EQUIFAX INC
Form 10-Q
October 28, 2010

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

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

OR

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

For the transition period from to .

Commission File Number: 001-06605

EQUIFAX INC.
(Exact name of registrant as specified in its charter)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

On October 15, 2010, there were 123,401,588 shares of the registrant’s common stock outstanding.

EQUIFAX INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2010

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will,” “may” and similar expressions identify forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to future operating results, are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part II, “Item 1A. Risk Factors,” and elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2009, and those described from time to time in our future reports filed with the Securities and Exchange Commission. As a result of such risks and uncertainties, we urge you not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30			
	2010		2009	
(In millions, except per share amounts)	(Unaudited)			
Operating revenue	$	473.8	$	425.0
Operating expenses:				
Cost of services (exclusive of depreciation and amortization below)		188.2		177.5
Selling, general and administrative expenses		134.0		111.2
Depreciation and amortization		41.4		36.3
Total operating expenses		363.6		325.0
Operating income		110.2		100.0
Interest expense		(14.0)		(14.1)
Other income, net		0.7		0.2
Consolidated income from continuing operations before income taxes		96.9		86.1
Provision for income taxes		(33.3)		(28.7)
Consolidated income from continuing operations		63.6		57.4
Discontinued operations, net of tax		15.2		4.0
Consolidated net income		78.8		61.4
Less: Net income attributable to noncontrolling interests		(2.3)		(1.7)
Net income attributable to Equifax	$	76.5	$	59.7
Amounts attributable to Equifax:				
Net income from continuing operations attributable to Equifax	$	61.3	$	55.7
Discontinued operations, net of tax		15.2		4.0
Net income attributable to Equifax	$	76.5	$	59.7
Basic earnings per common share:				
Net income from continuing operations attributable to Equifax	$	0.50	$	0.44
Discontinued operations attributable to Equifax		0.12		0.03
Net income attributable to Equifax	$	0.62	$	0.47
Weighted-average shares used in computing basic earnings per share		124.3		126.4
Diluted earnings per common share:				
Net income from continuing operations attributable to Equifax	$	0.49	$	0.44
Discontinued operations attributable to Equifax		0.12		0.03
Net income attributable to Equifax	$	0.61	$	0.47
Weighted-average shares used in computing diluted earnings per share		125.8		128.0
Dividends per common share	$	0.04	$	0.04

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share amounts)	Nine Months Ended September 30 2010 (Unaudited)	Nine Months Ended September 30 2009 (Unaudited)
Operating revenue	$ 1,377.5	$ 1,280.6
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	566.6	535.0
Selling, general and administrative expenses	370.4	340.0
Depreciation and amortization	120.2	106.7
Total operating expenses	1,057.2	981.7
Operating income	320.3	298.9
Interest expense	(42.3)	(42.9)
Other income, net	1.0	5.8
Consolidated income from continuing operations before income taxes	279.0	261.8
Provision for income taxes	(99.7)	(94.0)
Consolidated income from continuing operations	179.3	167.8
Discontinued operations, net of tax	31.5	10.8
Consolidated net income	210.8	178.6
Less: Net income attributable to noncontrolling interests	(6.3)	(4.9)
Net income attributable to Equifax	$ 204.5	$ 173.7
Amounts attributable to Equifax:		
Net income from continuing operations attributable to Equifax	$ 173.0	$ 162.9
Discontinued operations, net of tax	31.5	10.8
Net income attributable to Equifax	$ 204.5	$ 173.7
Basic earnings per common share:		
Net income from continuing operations attributable to Equifax	$ 1.38	$ 1.29
Discontinued operations attributable to Equifax	0.25	0.09
Net income attributable to Equifax	$ 1.63	$ 1.38
Weighted-average shares used in computing basic earnings per share	125.4	126.3
Diluted earnings per common share:		
Net income from continuing operations attributable to Equifax	$ 1.36	$ 1.28
Discontinued operations attributable to Equifax	0.25	0.08
Net income attributable to Equifax	$ 1.61	$ 1.36
Weighted-average shares used in computing diluted earnings per share	127.1	127.8
Dividends per common share	$ 0.12	$ 0.12

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except par values)	September 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 115.6	$ 103.1
Trade accounts receivable, net of allowance for doubtful accounts of $9.9 and $15.1 at September 30, 2010 and December 31, 2009, respectively	266.2	258.7
Prepaid expenses	32.7	27.6
Other current assets	22.6	27.4
Total current assets	437.1	416.8
Property and equipment:		
Capitalized internal-use software and system costs	306.2	316.6
Data processing equipment and furniture	180.5	184.2
Land, buildings and improvements	167.9	164.5
Total property and equipment	654.6	665.3
Less accumulated depreciation and amortization	(354.4)	(346.0)
Total property and equipment, net	300.2	319.3
Goodwill	1,871.2	1,943.2
Indefinite-lived intangible assets	95.6	95.5
Purchased intangible assets, net	588.9	687.0
Other assets, net	107.0	88.7
Total assets	$ 3,400.0	$ 3,550.5
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities	$ 21.0	$ 183.2
Accounts payable	19.7	35.9
Accrued expenses	64.7	67.7
Accrued salaries and bonuses	56.5	58.1
Deferred revenue	56.5	69.8
Other current liabilities	86.9	77.5
Total current liabilities	305.3	492.2
Long-term debt	986.4	990.9
Deferred income tax liabilities, net	241.8	249.3
Long-term pension and other postretirement benefit liabilities	84.6	142.5
Other long-term liabilities	53.5	60.6
Total liabilities	1,671.6	1,935.5
Commitments and Contingencies (see Note 5)		
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 September 30, 2010 and December 31, 2009; Outstanding shares - 123.4 and 126.2 at September 30, 2010 and December 31, 2009, respectively	236.6	236.6
Paid-in capital	1,103.9	1,102.0
Retained earnings	2,683.5	2,494.2

Accumulated other comprehensive loss		(309.7)		(318.7)
Treasury stock, at cost, 63.8 shares and 61.0 shares at September 30, 2010 and December 31, 2009, respectively		(1,961.6)		(1,871.7)
Stock held by employee benefits trusts, at cost, 2.1 shares at both September 30, 2010 and December 31, 2009		(41.2)		(41.2)
Total Equifax shareholders' equity		1,711.5		1,601.2
Noncontrolling interests		16.9		13.8
Total equity		1,728.4		1,615.0
Total liabilities and equity	$	3,400.0	$	3,550.5

