debt at December 31, 2005, are as follows:

<i>(in millions)</i>	
Years Ending December 31,	Amount
2006	\$ 92.3
2007	250.1
2008	–
2009	65.0
2010	–
Thereafter	150.0
	<u>\$557.4</u>

In August 2004, we entered into a five-year, \$500.0 million senior unsecured revolving credit agreement. This facility provides for a variable interest rate tied to a Base Rate, London InterBank Offered Rate (“LIBOR”) plus a specified margin or competitive bid options. We also pay an annual facility fee on the total amount of the facility, regardless of borrowings. This facility replaces a \$465.0 million revolving credit facility. Under our senior credit agreement, we must comply with various financial and non-financial covenants. The financial covenants require us to maintain a (1) maximum leverage ratio, consolidated funded debt divided by consolidated EBITDA (as defined by the agreement) from the preceding four quarters of not more than 3.0 to 1.0 (raised to 3.25 to 1.0 for four fiscal quarters if the CSC put option described in Note 5 is exercised) and (2) minimum interest coverage ratio of consolidated EBITDA (as defined by the agreement) for the preceding four quarters divided by consolidated interest expense for the preceding four quarters, of not less than 4.0 to 1.0. Compliance with these financial covenants is tested quarterly on a rolling four quarters basis. The non-financial covenants include limitations on liens, cross defaults subsidiary debt, mergers, liquidations, asset dispositions and acquisitions. As of December 31, 2005, we were in compliance with our covenants under the senior credit agreement.

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. This facility restricts our ability to pay cash dividends on our capital stock or repurchase capital stock if the total amount of such payments in any fiscal year would exceed 20 percent of our

consolidated total assets measured as of the end of the preceding fiscal year. As of December 31, 2005, \$435.0 million was available and there were outstanding borrowings of \$65.0 million under this facility.

In September 2004, we entered into a trade receivables-backed revolving credit facility. Under the terms of the transaction, a wholly-owned subsidiary of Equifax may borrow up to \$125.0 million, subject to borrowing base availability and other terms and conditions. We generally use the net proceeds received from the sale of our trade receivables to our subsidiary for general corporate purposes and acquisitions. The credit facility has an expiration date of September 5, 2006, as amended, but may be extended for an additional period of up to two years if specified conditions are satisfied. Borrowings bear interest at commercial paper rates, LIBOR or Base Rate plus a specified margin. We pay a commitment fee based on an annual rate of 17.5 basis points on any unused portion of the facility. Outstanding debt under the facility is consolidated on our balance sheet for financial reporting purposes. Based on the calculation of the borrowing base applicable at December 31, 2005, \$0.4 million was available for borrowing and \$88.0 million was outstanding under this facility. At December 31, 2005 and 2004, \$126.2 million and \$111.1 million, respectively, of net accounts receivable had been sold to our wholly-owned subsidiary and is included in accounts receivable in the accompanying Consolidated Balance Sheets.

In November 2004, we entered into a C\$25.0 million revolving credit facility denominated in Canadian dollars that replaced a C\$100.0 million facility that expired in September 2004. The C\$25.0 million facility, as amended, expires in September 2006. We pay a commitment fee based on an annual rate of 10.0 basis points on any unused portion of the facility. There were no borrowings outstanding under this facility at December 31, 2005.

Cash paid for interest, net was \$38.3 million in 2005, \$34.9 million in 2004 and \$39.6 million in 2003.

## 5. COMMITMENTS AND CONTINGENCIES

**Leases.** Our operating leases principally involve office space and office equipment. Under the terms of the \$29.0 million operating lease for our headquarters building in Atlanta, Georgia, which commenced in 1998 and expires in 2010, we have guaranteed a portion of the residual value of the building at the end of the lease. Lease payments for the remaining term total \$7.9 million. In the event that the property were to be sold by the lessor at the end of the lease term, we would be responsible for any shortfall of the sales proceeds, up to a maximum amount of \$23.2 million, which equals 80% of the value of the property at the beginning of the lease term. Based on an appraisal of the property at December 31, 2004, we determined that its fair value is \$25.0 million. The \$4.0 million short-fall against the residual

value guarantee is being recognized as an expense ratably over the remaining lease term. The liability of \$4.0 million is recorded in other long-term liabilities on our Consolidated Balance Sheets at December 31, 2005. There was not a material change in the fair value of the property during 2005.

Rental expense for operating leases, which is recognized on a straight-line basis over the lease term, was \$24.6 million, \$22.3 million and \$18.0 million for the years ended December 31, 2005, 2004 and 2003, respectively. Our headquarters building operating lease has ground purchase options exercisable beginning in 2019, ground renewal options exercisable in 2048 and escalation clauses beginning in 2009. Our technology center lease in Alpharetta, Georgia expires in 2012 and includes renewal options through 2039. Expected future minimum payment obligations for non-cancelable operating leases exceeding one year are as follows as of December 31, 2005:

(in millions)

Years Ending December 31,	Amount
2006	\$16.3
2007	14.0
2008	10.4
2009	8.6
2010	6.3
Thereafter	43.2
	<u>\$98.8</u>

We expect to receive approximately \$20 million under non-cancelable sublease agreements, approximately \$10 million of which represents operating expenses the sublessor is contractually obligated to pay us over the remaining lease term. The expected sublease income is not reflected as a reduction in the total minimum rental obligations under operating leases in the table above.

**Data Processing and Outsourcing Services Agreements.** We have separate agreements with International Business Machines Corporation ("IBM"), Polk/Acxiom and others with which we outsource portions of our computer data processing operations and related functions, and certain administrative functions. The agreements expire between 2006 and 2013. The estimated aggregate minimal contractual obligation remaining under these agreements is approximately \$350 million as of December 31, 2005, with no future year expected to exceed approximately \$70 million. Annual payment obligations in regards to these agreements vary due to factors such as the volume of data processed, changes in our servicing needs as a result of new product offerings, acquisitions or divestitures, the introduction of significant new technologies, foreign currency or the general rate

of inflation. Our data processing outsourcing agreement with IBM was renegotiated in 2003 for a ten-year term. Under this agreement (which covers our operations in North America, the U.K., Ireland, Spain, Brazil and Chile), we have outsourced our mainframe and midrange operations, help desk service and desktop support functions and the operation of our voice and data networks. The scope of such services varies by location. During the twelve months ended December 31, 2005, 2004 and 2003, we paid \$120.8 million, \$110.5 million and \$100.3 million, respectively, for these services. The estimated future minimum contractual obligation at December 31, 2005 under this agreement is \$312.0 million, with no year expected to exceed \$48.5 million. In certain circumstances (e.g., a change in control, or for our convenience), we may terminate these data processing and outsourcing agreements, and in doing so certain of these agreements require us to pay a significant penalty. Additionally, we may terminate these agreements without penalty in the event that IBM is in material breach of the terms of the agreement.

**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 expires July 31, 2008. 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 December 31, 2005, the price range would approximate \$650 million to \$700 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.

