EQUIFAX INC
Form 10-Q
July 27, 2017

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

FORM 10-Q

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

For the quarterly period ended June 30, 2017

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	58-0401110
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1550 Peachtree Street, N.W., Atlanta, Georgia	30309
(Address of principal executive offices)	(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 ý 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 ý 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 ¬	Emerging growth company ¬

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes ¬ No ý

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

On July 13, 2017, there were 120,372,509 shares of the registrant’s common stock outstanding.

EQUIFAX INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED June 30, 2017

INDEX

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, 2016, 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

(Unaudited)

	Three Months Ended June 30,	
	2017	2016
(In millions, except per share amounts)		
Operating revenue	$856.7	$811.3
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	293.7	285.8
Selling, general and administrative expenses	228.4	231.6
Depreciation and amortization	70.5	68.2
Total operating expenses	592.6	585.6
Operating income	264.1	225.7
Interest expense	(24.6)	(23.6)
Other income (expense), net	3.1	(0.8)
Consolidated income before income taxes	242.6	201.3
Provision for income taxes	(75.0)	(68.3)
Consolidated net income	167.6	133.0
Less: Net income attributable to noncontrolling interests including redeemable noncontrolling interests	(2.2)	(2.1)
Net income attributable to Equifax	$165.4	$130.9
Basic earnings per common share:		
Net income attributable to Equifax	$1.37	$1.10
Weighted-average shares used in computing basic earnings per share	120.3	119.2
Diluted earnings per common share:		
Net income attributable to Equifax	$1.36	$1.08
Weighted-average shares used in computing diluted earnings per share	121.9	121.1
Dividends per common share	$0.39	$0.33

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

	Six Months Ended June 30,	
	2017	2016
(In millions, except per share amounts)		
Operating revenue	$1,689.0	$1,539.6
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	594.6	539.1
Selling, general and administrative expenses	471.7	474.8
Depreciation and amortization	141.8	123.8
Total operating expenses	1,208.1	1,137.7
Operating income	480.9	401.9
Interest expense	(48.8)	(43.7)
Other income (expense), net	6.2	(2.9)
Consolidated income before income taxes	438.3	355.3
Provision for income taxes	(115.3)	(119.9)
Consolidated net income	323.0	235.4
Less: Net income attributable to noncontrolling interests including redeemable noncontrolling interests	(4.3)	(2.4)
Net income attributable to Equifax	$318.7	$233.0
Basic earnings per common share:		
Net income attributable to Equifax	$2.65	$1.96
Weighted-average shares used in computing basic earnings per share	120.1	119.0
Diluted earnings per common share:		
Net income attributable to Equifax	$2.61	$1.93
Weighted-average shares used in computing diluted earnings per share	121.9	120.9
Dividends per common share	$0.78	$0.66

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended June 30, 2017			2016		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	$165.4	$ 2.2	$167.6	$130.9	$ 2.1	$133.0
Other comprehensive income (loss):						
Foreign currency translation adjustment	6.2	0.8	7.0	(66.5)	(1.0)	(67.5)
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans, net	2.6	—	2.6	2.3	—	2.3
Change in cumulative loss from cash flow hedging transactions, net	—	—	—	0.4	—	0.4
Comprehensive income	$174.2	$ 3.0	$177.2	$67.1	$ 1.1	$68.2

	Six Months Ended June 30, 2017			2016		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	$318.7	$ 4.3	$323.0	$233.0	$ 2.4	$235.4
Other comprehensive income (loss):						
Foreign currency translation adjustment	118.6	2.2	120.8	31.9	(1.3)	30.6
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans, net	5.0	—	5.0	4.5	—	4.5
Change in cumulative loss from cash flow hedging transactions, net	(0.2)	—	(0.2)	0.6	—	0.6
Comprehensive income	$442.1	$ 6.5	$448.6	$270.0	$ 1.1	$271.1

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except par values)	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$403.9	$129.3
Trade accounts receivable, net of allowance for doubtful accounts of $9.5 and $7.8 at June 30, 2017 and December 31, 2016, respectively	462.4	433.3
Prepaid expenses	71.4	60.2
Other current assets	63.0	50.1
Total current assets	1,000.7	672.9
Property and equipment:		
Capitalized internal-use software and system costs	355.7	307.0
Data processing equipment and furniture	293.3	273.2
Land, buildings and improvements	210.4	203.8
Total property and equipment	859.4	784.0
Less accumulated depreciation and amortization	(361.3)	(317.1)
Total property and equipment, net	498.1	466.9
Goodwill	4,063.9	3,974.3
Indefinite-lived intangible assets	94.9	94.8
Purchased intangible assets, net	1,272.7	1,323.8
Other assets, net	128.0	131.3
Total assets	$7,058.3	$6,664.0
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$794.2	$585.4
Accounts payable	66.5	81.0
Accrued expenses	127.0	149.3
Accrued salaries and bonuses	94.4	158.8
Deferred revenue	104.7	110.7
Other current liabilities	156.6	174.4
Total current liabilities	1,343.4	1,259.6
Long-term debt	2,038.1	2,086.8
Deferred income tax liabilities, net	325.4	325.4
Long-term pension and other postretirement benefit liabilities	178.3	184.4
Other long-term liabilities	91.7	86.5
Total liabilities	3,976.9	3,942.7
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 June 30, 2017 and December 31, 2016;	236.6	236.6
Outstanding shares - 120.4 and 119.9 at June 30, 2017 and December 31, 2016, respectively		
Paid-in capital	1,325.1	1,313.3
Retained earnings	4,376.3	4,153.2
Accumulated other comprehensive loss	(405.5)	(528.9)

Treasury stock, at cost, 68.3 shares and 68.8 shares at June 30, 2017 and December 31, 2016, respectively	(2,505.6)	(2,505.6)
Stock held by employee benefit trusts, at cost, 0.6 shares at June 30, 2017 and December 31, 2016	(5.9)	(5.9)
Total Equifax shareholders' equity	3,021.0	2,662.7
Noncontrolling interests including redeemable noncontrolling interests	60.4	58.6
Total equity	3,081.4	2,721.3
Total liabilities and equity	$7,058.3	$6,664.0

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
	(In millions)	
Operating activities:		
Consolidated net income	$323.0	$235.4
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	143.5	124.7
Stock-based compensation expense	25.3	22.2
Excess tax benefits from stock-based compensation plans	—	(20.0)
Deferred income taxes	(6.8)	2.6
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	(24.1)	(42.5)
Other assets, current and long-term	(30.3)	7.5
Current and long term liabilities, excluding debt	(101.5)	(31.4)
Cash provided by operating activities	329.1	298.5
Investing activities:		
Capital expenditures	(99.9)	(82.8)
Acquisitions, net of cash acquired	(9.6)	(1,727.8)
Economic hedges	—	(10.8)
Cash received from sale of asset	8.6	—
Cash used in investing activities	(100.9)	(1,821.4)
Financing activities:		
Net short-term borrowings	208.8	207.5
Payments on long-term debt	(50.0)	(210.0)
Borrowings on long-term debt	—	1,574.7
Dividends paid to Equifax shareholders	(93.9)	(78.6)
Dividends paid to noncontrolling interests	(6.6)	(5.6)
Proceeds from exercise of stock options	13.0	15.7
Payment of taxes related to settlement of equity awards	(27.0)	(19.0)
Excess tax benefits from stock-based compensation plans	—	20.0
Other	—	(5.5)
Cash provided by financing activities	44.3	1,499.2
Effect of foreign currency exchange rates on cash and cash equivalents	2.1	27.2
Increase in cash and cash equivalents	274.6	3.5
Cash and cash equivalents, beginning of period	129.3	93.3
Cash and cash equivalents, end of period	$403.9	$96.8

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2017

(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, 2016	119.9	$236.6	$1,313.3	$4,153.2	$ (528.9)	$(2,505.6)	$ (5.9)	$ 58.6	$2,721.3
Net income	—	—	—	318.7	—	—	—	4.3	323.0
Other comprehensive income	—	—	—	—	123.4	—	—	2.2	125.6
Shares issued under stock and benefit plans, net of minimum tax withholdings	0.5	—	(13.7)	—	—		—	—	(13.7)
Treasury stock purchased under share repurchase program*	—	—	—	—	—	—	—	—	—
Cash dividends ($0.78 per share)	—	—	—	(94.3)	—	—	—	—	(94.3)
Dividends paid to employee benefits trusts	—	—	0.4	—	—	—	—	—	0.4
Stock-based compensation expense	—	—	25.3	—	—	—	—	—	25.3
Redeemable noncontrolling interest adjustment	—	—	—	(1.3)	—	—	—	1.3	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(6.6)	(6.6)
Other	—	—	(0.2)	—	—	—	—	0.6	0.4
Balance, June 30, 2017	120.4	$236.6	$1,325.1	$4,376.3	$ (405.5)	$(2,505.6)	$ (5.9)	$ 60.4	$3,081.4

* At June 30, 2017, $667.2 million was available for future purchases of common stock under our share repurchase authorization.