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Nine Months Ended September 30, 2010 (Unaudited)	Nine Months Ended September 30, 2009 (Unaudited)
Operating activities:		
Consolidated net income	$ 210.8	$ 178.6
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on divestitures	(27.1)	-
Depreciation and amortization	125.7	116.9
Stock-based compensation expense	15.0	13.5
Tax effects of stock-based compensation plans	1.6	0.1
Excess tax benefits from stock-based compensation plans	(1.6)	(0.5)
Deferred income taxes	3.2	24.6
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	(10.8)	11.8
Prepaid expenses and other current assets	(1.2)	(13.0)
Other assets	(0.7)	(4.3)
Current liabilities, excluding debt	(57.1)	(46.4)
Other long-term liabilities, excluding debt	(50.4)	(12.5)
Cash provided by operating activities	207.4	268.8
Investing activities:		
Capital expenditures	(82.4)	(51.2)
Acquisitions, net of cash acquired	(15.3)	(3.5)
Cash received from divestitures	181.7	-
Dividend from unconsolidated affiliates	1.5	1.8
Cash provided by (used in) investing activities	85.5	(52.9)
Financing activities:		
Net short-term (repayments) borrowings	(134.0)	247.5
Net repayments under long-term revolving credit facilities	(5.0)	(420.0)
Payments on long-term debt	(19.6)	(6.6)
Treasury stock purchases	(116.4)	(9.1)
Dividends paid to Equifax shareholders	(14.9)	(15.1)
Dividends paid to noncontrolling interests	(3.4)	(3.3)
Proceeds from exercise of stock options	13.8	5.9
Excess tax benefits from stock-based compensation plans	1.6	0.5
Other	(0.8)	(0.9)
Cash used in financing activities	(278.7)	(201.1)
Effect of foreign currency exchange rates on cash and cash equivalents	(1.7)	4.7
Increase in cash and cash equivalents	12.5	19.5
Cash and cash equivalents, beginning of period	103.1	58.2
Cash and cash equivalents, end of period	$ 115.6	$ 77.7

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME

For the Nine Months Ended September 30, 2010

(Unaudited)

	Equifax Shareholders								
	Common Stock								
	Shares Outstanding	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Stock Held By Employee Benefits Trusts	Noncontrolling Interests	Total Equity
	(In millions, except per share amounts)								
Balance, December 31, 2009	126.2	$ 236.6	$ 1,102.0	$ 2,494.2	$ (318.7)	$ (1,871.7)	$ (41.2)	$ 13.8	$ 1,615.0
Net income	-	-	-	204.5	-	-	-	6.3	210.8
Other comprehensive income	-	-	-	-	9.0	-	-	(0.1)	8.9
Shares issued under stock and benefit plans, net of minimum tax withholdings	0.9	-	(15.0)		-	26.5	-	-	11.5
Treasury stock purchased under share repurchase program ($31.34 per share)*	(3.7)	-	-	-	-	(116.4)	-	-	(116.4)
Cash dividends ($0.12 per share)	-	-	-	(15.2)	-	-	-	-	(15.2)
Dividends paid to employee benefits trusts	-	-	0.3	-	-	-	-	-	0.3
Stock-based compensation expense	-	-	15.0	-	-	-	-	-	15.0
Tax effects of stock-based compensation plans	-	-	1.6	-	-	-	-	-	1.6
Dividends paid to noncontrolling interests	-	-	-	-	-	-	-	(3.4)	(3.4)
Other								0.3	0.3
	123.4	$ 236.6	$ 1,103.9	$ 2,683.5	$ (309.7)	$ (1,961.6)	$ (41.2)	$ 16.9	$ 1,728.4

Balance,
September 30,
2010

* At September 30, 2010, $155.5 million was authorized for future purchases of common stock under our share repurchase authorization.

Accumulated Other Comprehensive Loss consists of the following components:

	September 30, 2010	December 31, 2009
	(In millions)	
Foreign currency translation	$ (96.2)	$ (99.9)
Unrecognized actuarial losses and prior service cost related to our pension and other postretirement benefit plans, net of accumulated tax of $121.9 and $124.9 at September 30, 2010 and December 31, 2009, respectively	(211.0)	(216.2)
Cash flow hedging transactions, net of accumulated tax of $1.6 and $1.7 at September 30, 2010 and December 31, 2009, respectively	(2.5)	(2.6)
Accumulated other comprehensive loss	$ (309.7)	$ (318.7)

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND COMPREHENSIVE INCOME

For the Nine Months Ended September 30, 2010

(Unaudited)

Comprehensive Income is as follows:

	Three Months Ended September 30,					
	2010			2009		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	$ 76.5	$ 2.3	$ 78.8	$ 59.7	$ 1.7	$ 61.4
Other comprehensive income:						
Foreign currency translation adjustment	20.7	0.2	20.9	13.5	0.2	13.7
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans	1.8	-	1.8	1.7	-	1.7
Change in cumulative loss from cash flow hedging transactions	-	-	-	0.3	-	0.3
Comprehensive income	$ 99.0	$ 2.5	$ 101.5	$ 75.2	$ 1.9	$ 77.1

	Nine Months Ended September 30,					
	2010			2009		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	$ 204.5	$ 6.3	$ 210.8	$ 173.7	$ 4.9	$ 178.6
Other comprehensive income:						
Foreign currency translation adjustment	3.7	(0.1)	3.6	67.3	0.1	67.4
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans	5.2	-	5.2	4.9	-	4.9
Change in cumulative loss from cash flow hedging transactions	0.1	-	0.1	0.7	-	0.7
Comprehensive income	$ 213.5	$ 6.2	$ 219.7	$ 246.6	$ 5.0	$ 251.6

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

September 30, 2010

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations. We collect, organize and manage various types of financial, demographic, employment and marketing information. Our products and services enable businesses to make credit and service decisions, manage their portfolio risk, automate or outsource certain human resources, employment tax and payroll-related business processes, 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 government agencies. We also enable consumers to manage and protect their financial health through a portfolio of products offered directly to consumers. As of September 30, 2010, we operated in the following countries: Argentina, Brazil, Canada, Chile, Ecuador, El Salvador, Honduras, Paraguay, Peru, Portugal, Spain, the United Kingdom, or U.K., Uruguay, and the United States of America, or U.S. We also maintain support operations in Costa Rica and the Republic of Ireland. We offer credit services in Russia and India through joint ventures.

We develop, maintain and enhance secured proprietary information databases through the compilation of actual consumer data, including credit, employment, asset, liquidity, net worth and spending activity, and business data, including credit and business demographics, that we obtain from a variety of sources, such as credit granting institutions, public record information (including bankruptcies, liens and judgments), income and tax information primarily from large to mid-sized companies in the U.S., and marketing information. We process this information utilizing our proprietary information management systems.