**Change in Control Agreements.** We have entered into change in control severance agreements with certain key executives. The agreements provide for, among other things, certain payments and benefits in the event of a qualifying termination of employment (i.e., termination of employment by the executive for “good reason” or termination of employment by the Company without “cause,” each as defined in the agreements) within six months prior to or three years following a change in control of the Company. In the event of a qualifying termination, the executive will become entitled to continuation of group health, dental, vision, life, disability, 401(k) and similar benefits for two or three years and a lump sum severance payment, all of which differs by executive.

The change in control agreements have a five year term and automatically renew for another five years unless we elect not to renew the agreements. Change in control events potentially triggering benefits under the agreements would occur, subject to certain exceptions, if (1) any person acquires 20% or more of our voting stock; (2) upon a merger or other business combination, our shareholders receive less than two-thirds of the common stock and combined voting power of the new company; (3) we sell or otherwise dispose of all or substantially all of our assets; or (4) we liquidate or dissolve.

If these change in control agreements had been triggered as of December 31, 2005, payments of approximately \$30 million would have been made (excluding tax gross-up amounts). Under the Company’s existing director and employee stock benefit plans, a change in control generally would result in the immediate vesting of all outstanding stock options and satisfaction of the restrictions on any outstanding nonvested stock awards.

**Guarantees and Indemnifications.** We adopted FIN 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,” during 2003, which required the prospective recognition and measurement of certain guarantees and indemnifications. Accordingly, any contractual guarantees or indemnifications we have issued or modified subsequent to December 31, 2002 are subject to evaluation. If required, a liability for the fair value of the obligation undertaken will be recognized.

**Guarantees.** We will from time to time issue standby letters of credit, performance bonds or other guarantees in the normal course of business. The aggregate notional amount of all performance bonds and standby letters of credit is less than \$3.4 million at December 31, 2005, and all have a maturity of one year or less. Guarantees are issued from time to time to support the needs of operating units. In connection with the sale of our risk management collections business to RMA Holdings, LLC

(“RMA”) in October 2000, we guaranteed the operating lease payments of a partnership affiliated with RMA to a lender of the partnership pursuant to a term loan. The operating lease, which expires December 31, 2011, has a remaining balance of \$7.9 million based on the undiscounted value of remaining lease payments, including real estate taxes, at December 31, 2005.

On September 12, 2005, RMA sold substantially all of its assets to NCO Group, Inc. (“NCO”). In conjunction with this sale, NCO agreed to assume the operating lease obligations discussed above, which we will continue to guarantee. We believe that the likelihood of demand for payment by us is minimal and expect no material losses to occur related to this guarantee. Accordingly, we do not have a liability on our Consolidated Balance Sheets at December 31, 2005 or 2004 related to this guarantee.

**General Indemnifications.** We are the lessee under many real estate leases. It is common in these commercial lease transactions for us, as the lessee, to agree to indemnify the lessor and other related third parties for tort, environmental and other liabilities that arise out of or relate to our use or occupancy of the leased premises. This type of indemnity would typically make us responsible to indemnified parties for liabilities arising out of the conduct of, among others, contractors, licensees and invitees at or in connection with the use or occupancy of the leased premises. This indemnity often extends to related liabilities arising from the negligence of the indemnified parties, but usually excludes any liabilities caused by either their sole or gross negligence and their willful misconduct.

Certain of our credit agreements include provisions which require us to make payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these credit agreements, we also bear the risk of certain changes in tax laws that would subject payments to non-U.S. lenders to withholding taxes.

In conjunction with certain transactions, such as sales or purchases of operating assets or services in the ordinary course of business, or the disposition of certain assets or businesses, we sometimes provide routine indemnifications, the terms of which range in duration and sometimes are not limited.

We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above because we cannot predict when and under what circumstances these provisions may be triggered. We have no accrual related to indemnifications on our Consolidated Balance Sheets at December 31, 2005 and 2004.

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

**Contingencies.** We are involved in legal proceedings, claims and litigation arising in the ordinary course of business. We periodically assess our exposure related to these matters based on the information which is available. We have recorded accruals in our Consolidated Financial Statements for those matters in which it is probable that we have incurred a loss and the amount of the loss, or range of loss, can be reasonably estimated. For other legal proceedings, claims and litigation, we cannot reasonably estimate the potential loss because of uncertainties about the outcome of the matter and the amount of the loss, or range of loss. We also accrue for unpaid legal fees for services performed to date. Although the final outcome of these matters cannot be predicted with certainty, any possible adverse outcome arising from these matters is not expected to have a material impact on our Consolidated Financial Statements, either individually or in the aggregate. However, our evaluation of the likely impact of these matters may change in the future.

**Tax Matters.** In 2003, the Canada Revenue Agency ("CRA") issued Notices of Reassessment asserting that Acrofax, Inc., a wholly-owned Canadian subsidiary of Equifax, is liable for additional tax for the 1995 through 2000 tax years, related to certain intercompany capital contributions and loans. The additional tax sought by the CRA for these periods ranges, based on alternative theories, from \$7.2 million to \$16.0 million, plus interest and penalties. Acrofax has filed Notices of Objection in response to the Notices of Reassessment. On September 2, 2003, we made a statutorily-required deposit of \$5.7 million against the CRA's primary assessment theory. We intend to vigorously contest these reassessments and do not believe we have violated any statutory provision or rule. If the final outcome of this matter was unfavorable to us, an additional claim may be filed by the local province; the likelihood and potential amount of such claim is unknown at this time. We cannot predict when this tax matter will be resolved.

## 6.

### 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. For additional information about our income tax policy, see Note 1 of the Notes to Consolidated Financial Statements.

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

<i>(in millions)</i>	2005	2004	2003
Current:			
Federal	\$ 89.8	\$ 74.7	\$ 63.5
State	10.2	12.9	5.7
Foreign	32.8	24.7	22.8
	<b>132.8</b>	<b>112.3</b>	<b>92.0</b>
Deferred:			
Federal	13.9	30.9	11.4
State	(3.0)	2.7	–
Foreign	0.5	2.0	1.2
	<b>11.4</b>	<b>35.6</b>	<b>12.6</b>
Provision for income taxes	<b>\$144.2</b>	<b>\$147.9</b>	<b>\$104.6</b>

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

<i>(in millions)</i>	2005	2004	2003
U.S.	\$286.3	\$302.8	\$214.9
Foreign	104.4	82.4	70.4
	<b>\$390.7</b>	<b>\$385.2</b>	<b>\$285.3</b>

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

<i>(in millions)</i>	2005	2004	2003
Federal statutory rate	35.0%	35.0%	35.0%
Provision computed at federal statutory rate	\$136.8	\$134.8	\$ 99.9
State and local taxes, net of federal tax benefit	4.6	10.3	0.6
Foreign	1.2	2.0	(9.1)
Valuation allowance	0.4	(13.0)	7.4
Tax reserves	(1.8)	12.9	(0.8)
Other	3.0	0.9	6.6
Provision for income taxes	<b>\$144.2</b>	<b>\$147.9</b>	<b>\$104.6</b>
Effective income tax rate	<b>36.9%</b>	<b>38.4%</b>	<b>36.7%</b>

Components of the deferred income tax assets and liabilities at December 31, 2005 and 2004 are as follows:

<i>(in millions)</i>	2005	2004
Deferred income tax assets:		
Reserves and accrued expenses	\$ 7.0	\$ 18.9
Employee pension benefits	10.0	71.1
Employee compensation programs	18.9	17.1
Deferred revenue	2.1	4.8
Net operating and capital loss carryforwards	32.5	26.7
Foreign tax credits	21.8	21.9
Unrealized foreign exchange loss	36.7	41.4
Other	0.6	4.2
Gross deferred income tax assets	129.6	206.1
Valuation allowance	(81.2)	(88.0)
Total deferred income tax assets, net	\$ 48.4	\$118.1
Deferred income tax liabilities:		
Goodwill and intangible assets	(86.3)	(62.2)
Depreciation	(1.2)	(1.5)
Pension expense	(72.4)	(70.2)
Undistributed earnings of foreign subsidiaries	(6.9)	(7.9)
Other	(6.0)	(1.7)
Total deferred income tax liability	(172.8)	(143.5)
Net deferred income tax liability	\$(124.4)	\$ (25.4)

Our deferred income tax assets and liabilities at December 31, 2005 and 2004, are included in the accompanying Consolidated Balance Sheets as follows:

<i>(in millions)</i>	2005	2004
Current deferred income tax assets	\$ 1.7	\$ 13.2
Deferred income tax liabilities	(126.1)	(38.6)
Net deferred income tax liability	\$(124.4)	\$(25.4)

We record deferred income taxes on the temporary differences of our foreign subsidiaries and branches, except for the temporary differences related to undistributed earnings of subsidiaries which we consider indefinitely invested. We have indefinitely invested \$93.6 million attributable to pre-2004 undistributed earnings of our Canadian and Chilean subsidiaries. If the pre-2004 earnings were not considered indefinitely invested, \$7.0 million of deferred U.S. income taxes would have been provided. Such taxes, if ultimately paid, may be recoverable as U.S. foreign tax credits.

As of December 31, 2005, we had a deferred tax asset of \$36.7 million related to accumulated foreign currency translation losses for foreign locations, excluding adjustments for pre-2004 Canadian and Chilean earnings. 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, 2005, we had U.S. federal and state net operating loss carryforwards of \$122.7 million which will expire at various times between 2012 and 2025. We also had foreign net operating loss carryforwards totaling \$44.6 million of which \$42.0 million will expire between 2008 and 2019 and the remaining \$2.6 million will carryforward indefinitely. U.S. federal and state capital loss carryforwards total \$38.3 million at December 31, 2005, of which \$37.8 million will expire in 2006 and the remainder will expire in 2010. Foreign capital loss carryforwards of \$22.1 million may be carried forward indefinitely. Additionally, we had foreign tax credit carryforwards of \$21.8 million of which \$15.6 million will begin to expire between 2010 and 2015 and the remaining \$6.2 million will be utilized upon repatriation of foreign earnings. Tax effected state net operating loss, capital loss, foreign tax credit carryforwards and other foreign deferred tax assets of \$44.5 million have been fully reserved in the deferred tax asset valuation allowance.

Cash paid for income taxes, net of amounts refunded, was \$108.6 million in 2005, \$102.2 million in 2004 and \$84.6 million in 2003.

## 7.

### SHAREHOLDERS' EQUITY

**Share-Based Awards.** 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 of which was approved by shareholders. In October 2004, the Board of Directors approved that authorized grants would only be made from shareholder approved plans, resulting in cancellation of shares previously available for future grants. All plans require that stock options be granted at exercise prices not less than market value on the date of grant. Generally, stock options vest over graded periods of up to three years based on service and expire ten years from the grant date. Certain of the plans also provide for awards of nonvested shares of our common stock that can be granted to executive officers, employees and directors. At December 31, 2005, there were 1.9 million shares available for future stock option grants and nonvested stock awards.

A summary of changes in outstanding options and the related weighted average exercise price per share is shown in the following table:

	2005		2004		2003	
	Shares	Average Price	Shares	Average Price	Shares	Average Price
<i>(shares in thousands)</i>						
Beginning balance, December 31,	9,484	\$20.76	11,126	\$19.65	10,554	\$18.47
Granted (all at market price)	745	30.99	935	25.70	2,984	21.06
Cancelled	(89)	25.06	(270)	20.17	(738)	21.53
Exercised	(3,687)	33.78	(2,307)	17.47	(1,674)	13.93
Ending balance, December 31,	6,453	\$22.68	9,484	\$20.76	11,126	\$19.65
Exercisable at end of year	5,309	\$21.72	7,891	\$20.16	9,076	\$19.14

The following table summarizes information about stock options outstanding at December 31, 2005:

<i>(shares in thousands)</i>	Options Outstanding			Options Exercisable	
	Shares	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Range of exercise price					
\$9.62 to \$19.25	1,374	4.39	\$15.56	1,356	\$15.51
\$19.25 to \$21.11	1,403	6.23	20.82	1,184	20.77
\$21.16 to \$25.18	949	4.80	23.10	903	23.14
\$25.50 to \$25.68	1,529	6.50	25.54	1,439	25.53
\$25.55 to \$37.25	1,198	8.48	29.06	427	28.28
	6,453	6.11	\$22.68	5,309	\$21.72

Nonvested stock awards generally vest over a period between three to five years based on service. Compensation expense is recognized ratably over the applicable vesting period of the nonvested stock award. Nonvested stock expense of \$8.2 million, \$2.4 million and \$3.7 million during the twelve months ended December 31, 2005, 2004 and 2003 was recorded in the accompanying Consolidated Statements of Income. For additional information about the impact of SFAS No. 123R on future compensation expense, see Note 1 of the Notes to Consolidated Financial Statements.

The following table summarizes information about nonvested stock grants during the twelve months ended December 31, 2005, 2004 and 2003:

Year	Number of Shares	Average Fair Value
<b>2005</b>		
Grants	289,942	\$32.28
Cancellations	15,000	\$29.12
2004		
Grants	486,500	\$25.86
Cancellations	6,500	\$25.60
2003		
Grants	103,000	\$20.84
Cancellations	110,000	\$20.62

**Treasury Stock.** During the twelve months ended December 31, 2005, 2004 and 2003, we repurchased 4.2 million, 5.4 million and 4.1 million of our common shares through open market transactions at an aggregate investment of \$144.0 million, \$138.0 million and \$94.9 million, respectively. The average price per share of the repurchases of our common stock was \$34.45, \$25.57 and \$22.75 during the twelve months ended December 31, 2005, 2004 and 2003, respectively. In August 2004, the Board of Directors authorized an additional \$250.0 million of share repurchases. At December 31, 2005, approximately \$95 million remained available for future purchases from prior authorizations of our Board of Directors. On February 24, 2006, the Board of Directors authorized approximately \$250 million for additional share repurchases under this program.

During 2005, we also issued 0.4 million shares of treasury stock in connection with one of our affiliate acquisitions. For additional information about our acquisitions, see Note 2 of the Notes to Consolidated Financial Statements.

**Dividends.** In March 2005, we increased our quarterly dividend per share from \$0.03 per share to \$0.04 per share. In March 2004, we increased our quarterly dividend per share from \$0.02 per share to \$0.03 per share. We paid cash dividends of \$20.2 million, \$15.0 million and \$11.3 million during the twelve months ended December 31, 2005, 2004 and 2003, respectively.