Accumulated Other Comprehensive Loss consists of the following components:

	June 30, 2017	December 31, 2016

	(In millions)	
Foreign currency translation	$(143.4)	$(262.0)
Unrecognized actuarial losses and prior service cost related to our pension and other postretirement benefit plans, net of accumulated tax of $147.5 and $150.6 at June 30, 2017 and December 31, 2016, respectively	(260.9)	(265.9)
Cash flow hedging transactions, net of accumulated tax of $0.8 and $0.9 at June 30, 2017 and December 31, 2016, respectively	(1.2)	(1.0)
Accumulated other comprehensive loss	$(405.5)	$(528.9)

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

June 30, 2017

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, employment and marketing information. Our 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. We also provide information, technology and services to support debt collections and recovery management. As of June 30, 2017, we operated in the following countries: Argentina, Australia, Canada, Chile, Costa Rica, Ecuador, El Salvador, Honduras, India, Ireland, Mexico, New Zealand, Paraguay, Peru, Portugal, Spain, the United Kingdom, or U.K., Uruguay, and the United States of America, or U.S. We also offer Equifax branded credit services in India and Russia through joint ventures, we have investments in consumer and/or commercial credit information companies through joint ventures in Cambodia, Malaysia and Singapore, and have an investment in a consumer and commercial credit information company in Brazil.

We develop, maintain and enhance secured proprietary information databases through the compilation of consumer specific data, including credit, income, 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, income and tax information primarily from large to mid-sized companies in the U.S., and survey-based 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 SEC 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 year ended December 31, 2016 (“2016 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 and are of a normal recurring nature.

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

	Three Months	Six Months Ended June

	Ended June 30,		30,	
	2017	2016	2017	2016
	(In millions)			
Weighted-average shares outstanding (basic)	120.3	119.2	120.1	119.0
Effect of dilutive securities:				
Stock options and restricted stock units	1.6	1.9	1.8	1.9
Weighted-average shares outstanding (diluted)	121.9	121.1	121.9	120.9

For the three and six months ended June 30, 2017 and 2016, stock options that were anti-dilutive were not material.

Financial Instruments. Our financial instruments consist of cash and cash equivalents, accounts and notes receivable, accounts payable and short- 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 Level 2 inputs such as quoted market prices for similar publicly traded instruments, and for non-publicly traded instruments through valuation techniques involving observable inputs based on the specific characteristics of the debt instrument. As of June 30, 2017 and December 31, 2016, the fair value of our long-term debt, including the current portion, was $2.4 billion compared to its carrying value of $2.3 billion and $2.4 billion, respectively.

Derivatives and Hedging Activities. Although derivative financial instruments are not utilized for speculative purposes or as the Company's primary risk management tool, 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 the value associated with any material counterparty risk.

Economic Hedges. In December 2015, in anticipation of the acquisition of Veda Group Limited ("Veda"), we purchased foreign currency options to buy Australian dollars with a weighted average strike price of $0.7225 and a notional value of 1.0 billion Australian dollars. These foreign currency options ("options") were designed to act as economic hedges for the pending Veda acquisition and were marked to market. The options had an expiry date of February 18, 2016. In January 2016, we purchased additional options for a notional amount of 1.0 billion Australian dollars, with a weighted average strike price of $0.7091, with expiry dates of February 11, 2016 and February 16, 2016. We settled all of the options on the respective settlement dates in February 2016. We recognized a net loss of $15.4 million related to the options in the first quarter of 2016, which was recorded in other income (expense), net.

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:

		Fair Value Measurements at Reporting Date Using:		
Description	Fair Value of Assets (Liabilities) at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In millions)			
Deferred Compensation Plan Assets[1]	$32.0	$32.0	$ —	$ —
Deferred Compensation Plan Liability[1]	(32.0)	—	(32.0)	—
Total	$—	$32.0	$ (32.0)	$ —

(1) We maintain deferred compensation plans that allow 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' investment elections. The asset consists of mutual funds reflective of the participants' investment selections and is valued at daily quoted market prices.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis. As disclosed in Note 2, we completed various acquisitions during the year ended December 31, 2016. The values of net assets acquired and the resulting goodwill were recorded at fair value using Level 3 inputs. The majority of the related current assets acquired and liabilities assumed were recorded at their carrying values as of the date of acquisition, as their carrying values approximated their fair values due to their short-term nature. The fair values of goodwill and definite-lived intangible assets acquired in this acquisition were internally estimated primarily based on the income approach. The income approach estimates fair value based on the present value of the cash flows that the assets are expected to generate in the future. We developed internal estimates for the expected cash flows and discount rates in the present value calculations. The fair value of the equity method investment assets acquired were internally estimated based on the market approach. Under the market approach, we estimated fair value based on market multiples of comparable companies.

Other Current Assets. Other current assets on our Consolidated Balance Sheets primarily represent amounts in specifically designated accounts that hold the funds that are due to customers from our debt collection and recovery management services. As of June 30, 2017, these assets were approximately $21.6 million, with a corresponding balance in other current liabilities. These amounts are restricted as to their current use, and will be released according to the specific customer agreements. Other current assets also include certain current tax accounts.

Variable Interest Entities. We hold interests in certain entities, including credit data, information solutions and debt collections and recovery management 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 $13.8 million at June 30, 2017, representing our maximum exposure to loss, with the exception of the guarantees referenced in Note 5. We are not the primary beneficiary and are not required to consolidate any of these VIEs, with the exception of a debt collections and recovery management venture, for which we meet the consolidation criteria under Accounting Standards Codification ("ASC") 810, Consolidation. In regards to that consolidated VIE, we have a 75% equity ownership interest and control of the activities that most significantly impact the VIE's economic performance. The assets and liabilities of the VIE for which we are the primary beneficiary were not significant to the Company’s Consolidated Financial Statements, and no gain or loss was recognized because of its consolidation.

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have the potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.
Certain of our VIEs have redeemable noncontrolling interests that are subject to classification outside of permanent equity on the Company's Consolidated Balance Sheet. The redeemable noncontrolling interests are reflected using the redemption method as of the balance sheet date. Redeemable noncontrolling interest adjustments to the redemption values are reflected in retained earnings. The adjustment of redemption value at the period end that reflects a redemption value in excess of fair value is included as an adjustment to net income attributable to Equifax stockholders for the purposes of the calculation of earnings per share. None of the current period adjustments reflect a redemption in excess of fair value. Additionally, due to the immaterial balance of the redeemable noncontrolling interest, we have elected to maintain the noncontrolling interest in permanent equity, rather than temporary equity, within our Consolidated Balance Sheet.

Other Assets. Other assets on our Consolidated Balance Sheets primarily represents our investment in unconsolidated affiliates, our cost method investment in Brazil, assets related to life insurance policies covering certain officers of the Company, and employee benefit trust assets.

Cost Method Investment. We monitor the status of our cost method investment in order to determine if conditions exist or events and circumstances indicate that it may be impaired in that its carrying amount may exceed the fair value of the investment. Significant factors that are considered that could be indicative of an impairment include: changes in business strategy, market conditions, underperformance relative to historical or expected future operating results; and negative industry or economic trends. If potential indicators of impairment exist, we estimate the fair value of the investment using a combination of a discounted cash flow analysis and an evaluation of EBITDA multiples for comparable companies. If the carrying value of the investment exceeds the estimated fair value, an impairment loss is recorded based on the amount by which the investment's carrying amount exceeds its fair value. As of June 30, 2017, our investment in Brazil, recorded at 44 million Reais ($13.4 million), approximated the fair value.

Other Current Liabilities. Other current liabilities on our Consolidated Balance Sheets consist of corresponding amounts of other current assets, related to amounts in specifically designated accounts that hold the funds that are due to customers from our debt collection and recovery management services. As of June 30, 2017, these funds were approximately $21.6 million. These amounts are restricted as to their current use, and will be released according to the specific customer agreements. Other current liabilities also include various accrued liabilities such as interest expense, accrued employee benefits, accrued taxes, accrued payroll, and accrued legal expenses.

Change in Accounting Principle. In March 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-09 "Compensation - Stock Compensation (Topic 718)". This standard requires the recognition of the income tax effects of awards in the income statement when the awards vest or are settled, thus eliminating additional paid-in capital pools. The guidance also allows for the employer to repurchase more of an employee's shares for tax withholding purposes without triggering liability accounting. The new guidance requires the related payments to taxing authorities to be retrospectively presented as a cash outflow from financing activities. As a result, we reclassified $19.0 million of cash outflows from operating activities in the first six months of 2016 to a cash outflow from financing activities. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. The adoption of this guidance resulted in the recognition of $4.8 million, or $0.04 per diluted common share, and $19.7 million and $0.16 per diluted common share, of tax benefits in our Consolidated Statement of Income for the three and six months ended June 30, 2017, respectively. We also prospectively applied the provisions of the new guidance related to the presentation of windfall tax benefits as cash flows from operating activities which resulted in classifying $4.8 million and $19.7 million of cash flows from financing activities to operating activities for the second quarter and first six months ended June 30, 2017. We have elected to continue to estimate forfeitures expected to occur to determine the amount of compensation cost to be recognized each period.

Recent Accounting Pronouncements. Stock Compensation. In May 2017, the FASB issued ASU 2017-09, "Compensation - Stock Compensation (Topic 718) Scope of Modification Accounting". The amendments in ASU 2017-09 require entities to apply modification accounting in Topic 718 only when changes to the terms or conditions of a share-based payment award result in changes to fair value, vesting conditions or the classification of the award as equity or liability. The adoption of ASU 2017-09 will become effective for annual periods beginning after December 15, 2017. Based on historical modifications we do not believe the adoption of this guidance will have a material impact on our financial position, results of operations or cash flows.