Basis of Presentation. The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, the instructions to Form 10-Q and applicable sections of Regulation S-X. To understand our complete financial position and results, as defined by GAAP, this Form 10-Q should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in our annual report on Form 10-K for the fiscal year ended December 31, 2009, or 2009 Form 10-K.

Our unaudited Consolidated Financial Statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the periods presented. Certain prior year amounts have been reclassified to conform to current year presentation including the results of businesses reclassified as discontinued operations, which are more fully described in Note 2 of the Notes to Consolidated Financial Statements.

Earnings Per Share. Our basic earnings per share, or EPS, is calculated as 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 net 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:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(In millions)			
Weighted-average shares outstanding (basic)	124.3	126.4	125.4	126.3
Effect of dilutive securities:				
Stock options and restricted stock units	1.3	1.4	1.5	1.3
Long-term incentive plans	0.2	0.2	0.2	0.2
Weighted-average shares outstanding (diluted)	125.8	128.0	127.1	127.8

For the three and nine months ended September 30, 2010, 3.3 million and 3.1 million stock options, respectively, were anti-dilutive and therefore excluded from this calculation. For the three and nine months ended September 30, 2009, 3.5 million and 3.3 million stock options, respectively, were anti-dilutive and therefore excluded from this calculation.

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. The fair value of our fixed-rate debt is determined using quoted market prices for publicly traded instruments, and for non-publicly traded instruments through valuation techniques depending on the specific characteristics of the debt instrument. As of September 30, 2010 and December 31, 2009, the fair value of our fixed-rate debt was $1.08 billion and $1.02 billion, respectively, compared to its carrying value of $0.98 billion and $1.00 billion, respectively.

Derivatives and Hedging Activities. Although derivative financial instruments are not utilized for speculative purposes, derivatives have been used as a risk management tool to hedge the Company’s exposure to changes in interest rates and foreign exchange rates. We have used interest rate swaps and interest rate lock agreements to manage interest rate risk associated with our fixed and floating-rate borrowings. Forward contracts on various foreign currencies have been used to manage the foreign currency exchange rate risk of certain firm commitments denominated in foreign currencies. We recognize all derivatives on the balance sheet at fair value. Derivative valuations reflect the value of the instrument including material amounts associated with counterparty risk. As of September 30, 2010, we have one unsettled cash flow hedge, with an aggregate notional amount of 0.3 million euros, to hedge the exposure of certain 2010 firm commitments of our U.K. subsidiary that are denominated in euros. The fair value of our unsettled foreign currency cash flow hedges was not material at September 30, 2010 and December 31, 2009.

Fair Value Hedges. In conjunction with our November 2009 sale of five-year Senior Notes, we entered into five-year interest rate swaps, designated as fair value hedges, which convert the debt’s fixed interest rate to a variable rate. These swaps involve the receipt of fixed rate amounts for floating interest rate payments over the life of the swaps without exchange of the underlying principal amount. Changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed-rate Senior Notes they hedge due to changes in the designated benchmark interest rate and are recorded in interest expense. The fair value of these interest rate swaps was an asset of $16.0 million at September 30, 2010 and was recorded in other long-term assets on our Consolidated Balance Sheet. The fair value of these interest rate swaps was a liability of $3.3 million at December 31, 2009 and was recorded in other long-term liabilities on our Consolidated Balance Sheet.

Fair Value Measurements. Fair value is determined based on the assumptions marketplace participants use in pricing the asset or liability. We use a three level fair value hierarchy to prioritize the inputs used in valuation techniques between observable inputs that reflect quoted prices in active markets, inputs other than quoted prices with observable market data and unobservable data (e.g., a company’s own data).

The following table presents items measured at fair value on a recurring basis:

Description	Fair Value of Assets (Liabilities) at September 30, 2010	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Fair Value Interest Rate Swaps(2)	$ 16.0	$ -	$ 16.0	$ -
Notes, due 2014	(291.0)	-	(291.0)	-
Deferred Compensation Plan(1)	(11.8)	(11.8)	-	-
Total	$ (286.8)	$ (11.8)	$ (275.0)	$ -

(1) We maintain a deferred compensation plan that allows for certain management employees to defer the receipt of compensation (such as salary, incentive compensation and commissions) until a later date based on the terms of the plan. The liability representing benefits accrued for plan participants is valued at the quoted market prices of the participants' elections for investments. Identical instruments are traded in active markets as of September 30, 2010. As such, we have classified this liability as Level 1 within the fair value hierarchy.

(2) The fair value of our interest rate swaps, which are designated as fair value hedges, and notes are based on the present value of expected future cash flows using zero coupon rates and are classified within Level 2 of the fair value hierarchy.

Variable Interest Entities. We hold interests in certain entities, including credit data and information solutions ventures, that are considered variable interest entities, or VIEs. These variable interests relate to ownership interests that require financial support for these entities. Our investments related to these VIEs totaled $8.3 million at September 30, 2010, representing our maximum exposure to loss. We are not the primary beneficiary and are not required to consolidate any of these VIEs.

Recent Accounting Pronouncements. Fair Value Disclosures. In January 2010, the Financial Accounting Standards Board, or FASB, issued guidance requiring additional fair value disclosures for significant transfers between levels of the fair value hierarchy and gross presentation of items within the Level 3 reconciliation. This guidance also clarifies that entities need to disclose fair value information for each class of asset and liability measured at fair value and that valuation techniques need to be provided for all non-market observable measurements. Our adoption of this guidance on January 1, 2010, did not impact our Consolidated Financial Statements as we have no items classified as Level 3.

Variable Interest Entities. In June 2009, the FASB amended the consolidation guidance for variable-interest entities and expanded disclosure requirements. The new guidance requires an enterprise to perform an analysis to determine whether the enterprise's variable interests give it a controlling financial interest in the variable interest entity. The adoption of this guidance as noted above on January 1, 2010, did not have a material impact on our Consolidated Financial Statements.

For additional information about recent accounting pronouncements adopted or pending adoption, see Note 1 of the Notes to Consolidated Financial Statements in our 2009 Form 10-K.