**Rights Plan.** Our Board of Directors has adopted a shareholder rights plan designed to protect our shareholders against abusive takeover attempts and tactics. The rights plan operates to dilute the interests of any person or group attempting to take control of the Company if the attempt is not deemed by our Board of Directors to be in the best interests of our shareholders. Under the rights agreement, as originally adopted in October 1995 and amended and restated in October 2005, holders of our common stock were granted one right to purchase common stock ("Right") for each outstanding share of common stock held of record on November 24, 1995. All newly issued shares of common stock since that date have been accompanied by a Right. The Rights will become exercisable and trade independently from our common stock if a person or group acquires or obtains the right to acquire 20% or more of Equifax's outstanding shares of common stock, or commences a tender or exchange offer that would result in that person or group acquiring 20% or more of the outstanding common stock, in each case without the consent of our Board. In the event the Rights become exercisable, each holder (other than the acquiring person or group) will be entitled to purchase that number of shares of securities or other property of Equifax having a market value equal to two times the exercise price of the Right. If Equifax were acquired in a merger or other business combination, each Right would entitle its holder to purchase the number of the acquiring company's common stock having a market value of two times the exercise price of the Right. In either case, our Board may choose to redeem the Rights for \$0.01 per Right before they become exercisable. The Rights will expire on November 6, 2015, unless earlier redeemed, exchanged or amended by the Board.

## 8.

### BENEFIT PLANS

We have defined benefit pension plans and defined contribution plans. Substantially all U.S., Canadian and U.K. employees participate in one or more of these plans. We also maintain certain health care and life insurance benefit plans for eligible retired employees. The measurement date for our defined benefit pension plans and other postretirement benefit plans is December 31st of each year.

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

**U.S. and Canadian Retirement Plans.** Prior to January 1, 2005, we had one non-contributory qualified retirement plan covering most U.S. salaried employees (the U.S. Retirement Income Plan, or "USRIP") and a defined benefit plan for most salaried employees in Canada (the Canadian Retirement Income Plan, or "CRIP"). Benefits of both plans are primarily a function of salary and years of service.

On January 1, 2005, we separated the USRIP into two defined benefit plans subject to the Employee Retirement Income Security Act ("ERISA"). The new plan, the Equifax Inc. Pension Plan ("EIPP"), was funded in January 2005 with the transfer of \$17.0 million of assets from the USRIP and a company contribution of \$20.0 million. In November 2005, an additional \$30.1 million of plan assets were transferred from the USRIP to the EIPP. The EIPP covers all active employee participants of Equifax as of January 1, 2005, and the USRIP covers all inactive retired and vested participants as of that date. Inactive participants constituted approximately 85% of total participants prior to the separation. The benefits of participants in both plans were unaffected by the separation. The two groups of participants – active and inactive – had projected patterns of actuarial liabilities which were markedly different, due to the demographic differences between the two populations. The two plans will have separate assumed rates of return and separate asset allocation strategies, which will allow us to more effectively fund our pension liabilities. Additionally, the assets of one plan will not be available to fund the liabilities of the other plan. The CRIP was not impacted by the separation of the USRIP.

At December 31, 2005, the USRIP and the EIPP met or exceeded ERISA's minimum funding requirements. We do not expect to have to make any minimum funding contributions under ERISA for 2006 with respect to the USRIP or the EIPP based on applicable law as currently in effect. In January 2006, however, we made a discretionary contribution of \$20.0 million to the EIPP.

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

**Supplemental Retirement Plans.** We maintain two supplemental executive retirement programs for certain key employees. The plans, which are unfunded, provide 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 U.S. employees may become eligible for the health care benefits if they reach retirement age while working for us and satisfy certain years of service requirements. The retiree life insurance program was frozen to new participants on December 31, 2003. We accrue the cost of providing these benefits over the active service period of the employee.

**Obligations and Funded Status.**

A reconciliation of the benefit obligations, plan assets and funded status of the plans is as follows:

<i>(in millions)</i>	Pension Benefits		Other Benefits	
	2005	2004	2005	2004
<b>Change in benefit obligation</b>				
Benefit obligation at January 1,	\$551.5	\$514.4	\$ 27.2	\$ 24.2
Service cost	7.7	7.3	0.4	0.4
Interest cost	31.8	31.3	1.6	1.6
Plan participants' contributions	—	—	0.9	—
Amendments	3.5	6.2	—	2.3
Actuarial loss	19.3	24.7	4.0	1.3
Foreign currency exchange rate changes	1.3	2.5	—	—
Benefits paid	(35.4)	(34.9)	(3.9)	(2.6)
Benefit obligation at December 31,	579.7	551.5	30.2	27.2
<b>Change in plan assets</b>				
Fair value of plan assets at January 1,	483.2	438.6	12.3	9.0
Actual return on plan assets	57.7	54.0	1.5	1.3
Employer contributions	22.3	22.3	3.0	2.0
Plan participants' contributions	—	—	0.9	—
Foreign currency exchange rate changes	1.6	3.2	—	—
Benefits paid	(35.4)	(34.9)	(3.9)	—
Fair value of plan assets at December 31,	529.4	483.2	13.8	12.3
<b>Funded status of plan</b>				
	(50.3)	(68.3)	(16.4)	(14.9)
Unrecognized prior service cost	5.2	6.4	4.1	4.8
Unrecognized actuarial loss	207.7	213.6	4.5	0.9
Prepaid (accrued) benefit cost	\$162.6	\$151.7	\$ (7.8)	\$ (9.2)
<b>Amounts recognized in the statement of financial position consist of:</b>				
Prepaid benefit cost	\$183.7	\$ 18.2	\$ —	\$ —
Accrued benefit liability	(50.9)	(60.7)	(7.8)	(9.2)
Intangible asset	3.1	6.0	—	—
Accumulated other comprehensive loss	26.7	188.2	—	—
Net amount recognized	\$162.6	\$151.7	\$ (7.8)	\$ (9.2)

The accumulated benefit obligation for the USRIP, EIPP, CRIP and Supplemental Retirement Plans was \$556.2 million and \$530.4 million at December 31, 2005 and 2004, respectively.

At December 31, 2005, the EIPP and the Supplemental Retirement Plans have projected benefit obligations and accumulated benefit obligations in excess of those plans' respective assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans were \$141.0 million, \$123.5 million and \$72.6 million, respectively, at December 31, 2005.

At December 31, 2004, the USRIP and the Supplemental Retirement Plans have projected benefit obligations and accumulated benefit obligations in excess of those plans' respective assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans were \$515.4 million, \$499.1 million and \$438.4 million, respectively, at December 31, 2004.

At December 31, 2005, the USRIP has an accumulated benefit obligation and a projected benefit obligation of \$395.0 million, both of which are less than the plan's assets of \$408.0 million. In accordance with SFAS No. 87, "Employers' Accounting for Pensions," we were required to recognize a prepaid pension asset of \$165.6 million as a result of the USRIP being overfunded at December 31, 2005. This resulted in a significant decrease to our minimum pension liability recorded in accumulated other comprehensive loss at December 31, 2005. Other comprehensive income includes a decrease of \$161.5 million, pre-tax, and \$2.6 million, pre-tax, in the minimum pension liability for the twelve months ended December 31, 2005 and 2004, respectively.