Pension Costs. In March 2017, the FASB issued ASU 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715)". This new guidance changes how employers that sponsor defined benefit pension plans and other postretirement plans present the net periodic benefit cost in the income statement. An employer is required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. The amendment also allows only the service cost component to be eligible for capitalization, when applicable. This new guidance will be effective for the Company for the first reporting period beginning after December 15, 2017, with early adoption permitted in the first quarter of 2017. The amendment will be applied retrospectively for the presentation requirements and prospectively for the capitalization of the service cost component requirements. We do not expect the adoption of this guidance to have a material impact on our financial position, results of operations or cash flows.

Goodwill. In January 2017, the FASB issued ASU 2017-04 "Simplifying the Test for Goodwill Impairment (Topic 350)". This standard eliminates Step 2 from the current goodwill impairment test, instead requiring an entity to recognize a goodwill impairment charge for the amount by which the goodwill carrying amount exceeds the reporting unit's fair value. This guidance is effective for interim and annual goodwill impairment tests in fiscal years beginning after December 15, 2019 with early adoption permitted. This guidance must be applied on a prospective basis. We do not expect the adoption of this guidance to have a material impact on our financial position, results of operations or cash flows.

Definition of a business. In January 2017, the FASB issued ASU 2017-01 "Clarifying the Definition of a Business(Topic 805)". This standard provides criteria to determine when an asset acquired or group of assets acquired is not a business. When substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. This reduces the number of transactions that need to be further evaluated. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017 with early adoption permitted. We are currently evaluating the impact of the adoption of this guidance on our financial position, results of operations and cash flows.

Leases. In February 2016, the FASB issued ASU 2016-02 “Leases (Topic 842)”. This standard requires lessees to record most leases on their balance sheets and expenses on their income statements in a manner similar to current lease accounting. The guidance also eliminates current real estate-specific provisions for all entities. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. All entities will classify leases to determine how to recognize lease-related revenue and expense. The guidance becomes effective for fiscal years and interim reporting periods beginning after December 15, 2018. The Company is evaluating the potential effects of the adoption of this standard on its Consolidated Financial Statements.

Revenue Recognition. In May 2014, the FASB issued ASU No. 2014-9, "Revenue from Contracts with Customers." ASU 2014-9 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-9 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-9 was originally effective for annual reporting periods, and interim periods within that period, beginning after December 15, 2016 and early adoption was not permitted. On July 9, 2015, the FASB voted to defer the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. Companies may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-9. The Company is continuing to evaluate the potential effects of the adoption of this standard on its Consolidated Financial Statements.

Based on our current assessment, we anticipate adopting the standard using the modified retrospective method in the first quarter of fiscal 2018. The new standard will impact our contracts that have a known quantity over a defined term with price increases or decreases over the contract life. Under the current standard, the revenue related to these contracts are limited by billings in a period. Under the new standard the total contract value will be recognized ratably over the defined term or by using a transactional standalone selling price resulting in the creation of a contract asset or contract liability as transactions are delivered. We have preliminarily determined that we do not expect the revenue recognition aspects of the new standard to materially affect our consolidated net earnings, financial position, or cash flow based on the application of the guidance to our contracts with customers. We will continue to review and evaluate our contracts under the new revenue recognition model to ascertain whether additional contract types or future contracts will be affected by the new standard and our preliminary assessments could be subject to change. Additionally, we continue to review the impact of contract costs and the presentation of the additional disclosures required by the new standard.

2. ACQUISITIONS AND INVESTMENTS

2016 Acquisitions and Investments. On February 24, 2016, the Company completed the acquisition of 100% of the ordinary voting shares of Veda for cash consideration of approximately $1.7 billion (2.4 billion Australian dollars) and debt assumed of approximately $189.5 million (261.9 million Australian dollars). The acquisition provides a strong platform for Equifax to offer data and analytic services and further broaden the Company's geographic footprint. Veda stockholders received 2.825 Australian dollars in cash for each share of Veda common stock they owned. The Company financed the transaction with $1.7 billion of debt, consisting of commercial paper, an $800 million 364-day revolving credit facility (the "364-day Revolver"), and an $800 million three-year delayed draw term loan facility (the "Term Loan"). Refer to Note 4 for further discussion on debt. Additionally, on August 23, 2016, the Company completed the acquisition of 100% of the assets and certain liabilities of unemployment tax and claims management specialists Barnett & Associates ("Barnett"), as well as the verifications business, Computersoft, LLC ("Computersoft").

Pro Forma Financial Information. The following table presents unaudited consolidated pro forma information as if our acquisition of Veda had occurred at the beginning of the earliest period presented. The pro forma amounts may not be necessarily indicative of the operating revenues and results of operations had the acquisition actually taken place at the beginning of the earliest period presented. Furthermore, the pro forma information may not be indicative of future performance.

Six months ended
June 30,

	2016	
	As Reported	Pro Forma
	(In millions, except per share data)	
Operating revenues	$1,539.6	$1,577.7
Net income attributable to Equifax	233.0	232.3
Net income per share (basic)	1.96	1.95
Net income per share (diluted)	1.93	1.92

The unaudited pro forma financial information presented in the table above has been adjusted to give effect to adjustments that are (1) directly related to the business combination; (2) factually supportable; and (3) expected to have a

14

continuing impact. These adjustments include, but are not limited to, the application of our accounting policies and depreciation and amortization related to fair value adjustments and intangible assets.

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.

Changes in the amount of goodwill for the six months ended June 30, 2017, are as follows:

	U.S. Information Solutions	International	Workforce Solutions	Global Consumer Solutions	Total
	(In millions)				
Balance, December 31, 2016	$1,071.3	$ 1,814.6	$ 952.1	$ 136.3	$3,974.3
Acquisitions	—	1.4	—	—	1.4
Adjustments to initial purchase price allocation	—	0.9	—	—	0.9
Foreign currency translation	—	84.2	—	3.1	87.3
Balance, June 30, 2017	$1,071.3	$ 1,901.1	$ 952.1	$ 139.4	$4,063.9

Indefinite-Lived Intangible Assets. Indefinite-lived intangible assets consist of indefinite-lived reacquired rights representing the value of rights which we had granted to various affiliate credit reporting agencies that were reacquired in the U.S. and Canada. At the time we acquired these agreements, they were considered perpetual in nature under the accounting guidance in place at that time 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. The estimated fair value of our indefinite-lived intangible assets exceeded the carrying value as of September 30, 2016. As a result, no impairment was recorded. Our indefinite-lived intangible asset carrying amounts did not change materially during the six months ended June 30, 2017.

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 and the Veda acquisition. We expense the cost of modifying and updating credit files in the period such costs are incurred. Our reacquired rights represent the value of rights which we had granted to Computer Sciences Corporation that were reacquired in connection with the acquisition of certain assets of CSC Credit Services (“CSC Credit Services Acquisition”) in the fourth quarter of 2012. These reacquired rights are being amortized over the remaining term of the affiliation agreement on a straight-line basis until August 1, 2018. We amortize all of our purchased intangible assets 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 2016 Form 10-K.

Purchased intangible assets at June 30, 2017 and December 31, 2016 consisted of the following:

	June 30, 2017			December 31, 2016		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Definite-lived intangible assets:	(In millions)					
Purchased data files	$1,018.3	$ (296.2)	$722.1	$1,012.7	$ (276.0)	$736.7
Acquired software and technology	135.1	(49.9)	85.2	131.5	(36.1)	95.4
Customer relationships	725.7	(299.7)	426.0	712.7	(273.0)	439.7
Reacquired rights	73.3	(59.1)	14.2	73.3	(52.5)	20.8
Proprietary database	21.5	(7.6)	13.9	21.5	(6.7)	14.8
Non-compete agreements	17.7	(15.0)	2.7	26.8	(22.2)	4.6
Trade names and other intangible assets	27.8	(19.2)	8.6	54.1	(42.3)	11.8
Total definite-lived intangible assets	$2,019.4	$ (746.7)	$1,272.7	$2,032.6	$ (708.8)	$1,323.8

Amortization expense related to purchased intangible assets was $41.8 million and $47.1 million during the three months ended June 30, 2017 and 2016, respectively. Amortization expense related to purchased intangible assets was $86.8 million and $82.8 million during the six months ended June 30, 2017 and 2016, respectively.

Estimated future amortization expense related to definite-lived purchased intangible assets at June 30, 2017 is as follows:

Years ending December 31,	Amount
	(In millions)
2017	$85.8
2018	144.1
2019	123.4
2020	117.7
2021	100.8
Thereafter	700.9
	$1,272.7

4. DEBT

Debt outstanding at June 30, 2017 and December 31, 2016 was as follows:

	June 30, 2017	December 31, 2016
	(In millions)	
Commercial paper	$516.2	$310.3
Notes, 6.30%, due July 2017	272.5	272.5
Term Loan, due Nov 2018	400.0	450.0
Notes, 2.30%, due June 2021	500.0	500.0
Notes, 3.30%, due Dec 2022	500.0	500.0
Notes, 3.25%, due June 2026	275.0	275.0
Debentures, 6.90%, due July 2028	125.0	125.0
Notes, 7.00%, due July 2037	250.0	250.0
Other	5.5	2.6
Total debt	2,844.2	2,685.4
Less short-term debt and current maturities	(794.2)	(585.4)
Less unamortized discounts and debt issuance costs	(11.9)	(13.2)
Total long-term debt, net	$2,038.1	$2,086.8

Senior Credit Facilities. We are party to a $900.0 million five-year unsecured revolving credit facility (the "Revolver") and the previously described Term Loan, (the Revolver and the Term Loan collectively, the "Senior Credit Facilities"), with a group of financial institutions. The Revolver also has an accordion feature that allows us to request an increase in the total commitment to $1.2 billion. Borrowings may be used for general corporate purposes, including working capital, capital expenditures, acquisitions and share repurchase programs. The Revolver and the Term Loan are scheduled to expire in November 2020 and November 2018, respectively, with an option to request a maximum of two one-year extensions of the maturity date of the revolving credit facility. Availability of the Senior Credit Facility for borrowings is reduced by the outstanding principal balance of our commercial paper notes and by any letters of credit issued under the facility. As of June 30, 2017, there were $0.5 million of letters of credit outstanding. As of June 30, 2017, there were no outstanding borrowings under the Revolver and $383.3 million was available for borrowing. On July 3, 2017 we repaid our July 2017 Senior Notes using the proceeds of commercial paper issued prior to June 30, 2017.