2. DISCONTINUED OPERATIONS

On April 23, 2010, we sold our Equifax Enabling Technologies LLC legal entity, consisting of our APPRO loan origination software ("APPRO"), for approximately $72 million. On July 1, 2010, we sold substantially all the assets of our Direct Marketing Services division ("DMS") for approximately $117 million. Both of these businesses were reported in our U.S. Consumer Information Solutions segment. The historical results of these operations for the three and nine month periods ended September 30, 2010 and 2009 are classified as discontinued operations in the Consolidated Statements of Income. Revenue for these businesses for the three months ended September 30, 2010 and 2009 was $0 and $26.9 million, respectively. Revenue for the nine months ended September 30, 2010 and 2009 was $42.1 million and $79.6 million, respectively. Pretax income, excluding the gains on the sales of APPRO and DMS, was $0 and $6.3 million for the three and nine months ended September 30, 2010. We recorded a gain from the sale of APPRO in the second quarter of 2010 of $12.3 million, after tax, and a gain from the sale of DMS in the third quarter of 2010 of $14.9 million, after tax, both of which were classified as discontinued operations in the Consolidated Statements of Income.

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill. Goodwill represents the cost in excess of the fair value of the net assets acquired in a business combination. Goodwill is tested for impairment at the reporting unit level on an annual basis and 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 tests as of September 30.

Our 2010 annual goodwill impairment testing was completed as of the end of the third quarter of 2010. The fair value estimates for our reporting units were determined using a combination of the income and market approaches in accordance with the Company's methodology as discussed in the "Application of Critical Accounting Policies" section in this Form 10-Q. The estimated fair value for all reporting units exceeded the carrying value of these units as of September 30, 2010. As a result, no goodwill impairment was recorded. Changes in the amount of goodwill for the nine months ended September 30, 2010, are as follows:

	U.S. Consumer Information Solutions	International	TALX	North America Personal Solutions	North America Commercial Solutions	Total
			(In millions)			
Balance, December 31, 2009	$ 667.8	$ 335.7	$ 900.6	$ 1.8	$ 37.3	$ 1,943.2
Acquisitions	-	4.7	-	-	-	4.7
Adjustments to initial purchase price allocation	(0.3)	-	(0.6)	-	-	(0.9)
Foreign currency translation	-	3.8	-	-	0.1	3.9
Tax benefits of stock options exercised	-	-	-	-	-	-
Businesses sold	(79.7)	-	-	-	-	(79.7)
Balance, September 30, 2010	$ 587.8	$ 344.2	$ 900.0	$ 1.8	$ 37.4	$ 1,871.2

Indefinite-Lived Intangible Assets. Indefinite-lived intangible assets consist of contractual/territorial rights representing the estimated acquisition date 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. We are required to test indefinite-lived intangible assets for impairment annually and whenever events or circumstances indicate that there may be an impairment of the asset value. We perform our annual indefinite-lived intangible asset impairment test as of September 30. Our 2010 annual impairment test completed as of the end of the third quarter of 2010 resulted in no impairment of indefinite-lived intangible assets. Our contractual/territorial rights carrying amounts did not change materially during the nine months ended September 30, 2010.

Purchased Intangible Assets. Purchased intangible assets represent the estimated acquisition date fair value of acquired intangible assets used in our business. Purchased data files represent the estimated acquisition date fair value of consumer credit 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 amortize purchased data files, which primarily consist of acquired consumer credit files, on a straight-line basis. Primarily all of our other purchased intangible assets are also amortized on a straight-line basis. For additional information about the useful lives related to our purchased intangible assets, see Note 1 of the Notes to Consolidated Financial Statements in our 2009 Form 10-K.

Purchased intangible assets at September 30, 2010 and December 31, 2009 consisted of the following:

	September 30, 2010			December 31, 2009		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Definite-lived intangible assets:	(In millions)					
Purchased data files	$ 335.6	$ (232.4)	$ 103.2	$ 373.8	$ (240.6)	$ 133.2
Acquired software and technology	41.5	(30.4)	11.1	70.3	(37.1)	33.2
Customer relationships	480.4	(89.2)	391.2	488.0	(70.8)	417.2
Proprietary database	125.0	(69.1)	55.9	125.0	(52.2)	72.8
Non-compete agreements	3.5	(0.9)	2.6	3.3	(0.5)	2.8
Trade names and other intangible assets	36.1	(11.2)	24.9	36.0	(8.2)	27.8
Total definite-lived intangible assets	$ 1,022.1	$ (433.2)	$ 588.9	$ 1,096.4	$ (409.4)	$ 687.0

Amortization expense from continuing operations related to purchased intangible assets was $22.3 million and $19.7 million during the three months ended September 30, 2010 and 2009, respectively. Amortization expense from continuing operations related to purchased intangible assets was $66.8 million and $58.8 million during the nine months ended September 30, 2010 and 2009, respectively.

4. DEBT

Debt outstanding at September 30, 2010 and December 31, 2009 was as follows:

	September 30, 2010	December 31, 2009
	(In millions)	
Commercial paper, weighted-average rate of 0.4% in 2009	$ -	$ 135.0
Notes, 4.25%, due in installments through March 2012	4.7	7.6
Notes, 7.34%, due in installments through May 2014	60.0	75.0
Notes, 4.45%, due December 2014	275.0	275.0
Notes, 6.30%, due July 2017	272.5	272.5
Debentures, 6.90%, due July 2028	125.0	125.0
Notes, 7.00%, due July 2037	250.0	250.0
Borrowings under long-term revolving credit facilities, weighted-average rate of 0.9% in 2009	-	4.8
Capitalized lease obligation	2.3	29.0
Other	2.1	3.1
Total debt	991.6	1,177.0
Less short-term debt and current maturities	(21.0)	(183.2)
Less unamortized discounts	(2.2)	(2.4)
Plus fair value adjustments	18.0	(0.5)
Total long-term debt, net	$ 986.4	$ 990.9

Senior Credit Facility. We are party to an $850.0 million senior unsecured revolving credit facility, which we refer to as the Senior Credit Facility, with a group of financial institutions. Borrowings may be used for general corporate purposes, including working capital, capital expenditures, acquisitions and share repurchase programs. The Senior Credit Facility is scheduled to expire in July 2011. Availability of the Senior Credit Facility for borrowings is reduced by the outstanding face amount of any letters of credit issued under the facility and, pursuant to our existing Board of Directors authorization, by the outstanding principal amount of our commercial paper notes. As of September 30, 2010, there were no outstanding borrowings under this facility and $848.3 million was available for borrowings.

Commercial Paper Program. Our $850.0 million commercial paper program has been established through the private placement of commercial paper notes from time-to-time. Maturities of commercial paper can range from overnight to 397 days. The commercial paper program is supported by our Senior Credit Facility and, pursuant to our existing Board of Directors authorization, the total amount of commercial paper which may be issued is reduced by the amount of any outstanding borrowings under our Senior Credit Facility. At September 30, 2010, there were no outstanding borrowings under this program.