#### Components of Net Periodic Benefit Cost.

<i>(in millions)</i>	Pension Benefits			Other Benefits		
	2005	2004	2003	2005	2004	2003
Service cost	\$ 7.7	\$ 7.3	\$ 6.0	\$ 0.4	\$ 0.4	\$ 0.6
Interest cost	31.8	31.3	31.0	1.6	1.6	1.7
Expected return on plan assets	(40.5)	(43.8)	(43.7)	(1.0)	(0.9)	(0.5)
Amortization of prior service cost	4.7	0.5	0.1	0.6	0.7	(0.1)
Recognized actuarial loss	8.3	14.0	4.8	-	-	0.5
Total net periodic benefit cost (income)	\$ 12.0	\$ 9.3	\$ (1.8)	\$ 1.6	\$ 1.8	\$ 2.2

#### Weighted-Average Assumptions.

	Pension Benefits		Other Benefits	
	2005	2004	2005	2004
<b>Weighted-average assumption to determine benefit obligations at December 31,</b>				
Discount rate	5.68%	5.92%	5.58%	5.92%
Rate of compensation increase	4.28%	4.34%	N/A	N/A

	Pension Benefits			Other Benefits		
	2005	2004	2003	2005	2004	2003
<b>Weighted-average assumption to determine net periodic benefit cost at December 31,</b>						
Discount rate	5.90%	6.25%	6.75%	5.92%	6.25%	6.75%
Expected return on plan assets	7.98%	8.68%	8.75%	8.00%	8.75%	8.75%
Rate of compensation increase	4.34%	4.25%	4.25%	N/A	N/A	N/A

The calculation of the net periodic benefit cost for the USRIP, EIPP and CRIP utilize a market-related value of assets. 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.

An initial 11.0% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2006. The rate was assumed to decrease gradually to an ultimate rate of 5.0% by 2010. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

<i>(in millions)</i>	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total service and interest cost components	\$0.2	\$(0.1)
Effect on accumulated postretirement benefit obligation	\$2.4	\$(2.1)

We estimate that the future benefits payable for our retirement and postretirement plans are as follows at December 31, 2005:

<i>(in millions)</i>	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Other Benefit Plans
Years ending December 31,			
2006	\$34.1	\$2.1	\$3.4
2007	\$34.1	\$2.1	\$3.6
2008	\$34.6	\$2.1	\$3.7
2009	\$34.8	\$2.1	\$3.8
2010	\$34.8	\$2.1	\$3.7
Next five fiscal years to December 31, 2015	\$180.4	\$10.7	\$15.5

On December 8, 2003, President Bush signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003. As provided for in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, the other postretirement benefit obligation and postretirement benefit expense recognized through December 31, 2005 includes the expected favorable impact of the federal subsidy and other provisions. Our postretirement benefit obligations reflect that we will recognize the 28% subsidy for post-age 65 drug coverage as an offset to healthcare plan costs. The reduction in obligations due to the subsidy is reflected as an unrecognized net gain to the plan. The gain was reflected in net periodic benefit cost for the first time in 2004. For current and future retirees, the 28% subsidy is expected to reduce our prescription drug plan costs by \$529 per individual in 2006. This amount is expected to increase by the valuation trend rates, which have been updated for the impact of final regulations issued in January 2005. We have determined that our prescription drug plan provides a benefit that is at least actuarially equivalent to the Medicare prescription drug plan. We do not expect our Medicare Part D reimbursements in future years to be material.

#### USRIP and EIPP (the "Plans")

##### Investment and Asset Allocation Strategies.

The primary goal of the asset allocation strategy of the Plans is to produce a total investment return, employing the lowest possible level of financial risk, which will: (1) satisfy annual cash benefits payments to the Plans' participants and (2) maintain and increase the total market value of the Plans, after cash benefits payments, on a real (inflation adjusted) basis. Maximization of total investment return is not, taken in isolation, a goal of the asset allocation strategies of the Plans. Return maximization is pursued subject to the asset allocation risk control constraints noted previously. The Plan's investment managers are required to abide by the provisions of ERISA. Standards of performance for each manager include an expected return versus an assigned benchmark, a measure of volatility, and a time period of evaluation.

The Plans' asset allocation strategies are determined based upon guidelines provided by our external advisor. This forecasting process takes into account projected investment returns by asset category, the correlation among those returns, the standard deviation of those returns and the future pattern of actuarial liabilities to which the plan is obligated. Asset/liability forecasting is conducted at regular intervals during the year, as needed, utilizing input from our in-house and external consulting actuaries, and our external investment advisor. All of the Plans' asset targets and ranges are approved by in-house Plan Administrators, who are Named Fiduciaries under ERISA. Investment recommendations are made by our external advisor, working in conjunction with our in-house Investment Officer, who is also an ERISA Named Fiduciary. The 8.00% and 8.25% expected return on plan assets assumption for the Plans, respectively, in 2005 is based on the 50th percentile return from our asset/liability forecasting process.

The Plans, in an effort to meet their asset allocation objectives, utilize a variety of asset classes which have historically produced returns which are relatively uncorrelated to those of the S&P 500. Asset classes included in this category are alternative assets (hedge funds-of-funds), venture capital (including secondary private equity) and real estate. The primary benefits to the Plans of using these types of asset classes are: (1) their non-correlated returns reduce the overall volatility of the Plans' portfolio of assets, and (2) they produce superior risk-adjusted returns. Additionally, the Plans allow certain of their managers, subject to specific risk constraints, to utilize derivative instruments, in order to enhance asset return, reduce volatility or both. Derivatives are primarily employed by the Plans in their fixed income portfolios and in the hedge fund-of-funds area.

The Plans are prohibited from investing additional amounts in Equifax stock once the market value of stock held by each plan exceeds 10% of the total market value of each plan. At December 31, 2005 and 2004, the USRIP's assets included 1.7 million and 1.8 million shares, respectively, of Equifax common stock, with a market value of \$63.0 million and \$49.6 million, respectively. At December 31, 2005, the EIPP's assets included 0.1 million shares of Equifax common stock, with a market value of \$4.0 million. Not more than 5% of the portfolio (at cost) shall be invested in the securities of any one issuer with the exception of Equifax common stock, and U.S. Treasury and Government Agency securities.

