

EQUIFAX

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March	
	2017	2016
	31,	
	<i>(Unaudited)</i>	
<i>(In millions, except per share amounts)</i>		
Operating revenue	\$ 832.2	\$ 728.3
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	300.8	253.3
Selling, general and administrative expenses	243.3	243.1
Depreciation and amortization	71.3	55.7
Total operating expenses	615.4	552.1
Operating income	216.8	176.2
Interest expense	(24.2)	(20.1)
Other income (expense), net	3.1	(2.1)
Consolidated income from operations before income taxes	195.7	154.0
Provision for income taxes	(40.3)	(51.6)
Consolidated net income	155.4	102.4
Less: Net income attributable to noncontrolling interests including redeemable noncontrolling interests	(2.1)	(0.3)
Net income attributable to Equifax	\$ 153.3	\$ 102.1
Basic earnings per common share:		
Net income attributable to Equifax	\$ 1.28	\$ 0.86
Weighted-average shares used in computing basic earnings per share	120.0	118.8
Diluted earnings per common share:		
Net income attributable to Equifax	\$ 1.26	\$ 0.85
Weighted-average shares used in computing diluted earnings per share	121.9	120.8
Dividends per common share	\$ 0.39	\$ 0.33

EQUIFAX

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2017	December 31, 2016
	<i>(Unaudited)</i>	
<i>(In millions, except par values)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 123.2	\$ 129.3
Trade accounts receivable, net of allowance for doubtful accounts of \$8.3 and \$7.8 at March 31, 2017 and December 31, 2016, respectively	459.7	433.3
Prepaid expenses	76.2	60.2
Other current assets	46.1	50.1
Total current assets	<u>705.2</u>	<u>672.9</u>
Property and equipment:		
Capitalized internal-use software and system costs	332.1	307.0
Data processing equipment and furniture	280.3	273.2
Land, buildings and improvements	206.6	203.8
Total property and equipment	819.0	784.0
Less accumulated depreciation and amortization	(340.0)	(317.1)
Total property and equipment, net	<u>479.0</u>	<u>466.9</u>
Goodwill	4,057.5	3,974.3
Indefinite-lived intangible assets	94.8	94.8
Purchased intangible assets, net	1,312.3	1,323.8
Other assets, net	140.2	131.3
Total assets	<u>\$ 6,789.0</u>	<u>\$ 6,664.0</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 631.8	\$ 585.4
Accounts payable	79.6	81.0
Accrued expenses	133.7	149.3
Accrued salaries and bonuses	59.3	158.8
Deferred revenue	113.5	110.7
Other current liabilities	183.4	174.4
Total current liabilities	<u>1,201.3</u>	<u>1,259.6</u>
Long-term debt	2,037.4	2,086.8
Deferred income tax liabilities, net	330.3	325.4
Long-term pension and other postretirement benefit liabilities	181.0	184.4
Other long-term liabilities	86.8	86.5
Total liabilities	<u>3,836.8</u>	<u>3,942.7</u>
Equifax shareholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares - 10.0; Issued shares - none	—	—
Common stock, \$1.25 par value: Authorized shares - 300.0; Issued shares - 189.3 at March 31, 2017 and December 31, 2016; Outstanding shares - 120.2 and 119.9 at March 31, 2017 and December 31, 2016, respectively	236.6	236.6
Paid-in capital	1,322.7	1,313.3
Retained earnings	4,255.9	4,153.2
Accumulated other comprehensive loss	(414.4)	(528.9)
Treasury stock, at cost, 68.5 shares and 68.8 shares at March 31, 2017 and December 31, 2016, respectively	(2,506.8)	(2,505.6)
Stock held by employee benefit trusts, at cost, 0.6 shares at March 31, 2017 and December 31, 2016	(5.9)	(5.9)
Total Equifax shareholders' equity	<u>2,888.1</u>	<u>2,662.7</u>
Noncontrolling interests	64.1	58.6
Total equity	<u>2,952.2</u>	<u>2,721.3</u>
Total liabilities and equity	<u>\$ 6,789.0</u>	<u>\$ 6,664.0</u>