Canadian Credit Facility. We are a party to a credit agreement with a Canadian financial institution that provides for a C$10.0 million (denominated in Canadian dollars), 364-day revolving credit agreement. This agreement is scheduled to expire in June 2011. As of September 30, 2010, there were no outstanding borrowings under this facility.

For additional information about our debt agreements, see Note 4 of the Notes to Consolidated Financial Statements in our 2009 Form 10-K.

5. COMMITMENTS AND CONTINGENCIES

Headquarters Building. On February 26, 2010, we purchased our headquarters building in Atlanta, Georgia, for cash consideration of $29.1 million, including fees. The building and related capital lease obligations were recorded on our Consolidated Balance Sheets in February 2009 when we provided the lessor notification of our intent to purchase the building.

Data Processing, Outsourcing Services and Other Agreements. We have separate agreements with IBM, Acxiom, Tata Consultancy Services and others to outsource portions of our computer data processing operations, applications development, maintenance and related functions and to provide certain other administrative and operational services. The agreements expire between 2010 and 2014. The estimated aggregate minimum contractual obligation remaining under these agreements was approximately $175 million at December 31, 2009, with no future year's minimum contractual obligation expected to exceed approximately $55 million. Annual payment obligations in regard 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. In certain circumstances (e.g., a change in control or for our convenience), we may terminate these data processing and outsourcing agreements, and, in doing so, certain of these agreements require us to pay a significant penalty.

Agreement with Computer Sciences Corporation. We have an agreement with Computer Sciences Corporation, or CSC, 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 activities. We receive a processing fee for maintaining the database and for each report supplied. The agreement will expire on July 31, 2018, and is renewable at the option of CSC for successive ten-year periods. The agreement provides us with an option to purchase CSC's credit reporting business if it 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, 2009, the price range would be approximately $600 million to $675 million. This estimate is based solely on our internal analysis of the value of the business, current market conditions and other factors, all of which are subject to constant change. Therefore, the actual option exercise price could be materially higher or lower than our estimate.

Guarantees and General Indemnifications. We may 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 was not material at September 30, 2010, and all have a remaining maturity of one year or less. The maximum potential future payments we could be required to make under the guarantees is not material at September 30, 2010.

We have agreed to standard indemnification clauses in many of our lease agreements for office space, covering such things as tort, environmental and other liabilities that arise out of or relate to our use or occupancy of the leased premises. 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 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. Additionally, the Company has entered into indemnification agreements with its directors and executive officers to indemnify such individuals to the fullest extent permitted by applicable law against liabilities that arise by reason of their status as directors or officers. The Company maintains directors and officers liability insurance coverage to reduce its exposure to such obligations.

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 had no accruals related to indemnifications on our Consolidated Balance Sheets at September 30, 2010 or December 31, 2009.

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 have recorded loss contingencies that are immaterial, or 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. Although the final outcome of these other 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, or 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 $8.3 million (8.5 million in Canadian dollars) to $18.5 million (19.0 million in Canadian dollars) plus interest and penalties. Subsequently in 2003, we made a statutorily-required deposit for a portion of the claim. We intend to vigorously contest these reassessments and do not believe we have violated any statutory provision or rule. While we believe our potential exposure is less than the asserted claims and not material to our Consolidated Financial Statements, 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.

For additional information about these and other commitments and contingencies, see Note 5 of the Notes to Consolidated Financial Statements in our 2009 Form 10-K.

6. INCOME TAXES

We are subject to U.S. federal, state and international income taxes. We are generally no longer subject to federal, state, or international income tax examinations by tax authorities for years ending prior to December 31, 2002, with few exceptions. In Canada, we are under audit by the Canada Revenue Agency for the 1995 through 2000 tax years (see Note 5 of the Notes to Consolidated Financial Statements). Due to the potential for resolution of state and foreign examinations, and the expiration of various statutes of limitations, it is reasonably possible that our gross unrecognized tax benefit balance may change within the next twelve months by a range of $0 to $3.3 million.

Effective Tax Rate. Our effective tax rate was 34.4% for the three months ended September 30, 2010 up from 33.3% for the same period in 2009 due primarily to a higher foreign tax rate during 2010, partially offset by a reduction due to a permanent federal tax deduction. Our effective income tax rate was 35.7% for the nine months ended September 30, 2010 down from 35.9% for the same period in 2009. Our ongoing effective foreign and consolidated income tax rates in 2010 increased from 2009 due to certain changes in our foreign tax position but this effect was more than offset by the permanent federal tax deduction, a favorable U.K. audit settlement and the absence of an unfavorable discrete item related to the effect of a change in California state income taxes on our deferred tax liabilities recorded in 2009.

7. BENEFIT PLANS

We sponsor defined benefit pension plans and defined contribution plans. We also maintain certain healthcare and life insurance benefit plans for eligible active and retired employees. For additional information about our benefit plans, see Note 9 of the Notes to Consolidated Financial Statements in our 2009 Form 10-K.

The following table provides the components of net periodic benefit cost for the three months and nine months ended September 30, 2010 and 2009:

	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
	2010	2009	2010	2009
	(In millions)			
Service cost	$ 1.8	$ 1.4	$ 0.1	$ 0.1
Interest cost	8.7	8.8	0.4	0.5
Expected return on plan assets	(11.1)	(11.3)	(0.3)	(0.4)
Amortization of prior service cost	0.2	0.2	(0.1)	(0.1)
Recognized actuarial loss	2.3	2.2	0.3	0.3
Total net periodic benefit cost	$ 1.9	$ 1.3	$ 0.4	$ 0.4

	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
	2010	2009	2010	2009
	(In millions)			
Service cost	$ 4.7	$ 4.2	$ 0.3	$ 0.3
Interest cost	26.1	26.4	1.3	1.5
Expected return on plan assets	(33.3)	(33.9)	(1.1)	(1.2)
Amortization of prior service cost	0.6	0.6	(0.2)	(0.2)
Recognized actuarial loss	6.8	6.6	0.9	0.9
Total net periodic benefit cost	$ 4.9	$ 3.9	$ 1.2	$ 1.3

8. RESTRUCTURING CHARGES

2009 Restructuring Charges. In the fourth quarter of 2009, we recorded a $16.4 million restructuring charge ($10.4 million, net of tax) in selling, general and administrative expenses on our Consolidated Statements of Income primarily related to headcount reductions of approximately 400 positions. This charge resulted from our continuing efforts to align our business to better support our strategic objectives. Generally, severance benefits for our U.S. employees are paid through monthly payroll according to the number of weeks of severance benefit provided to the employee, while our international employees receive a lump sum severance payment for their benefit. Accordingly, we expect the majority of the payments to be completed by December 2010. Payments related to this charge for the three and nine months ended September 30, 2010, totaled $2.3 million and $8.8 million, respectively. Total payments to date, through September 30, 2010, related to the fourth quarter 2009 restructuring charge were $10.6 million.