The following USRIP and EIPP asset allocation ranges, targets and actual allocations were in effect as of December 31, 2005 and 2004 (EIPP began on January 1, 2005):

(in millions)	Target	Range	Actual 2005	Actual 2004
Large-Cap Equity	25%	20%-35%	22.8%-33.1%	20.5%
Mid-Cap Equity	10%	5%-15%	7.7%-19.2%	10.3%
Small-Cap Equity	8%	5%-15%	9.4%-11.8%	14.7%
International Equity	12%	6%-18%	17.7%-18.1%	15.8%
Hedge Fund of Funds	15%	5%-20%	6.9%-17.7%	15.8%
Venture Capital	10%	5%-15%	4.8%- 6.7%	5.7%
Real Estate	5%	0%-12%	2.8%- 3.3%	3.5%
Fixed Income	15%	10%-35%	5.7%-11.6%	12.8%
Cash	minimal	0%- 2%	0%- 0.7%	0.9%

### CRIP Investment and Asset Allocation Strategies

The Pension Committee of the CRIP has retained a manager of the investments of the assets of that plan, who has the discretion to invest in various asset classes with the care, skill, and diligence expected of professional prudence. The CRIP has a separate custodian of those assets, which are held in various segregated pooled funds. The Pension Committee maintains an investment policy for the CRIP, which imposes certain limitations and restrictions on types of investments allowable for it. The current investment policy imposes those restrictions on investments or transactions such as (1) Equifax common stock or securities, except as might be incidental to any pooled funds which the plan may have, (2) commodities or loans, (3) short sales and the use of margin accounts, (4) put and call options, (5) private placements and (6) transactions which are "party related" in nature as specified by the Canadian Pension Benefits Standards Act and its regulations.

Each pooled fund is associated with an asset classification, which has a primary investment objective. The objective for each asset class is related to a standard investment index and relates to a period of four-years. The following includes the objectives for each of the current five asset classes:

Asset Class	Four-Year Objective
Canadian Equities	S&P/TSX Composite Total Return Index plus 1.5%
U.S. Equities	S&P 500 Total Return Index plus 1.5% (Canadian \$)
International Equities	MSCI EAFE Total Return Index plus 1.5% (Canadian \$)
Fixed Income	Scotia Capital Universe Bond Index plus 0.5%
Money Market	Scotia Capital 91-Day Treasury Bill Index plus 0.3%

The plan's manager derives its investment return projections using several criteria. The determination of projected inflation is necessary to apply the premium to compute the nominal return for each asset class. The risk premium is based on historical studies of capital markets. The real return expectations for the various assets classes are based on historical relationships that acknowledge the risk premium inherent among the various asset classes. Then the nominal return computed as described above is adjusted for various market and economic factors, including the status of the economic cycle, currency issues, the direction of interest rates, and price/earnings multiples. Next, specific time-weighted return targets are set for the total fund, based on a benchmark portfolio return. The Pension Committee expects the investment manager to exceed that return by a predetermined value over a predetermined period.

The following specifies the asset allocation ranges, targets, and actual allocation as of December 31, 2005 and 2004:

	Target	Range	Actual 2005	Actual 2004
Equity Canada	40%	30%-50%	39.3%	40.9%
Equity U.S.	19%	9%-29%	20.5%	18.6%
International Equity	9%	0%-19%	11.4%	10.5%
Fixed Income	30%	2%-40%	28.1%	29.3%
Money Market	2%	0%-10%	0.7%	0.7%

The investment goal is to achieve the composite return calculated based on the above benchmark allocation plus 1% over successive four-year periods. An additional objective is to provide a real rate of return of 3.0% when compared with the Canadian Consumer Price Index, also over successive four-year periods. The actual investment returns for the CRIP were 11.7% for 2005 and 9.0% for 2004.

**Foreign Retirement Plans.** We also maintain defined contribution plans for certain employees in the U.K. and Canada. For the years ended December 31, 2005, 2004 and 2003, our expenses related to these plans were not material.

**U.S. Employee Retirement Savings Plan.** Our U.S. employee retirement savings plan provides for annual contributions by us, within specified ranges, determined at the discretion of the Group Plans Administrative Committee, for the benefit of eligible employees in the form of units of Equifax common stock. Employees may transfer all or a part of these Equifax common stock investments into other available investments within the plan, at any time. Our matching contributions are expensed. Expenses for these plans were \$3.8 million, \$3.2 million and \$3.1 million for the twelve months ended December 31, 2005, 2004 and 2003, respectively.

**Long-Term Incentive Plan.** We have a Key Management Long-Term Incentive Plan for certain key officers that provides for annual or long-term cash awards at the end of various measurement periods based on the earnings per share and/or various other criteria over the measurement period.

## 9.

### SALE OF INVESTMENT IN INTERSECTIONS INC. ("INTERSECTIONS")

On May 5, 2004, Equifax, through its wholly-owned subsidiary CD Holdings, Inc. ("CD Holdings"), completed the sale of 3,755,792 shares of common stock it owned in Intersections Inc., a provider of identity theft protection and credit management services, in an underwritten public offering of common stock for net proceeds of \$59.4 million. Immediately prior to the public offering, CD Holdings converted a \$20.0 million senior secured convertible note issued to it by Intersections in November 2001 into 3,755,792 shares of Intersections common stock, or approximately 26.9% of Intersections' outstanding common stock. The book value of our investment in Intersections was \$22.3 million, including accrued interest of \$2.3 million. In 2004, we recorded a gain of \$23.0 million, net of income taxes of \$13.8 million, or \$0.17 per diluted share.

## 10.

### RESTRUCTURING AND IMPAIRMENT CHARGES

In 2003, we recorded restructuring and impairment charges of \$30.6 million in our Consolidated Statements of Income, \$25.9 million (\$16.3 million after tax, or \$0.12 per diluted share) of which related to our eMarketing business within our Marketing Services operating segment. The asset impairment charges, which totaled \$22.6 million, reflected our write-down of amortizable intangible assets, indefinite lived intangible assets

and fixed assets of our eMarketing business. The impairment charge was determined in a similar manner as described below for the 2004 impairment charge. The restructuring charges related to our eMarketing business, which totaled \$3.3 million at December 31, 2003, were associated with reducing headcount, consolidating multiple locations and eliminating our bulk e-mail product. The restructuring reserve balance at December 31, 2005 was zero and the activity during the periods presented was not material.

In 2004, we determined that continued difficulties with our eMarketing operations indicated that certain remaining assets may not be fully recoverable. Subsequently, we estimated their recoverability using undiscounted future cash flows from the use and eventual disposition of the related eMarketing long-lived asset. The carrying value of the asset exceeded the estimated undiscounted future cash flows and an impairment loss was recorded based on the amount by which the asset's carrying amount exceeded its estimated fair value. We estimated the fair value of the asset by discounting the present value of the future cash flows of the asset. We recorded asset impairment and related charges of \$2.4 million (\$1.5 million after tax, or \$0.01 per diluted share) in restructuring and impairment charges on our Consolidated Statements of Income, of which \$1.4 million related to purchased data files and \$1.0 million was associated with other assets.

## 11.

### DISCONTINUED OPERATIONS

In 2002, we made the decision to exit our commercial services business in Spain in our Europe segment. During 2003 and the first six months of 2004, this business component remained as held for sale. We completed the sale and final disposition of the business and recorded a \$0.5 million gain in the third quarter of 2004, of which \$1.7 million related to the recognition of a cumulative translation adjustment loss into income. In accordance with SFAS No. 144, the assets, liabilities and results of operations and cash flows of the Spain commercial business for 2004 and 2003 were classified as discontinued operations. For 2004 and 2003, revenues for this business component were \$1.3 million and \$8.6 million, respectively. We had a \$0.1 million gain, net of tax, on discontinued operations in 2004 and a \$13.6 million loss, net of tax, on discontinued operations in 2003. Included in the 2003 losses was an estimated loss on disposal of \$8.6 million recorded in the second and fourth quarters of 2003.