Commercial Paper Program. Our $900.0 million commercial paper program has been established through the private placement of commercial paper notes from time-to-time, in which borrowings bear interest at either a floating rate (based on LIBOR or other benchmarks), or a fixed rate, with the applicable rate and margin. Maturities of commercial paper can range from overnight to 397 days. Because the commercial paper ("CP") is backstopped by our Senior Credit Facility, the amount of CP which may be issued under the program 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 borrowings under our Senior Credit Facility. At June 30, 2017, $516.2 million in commercial paper notes was outstanding.

For additional information about our debt agreements, see Note 5 of the Notes to Consolidated Financial Statements in our 2016 Form 10-K.

5. COMMITMENTS AND CONTINGENCIES

Data Processing, Outsourcing Services and Other Agreements. We have separate agreements with IBM, Tata Consultancy Services and others to outsource portions of our computer data processing operations, applications development, business continuity and recovery services, help desk service and desktop support functions, operation of our voice and data networks, maintenance and related functions and to provide certain other administrative and operational services. 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 significant termination fees.

Guarantees and General Indemnifications. We may issue standby letters of credit and performance bonds in the normal course of business. The aggregate notional amount of all performance bonds and standby letters of credit was not material at June 30, 2017, and all have a remaining maturity of one year or less. We may issue other guarantees in the ordinary course of business. The maximum potential future payments we could be required to make under the guarantees in the ordinary course of business is not material at June 30, 2017. We have agreed to guarantee the liabilities and performance obligations (some of which have limitations) of a certain debt collections and recovery management VIE under its commercial agreements.

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 guarantees and 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 guarantees and indemnities on our Consolidated Balance Sheets at June 30, 2017 or December 31, 2016.

Contingencies. We are involved in legal and regulatory matters, government investigations, 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. These amounts do not have a material impact on our Consolidated Financial Statements, either individually or in the aggregate.

For additional information about these and other commitments and contingencies, see Note 6 of the Notes to Consolidated Financial Statements in our 2016 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 before 2014 with few exceptions. 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 $1.5 million.

Effective Tax Rate. Our effective income tax rate was 30.9% and 34.0% for the three months ended June 30, 2017 and June 30, 2016, respectively. Our effective income tax rate was 26.3% and 33.8% for the six months ended June 30, 2017 and June 30, 2016, respectively. The decrease in our effective income tax rate is primarily attributable to the adoption of the new stock-based compensation guidance 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. Additionally, for the first six months of 2017, the rate is lower due to adjustments for uncertain tax positions related to the first quarter 2017 settlement of an income tax audit.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in accumulated other comprehensive income by component, after tax, for the six months ended June 30, 2017, are as follows:

	Foreign currency	Pension and other postretirement benefit plans	Cash flow hedging transactions	Total
	(In millions)			
Balance, December 31, 2016	$(262.0)	$ (265.9)	$ (1.0)	$(528.9)
Other comprehensive income before reclassifications	118.6	—	(0.2)	118.4
Amounts reclassified from accumulated other comprehensive income	—	5.0	—	5.0
Net current-period other comprehensive income	118.6	5.0	(0.2)	123.4
Balance, June 30, 2017	$(143.4)	$ (260.9)	$ (1.2)	$(405.5)

Reclassifications out of accumulated other comprehensive income for the six months ended June 30, 2017, are as follows:

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income	Affected line item in the statement where net income is presented
	(In millions)	
Amortization of pension and other postretirement plan items:		
Prior service cost	$ 0.2	(1)
Recognized actuarial loss	(8.4)	(1)
	(8.2)	Total before tax
	3.2	Tax benefit
	$ (5.0)	Net of tax

(1)These accumulated other comprehensive income components are included in the computation of net periodic pension cost (See Note 8 Benefit Plans for additional details).

Changes in accumulated other comprehensive income related to noncontrolling interests were not material as of June 30, 2017.

8. BENEFIT PLANS

We sponsor defined benefit pension plans and defined contribution plans. For additional information about our benefit plans, see Note 10 of the Notes to Consolidated Financial Statements in our 2016 Form 10-K.

The following table provides the components of net periodic benefit cost, included in selling, general and administrative expenses in the Consolidated Statements of Income, for the three and six months ended June 30, 2017 and 2016:

	Pension Benefits	Other Benefits

	Three Months Ended June 30,			
	2017	2016	2017	2016
	(In millions)			
Service cost	$1.0	$0.9	$0.1	$0.1
Interest cost	7.1	8.0	0.2	0.2
Expected return on plan assets	(9.3)	(9.6)	(0.3)	(0.3)
Amortization of prior service cost	0.2	0.2	(0.3)	(0.3)
Recognized actuarial loss	3.8	3.5	0.4	0.2
Total net periodic benefit cost	$2.8	$3.0	$0.1	$(0.1)

19

	Pension Benefits		Other Benefits	
	Six months ended June 30,			
	2017	2016	2017	2016
	(In millions)			
Service cost	$2.0	$1.8	$0.2	$0.2
Interest cost	14.2	16.0	0.4	0.4
Expected return on plan assets	(18.6)	(19.2)	(0.6)	(0.6)
Amortization of prior service cost	0.4	0.4	(0.6)	(0.6)
Recognized actuarial loss	7.6	7.0	0.8	0.4
Total net periodic benefit cost	$5.6	$6.0	$0.2	$(0.2)

9. SEGMENT INFORMATION

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

- U.S. Information Solutions ("USIS")
- International
- Workforce Solutions
- Global Consumer 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 2016 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 fair market value or cost depending on the nature of the transaction, and no timing differences occur between segments.

A summary of segment products and services is as follows:

U.S. Information Solutions. This segment includes consumer and commercial information services (such as credit information and credit scoring, credit modeling services and portfolio analytics (decisioning tools), which are derived from our databases of business credit and financial information, locate services, fraud detection and prevention services, identity verification services and other consulting services); mortgage loan information; financial marketing services; and identity management.

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. We also provide information, technology and services to support debt collections and recovery management.

Workforce Solutions. This segment includes employment, income and social security number verification services as well as complementary payroll-based transaction services and employment tax management services.

Global Consumer Solutions. This segment includes credit information, credit monitoring and identity theft protection products sold directly and indirectly to consumers via the internet and in various hard-copy formats in the U.S., Canada, and the U.K.

Operating revenue and operating income by operating segment during the three and six months ended June 30, 2017 and 2016 are as follows:

	Three Months Ended		Six Months Ended	
(In millions)	June 30,		June 30,	
Operating revenue:	2017	2016	2017	2016
U.S. Information Solutions	$331.9	$307.9	$642.0	$602.8
International	231.4	218.8	447.7	376.9
Workforce Solutions	194.5	177.3	394.5	357.4
Global Consumer Solutions	98.9	107.3	204.8	202.5
Total operating revenue	$856.7	$811.3	$1,689.0	$1,539.6

	Three Months Ended		Six Months Ended	
(In millions)	June 30,		June 30,	
Operating income:	2017	2016	2017	2016
U.S. Information Solutions	$149.7	$134.0	$279.4	$256.8
International	46.1	33.7	75.9	53.0
Workforce Solutions	89.0	78.3	178.4	156.9
Global Consumer Solutions	27.4	25.8	58.2	52.8
General Corporate Expense	(48.1)	(46.1)	(111.0)	(117.6)
Total operating income	$264.1	$225.7	$480.9	$401.9

Total assets by operating segment at June 30, 2017 and December 31, 2016 are as follows:

	June 30,	December 31,
(In millions)	2017	2016
Total assets:		
U.S. Information Solutions	$1,784.2	$1,824.0
International	3,012.3	2,932.5
Workforce Solutions	1,338.6	1,337.0
Global Consumer Solutions	193.9	193.7
General Corporate	729.3	376.8
Total assets	$7,058.3	$6,664.0

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, debt management and human resources-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 businesses across a wide range of industries, international geographies and individual consumers.

Segment and Geographic Information

Segments. The USIS segment, the largest of our four segments, consists of three service lines: Online Information Solutions; Mortgage Solutions; and Financial Marketing Services. Online Information Solutions and Mortgage Solutions revenue is principally transaction-based and is derived from our sales of products such as consumer and commercial credit reporting and scoring, identity management, fraud detection and modeling services. USIS also markets certain decisioning software services, which facilitate and automate a variety of consumer and commercial credit-oriented decisions. 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, Europe, Asia Pacific and Latin America. Following the acquisition of Veda, we have created an Asia Pacific reporting unit which consists mainly of our Australia and New Zealand operations. Canada's services are similar to our USIS offerings, while Europe, Asia Pacific and Latin America are made up of varying mixes of service lines that are in our USIS reportable segment. We also provide information and technology services to support lenders and other creditors in the collections and recovery management process. Asia Pacific also has various consumer direct product offerings.