EQUIFAX

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31,	
	2017	2016
	<i>(Unaudited)</i>	
<i>(In millions)</i>		
Operating activities:		
Consolidated net income	\$ 155.4	\$ 102.4
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	72.1	56.8
Stock-based compensation expense	18.7	16.3
Excess tax benefits from stock-based compensation plans	—	(10.9)
Deferred income taxes	(2.6)	1.1
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	(22.7)	(45.4)
Other assets, current and long-term	(29.2)	17.0
Current and long term liabilities, excluding debt	(88.0)	(29.2)
Cash provided by operating activities	103.7	108.1
Investing activities:		
Capital expenditures	(50.3)	(40.2)
Acquisitions, net of cash acquired	(7.3)	(1,727.8)
Cash received from sale of asset	8.6	—
Economic hedges	—	(10.8)
Cash used in investing activities	(49.0)	(1,778.8)
Financing activities:		
Net short-term borrowings	46.4	900.1
Payments on long-term debt	(50.0)	(10.0)
Borrowings on long-term debt	—	800.0
Dividends paid to Equifax shareholders	(46.9)	(39.2)
Dividends paid to noncontrolling interests	(1.9)	(1.7)
Proceeds from exercise of stock options	9.4	4.1
Payment of taxes related to settlement of equity awards	(20.3)	(17.8)
Excess tax benefits from stock-based compensation plans	—	10.9
Cash (used in) provided by financing activities	(63.3)	1,646.4
Effect of foreign currency exchange rates on cash and cash equivalents	2.5	27.8
(Decrease) increase in cash and cash equivalents	(6.1)	3.5
Cash and cash equivalents, beginning of period	129.3	93.3
Cash and cash equivalents, end of period	\$ 123.2	\$ 96.8

Common Questions & Answers (Unaudited)

(Dollars in millions)

1. Can you provide a further analysis of operating revenue by operating segment?

Operating revenue consists of the following components:

<i>(In millions)</i>	Three months ended March 31,				
	2017	2016	\$ Change	% Change	Local Currency % Change*
Operating revenue:					
Online Information Solutions	\$ 225.2	\$ 218.1	\$ 7.1	3%	
Mortgage Solutions	38.6	31.6	7.0	22%	
Financial Marketing Services	46.3	45.2	1.1	2%	
Total U.S. Information Solutions	310.1	294.9	15.2	5%	
Europe	61.7	60.5	1.2	2%	15%
Latin America	51.0	42.5	8.5	20%	20%
Asia Pacific	72.0	27.6	44.4	161%	159%
Canada	31.5	27.5	4.0	15%	11%
Total International	216.2	158.1	58.1	37%	41%
Verification Services	115.1	99.2	15.9	16%	
Employer Services	84.9	80.9	4.0	5%	
Total Workforce Solutions	200.0	180.1	19.9	11%	
Global Consumer Solutions	105.9	95.2	10.7	11%	13%
Total operating revenue	\$ 832.2	\$ 728.3	\$ 103.9	14%	15%

*Reflects percentage change in revenue conforming 2017 results using 2016 exchange rates.

nm - not meaningful.

2. What was the currency impact on the foreign operations?

The U.S. dollar impact on operating revenue is as follows:

<i>(In millions)</i>	Three months ended March 31, 2017	
	Operating Revenue	
	Amount	%
Europe	\$ (7.9)	(13)%
Latin America	—	— %
Asia Pacific	0.5	2 %
Canada	1.1	4 %
Global Consumer Solutions	(1.2)	(1)%
Total	\$ (7.5)	(1)%

3. What drove the fluctuation in the effective tax rate?

Our effective income tax rate was 20.6% and 33.5% for the three months ended March 31, 2017 and March 31, 2016, respectively. The decrease in our effective income tax rate is primarily attributable to the adoption of the new stock-based compensation guidance we prospectively adopted in the first quarter of 2017 that requires the recognition of the income tax effects of awards in the income statement when the awards vest or are settled. These amounts were previously recognized in

additional paid-in-capital. We recognized a \$14.9 million tax benefit related to the accounting change in the first quarter of 2017. Additionally, the 2017 rate is lower due to \$8.3 million of adjustments for uncertain tax positions related to the recent settlement of an income tax audit.