During the first quarter of 2009, we recorded in selling, general and administrative expenses on our Consolidated Statements of Income an $8.4 million restructuring charge ($5.4 million, net of tax) associated with headcount reductions of approximately 300 positions. This charge resulted from our efforts to reduce and manage our expenses and to maintain our financial results in the face of a weak global economy and reduced revenues. The majority of the payments were completed by the end of the first quarter of 2010. Payments related to this charge were not material during the three and nine months ended September 30, 2010. Total payments to date, through September 30, 2010, related to the first quarter 2009 restructuring charge were $7.9 million.

9. SEGMENT INFORMATION

Reportable Segments. We manage our business and report our financial results through the following five reportable segments, which are the same as our operating segments:

- U.S. Consumer Information Solutions
- International
- TALX
- North America Personal Solutions
- North America Commercial Solutions

The accounting policies of the reportable segments are the same as those described in our summary of significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in our 2009 Form 10-K. We evaluate the performance of these reportable segments based on their operating revenues, operating income and operating margins, excluding 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:

U.S. Consumer Information Solutions. This segment includes consumer information services (such as credit information and credit scoring, credit modeling services, locate services, fraud detection and prevention services, identity verification services and other consulting services); mortgage loan origination information, appraisal, title and closing services; and consumer financial marketing services.

International. This segment includes information services products, which includes consumer and commercial services (such as credit and financial information, credit scoring and credit modeling services), credit and other marketing products and services, and products and services sold directly to consumers similar to those sold by North America Personal Solutions.

TALX. This segment includes employment, income and social security number verification services (known as The Work Number ®) and employment tax and talent management services.

North America Personal Solutions. This segment includes credit information, credit monitoring and identity theft protection products sold directly to consumers via the internet.

North America Commercial Solutions. This segment includes commercial products and services such as business credit and demographic information, credit scores and portfolio analytics (decisioning tools), which are derived from our databases of business credit and financial information.

9. SEGMENT INFORMATION (Continued)

Operating revenue and operating income by operating segment during the three and nine months ended September 30, 2010 and 2009, are as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating revenue:	2010	2009	2010	2009
U.S. Consumer Information Solutions	$ 194.0	$ 173.8	$ 551.7	$ 542.1
International	122.5	114.9	356.9	320.9
TALX	99.1	83.1	293.4	257.0
North America Personal Solutions	39.9	37.1	119.9	113.0
North America Commercial Solutions	18.3	16.1	55.6	47.6
Total operating revenue	$ 473.8	$ 425.0	$ 1,377.5	$ 1,280.6

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating income:	2010	2009	2010	2009
U.S. Consumer Information Solutions	$ 72.2	$ 63.1	$ 200.5	$ 201.9
International	30.8	31.1	89.6	86.6
TALX	22.7	17.7	67.2	56.5
North America Personal Solutions	12.7	10.1	33.0	24.1
North America Commercial Solutions	3.3	2.9	11.4	7.6
General Corporate Expense	(31.5)	(24.9)	(81.4)	(77.8)
Total operating income	$ 110.2	$ 100.0	$ 320.3	$ 298.9

10. SUBSEQUENT EVENT

On October 1, 2010, we acquired Anakam, Inc., a provider of large-scale, software-based, multi-factor authentication solutions for $64 million. Anakam will become part of our Technology and Analytical Services organization which is reported as part of our U.S. Consumer Information Solutions segment.

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

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

All references to earnings per share data in Management's Discussion and Analysis, or MD&A, are to diluted earnings per share, or EPS, unless otherwise noted. 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.

BUSINESS OVERVIEW

We are a leading global provider of information solutions, employment and income verifications and human resources business process outsourcing services. We leverage some of the largest sources of consumer and commercial data, along with advanced analytics and proprietary technology, to create customized insights which enable our business customers to grow faster, more efficiently and more profitably, and to inform and empower consumers.

Businesses rely on us for consumer and business credit intelligence, credit portfolio management, fraud detection, decisioning technology, marketing tools, and human resources and payroll-related services. We also offer a portfolio of products that enable individual consumers to manage their financial affairs and protect their identity. Our revenue stream is diversified among individual consumers and among businesses across a wide range of industries and international geographies.

Segment and Geographic Information

Segments. The U.S. Consumer Information Solutions, or USCIS, segment, the largest of our five segments, consists of three product and service lines: Online Consumer Information Solutions, or OCIS; Mortgage Solutions; and Consumer Financial Marketing Services. OCIS and Mortgage Solutions revenue is principally transaction-based and is derived from our sales of products such as consumer credit reporting and scoring, mortgage settlement services, identity verification, fraud detection and modeling services. USCIS also markets certain of our decisioning products which facilitate and automate a variety of consumer credit-oriented decisions. Consumer Financial Marketing Services revenue is principally project- and subscription-based and is derived from our sales of batch credit and consumer wealth information such as those that assist clients in acquiring new customers, cross-selling to existing customers and managing portfolio risk.

The International segment consists of Canada Consumer, Europe and Latin America. Canada Consumer's products and services are similar to our USCIS offerings, while Europe and Latin America are made up of varying mixes of product lines that are in our USCIS, North America Commercial Solutions and North America Personal Solutions reportable segments.

The TALX segment consists of The Work Number® and Tax and Talent Management business units. The Work Number revenue is transaction-based and is derived primarily from employment, income and social security number verifications. Tax and Talent Management revenues are derived from our provision of certain human resources business process outsourcing services that include both transaction- and subscription-based product offerings. These services assist our customers with the administration of unemployment claims and employer-based tax credits and the assessment of new hires.

North America Personal Solutions revenue is both transaction- and subscription-based and is derived from the sale of credit monitoring, debt management and identity theft protection products, which we deliver to consumers electronically via the internet.

North America Commercial Solutions revenue is principally transaction-based, with the remainder project-based, and is derived from the sale of business information, credit scores and portfolio analytics that enable customers to utilize our reports to make financing, marketing and purchasing decisions related to businesses.