The Workforce Solutions segment consists of the Verification Services and Employer Services business lines. Verification Services revenue is transaction-based and is derived primarily from employment and income verification. Employer Services 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 include unemployment claims management, employment-based tax credit services and other complementary employment-based transaction services.

Global Consumer Solutions revenue is both transaction and subscription based and is derived from the sale of credit monitoring and identity theft protection products, which we deliver electronically to consumers primarily via the internet in the U.S., Canada, and the U.K. We reach consumers directly and indirectly through partners. We also sell consumer and credit information to resellers who combine our information with other information to provide direct to consumer monitoring, reports and scores.

Geographic Information. We currently have significant operations in the following countries: Argentina, Australia, Canada, Chile, Costa Rica, Ecuador, El Salvador, Honduras, India, Mexico, New Zealand, Paraguay, Peru, Portugal, the Republic of Ireland, Spain, the U.K., Uruguay and the U.S. We also offer Equifax branded credit services in India and Russia through joint ventures, we have investments in consumer and/or commercial credit information companies through joint ventures in Cambodia, Malaysia and Singapore, and have an investment in a consumer and commercial credit information company in Brazil.

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 six months ended June 30, 2017 and 2016 were as follows:

	Key Performance Indicators			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In millions, except per share data)		(In millions, except per share data)	
Operating revenue	$856.7	$811.3	$1,689.0	$1,539.6
Operating revenue change	6 %	20 %	10 %	16 %
Operating income	$264.1	$225.7	$480.9	$401.9
Operating margin	30.8 %	27.8 %	28.5 %	26.1 %
Net income attributable to Equifax	$165.4	$130.9	$318.7	$233.0
Diluted earnings per share	$1.36	$1.08	$2.61	$1.93
Cash provided by operating activities	$225.4	$190.4	$329.1	$298.5
Capital expenditures*	$(47.3)	$(42.6)	$(86.8)	$(82.8)

*Amounts above exclude changes in accruals for capital expenditures.

Operational and Financial Highlights

- We did not repurchase shares of our common stock during the first six months of 2017. At June 30, 2017, $667.2 million was available for future purchases of common stock under our share repurchase authorization.

- We paid out $93.9 million or $0.78 per share in dividends to our shareholders during the first six months of 2017.

Business Environment and Company Outlook

Demand for our services tends to be correlated to general levels of economic activity and to consumer credit activity, both enhanced by our own initiatives to expand our products and markets served, and to small commercial credit and marketing activity. In the United States we expect modest growth in overall economic activity and consumer credit for the remainder of the year. Mortgage market volumes are expected to be down for the full year. Similar to the U.S., we expect modest economic growth in the U.K., Australia, Canada, Argentina, Chile and Spain, with GDP growth in those markets in the low single digits in 2017. In addition, we expect that in the second half of the year that stronger foreign exchange rates compared to the prior year, will positively impact both growth in revenue and profit when reported in U.S. dollars.

Over the long term, we expect that our ongoing investments in new product innovation, business execution, enterprise growth initiatives, technology infrastructure, and continuous process improvement will enable us to deliver long-term average organic revenue growth ranging between 6% and 8% with additional growth of 1% to 2% derived from strategic acquisitions consistent with our long term business strategy. We also expect to grow earnings per share at a somewhat faster rate than revenue over time as a result of both operating and financial leverage.

RESULTS OF OPERATIONS—THREE AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

Consolidated Financial Results

Operating Revenue

Consolidated Operating Revenue	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(In millions)				(In millions)			
U.S. Information Solutions	$331.9	$307.9	$24.0	8 %	$642.0	$602.8	$39.2	7 %
International	231.4	218.8	12.6	6 %	447.7	376.9	70.8	19%
Workforce Solutions	194.5	177.3	17.2	10 %	394.5	357.4	37.1	10%
Global Consumer Solutions	98.9	107.3	(8.4)	(8)%	204.8	202.5	2.3	1 %
Consolidated operating revenue	$856.7	$811.3	$45.4	6 %	$1,689.0	$1,539.6	$149.4	10%

Revenue increased by $45.4 million or 6% and $149.4 million or 10%, in the second quarter and first six months of 2017, respectively, compared to the same periods in 2016. The growth was driven by broad-based growth due to revenue increases in mortgage, government, and financial verticals, and for the six month period, the Veda acquisition. Total revenue for second quarter and first six months of 2017 was negatively impacted by foreign exchange rates, which reduced revenue, on a constant currency basis, by $9.7 million, or 1% and 17.2 million, or 1% when compared to the second quarter and first six months of 2016, respectively.

Operating Expenses

Consolidated Operating Expenses	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(In millions)				(In millions)			
Consolidated cost of services	$293.7	$285.8	$7.9	3 %	$594.6	$539.1	$55.5	10 %
Consolidated selling, general and administrative expenses	228.4	231.6	(3.2)	(1)%	471.7	474.8	(3.1)	(1)%
Consolidated depreciation and amortization expense	70.5	68.2	2.3	3 %	141.8	123.8	18.0	15 %
Consolidated operating expenses	$592.6	$585.6	$7.0	1 %	$1,208.1	$1,137.7	$70.4	6 %

Cost of services increased $7.9 million and $55.5 million in the second quarter and first six months of 2017, respectively, as compared to the same periods in 2016. The increase was due to higher production costs driven by higher revenues and an increase in people costs. The impact of changes in foreign exchange rates reduced cost of services by $4.1 million and $7.7 million in the second quarter and first six months of 2017, respectively. The increase for the first six months of 2017 was also driven by the Veda acquisition.

Selling, general and administrative expense decreased $3.2 million and $3.1 million in the second quarter and first six months of 2017, respectively, as compared to the same periods in 2016. The overall decrease was due to a decline in Veda integration and transaction costs, as well as a decline in litigation costs, partially offset by increased people costs. The impact of changes in foreign currency exchange rates reduced our selling, general and administrative expenses by $2.6 million and $5.2 million in the second quarter and first six months of 2017, respectively.

Depreciation and amortization expense for the second quarter and first six months of 2017 increased by $2.3 million and $18.0 million, respectively, compared to the same periods in 2016. These increases are primarily due to the Veda acquisition.

24

Operating Income and Operating Margin

Consolidated Operating Income	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(In millions)				(In millions)			
Consolidated operating revenue	$856.7	$811.3	$45.4	6 %	$1,689.0	$1,539.6	$149.4	10 %
Consolidated operating expenses	592.6	585.6	7.0	1 %	1,208.1	1,137.7	70.4	6 %
Consolidated operating income	$264.1	$225.7	$38.4	17 %	$480.9	$401.9	$79.0	20 %
Consolidated operating margin	30.8 %	27.8 %		3.0 % pts	28.5 %	26.1 %		2.4 % pts

Total company operating margin increased in the second quarter and first six months of 2017, compared to the same periods in 2016, due to increased margins across all of our businesses. For the six month period, the increased margin was partially offset by the increase in the amortization of intangibles from the Veda acquisition.

Interest Expense and Other Income (Expense), net

Consolidated Interest Expense and Other Income (Expense), net	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(In millions)				(In millions)			
Consolidated interest expense	$(24.6)	$(23.6)	$(1.0)	4 %	$(48.8)	$(43.7)	$(5.1)	12 %
Consolidated other income (expense), net	3.1	(0.8)	3.9	nm	6.2	(2.9)	9.1	nm
Average cost of debt	3.7 %	3.1 %			3.6 %	3.5 %		
Total consolidated debt, net, at quarter end	$2,832.3	$2,946.2	$(113.9)	(4)%	$2,832.3	$2,946.2	$(113.9)	(4)%

Interest expense increased for the second quarter and first six months of 2017 when compared to the same periods in 2016. The increase for the first six months of 2017 is due to an overall increase in our consolidated average debt outstanding as of June 30, 2017 incurred in order to finance the Veda acquisition. Our average cost of debt increased for the second quarter of 2017, compared to the prior year period, due to higher interest rates on our floating-rate debt.

Other income (expense), net, for the second quarter of 2017, increased as compared to the prior year period, due primarily to lower foreign currency transaction losses and higher earnings on equity method investments. For the first six months of 2017, the increase in other income (expense), net is due primarily to a 2016 loss on the economic hedges, offset by a foreign currency gain on intercompany debt, both items related to the Veda transaction which did not recur in 2017, as well as higher earnings on equity method investments in 2017.

Income Taxes

Consolidated Provision for Income Taxes	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(In millions)				(In millions)			
Consolidated provision for income taxes	$(75.0)	$(68.3)	$(6.7)	10%	$(115.3)	$(119.9)	$4.6	(4)%
Effective income tax rate	30.9 %	34.0 %			26.3 %	33.8 %		

Our effective income tax rate was 30.9% for the second quarter of 2017, down from 34.0% for the second quarter of 2016. The effective income tax rate was 26.3% for the six months ended June 30, 2017, as compared to 33.8% for the same period in 2016. The decrease in our effective income tax rate is primarily attributable to the adoption of the new stock-based compensation guidance 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. Additionally, for the first six months of 2017, the rate is lower due to adjustments for uncertain tax positions related to the first quarter 2017 settlement of an income tax audit.