Reconciliations of Non-GAAP Financial Measures to the Comparable GAAP Financial Measures (Unaudited)
(Dollars in millions, except per share amounts)

A. Reconciliation of net income attributable to Equifax to diluted EPS attributable to Equifax, adjusted for Veda acquisition related amounts other than acquisition-related amortization, the income tax effects of stock awards recognized upon vesting or settlement, adjustments for uncertain tax positions, income taxes related to adjustments, and acquisition-related amortization expense:

<i>(In millions, except per share amounts)</i>	Three Months Ended March 31,		\$ Change	% Change
	2017	2016		
Net income attributable to Equifax	\$ 153.3	\$ 102.1	\$ 51.2	50 %
Acquisition-related amortization expense of certain acquired intangibles ⁽¹⁾	45.0	35.7	\$ 9.3	26 %
Veda acquisition related amounts other than acquisition-related amortization ⁽²⁾	11.4	22.3	(10.9)	(49)%
Income tax effects of stock awards that are recognized upon vesting or settlement ⁽³⁾	(14.9)	—	(14.9)	nm
Adjustments for uncertain tax positions ⁽⁴⁾	(8.3)	—	(8.3)	nm
Tax impact of adjustments ⁽⁵⁾	(11.0)	(11.5)	0.5	nm
Net income attributable to Equifax, adjusted for items listed above	175.5	148.6	\$ 26.9	18 %
Diluted EPS attributable to Equifax, adjusted for items listed above	\$ 1.44	\$ 1.23	\$ 0.21	17 %
Weighted-average shares used in computing diluted EPS	121.9	120.8		

nm - not meaningful

- (1) During the first quarter of 2017, we recorded acquisition-related amortization expense of certain acquired intangibles of \$45.0 million (\$36.4 million, net of tax). We calculate this financial measure by excluding the impact of acquisition-related amortization expense and including a benefit to reflect the significant cash income tax savings resulting from the income tax deductibility of amortization for certain acquired intangibles. The \$8.6 million of tax is comprised of \$14.8 million of tax expense net of \$6.2 million of a cash income tax benefit. During the first quarter of 2016, we recorded acquisition-related amortization expense of certain acquired intangibles of \$35.7 million (\$30.2 million, net of tax). The \$5.5 million of tax is comprised of \$11.7 million of tax expense net of \$6.2 million of a cash income tax benefit.
- (2) During the first quarter of 2017, we recorded \$11.4 million (\$9.0 million, net of tax, which includes a valuation allowance adjustment of \$1.0 million reflected in income tax) for Veda acquisition related amounts other than acquisition-related amortization, of which \$11.7 million related to integration costs included in operating income, and \$0.3 million related to foreign currency gain included in other income, net.

During the first quarter of 2016, we recorded \$22.3 million (\$16.3 million, net of tax) for Veda acquisition related amounts. \$15.8 million relates to transaction and integration costs recorded in operating income, \$5.8 million is recorded in other income, net, and is the impact of foreign currency changes on the transaction structure, including economic hedges, and \$0.7 million is recorded in interest expense. See the Notes to this reconciliation for additional detail.

- (3) During the first quarter of 2017, we recorded a tax benefit of \$14.9 million related to the tax effects of deductions for stock compensation in excess of amounts recorded for compensation costs. See the Notes to this reconciliation for additional detail.
- (4) During the first quarter of 2017, we recorded a tax benefit of \$8.3 million related to adjustments from uncertain tax positions resulting from the completion of examinations of historical tax returns. See the Notes to this reconciliation for additional detail.
- (5) During the first quarter of 2017 we recorded the tax impact of adjustments of \$11.0 million comprised of (i) acquisition-related amortization expense of certain acquired intangibles of \$8.6 million (\$14.8 million of tax expense net of \$6.2 million of a cash income tax benefit) and (ii) tax adjustment of \$2.4 million for Veda acquisition related amounts other than acquisition related amortization.

During the first quarter of 2016 we recorded the tax impact of adjustments of \$11.5 million comprised of (i) acquisition-related amortization expense of certain acquired intangibles of \$5.5 million (\$11.7 million of tax expense net of \$6.2 million of a cash income tax benefit), and (ii) a tax adjustment of \$6.0 million for Veda acquisition related amounts other than acquisition related amortization.