After incurring losses in each of the last four years, we decided to sell our Italian operations, which were formerly included in our Europe segment, in 2004. In accordance with SFAS No. 144, the net assets, results of operations and cash flows of the Italian business for 2004 and 2003 were classified as

discontinued operations. For 2004 and 2003, revenues for this business component were \$11.4 million and \$14.7 million, respectively. We recorded an impairment charge of \$5.3 million, pre-tax, related to the write-down of purchased data during the second quarter of 2004. We had a \$2.7 million and \$2.2 million loss, net of tax, on discontinued operations in 2004 and 2003, respectively. We recorded a gain on the sale of \$2.6 million during the fourth quarter of 2004, of which \$5.7 million related to the recognition of a cumulative translation adjustment gain into income.

The assets and liabilities related to the discontinued operations were not material at December 31, 2004. There were no such assets or liabilities at December 31, 2005.

On February 15, 2006, the SEC staff provided guidance related to the presentation of discontinued operations within the statement of cash flows. The SEC staff indicated that the presentation should report operating, investing and financing cash flows from discontinued operations by category, not as a single amount. Our cash provided by discontinued operations for the twelve months ended December 31, 2004 and 2003, primarily consists of cash provided by operating activities. For those same periods, cash used in investing activities from discontinued operations was not material and there were no cash flows related to financing activities associated with our discontinued operations.

## 12.

### RELATED PARTY TRANSACTIONS

#### SunTrust Banks, Inc. ("SunTrust")

We consider SunTrust a related party because L. Phillip Humann, a member of our Board of Directors, is the Chairman and Chief Executive Officer of SunTrust, and Larry L. Prince, member of our Board of Directors, is a director of SunTrust. Our relationships with SunTrust are described more fully as follows:

- We paid SunTrust \$3.2 million, \$2.8 million and \$2.4 million, respectively, during the twelve months ended December 31, 2005, 2004 and 2003 for services such as lending, foreign exchange, debt underwriting, cash management, trust, investment management, acquisition valuation, and shareholder services relationships.
- We also provide credit management services to SunTrust, as a customer, from whom we recognized revenue of \$3.9 million, \$4.3 million and \$2.9 million, respectively, during the twelve months ended December 31, 2005, 2004 and 2003.
- On August 20, 2004, we entered into a five-year \$500.0 million senior unsecured revolving credit agreement with a group of banks, of which SunTrust is committed to \$92.5 million. At December 31, 2005, SunTrust's portion of the outstanding borrowings under this facility totaled \$12.0 million. At December 31, 2004, no borrowings were outstanding under this credit facility.

- SunTrust extends financing in the form of an amortizing term loan to a leveraged real estate limited partnership, which owns our Atlanta data center located in Alpharetta, Georgia where we are the primary operating lease tenant. An unrelated bank leasing company is the equity owner of this partnership. Although this term loan is considered to be non-recourse financing to Equifax, SunTrust is dependent on the operating lease payments made by us to the partnership to service interest expense and amortize principal on the term loan's debt. As of December 31, 2005 and 2004, \$18.8 million and \$21.5 million, respectively, were outstanding under this agreement.
- SunTrust provides the \$29.0 million synthetic lease facility related to our Atlanta corporate headquarters building. As of December 31, 2005 and 2004, the amount of this facility was \$29.0 million. For additional information about this lease, see Note 5 of the Notes to Consolidated Financial Statements.
- SunTrust provides investment management services for our USRIP through two of its subsidiaries, Trusco Capital and the Lighthouse Group. As of December 31, 2005 and 2004, a total of \$49.3 million and \$48.4 million, respectively, of USRIP assets were managed by these two subsidiaries of SunTrust.
- During 2004, SunTrust was the counterparty on \$90.0 million, notional value, of interest rate swaps with us. These interest rate swaps expired in July 2005.

#### Bank of America, N.A. ("B of A")

We consider B of A a related party because Jacquelyn M. Ward, a member of our Board of Directors, is also a director of B of A. Our relationships with B of A are described more fully as follows:

- We provide credit management services to B of A, as a customer, from whom we recognized revenue of \$26.6 million, \$18.3 million and \$15.3 million, respectively, during the twelve months ended December 31, 2005, 2004 and 2003. The corresponding outstanding accounts receivable balances due from B of A at December 31, 2005 and 2004 were \$4.1 million and \$2.0 million, respectively.
- As referenced earlier under SunTrust, we entered into a five-year \$500.0 million senior unsecured revolving credit agreement with a group of banks, of which B of A is committed to \$92.5 million. Banc of America Securities LLC, a subsidiary of Bank of America Corporation, served as a joint lead arranger of the facility. At December 31, 2005, B of A's portion of the outstanding borrowings under this facility totaled \$12.0 million. At December 31, 2004, no borrowings were outstanding under this credit facility.
- B of A extends an uncommitted \$25.0 million working capital line of credit to Equifax. The facility is cancelable at the discretion of either party. The uncommitted working capital line, at December 31, 2005, had outstanding balances of \$4.2 million. There were no outstanding borrowings at December 31, 2004.

- † Bank of America Corporation provides investment management services for the USRIP and EIPP through its subsidiary, Bank of America Capital Advisors, LLC. At December 31, 2005 and 2004, a total of \$7.6 million and \$5.2 million, respectively, of USRIP and EIPP assets were managed by this subsidiary.
- † At December 31, 2005 and 2004, B of A was the counterparty on \$29 million and \$124.0 million, respectively, notional value, of interest rate swaps with us.

### Certegy, Inc. ("Certegy")

We consider Certegy a related party because Lee A. Kennedy, one of our directors, was Chairman and Chief Executive Officer of Certegy. On February 1, 2006, he became Chief Executive Officer of Fidelity National Information Services, Inc., following its merger with Certegy.

We sell telecommunication credit information reports and customer portfolio reviews to Certegy. Revenue from Certegy, as a customer, for credit disclosure reports and portfolio reviews was not material during the twelve months ended December 31, 2005, 2004 and 2003. In addition, Certegy provides customer invoice and disclosure notification printing and mailing services to us. Amounts paid to Certegy for fulfillment services were \$10.0 million, \$9.2 million and \$3.7 million for the twelve months ended December 31, 2005, 2004 and 2003, respectively.

## 13.

### SEGMENT INFORMATION

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

- † North America
- † Europe
- † Latin America

The North America reportable segment consists of three operating segments, which we have aggregated in determining our reportable segments:

- † Information Services
- † Marketing Services
- † Personal Solutions

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

We also separately disclose the financial information pertaining to our discontinued operations. The accounting policies of the reportable segments are the same as those described in our summary of significant accounting policies (see Note 1 of the Notes to Consolidated Financial Statements). We evaluate

the performance of these reportable segments based on their operating revenues, operating income and operating margins, excluding any unusual or infrequent items, if any. Inter-segment sales and transfers are not material for all periods presented. The measurement criteria for segment profit or loss and segment assets are substantially the same for each reportable segment. All transactions between segments are accounted for at cost, and no timing differences occur between segments.