Net Income

Consolidated Net Income	Three Months Ended June 30, 2017	2016	Change $	%	Six Months Ended June 30, 2017	2016	Change $	%
	(In millions, except per share amounts)				(In millions, except per share amounts)			
Consolidated operating income	$264.1	$225.7	$38.4	17 %	$480.9	$401.9	$79.0	20 %
Consolidated other expense, net	(21.5)	(24.4)	2.9	(12)%	(42.6)	(46.6)	4.0	(9)%
Consolidated provision for income taxes	(75.0)	(68.3)	(6.7)	10 %	(115.3)	(119.9)	4.6	(4)%
Consolidated net income	167.6	133.0	34.6	26 %	323.0	235.4	87.6	37 %
Net income attributable to noncontrolling interests	(2.2)	(2.1)	(0.1)	5 %	(4.3)	(2.4)	(1.9)	79 %
Net income attributable to Equifax	$165.4	$130.9	$34.5	26 %	$318.7	$233.0	$85.7	37 %
Diluted earnings per common share:								
Net income attributable to Equifax	$1.36	$1.08	$0.28	26 %	$2.61	$1.93	$0.68	35 %
Weighted-average shares used in computing diluted earnings per share	121.9	121.1			121.9	120.9		

Consolidated net income increased by $34.6 million, or 26%, and $87.6 million, or 37%, in the second quarter and first six months of 2017, respectively, due to increased operating income across all segments, the tax benefit related to the prospective adoption of the new stock-based compensation guidance in the first quarter of 2017 and, for the six month period, adjustments for uncertain tax positions related to the recent settlement of an income tax audit. These increases were partially offset by increased interest expense.

Segment Financial Results

USIS

U.S. Information Solutions	Three Months Ended June 30, 2017	2016	Change $	%	Six Months Ended June 30, 2017	2016	Change $	%
	(In millions)				(In millions)			
Operating revenue:								
Online Information Solutions	$232.6	$220.0	$12.6	6 %	$457.7	$438.1	$19.6	4 %
Mortgage Solutions	38.6	35.0	3.6	10 %	77.3	66.6	10.7	16 %
Financial Marketing Services	60.7	52.9	7.8	15 %	107.0	98.1	8.9	9 %
Total operating revenue	$331.9	$307.9	$24.0	8 %	$642.0	$602.8	$39.2	7 %
% of consolidated revenue	39 %	38 %			38 %	39 %		
Total operating income	$149.7	$134.0	$15.7	12 %	$279.4	$256.8	$22.6	9 %
Operating margin	45.1 %	43.5 %		1.6 %pts	43.5 %	42.6 %		0.9 % pts

USIS revenue increased 8% and 7% in the second quarter and first six months of 2017, respectively, as compared to the prior year periods, driven by growth across our core credit decision services, core mortgage, marketing and analytic services, and identity and fraud solutions.

Online Information Solutions

Revenue for the second quarter and first six months of 2017 increased 6% and 4%, respectively, when compared to the prior year periods, driven by growth in our core credit decisioning and identity and fraud solutions businesses.

Mortgage Solutions

Revenue increased by 10% and 16% for the second quarter and first six months of 2017, respectively, when compared to the prior year periods, primarily driven by growth in core mortgage, as well as growth from other mortgage product offerings.

Financial Marketing Services

Revenue increased 15% and 9% for the second quarter and first six months of 2017, respectively, as compared to the prior year periods due to strong project related revenue.

USIS Operating Margin

USIS operating margin increased from 43.5% in the second quarter of 2016 to 45.1% in the second quarter of 2017 and increased from 42.6% in the first six months of 2016 to 43.5% in the first six months of 2017, due to revenue growth, product mix, and decreases in litigation costs, partially offset by increased people costs.

International

International	Three Months Ended June 30, 2017	2016	Change $	%	Six Months Ended June 30, 2017	2016	Change $	%
	(In millions)				(In millions)			
Operating revenue:								
Asia Pacific	$76.5	$72.3	$4.2	6 %	$148.5	$99.9	$48.6	49 %
Europe	68.5	67.3	1.2	2 %	130.2	127.9	2.3	2 %
Latin America	52.9	46.9	6.0	13 %	104.0	89.4	14.6	16 %
Canada	33.5	32.3	1.2	4 %	65.0	59.7	5.3	9 %
Total operating revenue	$231.4	$218.8	$12.6	6 %	$447.7	$376.9	$70.8	19 %
% of consolidated revenue	27 %	27 %			27 %	25 %		
Total operating income	$46.1	$33.7	$12.4	37 %	$75.9	$53.0	$22.9	43 %
Operating margin	19.9 %	15.4 %		4.5 %pts	17.0 %	14.1 %		2.9 % pts

nm - not meaningful.

International revenue increased 6% and 19% in the second quarter and first six months of 2017, respectively, as compared to the prior year periods. Local currency revenue growth for the second quarter of 2017 was 10%, driven by strong growth across all regions. Local currency revenue growth, excluding Veda, for the first six months of 2017 was 11%, driven by strong growth across all regions. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $8.3 million and $14.6 million in the second quarter and first six months of 2017, respectively.

Asia Pacific

On a local currency basis, revenue increased 4% and 47% for the second quarter and first six months of 2017, respectively, as compared to the prior year periods. The increase for the second quarter is driven by Veda, partially offset by other Asia Pacific businesses. Local currency fluctuations positively impacted revenue by $1 million, or 1%, for the second quarter of 2017 and $1.5 million, or 2% for the first six months of 2017. Reported revenue increased 6% and 49% in the second quarter and first six months of 2017, respectively. The increase for the six month period was primarily driven by the Veda acquisition.

Europe

On a local currency basis, revenue increased 12% and 13% in the second quarter and first six months of 2017, respectively, as compared to the prior year periods, primarily due to growth in U.K. debt management services and analytic services in Spain. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $7.0 million, or 10%, and $14.9 million, or 12%, for the second quarter and first six months of 2017, respectively. Reported revenue increased 2% in the second quarter and first six months of 2017.

Latin America

On a local currency basis, revenue increased 14% and 17% in the second quarter and first six months of 2017, respectively, as compared to the prior year periods, driven by core revenue growth primarily in Argentina and Chile. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $0.8 million, or 2%, and 0.8 million, or 1%, in the second quarter and first six months of 2017, respectively. Reported revenue increased by 13% and 16% in the second quarter and first six months of 2017, respectively.

Canada

On a local currency basis, revenue increased 8% and 9% in the second quarter and first six months of 2017, respectively, as compared to the prior year periods, due to core organic growth. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $1.5 million, or 5%, and $0.4 million, or 1%, in the second quarter and first six months of 2017, respectively. Reported revenue increased by 4% and 9% in the second quarter and first six months of 2017, respectively.

International Operating Margin

Operating margin increased from 15.4% in the second quarter of 2016 to 19.9% in the second quarter of 2017 due to a decrease in integration costs related to the Veda acquisition, as well as a decrease in people costs and purchased intangibles amortization. Operating margin increased from 14.1% in the first six months of 2016 to 17.0% in the first six months of 2017 due to a decrease in integration costs related to the Veda acquisition, a gain on the sale of an asset, as well as a decrease in people costs, partially offset by increased purchased intangibles amortization.

Workforce Solutions

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
Workforce Solutions	2017	2016	$	%	2017	2016	$	%
	(In millions)				(In millions)			
Operating revenue:								
Verification Services	$130.3	$109.9	$20.4	19 %	$245.4	$209.1	$36.3	17 %
Employer Services	64.2	67.4	(3.2)	(5)%	149.1	148.3	0.8	1 %
Total operating revenue	$194.5	$177.3	$17.2	10 %	$394.5	$357.4	$37.1	10 %
% of consolidated revenue	23 %	22 %			23 %	23 %		
Total operating income	$89.0	$78.3	$10.7	14 %	$178.4	$156.9	$21.5	14 %
Operating margin	45.7 %	44.2 %		1.5 % pts	45.2 %	43.9 %		1.3 %pts

Workforce Solutions revenue increased by 10% in the second quarter and first six months of 2017, as compared to the prior year periods. The increase for the second quarter was due to strong growth in the mortgage, government, and financial verticals, partially offset by a decline in our healthcare vertical. The increase for the first six months of 2017 was due to strong growth in the mortgage, government, and financial verticals, partially offset by a decline in our employment based tax credit product.

Verification Services

Revenue increased 19% and 17% in the second quarter and first six months of 2017, respectively, as compared to the prior year periods, due to strong growth in mortgage, government, financial, and pre-employment screening verticals, and continued addition of new records to The Work Number database.

Employer Services

Revenue decreased 5% in the second quarter of 2017 as compared to the prior year period, due to a decline in our workforce analytics and on-boarding products, partially offset by growth in our employment based tax credit products. Revenue increased 1% in the first six months of 2017 compared to the prior year period.

Workforce Solutions Operating Margin

Operating margin increased from 44.2% for the second quarter of 2016 to 45.7% for the second quarter of 2017 and increased from 43.9% in the first six months of 2016 to 45.2% for the first six months of 2017. Margin expansion was driven by product mix and strong revenue growth over the second quarter and first six months of 2017.