Geographic Information. We currently operate in the following countries: Argentina, Brazil, Canada, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Paraguay, Peru, Portugal, the Republic of Ireland, Spain, the U.K., Uruguay, and the U.S. Our operations in Costa Rica and the Republic of Ireland focus on data handling and customer support activities. We offer consumer credit services in Russia and India through joint ventures.

Key Performance Indicators. Management focuses on a variety of key indicators to monitor operating and financial performance. These performance indicators include operating revenue, change in operating revenue, operating income, operating margin, net income attributable to Equifax, diluted earnings per share, cash provided by operating activities and capital expenditures. The key performance indicators for the three and nine months ended September 30, 2010 and 2009, were as follows:

	Key Performance Indicators			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(Dollars in millions, except per share data)			
Operating revenue	$ 473.8	$ 425.0	$ 1,377.5	$ 1,280.6
Operating revenue change	11%	-6%	8%	-8%
Operating income	$ 110.2	$ 100.0	$ 320.3	$ 298.9
Operating margin	23.3%	23.5%	23.3%	23.3%
Net income from continuing operations attributable to Equifax	$ 61.3	$ 55.7	$ 173.0	$ 162.9
Net income attributable to Equifax	$ 76.5	$ 59.7	$ 204.5	$ 173.7
Diluted earnings per share from continuing operations attributable to Equifax	$ 0.49	$ 0.44	$ 1.36	$ 1.28
Diluted earnings per share attributable to Equifax	$ 0.61	$ 0.47	$ 1.61	$ 1.36
Cash provided by operating activities	$ 68.5	$ 123.2	$ 207.4	$ 268.8
Capital expenditures	$ 15.5	$ 17.2	$ 82.4	$ 51.2

Business Environment and Company Strategy

Consumer and small business lending activity, which is one of the drivers of demand for our services, continues to be soft in markets around the world, and we expect growth in consumer lending to lag the general economic recovery in the more mature markets. In addition, new financial regulations are increasing the compliance requirements for many of our customers, introducing new challenges and opportunities in the marketing of our product and service offerings to financial institutions. In an effort to respond to these challenges, we have focused on the following initiatives and activities:

- We are further diversifying our revenues by pursuing and investing in key strategic initiatives including new product innovation, differentiated decisioning solutions and analytics leveraging our diverse data assets and technology.
- We have reorganized our sales force and have key customer teams dedicated to our largest accounts.
- We have divested two product lines that were considered non-strategic, APPRO loan origination software and Direct Marketing Services.
- We continue to acquire new data assets and technologies and pursue international expansion.
- We continue to focus on managing our expenses through the use of LEAN, Work Out and other process improvement initiatives.

During 2010, we have begun to experience an increase in demand from financial institutions in the U.S. following the actions they have taken to comply with the new credit card regulations which became effective in February of this year and as they began to engage in new lending activity. In addition, our major corporate revenue initiatives, including new product innovation and cross-selling of products across business units, are increasing their contributions to revenue growth. As a result, we have seen year-over-year revenue growth from continuing operations gradually improve over the course of the year.

RESULTS OF OPERATIONS—THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

Consolidated Financial Results

Operating Revenue

Consolidated Operating Revenue	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change $	Change %	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change $	Change %
	(Dollars in millions)				(Dollars in millions)			
U.S. Consumer Information Solutions	$ 194.0	$ 173.8	$ 20.2	12%	$ 551.7	$ 542.1	$ 9.6	2%
International	122.5	114.9	7.6	7%	356.9	320.9	36.0	11%
TALX	99.1	83.1	16.0	19%	293.4	257.0	36.4	14%
North America Personal Solutions	39.9	37.1	2.8	7%	119.9	113.0	6.9	6%
North America Commercial Solutions	18.3	16.1	2.2	14%	55.6	47.6	8.0	17%
Consolidated operating revenue	$ 473.8	$ 425.0	$ 48.8	11%	$ 1,377.5	$ 1,280.6	$ 96.9	8%

Revenue from continuing operations increased by 11% in the third quarter and 8% in the first nine months of 2010 compared to the same periods in 2009. The favorable effect of foreign exchange rates increased revenue by $1.8 million, or 0.4%, in the third quarter and $23.0 million, or 1.8%, year to date compared to the year ago periods. Revenue grew over the prior year in both the third quarter and the first nine months of 2010 compared to the prior year in each of our operating segments, primarily driven by strong execution of key strategic initiatives as well as growth contributed by 2009 acquisitions in USCIS and TALX.

Operating Expenses

Consolidated Operating Expenses	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change $	Change %	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change $	Change %
	(Dollars in millions)				(Dollars in millions)			
Consolidated cost of services	$ 188.2	$ 177.5	$ 10.7	6%	$ 566.6	$ 535.0	$ 31.6	6%
Consolidated selling, general and administrative expenses	134.0	111.2	22.8	21%	370.4	340.0	30.4	9%
Consolidated depreciation and amortization expense	41.4	36.3	5.1	14%	120.2	106.7	13.5	13%

Consolidated operating expenses	$	363.6	$	325.0	$	38.6	12%	$	1,057.2	$	981.7	$	75.5	8%

The increase in cost of services from continuing operations, when compared to the third quarter and the first nine months of 2009, was due primarily to the impact of increased salary and incentives expense of $2.6 million and $4.1 million, respectively; the impact of changes in foreign currency exchange rates which increased our cost of services by $0.9 million and $11.0 million, respectively; and due to the impact of our fourth quarter 2009 acquisitions of IXI Corporation and Rapid Reporting Verification Company.

Selling, general and administrative expense from continuing operations increased $22.8 million in the third quarter compared to the year ago quarter. Increased salary, incentive and legal expense contributed $14.5 million. The remaining increase was primarily due to the inclusion of businesses which we acquired during the fourth quarter of 2009.

The increase in selling, general and administrative expense from continuing operations of $30.4 million, when compared to the first nine months in 2009, was due to changes in foreign currency exchange rates, which increased 2010 expense by $5.1 million, and increased salary, incentive and legal expenses of $18.7 million, offset by an $8.4 million restructuring charge that was incurred during the first quarter of 2009 that did not recur in 2010. The remaining increase was primarily due to the impact of the inclusion of businesses acquired in the fourth quarter of 2009.

Depreciation and amortization expense from continuing operations increased in 2010 over the same three and nine month periods in 2009, primarily due to our fourth quarter 2009 acquisitions which contributed $2.8 and $8.2 million of incremental depreciation and amortization expense, as well as the affect of recent investments in new products and technology infrastructure.

For additional information about the charges and fees related to our restructuring activity, see Note 8 of the Notes to the Consolidated Financial Statements in this Form 10-Q.

Operating Income and Operating Margin

Consolidated Operating Income	Three Months Ended September 30, 2010	2009	Change $	%	Nine Months Ended September 30, 2010	2009	Change $	%
	(Dollars in millions)				(Dollars in millions)			
Consolidated operating revenue	$ 473.8	$ 425.0	$ 48.8	11%	$ 1,377.5	$ 1,280.6	$ 96.9	8%
Consolidated operating expenses	(363.6)	(325.0)	(38.6)	12%	(1,057.2)	(981.7)	(75.5)	8%
Consolidated operating income	$ 110.2	$ 100.0	$ 10.2	10%	$ 320.3	$ 298.9	$ 21.4	7%
Consolidated operating margin	23.3%	23.5%		-0.2% pts	23.3%	23.3%		0.0% pts

The increase in operating income from continuing operations for the third quarter and first nine months of 2010, when compared to the same period in 2009, primarily is attributed to the 11% and 8% increase in revenue, respectively. Operating margin was relatively flat in both the three and nine months ended September 30, 2010 compared to the prior year.

Other Expense, Net

Consolidated Other Expense, Net	Three Months Ended September 30, 2010	2009	Change $	%	Nine Months Ended September 30, 2010	2009	Change $	%
	(Dollars in millions)				(Dollars in millions)			
Consolidated interest expense	$ 14.0	$ 14.1	$ (0.1)	0%	$ 42.3	$ 42.9	$ (0.6)	-1%
Consolidated other income, net	(0.7)	(0.2)	(0.5)	282%	(1.0)	(5.8)	4.8	-81%
Consolidated other expense, net	$ 13.3	$ 13.9	$ (0.6)	-4%	$ 41.3	$ 37.1	$ 4.2	11%
Average cost of debt	5.5%	5.0%			5.2%	4.9%		

Total consolidated debt, net, at quarter end	$ 1,007.4	$ 1,069.1	$ (61.7)	-6%	$ 1,007.4	$ 1,069.1	$ (61.7)	-6%

Other expense, net, from continuing operations for the third quarter of 2010 remained consistent with the same period in 2009. The increase in other expense, net, from continuing operations for the first nine months of 2010, as compared to 2009, was primarily due to a decline in other income, net. Other income, net, for 2009 included a $2.7 million mark-to-market adjustment on certain insurance policies, a $1.1 million gain on our repurchase of $7.5 million principal amount of our ten-year senior notes due 2017 and a $1.3 million gain related to a litigation settlement. Interest expense decreased slightly for the first nine months of 2010, when compared to the same period in 2009, as a decrease in our average debt balance from $1.2 billion to $1.1 billion more than offset an increase in the average cost of our total debt from 4.9% in 2009 to 5.2% in 2010.

Income Taxes

Consolidated Provision for Income Taxes	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change $	Change %	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change $	Change %
	(Dollars in millions)				(Dollars in millions)			
Consolidated provision for income taxes	$ 33.3	$ 28.7	$ 4.6	16%	$ 99.7	$ 94.0	$ 5.7	6%
Effective income tax rate	34.4%	33.3%			35.7%	35.9%		

Our effective tax rate was 34.4% for the three months ended September 30, 2010 up from 33.3% for the same period in 2009 due primarily to a higher foreign tax rate during 2010, partially offset by a reduction due to a permanent federal tax deduction. Our effective income tax rate was 35.7% for the nine months ended September 30, 2010 down from 35.9% for the same period in 2009. Our ongoing effective foreign and consolidated income tax rates in 2010 increased from 2009 due to certain changes in our foreign tax position but this effect was more than offset by the permanent federal tax deduction, a favorable U.K. audit settlement and the absence of an unfavorable discrete item related to the effect of a change in California state income taxes on our deferred tax liabilities recorded in 2009.

Net Income

Consolidated Net Income	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change $	Change %	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change $	Change %
	(In millions, except per share amounts)				(In millions, except per share amounts)			
Consolidated operating income	$ 110.2	$ 100.0	$ 10.2	10%	$ 320.3	$ 298.9	$ 21.4	7%
Consolidated other expense, net	(13.3)	(13.9)	0.6	-4%	(41.3)	(37.1)	(4.2)	11%
Consolidated provision for income taxes	(33.3)	(28.7)	(4.6)	16%	(99.7)	(94.0)	(5.7)	6%
Consolidated income from continuing operations	63.6	57.4	6.2	11%	179.3	167.8	11.5	7%
Discontinued operations, net of tax	15.2	4.0	11.2	278%	31.5	10.8	20.7	188%
Consolidated net income	78.8	61.4	17.4	28%	210.8	178.6	32.2	18%
Net income attributable to noncontrolling interests	(2.3)	(1.7)	(0.6)	31%	(6.3)	(4.9)	(1.4)	28%
Net income attributable to Equifax	$ 76.5	$ 59.7	$ 16.8	28%	$ 204.5	$ 173.7	$ 30.8	18%

Diluted earnings per common share attributable to Equifax	$	0.61	$	0.47	$	0.14	30%	$	1.61	$	1.36	$	0.25	18%
Diluted earnings per common share from continuing operations	$	0.49	$	0.44	$	0.05	11%	$	1.36	$	1.28	$	0.08	6%
Weighted-average shares used in computing diluted earnings per share		125.8		128.0					127.1		127.8			

The increase in net income attributable to Equifax for the third quarter of 2010 and the first nine months of 2010, as compared to the same period in 2009, was primarily due to increased income from discontinued operations, driven by a $14.9 million gain, net of tax, on the sale of DMS recorded in the third quarter of 2010 and a $12.3 million gain, net of tax, on the sale of the APPRO product line recorded in the second quarter of 2010, partially offset by modestly lower operating results from the discontinued operations. Both the three and nine month periods of 2010 also benefited from higher operating income, which grew generally in line with higher revenue.

Segment Financial Results

USCIS

U.S. Consumer Information Solutions	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change $	Change %	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change $	Change %
	(Dollars in millions)				(Dollars in millions)			
Operating revenue:								
Online Consumer Information Solutions (OCIS)	$ 128.3	$ 125.6	$ 2.7	2%	$ 368.3	$ 385.2	$ (16.9)	-4%
Mortgage Solutions	32.2	22.5	9.7	43%	84.2	76.5	7.7	10%
Consumer Financial Marketing Services	33.5	25.7	7.8	30%	99.2	80.4	18.8	23%
Total operating revenue	$ 194.0	$ 173.8	$ 20.2	12%	$ 551.7	$ 542.1	$ 9.6	2%
% of consolidated revenue	41%	41%			40%	42		