B. Reconciliation of net income attributable to Equifax to adjusted EBITDA, excluding Veda acquisition related amounts, income taxes, interest expense, net and depreciation and amortization expense, and presentation of adjusted EBITDA margin:

<i>(In millions)</i>	Three Months Ended March 31,			
	2017	2016	\$ Change	% Change
Revenue	\$ 832.2	\$ 728.3	\$ 103.9	14 %
Net income attributable to Equifax	\$ 153.3	\$ 102.1	\$ 51.2	50 %
Income taxes	40.3	51.6	(11.3)	(22)%
Interest expense, net*	23.5	18.3	5.2	28 %
Depreciation and amortization	71.3	55.7	15.6	28 %
Veda acquisition related amounts ⁽¹⁾	11.4	21.6	(10.2)	(47)%
Adjusted EBITDA, excluding the items listed above	<u>\$ 299.8</u>	<u>\$ 249.3</u>	<u>\$ 50.5</u>	<u>20 %</u>
Adjusted EBITDA margin	36.0%	34.2%		

nm - not meaningful

*Excludes interest income of \$0.7 million in 2017 and \$1.8 million in 2016.

- (1) During the first quarter of 2017, we recorded \$11.4 million (\$9.0 million, net of tax, which includes a valuation allowance adjustment of \$1.0 million reflected in income tax) for Veda acquisition related amounts other than acquisition-related amortization, of which \$11.7 million related to integration costs included in operating income, and \$0.3 million related to foreign currency gain included in other income, net.

During the first quarter of 2016, we recorded \$22.3 million (\$16.3 million, net of tax) for Veda acquisition related amounts. \$15.8 million relates to transaction and integration costs recorded in operating income, \$5.8 million is recorded in other income, net, and is the impact of foreign currency changes on the transaction structure, including economic hedges, and \$0.7 million is recorded in interest expense. See the Notes to this reconciliation for additional detail.

C. Reconciliation of operating income to Adjusted EBITDA, excluding Veda acquisition related amounts, income taxes, depreciation and amortization expense, other income, net, noncontrolling interest, and presentation of adjusted EBITDA margin for each of the segments:

<i>(In millions)</i>	Three months ended March 31, 2017					
	U.S. Information Solutions	International	Workforce Solutions	Global Consumer Solutions	General Corporate Expense*	Total
Revenue	\$ 310.1	\$ 216.2	\$ 200.0	\$ 105.9	nm	\$ 832.2
Operating Income	129.7	29.8	89.5	30.8	(63.0)	216.8
Depreciation and Amortization	20.8	28.1	10.9	2.8	8.7	71.3
Other income/(expense), net**	0.3	2.1	—	—	—	2.4
Noncontrolling interest	—	(2.1)	—	—	—	(2.1)
Adjustments ⁽¹⁾	—	9.5	—	—	1.9	11.4
Adjusted EBITDA	\$ 150.8	\$ 67.4	\$ 100.4	\$ 33.6	\$ (52.4)	\$ 299.8
Operating Margin	41.8%	13.8%	44.7%	29.1%	nm	26.1%
Adjusted EBITDA Margin	48.6%	31.2%	50.2%	31.7%	nm	36.0%

nm - not meaningful

*General Corporate Expense includes non-recurring adjustments of \$1.9 million.

**Excludes interest income of \$0.7 million.

<i>(In millions)</i>	Three months ended March 31, 2016					
	U.S. Information Solutions	International	Workforce Solutions	Global Consumer Solutions	General Corporate Expense*	Total
Revenue	\$ 294.9	\$ 158.1	\$ 180.1	\$ 95.2	nm	\$ 728.3
Operating Income	122.8	19.4	78.6	27.0	(71.6)	176.2
Depreciation and Amortization	20.5	16.4	10.5	2.3	6.0	55.7
Other income/(expense), net**	0.4	1.0	—	—	(5.3)	(3.9)
Noncontrolling interest	—	(0.3)	—	—	—	(0.3)
Adjustments ⁽¹⁾	—	3.6	—	—	18.0	21.6
Adjusted EBITDA	\$ 143.7	\$ 40.1	\$ 89.1	\$ 29.3	\$ (52.9)	\$ 249.3
Operating Margin	41.6%	12.3%	43.6%	28.3%	nm	24.2%
Adjusted EBITDA Margin	48.7%	25.3%	49.5%	30.8%	nm	34.2%

nm - not meaningful

*General Corporate Expense includes non-recurring adjustments of \$12.3 million.

**Excludes interest income of \$1.8 million.

- (1) During the first quarter of 2017, we recorded \$11.4 million (\$9.0 million, net of tax, which includes a valuation allowance adjustment of \$1.0 million reflected in income tax) for Veda acquisition related amounts other than acquisition-related amortization, of which \$11.7 million related to integration costs included in operating income, and \$0.3 million related to foreign currency gain included in other income, net.

During the first quarter of 2016, we recorded \$22.3 million (\$16.3 million, net of tax) for Veda acquisition related amounts. \$15.8 million relates to transaction and integration costs recorded in operating income, \$5.8 million is recorded in other income, net, and is the impact of foreign currency changes on the transaction

structure, including economic hedges, and \$0.7 million is recorded in interest expense. See the Notes to this reconciliation for additional detail.

Notes to Reconciliations of Non-GAAP Financial Measures to the Comparable GAAP Financial Measures

Diluted EPS attributable to Equifax is adjusted for the following items:

Acquisition-related amortization expense, net of tax - We calculate this financial measure by excluding the impact of acquisition-related amortization expense and including a benefit to reflect the material cash income tax savings resulting from the income tax deductibility of amortization for certain acquired intangibles. These financial measures are not prepared in conformity with GAAP. Management believes excluding the impact of amortization expense is useful because excluding acquisition-related amortization, and other items that are not comparable, allows investors to evaluate our performance for different periods on a more comparable basis. Certain acquired intangibles result in material cash income tax savings which are not reflected in earnings. Management believes that including a benefit to reflect the cash income tax savings is useful as it allows investors to better value Equifax. Management makes these adjustments to earnings when measuring profitability, evaluating performance trends, setting performance objectives and calculating our return on invested capital.

Veda acquisition related amounts for transaction and due diligence expenses incurred as a direct result of the acquisition, as well as integration expense in the first year following the closure of the acquisition - During the first quarter of 2017, we recorded \$11.4 million (\$9.0 million, net of tax, which includes a valuation allowance adjustment of \$1.0 million reflected in income tax) for Veda acquisition related amounts other than acquisition-related amortization, of which \$11.7 million related to integration costs included in operating income, and \$0.3 million related to foreign currency gain included in other income, net. Management believes excluding this charge is useful as it allows investors to evaluate our performance for different periods on a more comparable basis. Management makes these adjustments to net income when measuring profitability, evaluating performance trends, setting performance objectives and calculating our return on invested capital. This is consistent with how management reviews and assesses Equifax's historical performance and is useful when planning, forecasting and analyzing future periods.

Income tax effects of stock awards that are recognized upon vesting or settlement - During the first quarter of 2017, we recorded a tax benefit of \$14.9 million related to the tax effects of deductions in excess of compensation costs in accordance with newly adopted guidance. Management believes excluding this tax effect from financial results provides meaningful supplemental information regarding our financial results for the three months ended March 31, 2017, as compared to the corresponding period in 2016, because this amount is non-operating and relates to income tax benefits or deficiencies for stock awards recognized when tax amounts differ from recognized stock compensation cost. This is consistent with how management reviews and assesses Equifax's historical performance and is useful when planning, forecasting and analyzing future periods.

Adjustments for uncertain tax positions - During the first quarter of 2017, we recorded a tax benefit of \$8.3 million related to adjustments from uncertain tax positions resulting from the completion of examinations of historical tax returns. Management believes excluding this tax effect from certain financial results provides meaningful supplemental information regarding our financial results for the three months ended March 31, 2017, as compared to the corresponding period in 2016, because a benefit of such an amount is not comparable among the periods. This is consistent with how management reviews and assesses Equifax's historical performance and is useful when planning, forecasting and analyzing future periods.

Adjusted EBITDA and Adjusted EBITDA margin, excluding the Veda acquisition related amounts - Management defines adjusted EBITDA as consolidated net income attributable to Equifax plus net interest expense,

income taxes, depreciation and amortization, and also excludes certain one-time items. Management believes the use of adjusted EBITDA and adjusted EBITDA margin allows investors to evaluate our performance for different periods on a more comparable basis.