Global Consumer Solutions

Global Consumer Solutions	Three Months Ended June 30, 2017	2016	Change $	%	Six Months Ended June 30, 2017	2016	Change $	%
	(In millions)				(In millions)			
Total operating revenue	$98.9	$107.3	$(8.4)	(8)%	$204.8	$202.5	$2.3	1 %
% of consolidated revenue	11 %	13 %			12 %	13 %		
Total operating income	$27.4	$25.8	$1.6	6 %	$58.2	$52.8	$5.4	10 %
Operating margin	27.7 %	24.0 %		3.7 %pts	28.4 %	26.1 %		2.3 %pts

Revenue decreased 8% and increased 1% for the second quarter and first six months of 2017, respectively, as compared to the prior year periods. Local currency revenue decreased 7% and increased 2% in the second quarter and first six months of 2017, respectively. The change in the second quarter of 2017 is due to a decrease in the direct to consumer reseller business, primarily due to timing of delivery of a key project delivered in both 2016 and 2017. This project was, however, delivered in the first quarter in 2017, as opposed to the second quarter in 2016. The change for the first six months of 2017 was due to growth in our U.S. indirect business, partially offset by a decrease in our consumer direct business. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $1.4 million, or 1%, and $2.6 million, or 1%, for the second quarter and first six months of 2017, respectively. Operating margin increased from 24.0% in the second quarter of 2016 to 27.7% in the second quarter of 2017 and increased from 26.1% for the first six months of 2016 to 28.4% for the first six months of 2017, due to changes in product mix and decreases in marketing costs.

General Corporate Expense

General Corporate Expense	Three Months Ended June 30, 2017	2016	Change $	%	Six Months Ended June 30, 2017	2016	Change $	%
	(In millions)				(In millions)			
General corporate expense	$48.1	$46.1	$2.0	4%	$111.0	$117.6	$(6.6)	(6)%

Our general corporate expenses are unallocated costs that are incurred at the corporate level and include those expenses impacted by corporate direction, including shared services, technology, administrative, legal, restructuring, and the portion of management incentive compensation determined by total company-wide performance. General corporate expense increased $2.0 million and decreased $6.6 million in the second quarter and first six months of 2017, respectively, as compared to the prior year periods. The decrease for the first six months of 2017 is due to decreases in Veda transaction and integration costs partially offset by increased depreciation and amortization.

LIQUIDITY AND FINANCIAL CONDITION

Management assesses liquidity in terms of our ability to generate cash to fund operating, investing and financing activities. We continue to generate substantial cash from operating activities and remain in a strong financial position, with resources available for reinvestment in existing businesses, strategic acquisitions and managing our capital structure to meet short and long-term objectives.

Sources and Uses of Cash

Funds generated by operating activities and our credit facilities continue to be our most significant sources of liquidity. We expect that funds generated from results of operations will be sufficient to finance our anticipated working capital and other cash requirements (such as capital expenditures, interest payments, potential pension funding contributions, acquisition and integration costs, and dividend payments) for the foreseeable future. If borrowings were needed, we would expect to borrow in the commercial paper or corporate bond markets; or in the event that credit market conditions were to deteriorate, we would rely more heavily on borrowings from the Revolver as described below. At June 30, 2017, $383.3 million was available to borrow under our Revolver. Our Revolver does not include a provision under which lenders could refuse to allow us to borrow under the facility in the event of a material adverse change in our financial condition, as long as we are in compliance with the covenants contained in the credit agreement.

The following table summarizes our cash flows for the six months ended June 30, 2017 and 2016:

	Six Months Ended June 30,		Change
Net cash provided by (used in):	2017	2016	2017 vs. 2016
	(In millions)		
Operating activities	$329.1	$298.5	$30.6
Investing activities	$(100.9)	$(1,821.4)	$1,720.5
Financing activities	$44.3	$1,499.2	$(1,454.9)

Operating Activities

Cash provided by operating activities in the six months ended June 30, 2017 increased by $30.6 million over the prior year, due to an increase in net income, partially offset by an increase in working capital mostly driven by a decrease in current liabilities, excluding debt, slower growth in accounts receivable, and an increase in other current assets.

Fund Transfer Limitations. The ability of certain of our subsidiaries and associated companies to transfer funds to the U.S. is limited, in some cases, by certain restrictions imposed by foreign governments. These restrictions do not, individually or in the aggregate, materially limit our ability to service our indebtedness, meet our current obligations or pay dividends. As of June 30, 2017, we held $108.9 million of cash in our foreign subsidiaries.

Investing Activities

Capital Expenditures

	Six Months Ended June 30,		Change
Net cash used in:	2017	2016	2017 vs. 2016
	(In millions)		
Capital expenditures*	$(99.9)	$(82.8)	$(17.1)

*Amounts above are total cash outflows for capital expenditures.

Our capital expenditures are used for developing, enhancing and deploying new and existing software in support of our expanding product set, replacing or adding facilities and equipment, updating systems for regulatory compliance, the licensing of software applications and investing in system reliability, security and disaster recovery enhancements. Capital expenditures in the first six months of 2017 increased by $17.1 million from the same period in 2016 as we paid amounts that were accrued as of December 31, 2016.

Acquisitions, Divestitures and Investments

	Six Months Ended June 30,		Change
Net cash used in:	2017	2016	2017 vs. 2016
	(In millions)		
Acquisitions, net of cash acquired	$(9.6)	$(1,727.8)	$1,718.2
Economic hedges	$—	$(10.8)	$10.8
Cash received from sale of asset	$8.6	$—	$8.6

During the first quarter of 2016, the Company completed the acquisition of 100% of the ordinary voting shares of Veda for cash consideration of approximately $1.7 billion.

During the first quarter of 2016, we settled all of the foreign currency options on the respective settlement dates for a net cash payment of $10.8 million.

Financing Activities

Borrowings and Credit Facility Availability

Net cash provided by (used in):	Six Months Ended June 30, 2017	2016	Change 2017 vs. 2016
	(In millions)		
Net short-term borrowings	$208.8	$207.5	$1.3
Payments on long-term debt	$(50.0)	$(210.0)	$160.0
Borrowings on long-term debt	$—	$1,574.7	$(1,574.7)
Debt issuance costs	$—	$(5.5)	$5.5

Credit Facility Availability

Our principal unsecured revolving credit facility with a group of banks, which we refer to as the Revolver, permits us to borrow up to $900.0 million through November 2020. The Revolver may be used for general corporate purposes. Availability of the Revolver for borrowings is reduced by the outstanding face amount of any letters of credit issued under the facility and by the outstanding principal amount of our CP notes.

Our $900.0 million CP program has been established to allow for borrowing through the private placement of CP with maturities ranging from overnight to 397 days. We may use the proceeds of CP for general corporate purposes. The CP program is supported by our Revolver and, pursuant to our existing Board of Directors authorization, the total amount of CP which may be issued is reduced by the amount of any outstanding borrowings under our Revolver.

At June 30, 2017, $516.2 million was outstanding under our CP program. At June 30, 2017, a total of $383.3 million was available under our Revolver. We borrowed an additional $272.5 million of CP prior to June 30, 2017 in order to pay the July 2017 Senior Notes.

At June 30, 2017, 68% of our debt was fixed-rate debt and 32% was effectively floating-rate debt. Our floating-rate debt consists of our commercial paper, which is generally issued for terms of 1 to 100 days, and our Term Loan. At June 30, 2017, the interest rates on our floating-rate debt ranged from 1.26% to 2.34%.

Borrowing and Repayment Activity

Net short-term borrowings primarily represent activity under our CP program and borrowings under the 364-day Revolver. We primarily borrow under our CP program, as needed and availability allows.

The increase in net short-term borrowings primarily reflects the net activity of CP notes in the first six months of 2017, primarily the additional $272.5 million of CP issued in June to pay the July 2017 Senior Notes. The increase in net short-term borrowings primarily reflects the net activity of CP notes in the first six months of 2016, as well as the draw down on the 364-Day Revolver during the first quarter of 2016 and the pay-off of the Veda assumed debt in the first quarter and the 364-Day Revolver during the second quarter of 2016.

Payments on long-term debt reflect $50 million and $210 million payments made in the first six months of 2017 and 2016, respectively, on our Term Loan. Borrowings on long-term debt reflect an $800 million draw down on our Term Loan and the issuance of $500.0 million principal amount of 2.3%, five-year senior notes and $275.0 million principal amount of 3.25%, ten-year senior notes in an underwritten public offering in the first six months of 2016.

Debt Covenants. A downgrade in our credit ratings would increase the cost of borrowings under our CP program and Senior Credit Facilities, and could limit or, in the case of a significant downgrade, preclude our ability to issue CP. Our outstanding indentures and comparable instruments also contain customary covenants including, for example, limits on the incurrence of secured debt and sale/leaseback transactions. In addition, the Senior Credit Facilities limit the amount of subsidiary debt and the amount of debt secured by liens, and require us to maintain a maximum leverage ratio of not more than 3.5 to 1.0. None of these covenants are considered restrictive to our operations and, as of June 30, 2017, we were in compliance with all of our debt covenants.

We do not have any credit rating triggers that would accelerate the maturity of a material amount of our outstanding debt; however, our 6.3% Senior Notes due 2017, 2.3% Senior Notes due 2021, 3.3% Senior Notes due 2022, 3.25% Senior Notes due 2026 and 7.0% Senior Notes due 2037 (together, the "Senior Notes") contain change of control provisions. If we experience a change of control or publicly announce our intention to effect a change of control and the rating on the Senior Notes is lowered by each of Standard & Poor's, or S&P, and Moody's Investors Service, or Moody's, below an investment grade rating within 60 days of such change of control or notice thereof, we will be required to offer to repurchase the Senior Notes at a price equal to 101% of the aggregate principal amount of the Senior Notes plus accrued and unpaid interest.