A summary of segment products and services is as follows:

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

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

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

Segment information for 2005, 2004 and 2003 is as follows:

	Twelve Months Ended December 31,		
(in millions)	2005	2004	2003
<b>Operating Revenue</b>			
North America			
Information Services	\$ 806.3	\$ 707.1	\$ 679.8
Marketing Services	253.7	236.1	265.7
Personal Solutions	114.7	96.1	69.5
North America	<b>1,174.7</b>	1,039.3	1,015.0
Europe	<b>142.0</b>	142.0	115.8
Latin America	<b>126.7</b>	91.5	79.9
	<b>\$1,443.4</b>	\$1,272.8	\$1,210.7

	Twelve Months Ended		
	December 31,		
(in millions)	2005	2004	2003
<b>Operating Income (Loss)</b>			
North America			
Information Services	\$345.5	\$299.5	\$296.9
Marketing Services	85.2	74.4	48.8
Marketing Services restructuring and impairment charges	–	(2.4)	(30.6)
Marketing Services, net	85.2	72.0	18.2
Personal Solutions	13.5	17.6	9.2
North America	444.2	389.1	324.3
Europe	33.4	30.0	22.9
Latin America	33.3	17.0	20.0
General Corporate Expense	(88.9)	(60.3)	(53.0)
	<b>\$422.0</b>	<b>\$375.8</b>	<b>\$314.2</b>

	December 31,	
	2005	2004
(in millions)		
<b>Total Assets</b>		
North America	\$1,207.0	\$1,092.2
Europe	162.8	182.3
Latin America	239.4	214.5
General Corporate	222.3	67.8
	<b>1,831.5</b>	<b>1,556.8</b>
Discontinued operations	–	0.4
	<b>\$1,831.5</b>	<b>\$1,557.2</b>

	December 31,	
	2005	2004
(in millions)		
<b>Total Net Assets</b>		
North America	\$ 865.6	\$ 922.4
Europe	137.1	146.1
Latin America	200.5	180.9
General Corporate	(382.9)	(726.0)
	<b>820.3</b>	<b>523.4</b>
Discontinued operations	–	0.2
	<b>\$ 820.3</b>	<b>\$ 523.6</b>

	Twelve Months Ended		
	December 31,		
(in millions)	2005	2004	2003
<b>Depreciation and amortization</b>			
North America	\$58.9	\$54.6	\$66.0
Europe	5.7	10.2	10.6
Latin America	7.5	6.8	5.5
General Corporate Expense	10.1	7.1	8.3
	<b>\$82.2</b>	<b>\$78.7</b>	<b>\$90.4</b>

	Twelve Months Ended		
	December 31,		
(in millions)	2005	2004	2003
<b>Capital expenditures (excluding property &amp; equipment &amp; other assets acquired in acquisitions)</b>			
North America	\$33.6	\$37.6	\$41.0
Europe	6.2	4.7	6.2
Latin America	1.9	2.5	5.3
General Corporate	4.5	2.7	0.2
	<b>\$46.2</b>	<b>\$47.5</b>	<b>\$52.7</b>

Financial information by geographic area is as follows:

Twelve Months Ended December 31,							
		2005		2004		2003	
<i>(in millions)</i>	Amount	%	Amount	%	Amount	%	
<b>Operating Revenue (based on location of customer)</b>							
U.S.	\$1,063.9	73%	\$ 940.3	74%	\$ 924.1	76%	
Canada	110.8	8%	99.0	8%	90.9	8%	
U.K.	124.3	9%	124.3	10%	101.6	8%	
Brazil	67.4	5%	47.3	4%	45.9	4%	
Other	77.0	5%	61.9	5%	48.2	4%	
	<b>\$1,443.4</b>	<b>100%</b>	<b>\$1,272.8</b>	<b>100%*</b>	<b>\$1,210.7</b>	<b>100%</b>	

\*Does not total due to rounding

December 31,					
		2005		2004	
<i>(in millions)</i>	Amount	%	Amount	%	
<b>Long-lived assets of continuing operations</b>					
U.S.	\$1,104.4	71%	\$ 812.2	65%	
Canada	129.8	8%	126.7	10%	
U.K.	111.8	7%	122.5	10%	
Brazil	131.8	9%	118.8	9%	
Other	73.3	5%	77.4	6%	
	<b>\$1,551.1</b>	<b>100%</b>	<b>\$1,257.6</b>	<b>100%</b>	

## 14.

## QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for 2005 and 2004 are as follows:

2005	First	Second	Third	Fourth
<i>(in millions, except per share data)</i>				
Operating revenue	\$343.4	\$363.4	\$375.3	\$361.3
Operating income	\$102.0	\$106.7	\$107.3	\$106.0
Income from continuing operations	\$ 58.6	\$ 62.6	\$ 62.5	\$ 62.8
Net income	\$ 58.6	\$ 62.6	\$ 62.5	\$ 62.8
Per common share (basic):*				
Income from continuing operations	\$ 0.45	\$ 0.48	\$ 0.48	\$ 0.48
Net income	\$ 0.45	\$ 0.48	\$ 0.48	\$ 0.48
Per common share (diluted):*				
Income from continuing operations	\$ 0.44	\$ 0.47	\$ 0.47	\$ 0.48
Net income	\$ 0.44	\$ 0.47	\$ 0.47	\$ 0.48
2004	First	Second	Third	Fourth
Operating revenue	\$309.9	\$315.4	\$319.9	\$327.6
Operating income	\$ 88.4	\$ 92.0	\$ 95.7	\$ 99.7
Income from continuing operations	\$ 51.8	\$ 77.0	\$ 53.3	\$ 55.2
Discontinued operations	\$ (1.0)	\$ (3.8)	\$ (0.1)	\$ 2.3
Net income	\$ 50.8	\$ 73.2	\$ 53.2	\$ 57.5
Per common share (basic):*				
Income from continuing operations	\$ 0.40	\$ 0.59	\$ 0.41	\$ 0.43
Net income	\$ 0.39	\$ 0.56	\$ 0.40	\$ 0.44
Per common share (diluted):*				
Income from continuing operations	\$ 0.38	\$ 0.58	\$ 0.40	\$ 0.42
Net income	\$ 0.38	\$ 0.55	\$ 0.40	\$ 0.43

\*The sum of the quarterly EPS may not equal the annual EPS due to changes in the weighted average shares outstanding between periods.

The comparability of our quarterly financial results during 2005 and 2004 were impacted by certain events, as follows:

- ♦ In May 2004, we recorded a gain related to the sale of our investment in Intersections. For additional information about this gain, see Note 9 of the Notes to the Consolidated Financial Statements.
- ♦ In the 2004 quarterly financial results above, amounts related to Italy and Spain have been reclassified to discontinued operations. For additional information about the discontinued operations, see Note 11 of the Notes to the Consolidated Financial Statements.
- ♦ During 2004 and 2005, we made several acquisitions, including APPRO and BeNow in 2005. For additional information about these acquisitions, see Note 2 of the Notes to the Consolidated Financial Statements.