For additional information about our debt, including the terms of our financing arrangements, basis for floating interest rates and debt covenants, see Note 5 of the Notes to Consolidated Financial Statements in our 2016 Form 10-K.

Equity Transactions

Net cash provided by (used in):	Six Months Ended June 30, 2017	2016	Change 2017 vs. 2016
	(In millions)		
Dividends paid to Equifax shareholders	$(93.9)	$(78.6)	$(15.3)
Dividends paid to noncontrolling interests	$(6.6)	$(5.6)	$(1.0)
Proceeds from exercise of stock options	$13.0	$15.7	$(2.7)
Payment of taxes related to settlement of equity awards	$(27.0)	$(19.0)	$(8.0)
Excess tax benefits from stock-based compensation plans	$—	$20.0	$(20.0)

Sources and uses of cash related to equity during the six months ended June 30, 2017 and 2016 were as follows:

- During the first six months of 2017, we did not repurchase any shares of our stock.

- We increased our quarterly dividend from $0.33 per share to $0.39 per share as announced in the first quarter of 2017. We paid cash dividends to Equifax shareholders of $93.9 million, or $0.39 per share, and $78.6 million, or $0.66 per share, during the six months ended June 30, 2017 and 2016, respectively.

- We received cash of $13.0 million and $15.7 million during the first six months of 2017 and 2016, respectively, from the exercise of stock options.

At June 30, 2017, the Company had $667.2 million remaining for stock repurchases under the existing Board authorization.

Contractual Obligations, Commercial Commitments and Other Contingencies

Our contractual obligations have not changed materially from those reported in our 2016 Form 10-K. For additional information about certain obligations and contingencies, see Note 5 of the Notes to Consolidated Financial Statements in this Form 10-Q.

Off-Balance Sheet Arrangements

There have been no material changes with respect to our off-balance sheet arrangements from those presented in our 2016 Form 10-K.

Benefit Plans

At December 31, 2016, our U.S. Retirement Income Plan, or USRIP, met or exceeded ERISA's minimum funding requirements. In the future, we expect to make minimum funding contributions as required and may make discretionary contributions, depending on certain circumstances, including market conditions and our liquidity needs. We believe additional funding contributions, if any, would not prevent us from continuing to meet our liquidity needs, which are primarily funded from cash flows generated by operating activities, available cash and cash equivalents, and our committed Senior Credit Facilities.

For our non-U.S., tax-qualified retirement plans, we fund an amount sufficient to meet minimum funding requirements but no more than allowed as a tax deduction pursuant to applicable tax regulations. For our non-qualified supplementary retirement plans, we fund the benefits as they are paid to retired participants, but accrue the associated expense and liabilities in accordance with GAAP.

For additional information about our benefit plans, see Note 10 of the Notes to Consolidated Financial Statements in our 2016 Form 10-K.

Seasonality

We experience seasonality in certain of our revenue streams. Revenue generated by the online consumer information services component of our USIS operating segment are typically the lowest during the first quarter, when consumer lending activity is at a seasonal low. Revenue generated from the Employer Services business unit within the Workforce Solutions operating segment is generally higher in the first quarter due primarily to the provision of Form W-2 preparation services which occur in the first quarter each year. Revenue generated from our financial wealth asset products and data management services in our Financial Marketing Services business are generally higher in the fourth quarter each year due to the significant portion of our annual renewals and deliveries which occur in the fourth quarter of each year.

RECENT ACCOUNTING PRONOUNCEMENTS

For information about new accounting pronouncements and the potential impact on our Consolidated Financial Statements, see Note 1 of the Notes to Consolidated Financial Statements in this Form 10-Q and Note 1 of the Notes to Consolidated Financial Statements in our 2016 Form 10-K.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in our Consolidated Financial Statements and the Notes to Consolidated Financial Statements. We believe the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates and assumptions about the effects of matters that are inherently uncertain. The “Application of Critical Accounting Policies and Estimates” section in the MD&A, and Note 1 of the Notes to Consolidated Financial Statements, in our 2016 Form 10-K describe the significant accounting estimates and policies used in the preparation of our Consolidated Financial Statements. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information available at the time. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding our exposure to certain market risks, see “Quantitative and Qualitative Disclosures about Market Risk,” in Part II, Item 7A of our 2016 Form 10-K. There were no material changes to our market risk exposure during the six months ended June 30, 2017.

ITEM 4. CONTROLS AND PROCEDURES

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in the following legal actions:

California Bankruptcy Litigation. In consolidated actions filed in the U.S. District Court for the Central District of California, captioned Terri N. White, et al. v. Equifax Information Services LLC, Jose Hernandez v. Equifax Information Services LLC, Kathryn L. Pike v. Equifax Information Services LLC, and Jose L. Acosta, Jr., et al. v. Trans Union LLC, et al. , plaintiffs asserted that Equifax violated federal and state law (the FCRA, the California Credit Reporting Act and the California Unfair Competition Law) by failing to follow reasonable procedures to determine whether credit accounts are discharged in bankruptcy, including the method for updating the status of an account following a bankruptcy discharge. On August 20, 2008, the District Court approved a Settlement Agreement and Release providing for certain changes in the procedures used by defendants to record discharges in bankruptcy on consumer credit files. That settlement resolved claims for injunctive relief, but not plaintiffs' claims for damages. On May 7, 2009, the District Court issued an order preliminarily approving an agreement to settle remaining class claims. The District Court subsequently deferred final approval of the settlement and required the settling parties to send a supplemental notice to those class members who filed a claim and objected to the settlement or opted out, with the cost for the re-notice to be deducted from the plaintiffs' counsel fee award. Mailing of the supplemental notice was completed on February 15, 2011 and the deadline for this group of settling plaintiffs to provide additional documentation to support their damage claims or to opt-out of the settlement was March 31, 2011. On July 15, 2011, the District Court approved the settlement. Several objecting plaintiffs subsequently filed notices of appeal to the U.S. Court of Appeals for the Ninth Circuit, which, on April 22, 2013, issued an order vacating the settlement and remanding the case to the District Court for further proceedings. On January 21, 2014, the District Court denied the objecting plaintiffs' motion to disqualify counsel for the settling plaintiffs and granted the motion of counsel for the settling plaintiffs to be appointed as interim lead class counsel. On March 28, 2016, the U.S. Court of Appeals for the Ninth Circuit affirmed the District Court's lead counsel appointment. On January 9, 2017, the United States Supreme Court denied the objectors' Petition for a Writ of Certiorari. The parties re-engaged in settlement discussions, including participation in mediations in August 2016 and November 2016, and reached an agreement to again settle the monetary claims. Settlement documents were filed with the District Court on April 14, 2017. On June 16, 2017, the Court granted preliminary approval of the proposed settlement, conditionally certified the settlement class, and appointed class counsel and administrator. A Final Fairness Hearing is scheduled for December 2017.

Other. Equifax has been named as a defendant in various other legal actions, including administrative claims, regulatory matters, government investigations, class actions and other litigation arising in connection with our business. Some of the legal actions include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. We believe we have strong defenses to and, where appropriate, will vigorously contest, many of these matters. Given the number of these matters, some are likely to result in adverse judgments, penalties, injunctions, fines or other relief. We may explore potential settlements before a case is taken through trial because of the uncertainty and risks inherent in the litigation process

For information regarding our accounting for legal contingencies, see Note 5 of the Notes to Consolidated Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

There have been no material changes with respect to the risk factors disclosed in our 2016 Form 10-K.

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

The following table contains information with respect to purchases made by or on behalf of Equifax or any "affiliated purchaser" (as defined in Rule 10b-18(a) (3) under the Securities Exchange Act of 1934), of our common stock during our second quarter ended June 30, 2017:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share (2)	Total Number of Shares Purchased as Part of Publicly-Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (3)
April 1 - April 30, 2017	869	$	——	$667,199,250
May 1 - May 31, 2017	47,784	$	——	$667,199,250
June 1 - June 30, 2017	666	$	——	$667,199,250
Total	49,319			$667,199,250

(1) The total number of shares purchased for the quarter includes shares surrendered, or deemed surrendered, in satisfaction of the exercise price and/or to satisfy tax withholding obligations in connection with the exercise of employee stock options, totaling 869 shares for the month of April 2017, 47,784 shares for the month of May 2017, and 666 shares for the month of June 2017.

(2) Average price paid per share for shares purchased as part of our share repurchase program (includes brokerage commissions).

(3) At June 30, 2017, the amount authorized for future share repurchases under the share repurchase program was $667.2 million. The program does not have a stated expiration date.

Dividend and Share Repurchase Restrictions

Our Senior Credit Facilities restrict our ability to pay cash dividends on our capital stock or repurchase capital stock if a default or event of default exists or would result, according to the terms of the applicable credit agreements.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

			Equifax Inc. (Registrant)
Date:	July 27, 2017	By:	/s/ Richard F. Smith Richard F. Smith Chairman and Chief Executive Officer (Principal Executive Officer)
Date:	July 27, 2017		/s/ John W. Gamble, Jr. John W. Gamble, Jr. Corporate Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	July 27, 2017		/s/ Nuala M. King Nuala M. King Senior Vice President and Corporate Controller (Principal Accounting Officer)

INDEX TO EXHIBITS

Exhibit No.	Description
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase