EQUIFAX INC
Form 10-Q
October 25, 2018

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

FORM 10-Q

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

For the quarterly period ended September 30, 2018

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes 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 Accelerated filer Non-accelerated filer 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.

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

On October 12, 2018, there were 120,575,077 shares of the registrant’s common stock outstanding.

EQUIFAX INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED September 30, 2018

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will,” “may” and similar expressions identify forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events, plans or developments that we expect or anticipate will occur in the future, including statements relating to future operating results and statements related to the cybersecurity incident reported in the third quarter of 2017 and impact of the Tax Cuts and Jobs Act of 2017, 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, including without limitation our expectation regarding the Company's outlook and expected increases in costs related to the 2017 cybersecurity incident referenced below in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — "Business Overview—Business Environment and Company Outlook." These risks and uncertainties include, but are not limited to, those described in Part I, “Item 1A. Risk Factors,” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2017, in Part II, "Item 1A. Risk Factors" and elsewhere in this report, 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 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 September 30,	
	2018	2017
(In millions, except per share amounts)		
Operating revenue	$834.2	$834.8
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	376.7	297.3
Selling, general and administrative expenses	317.5	310.4
Depreciation and amortization	75.9	72.4
Total operating expenses	770.1	680.1
Operating income	64.1	154.7
Interest expense	(26.7)	(21.4)
Other income, net	1.3	2.7
Consolidated income before income taxes	38.7	136.0
Provision for income taxes	0.9	(35.5)
Consolidated net income	39.6	100.5
Less: Net income attributable to noncontrolling interests including redeemable noncontrolling interests	(1.2)	(4.2)
Net income attributable to Equifax	$38.4	$96.3
Basic earnings per common share:		
Net income attributable to Equifax	$0.32	$0.80
Weighted-average shares used in computing basic earnings per share	120.5	120.1
Diluted earnings per common share:		
Net income attributable to Equifax	$0.32	$0.79
Weighted-average shares used in computing diluted earnings per share	121.6	121.4
Dividends per common share	$0.39	$0.39

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Nine Months Ended September 30,	
	2018	2017
(In millions, except per share amounts)		
Operating revenue	$2,576.8	$2,523.8
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	1,068.2	891.9
Selling, general and administrative expenses	875.4	778.6
Depreciation and amortization	231.3	214.2
Total operating expenses	2,174.9	1,884.7
Operating income	401.9	639.1
Interest expense	(77.0)	(70.1)
Other income, net	6.4	5.3
Consolidated income from operations before income taxes	331.3	574.3
Provision for income taxes	(51.7)	(150.8)
Consolidated net income	279.6	423.5
Less: Net income attributable to noncontrolling interests including redeemable noncontrolling interests	(5.4)	(8.5)
Net income attributable to Equifax	$274.2	$415.0
Basic earnings per common share:		
Net income attributable to Equifax	$2.28	$3.45
Weighted-average shares used in computing basic earnings per share	120.3	120.1
Diluted earnings per common share:		
Net income attributable to Equifax	$2.26	$3.41
Weighted-average shares used in computing diluted earnings per share	121.5	121.6
Dividends per common share	$1.17	$1.17

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three Months Ended September 30,					
	2018			2017		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	$38.4	$ 1.2	$39.6	$96.3	$ 4.2	$100.5
Other comprehensive income (loss):						
Foreign currency translation adjustment	(43.2)	(0.7)	(43.9)	91.1	1.2	92.3
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans, net	3.9	—	3.9	2.6	—	2.6
Comprehensive income (loss)	$(0.9)	$ 0.5	$(0.4)	$190.0	$ 5.4	$195.4

	Nine Months Ended September 30,					
	2018			2017		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	$274.2	$ 5.4	$279.6	$415.0	$ 8.5	$423.5
Other comprehensive income (loss):						
Foreign currency translation adjustment	(161.3)	6.2	(155.1)	209.7	3.4	213.1
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans, net	11.9	—	11.9	7.6	—	7.6
Change in cumulative loss from cash flow hedging transactions, net	—	—	—	(0.2)	—	(0.2)
Comprehensive income (loss)	$124.8	$ 11.6	$136.4	$632.1	$ 11.9	$644.0

See Notes to Consolidated Financial Statements.

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EQUIFAX INC.

CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except par values)	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$253.4	$336.4
Trade accounts receivable, net of allowance for doubtful accounts of $11.5 and $9.1 at September 30, 2018 and December 31, 2017, respectively	467.9	444.8
Prepaid expenses	90.6	94.3
Other current assets	75.6	122.9
Total current assets	887.5	998.4
Property and equipment:		
Capitalized internal-use software and system costs	607.3	427.9
Data processing equipment and furniture	326.3	306.6
Land, buildings and improvements	213.2	212.5
Total property and equipment	1,146.8	947.0
Less accumulated depreciation and amortization	(451.6)	(380.0)
Total property and equipment, net	695.2	567.0
Goodwill	4,162.8	4,184.0
Indefinite-lived intangible assets	94.9	95.0
Purchased intangible assets, net	1,132.8	1,247.0
Other assets, net	160.8	142.0
Total assets	$7,134.0	$7,233.4
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$3.1	$965.3
Accounts payable	139.6	110.3
Accrued expenses	179.8	160.9
Accrued salaries and bonuses	96.5	119.4
Deferred revenue	104.9	108.4
Other current liabilities	220.3	209.2
Total current liabilities	744.2	1,673.5
Long-term debt	2,629.4	1,739.0
Deferred income tax liabilities, net	298.6	305.1
Long-term pension and other postretirement benefit liabilities	135.7	175.8
Other long-term liabilities	84.6	101.0
Total liabilities	3,892.5	3,994.4
Commitments and Contingencies (see Note 5)		
Equifax shareholders' equity:		
Preferred stock, $0.01 par value: Authorized shares - 10.0; Issued shares - none	—	—
Common stock, $1.25 par value: Authorized shares - 300.0; Issued shares - 189.3 at September 30, 2018 and December 31, 2017; Outstanding shares - 120.6 and 120.1 at September 30, 2018 and December 31, 2017, respectively	236.6	236.6
Paid-in capital	1,347.4	1,332.7
Retained earnings	4,740.1	4,600.6

Accumulated other comprehensive loss	(561.4)	(412.0)
Treasury stock, at cost, 68.1 shares and 68.6 shares at September 30, 2018 and December 31, 2017, respectively	(2,572.3)	(2,577.6)
Stock held by employee benefit trusts, at cost, 0.6 shares at September 30, 2018 and December 31, 2017	(5.9)	(5.9)
Total Equifax shareholders' equity	3,184.5	3,174.4
Noncontrolling interests including redeemable noncontrolling interests	57.0	64.6
Total equity	3,241.5	3,239.0
Total liabilities and equity	$7,134.0	$7,233.4

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended September 30, 2018	2017
	(In millions)	
Operating activities:		
Consolidated net income	$279.6	$423.5
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	235.3	216.7
Stock-based compensation expense	32.8	34.6
Deferred income taxes	(13.4)	(40.6)
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	(32.1)	(14.9)
Other assets, current and long-term	33.7	(24.4)
Current and long term liabilities, excluding debt	(28.5)	13.8
Cash provided by operating activities	507.4	608.7
Investing activities:		
Capital expenditures	(208.1)	(157.5)
Acquisitions, net of cash acquired	(115.8)	(77.3)
Cash received from sale of asset	5.6	8.6
Investment in unconsolidated affiliates, net	(6.9)	—
Cash used in investing activities	(325.2)	(226.2)
Financing activities:		
Net short-term (repayments) borrowings	(960.9)	354.9
Payments on long-term debt	(100.0)	(322.5)
Borrowings on long-term debt	994.5	—
Treasury stock purchases	—	(77.1)
Dividends paid to Equifax shareholders	(140.8)	(140.7)
Dividends paid to noncontrolling interests	(8.7)	(8.2)
Proceeds from exercise of stock options	11.3	18.8
Payment of taxes related to settlement of equity awards	(18.8)	(28.0)
Purchase of redeemable noncontrolling interests	(23.5)	—
Debt issuance costs	(7.6)	—
Payment of contingent consideration	(1.5)	—
Cash used in financing activities	(256.0)	(202.8)
Effect of foreign currency exchange rates on cash and cash equivalents	(9.2)	6.4
(Decrease) increase in cash and cash equivalents	(83.0)	186.1
Cash and cash equivalents, beginning of period	336.4	129.3
Cash and cash equivalents, end of period	$253.4	$315.4

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND OTHER COMPREHENSIVE INCOME

For the Nine Months Ended September 30, 2018

(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, 2017	120.1	$236.6	$1,332.7	$4,600.6	$(412.0)	$(2,577.6)	$(5.9)	$64.6	$3,239.0
Net income	—	—	—	274.2	—	—	—	5.4	279.6
Other comprehensive (loss) income	—	—	—		(141.4)	—	—	6.2	(135.2)
Shares issued under stock and benefit plans, net of minimum tax withholdings	0.5	—	(12.5)	—	—	5.3	—	—	(7.2)
Cash dividends ($1.17 per share)	—	—	—	(141.5)	—	—	—	—	(141.5)
Dividends paid to employee benefits trusts	—	—	0.7	—	—	—	—	—	0.7
Stock-based compensation expense	—	—	32.8	—	—	—	—	—	32.8
Purchases of redeemable noncontrolling interests	—	—	(6.3)	—	(8.0)	—	—	(7.9)	(22.2)
Redeemable noncontrolling interest adjustment	—	—	—	2.6	—	—	—	(2.6)	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(8.7)	(8.7)
Cumulative adjustment from change in accounting principle (Note 2)	—	—	—	4.2	—	—	—	—	4.2
Balance, September 30, 2018	120.6	$236.6	$1,347.4	$4,740.1	$(561.4)	$(2,572.3)	$(5.9)	$57.0	$3,241.5

At September 30, 2018, $590.1 million was available for future purchases of common stock under our share repurchase authorization.

Accumulated Other Comprehensive Loss consists of the following components:

	September 30, 2018	December 31, 2017
	(In millions)	
Foreign currency translation	$(264.6)	$(103.3)
Unrecognized actuarial losses and prior service cost related to our pension and other postretirement benefit plans, net of accumulated tax of $91.8 and $95.6 at September 30, 2018 and December 31, 2017, respectively	(295.6)	(257.5)
Cash flow hedging transactions, net of accumulated tax of $0.7 at September 30, 2018 and December 31, 2017, respectively	(1.2)	(1.2)
Impact of Tax Cuts and Jobs Act of 2017	—	(50.0)
Accumulated other comprehensive loss	$(561.4)	$(412.0)

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

September 30, 2018

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 products and services enable businesses to make credit and service decisions, manage their portfolio risk, automate or outsource certain payroll-related tax and human resources business processes, and develop marketing strategies concerning consumers and commercial enterprises. We serve customers across a wide range of industries, including the financial services, mortgage, retail, telecommunications, utilities, automotive, brokerage, healthcare and insurance industries, as well as government agencies. We also enable consumers to manage and protect their financial health through a portfolio of products offered directly to consumers. As of September 30, 2018, 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, Singapore and Dubai, 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, and income and tax information primarily from large to mid-sized companies in the U.S. We process this information utilizing our proprietary information management systems. We also provide information, technology and services to support debt collections and recovery management.

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, 2017 (“2017 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 Ended	Nine Months Ended

	September 30,		September 30,	
	2018	2017	2018	2017
	(In millions)			
Weighted-average shares outstanding (basic)	120.5	120.1	120.3	120.1
Effect of dilutive securities:				
Stock options and restricted stock units	1.1	1.3	1.2	1.5
Weighted-average shares outstanding (diluted)	121.6	121.4	121.5	121.6

For the three and nine months ended September 30, 2018 and 2017, 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 September 30, 2018 and December 31, 2017, the fair value of our long-term debt, including the current portion, was $2.7 billion and $2.1 billion, respectively, compared to its carrying value of $2.7 billion and $2.1 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.

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 September 30, 2018	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]	$37.7	$37.7	$ —	$ —
Deferred Compensation Plan Liability[1]	(37.7)	—	(37.7)	—
Total	$—	$37.7	$ (37.7)	$ —

(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. We completed various acquisitions during the nine months ended September 30, 2018 and the year ended December 31, 2017. 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 these acquisitions 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.

Trade Accounts Receivable and Allowance for Doubtful Accounts. Accounts receivable are stated at cost. Significant payment terms for customers are identified in the contract. We do not recognize interest income on our trade accounts receivable. Additionally, we generally do not require collateral from our customers related to our trade accounts receivable. The allowance for doubtful accounts for estimated losses on trade accounts receivable is based on historical write-off experience, an analysis of the aging of outstanding receivables, customer payment patterns and the establishment of specific reserves for customers in an adverse financial condition. We reassess the adequacy of the allowance for doubtful accounts each reporting period. Increases to the allowance for doubtful accounts are recorded as bad debt expense, which are included in selling, general and administrative expenses on the accompanying Consolidated Statements of Income.

Other Current Assets. Other current assets on our Consolidated Balance Sheets represent amounts receivable from tax authorities, insurance recoveries receivable, and the current portion of the Company's right to consideration in exchange for goods or services that the entity has transferred to a customer (contract assets). Other current assets also include amounts in specifically designated accounts that hold the funds that are due to customers from our debt collection and recovery management services. As of September 30, 2018, these assets were approximately $19.7 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 Assets. Other assets on our Consolidated Balance Sheets primarily represent our investment in unconsolidated affiliates, our equity investment in Brazil, the long-term portion of the Company's right to consideration in exchange for goods or services that the entity has transferred to a customer (contract assets), assets related to life insurance policies covering certain officers of the Company, and employee benefit trust assets.

Other Current Liabilities. Other current liabilities on our Consolidated Balance Sheets consist of various accrued liabilities such as costs related to the 2017 cybersecurity incident as described more fully in Note 5, interest expense, accrued employee benefits, accrued payroll and other taxes, and accrued legal expenses. Other current liabilities also include 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 September 30, 2018, these funds were approximately $19.7 million. These amounts are restricted as to their current use and will be released according to the specific customer agreements.

Change in Accounting Principle. In February 2018, the FASB issued Accounting Standards Update ("ASU") 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220)." The guidance provides companies the option to eliminate the stranded tax effects associated with the change in the federal corporate income tax rate in the Tax Cuts and Jobs Act of 2017. The guidance is effective for annual periods beginning after December 31, 2018, with early adoption permitted for reporting periods for which financial statements have not been issued and can be applied retrospectively. As such, we have adopted this guidance as of December 31, 2017 resulting in the reclassification of $50.0 million from accumulated other comprehensive income to retained earnings related to the change in tax rate, as prescribed in the guidance.

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 this guidance did not have an impact on our financial position, results of operations or cash flows.

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. The retrospective adoption of this guidance resulted in the reclassification of $1.8 million and $5.4 million from selling, general and administrative expenses to other income, net in the Consolidated Statements of Income for the three and nine months ended September 30, 2017, respectively, and the recognition of $1.0 million and $3.0 million in selling, general, and administrative expenses and $2.2 million and $6.6 million in other income, net in the Consolidated Statements of Income for the three and nine months ended

September 30, 2018, respectively. We do not capitalize any components of pension costs.

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 to determine if what is being acquired meets the definition of a business. The prospective adoption of this guidance did not have an impact on our financial position, results of operations or cash flows.

In January 2016, the FASB issued ASU 2016-01 "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." This new guidance requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure the equity investments that do not have readily determinable fair values at a new measurement alternative. Entities may choose to measure those investments at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The amendments in this update also simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, eliminate the requirement for public business entities to disclose the method and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet and require these entities to use the exit price notion when measuring fair value of financial instruments for disclosure purposes. This guidance also changes the presentation and disclosure requirements for financial instruments as well as clarifying the guidance related to valuation allowance assessments when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. The adoption of this guidance did not have an impact on our financial position, results of operations, or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 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 2014-09 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 2014-09 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 2014-09.

As of January 1, 2018, we adopted the standard using the modified retrospective method. The new standard impacted our contracts that have a known quantity over a defined term with price increases or decreases over the contract life. Under the standard applicable during the period ended December 31, 2017, revenue related to these contracts were limited by billings in a period. Under the new standard applicable for the period beginning January 1, 2018, the total contract value is 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. Additionally, the changes to the cost capitalization practices did not materially impact our Consolidated Financial Statements. See Note 2 for further details.

Recent Accounting Pronouncements. Derivatives and Hedging. In August 2017, the FASB issued ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities (Topic 815).” The amendments in ASU 2017-12 provide targeted improvements to the accounting for hedging activities to better align an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The adoption of ASU 2017-12 will become effective for annual periods beginning after December 15, 2018, although early adoption is 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.

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.

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.

In July 2018, the FASB approved an additional optional transition method by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. We will be adopting the standard using this optional transition method. At our current point in the adoption of the standard, we do not expect the adoption to have a material impact on our consolidated financial statements. While we are continuing to assess potential impacts of the standard, we currently expect the most significant impact will be the recognition of right-of-use assets and lease liabilities for operating leases. We expect our accounting for capital leases to remain substantially unchanged.

Credit Losses. In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2019. We do not expect the adoption of the standard to have a material impact on our consolidated financial statements.

Fair Value Measurements. In August 2018, the FASB issued ASU No. 2018-13 "Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement" which eliminates, adds, and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019, and interim periods therein, but entities are permitted to early adopt either the entire standard or only the provisions that eliminate or modify the requirements. The adoption of this standard will have an impact on our disclosures and will not materially impact our consolidated financial statements.

Retirement Benefits. In August 2018, the FASB issued ASU No. 2018-14 "Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans" which requires minor changes to the disclosure requirements for employers that sponsor defined benefit pension and/or other postretirement benefit plans. ASU 2018-14 is effective for fiscal years ending after December 15, 2020 and early adoption is permitted. The adoption of this standard will have an impact on our disclosures and will not materially impact our consolidated financial statements.

Cloud Computing Arrangements. In August 2018, the FASB issued ASU No. 2018-15 "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract." ASU 2018-15 requires that issuers follow the internal-use software guidance in Accounting Standards Codification (ASC) 350-40 to determine which costs to capitalize as assets or expense as incurred. The ASC 350-40 guidance requires that certain costs incurred during the application development stage be capitalized and other costs incurred during the preliminary project and post-implementation stages be expensed as they are incurred. ASU 2018-15 is effective for fiscal years beginning after December 15, 2019, and interim periods therein. We are evaluating the impact of the adoption of the standard on our consolidated financial statements.

2. REVENUE

On January 1, 2018 we adopted ASU 2014-09 using the modified retrospective approach. Comparative financial statements of prior periods have not been adjusted to apply the new method retrospectively. The new method of accounting was applied only to contracts that were not completed at the date of application as well as to the contracts entered into on or after January 1, 2018. Additionally, we reflected the aggregate effect of all modifications to these contracts when identifying the satisfied and unsatisfied performance obligations, as well as determining the transaction price and allocating the transaction price.

The effect of the adoption on key financial statement line items for the three and nine months ended September 30, 2018 is as follows:

Income Statement	Three Months Ended September 30, 2018		Change	
	Prior to ASU 2014-09 adoption	As reported under ASU 2014-09	$	%
	(In millions, except per share data)			
Operating revenue	$833.6	$ 834.2	$0.6	—%
Consolidated income from operations before income taxes	$38.1	$ 38.7	$0.6	2%
Consolidated net income	$39.1	$ 39.6	$0.5	1%
Net income attributable to Equifax	$37.9	$ 38.4	$0.5	1%
Basic earnings per common share:				
Net income attributable to Equifax	$0.31	$ 0.32	$0.01	3%
Diluted earnings per common share:				
Net income attributable to Equifax	$0.31	$ 0.32	$0.01	3%

Income Statement	Nine Months Ended September 30, 2018		Change	
	Prior to ASU 2014-09 adoption	As reported under ASU 2014-09	$	%
	(In millions, except per share data)			
Operating revenue	$2,575.2	$2,576.8	$1.6	—%
Consolidated income from operations before income taxes	$329.7	$331.3	$1.6	—%
Consolidated net income	$278.4	$279.6	$1.2	—%
Net income attributable to Equifax	$273.0	$274.2	$1.2	—%
Basic earnings per common share:				
Net income attributable to Equifax	$2.27	$2.28	$0.01	—%
Diluted earnings per common share:				
Net income attributable to Equifax	$2.25	$2.26	$0.01	—%

Balance Sheet	September 30, 2018		Change	
	Prior to ASU 2014-09	As reported under	$	%

	adoption	ASU 2014-09		
	(In millions)			
Other current assets	$75.3	$75.6	$0.3	—%
Other assets, net	$154.1	$160.8	$6.7	4%
Total assets	$7,127.0	$7,134.0	$7.0	—%
Deferred income tax liabilities, net	$295.8	$298.6	$2.8	1%
Total liabilities	$3,889.7	$3,892.5	$2.8	—%
Retained earnings	$4,735.9	$4,740.1	$4.2	—%
Total equity	$3,237.3	$3,241.5	$4.2	—%
Total liabilities and equity	$7,127.0	$7,134.0	$7.0	—%

Revenue Recognition. Based on the information management reviews internally for evaluating operating segment performance and nature, amount, timing, and uncertainty of revenue and cash flows affected by economic factors, we disaggregate revenue as follows:

Consolidated Operating Revenue	Three Months Ended September 30, 2018	2017	Change $	%	Nine Months Ended September 30, 2018	2017	Change $	%
	(In millions)							
Online Information Solutions	$222.4	$221.0	$1.4	1 %	$666.2	$678.7	$(12.5)	(2)%
Mortgage Solutions	39.0	38.8	$0.2	1 %	126.2	116.1	$10.1	9 %
Financial Marketing Services	46.9	47.9	$(1.0)	(2)%	147.4	154.9	$(7.5)	(5)%
Total U.S. Information Solutions	308.3	307.7	$0.6	— %	939.8	949.7	$(9.9)	(1)%
Asia Pacific	80.5	81.2	$(0.7)	(1)%	249.0	229.7	$19.3	8 %
Europe	68.5	69.0	$(0.5)	(1)%	211.4	199.2	$12.2	6 %
Latin America	48.7	54.5	$(5.8)	(11)%	158.9	158.5	$0.4	— %
Canada	37.3	35.1	$2.2	6 %	110.5	100.1	$10.4	10 %
Total International	235.0	239.8	$(4.8)	(2)%	729.8	687.5	$42.3	6 %
Verification Services	143.9	129.9	$14.0	11 %	421.6	375.3	$46.3	12 %
Employer Services	58.3	56.5	$1.8	3 %	199.3	205.6	$(6.3)	(3)%
Total Workforce Solutions	202.2	186.4	$15.8	9 %	620.9	580.9	$40.0	7 %
Global Consumer Solutions	88.7	100.9	$(12.2)	(12)%	286.3	305.7	$(19.4)	(6)%
Total operating revenue	$834.2	$834.8	$(0.6)	— %	$2,576.8	$2,523.8	$53.0	2 %

Revenue is recognized when a performance obligation has been satisfied by transferring a promised good or service to a customer and the customer obtains control of the good or service. In order to recognize revenue, we note that the two parties must have an agreement that creates enforceable rights, the performance obligations must be distinct and the transaction price can be determined. Our revenue is derived from the provision of information services to our customers on a transactional basis, in which distinct services are delivered over time as the customer simultaneously receives and consumes the benefits of the services delivered. To measure our performance over time, the output method is utilized to measure the value to the customer based on the transfer to date of the services promised, with no rights of return once consumed. In these cases, revenue on transactional contracts with defined price but an undefined quantity is recognized utilizing the right to invoice expedient resulting in revenue being recognized when the service is provided and billed. Additionally, multi-year contracts with defined price but an undefined quantity that utilize tier pricing would be defined as a series of distinct performance obligations satisfied over time utilizing the same method of measurement, the output method, with no rights of return once consumed. This measurement method is applied on a monthly basis resulting in revenue being recognized when the service is provided and billed.

Additionally, we recognize revenue from subscription-based contracts under which a customer pays a preset fee for a predetermined or unlimited number of transactions or services provided during the subscription period, generally one year. Revenue from subscription-based contracts having a preset number of transactions is recognized as the services are provided, using an effective transaction rate as the actual transactions are delivered. Any remaining revenue related to unfulfilled units is not recognized until the end of the related contract's subscription period. Revenue from subscription-based contracts having an unlimited volume is recognized ratably during the contract term. Multi-year subscription contracts are analyzed to determine the full contract transaction price over the term of the contract and the subsequent price is ratably recognized over the full term of the contract.

Revenue is recorded net of sales taxes.

If at the outset of an arrangement, we determine that collectibility is not reasonably assured, revenue is deferred until the earlier of when collectibility becomes probable or the receipt of payment from the customer. If there is uncertainty as to the customer's acceptance of the performance obligation, revenue is not recognized until the earlier of receipt of customer acceptance or expiration of the acceptance period.

We sell certain offerings that contain multiple performance obligations. These obligations may include consumer or commercial information, file updates for certain solutions, services provided by our decisioning technologies personnel, training services, statistical models and other services. In order to account for each of these obligations separately, the delivered promises within our contracts must meet the criterion to be considered distinct performance obligations to our customer. If we determine that the arrangement does not contain separate distinct obligations, the performance obligations are bundled together until a distinct obligation is achieved. This may lead to the arrangement consideration being recognized as the final contract obligation is delivered to our customer or ratably over the term of the contract.

Some of our arrangements with multiple performance obligations involve the delivery of services generated by a combination of services provided by one or more of our operating segments. No individual information service impacts the value or usage of other information services included in an arrangement and each service can be sold alone or, in most cases, purchased from another vendor without affecting the quality of use or value to the customer of the other information services included in the arrangement. Some of our products require the installation of interfaces or platforms by our technology personnel that allow our customers to interact with our proprietary information databases. These installation services do not meet the requirement for being distinct, thus any related installation fees are deferred when billed and are recognized over the expected period that the customer will benefit from the related services. Revenue from the delivery of one-time files and models is recognized as the service is provided and accepted, assuming all other revenue recognition criteria are met. The direct costs of installation of a customer are capitalized and amortized over the useful life of the identifiable asset.

We record revenue on a net basis for those sales in which we have in substance acted as an agent or broker in the transaction and therefore do not have control.

In certain instances within our debt collections and recovery management services in our International operating segment and within our Workforce Solutions operating segment, variable consideration is constrained due to the fact that the revenue is contingent on a particular outcome. Within our debt collections and recovery management businesses, revenue is calculated as a percentage of debt collected on behalf of the customer and, as such, is primarily recognized when the debt is collected assuming all other revenue recognition criteria are met. Within our Workforce Solutions operating segment, the fees for certain of our tax credits and incentives revenue are based on a percentage of the credit delivered to our clients. Revenue for these arrangements is recognized based on the achievement of milestones, upon calculation of the credit, approval from a regulatory agency or when the credit is utilized by our client, depending on the provisions of the client contract.

Judgments and Uncertainties – Each performance obligation within a contract must be considered separately to ensure that appropriate accounting is performed for these distinct goods or services. These considerations include assessing the price at which the element is sold compared to its standalone selling price; concluding when the element will be delivered; evaluating collectability; and determining whether any contingencies exist in the related customer contract that impact the prices paid to us for the services.

Contract Balances – The contract balances are generated when revenue recognized varies from billing in a given period. A contract asset is created when an entity transfers a good or service to a customer and recognizes more revenue than what has been billed. As of September 30, 2018, the contract asset balance was $7.0 million. A contract liability is created when an entity transfers a good or service to a customer and recognizes less than what has been billed. As of September 30, 2018 there was no contract liability balance.

Remaining Performance Obligation – We have elected to disclose only the remaining performance obligations for those contracts with an expected duration of greater than 1 year and do not disclose the value of remaining performance obligations for contracts in which we recognize revenue at the amount to which we have the right to invoice. We expect to recognize as revenue the following amounts related to our remaining performance obligations as of September 30, 2018 inclusive of foreign exchange impact:

Performance Obligation	Balance (In millions)
Less than 1 year	$ 47.7
1 to 3 years	65.6
3 to 5 years	27.8
Thereafter	59.8
Total remaining performance obligation	$ 200.9

Capitalized Costs – We capitalize certain costs related to obtaining and fulfilling a contract with a customer that we expect to recover, specifically sales commissions. These costs are amortized over the life of the contract. If the amortization period of the assets associated with the cost is less than one year, we have elected to expense the costs as incurred. As of the adoption date and September 30, 2018, there were no costs that had been capitalized.

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 more likely than not reduce the fair value of a reporting unit below its carrying value. We perform our annual goodwill impairment tests as of September 30.

Our annual goodwill impairment testing was completed during the third quarter of 2018. The estimated fair value for all reporting units exceeded the carrying value of those units as of September 30, 2018. As a result, no goodwill impairment was recorded. Refer to our methodology of fair value estimates as discussed in the "Application of Critical Accounting Policies" section in this Form 10-Q.

Changes in the amount of goodwill for the nine months ended September 30, 2018, are as follows:

	U.S. Information Solutions	International	Workforce Solutions	Global Consumer Solutions	Total
	(In millions)				
Balance, December 31, 2017	$1,071.3	$ 1,969.4	$ 952.1	$ 191.2	$4,184.0
Acquisitions	57.7	2.0	17.1	—	76.8
Adjustments to initial purchase price allocation	—	1.0	1.0	(1.0)	1.0
Foreign currency translation	—	(97.8)	—	(1.2)	(99.0)
Balance, September 30, 2018	$1,129.0	$ 1,874.6	$ 970.2	$ 189.0	$4,162.8

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, 2018. As a result, no impairment was recorded. Our indefinite-lived intangible asset carrying amounts did not change materially during the nine months ended September 30, 2018.

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., Canada and Australia. 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 in the fourth quarter of 2012. These reacquired rights were amortized over the remaining term of the affiliation agreement on a straight-line basis and were fully amortized as of 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 2017 Form 10-K.

Purchased intangible assets at September 30, 2018 and December 31, 2017 consisted of the following:

	September 30, 2018			December 31, 2017		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Definite-lived intangible assets:	(In millions)					
Purchased data files	$918.2	$ (291.8)	$626.4	$955.7	$ (262.2)	$693.5
Acquired software and technology	118.8	(65.9)	52.9	142.3	(66.6)	75.7
Customer relationships	694.9	(286.3)	408.6	772.4	(326.7)	445.7
Reacquired rights	73.3	(73.3)	—	73.3	(65.6)	7.7
Proprietary database	46.3	(11.1)	35.2	22.1	(8.7)	13.4
Non-compete agreements	4.9	(3.2)	1.7	14.1	(12.7)	1.4
Trade names and other intangible assets	19.3	(11.3)	8.0	20.2	(10.6)	9.6
Total definite-lived intangible assets	$1,875.7	$ (742.9)	$1,132.8	$2,000.1	$ (753.1)	$1,247.0

Amortization expense related to purchased intangible assets was $36.5 million and $43.0 million during the three months ended September 30, 2018 and 2017, respectively. Amortization expense related to purchased intangible assets was $117.9 million and $129.8 million during the nine months ended September 30, 2018 and 2017, respectively.

Estimated future amortization expense related to definite-lived purchased intangible assets at September 30, 2018 is as follows:

Years ending December 31,	Amount
	(In millions)
2018	$35.0
2019	133.2
2020	125.2
2021	108.0
2022	102.4
Thereafter	629.0
	$1,132.8

4. DEBT

Debt outstanding at September 30, 2018 and December 31, 2017 was as follows:

	September 30, 2018	December 31, 2017
	(In millions)	
Commercial paper	$—	$562.6
Revolver	—	100.0
Term Loan, due Nov 2018	—	400.0
Notes, 2.30%, due June 2021	500.0	500.0
Notes, 3.60%, due Aug 2021	300.0	—
Notes, Floating Rate, due Aug 2021	300.0	—
Notes, 3.30%, due Dec 2022	500.0	500.0
Notes, 3.95%, due May 2023	400.0	—
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	3.1	2.7
Total debt	2,653.1	2,715.3
Less short-term debt and current maturities	(3.1)	(965.3)
Less unamortized discounts and debt issuance costs	(20.6)	(11.0)
Total long-term debt, net	$2,629.4	$1,739.0

3.6%, 3.95%, and Floating Rate Senior Notes. In May 2018, we issued $300.0 million aggregate principal amount of 3.6% Senior Notes due 2021 (the "2021 Notes"), $400.0 million aggregate principal amount of 3.95% Senior Notes due 2023 (the "2023 Notes"), and $300.0 million aggregate principal amount Floating Rate Notes due 2021 (the "Floating Rate Notes") in an underwritten public offering. Interest on the 2021 Notes will accrue from their date of issuance at a rate of 3.6% per year and will be payable in cash semi-annually in arrears on February 15 and August 15 of each year, beginning February 15, 2019. Interest on the 2023 Notes will accrue from their date of issuance at a rate of 3.95% per year and will be payable in cash semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2018. Interest on the Floating Rate Notes for a particular interest period will be a rate equal to three-month LIBOR on the interest determination date plus 0.87% per annum and will be payable in cash quarterly in arrears on February 15, May 15, August 15, and November 15 of each year, beginning on August 15, 2018. The net proceeds of the sale of the notes were used to repay borrowings under our Revolver, our prior $800.0 million three-year delayed draw term loan facility ("Term Loan") and our commercial paper ("CP") program. We must comply with various non-financial covenants, including certain limitations on mortgages, liens and sale-leaseback transactions, as well as mergers and sales of substantially all of our assets. The Senior Notes are unsecured and rank equally with all of our unsecured and unsubordinated indebtedness.

Senior Credit Facility. In September 2018, the Company entered into a $1.10 billion five-year unsecured revolving credit facility with a group of financial institutions, which will mature in September 2023 (the “Revolver”). The Revolver replaced the Company’s previous $900 million unsecured revolving credit facility that was scheduled to mature in November 2020. Borrowings under the Revolver may be used for general corporate purposes, including working capital, capital expenditures, acquisitions and share repurchase programs. The Revolver has an accordion feature that allows us to request an increase in the total commitment to $1.60 billion. The Revolver includes an option to request a maximum of two one-year extensions of the maturity date, any time after the first anniversary of the Revolver closing. Availability of the Revolver is reduced by the outstanding principal balance of our commercial paper notes and by any letters of credit issued under the facility. As of September 30, 2018, there were $15.50 million of letters of credit issued under the Revolver, no principal drawn amounts under the Revolver, and no commercial paper borrowings. Availability under the Revolver was $1.08 billion at September 30, 2018.

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, plus the applicable margin. Maturities of commercial paper can range from overnight to 397 days. Because the CP is backstopped by our Revolver, the amount of CP which may be issued under the program is reduced by the outstanding face amount of any letters of credit issued and by the outstanding borrowings under our Revolver. At September 30, 2018, there were no outstanding commercial paper notes.

Receivables Funding Facility. In 2017, Equifax entered into a $225.0 million, two-year receivables funding facility (the "Receivables Facility"), which matures in November 2019. Under the Receivables Facility, Equifax and certain of its U.S. subsidiaries sell the eligible third-party receivables of its U.S. based business, to Equifax Receivables Funding LLC, a consolidated, wholly-owned, bankruptcy-remote subsidiary that may subsequently transfer, without recourse, an undivided interest in these accounts receivable to investors. The investors have no recourse to the Company’s other assets except for customary repurchase, warranty and indemnity claims. Creditors of Equifax do not have recourse to the assets of Equifax Receivables Funding LLC. The Receivables Facility contains standard representations, warranties and covenants made by Equifax and its U.S. subsidiaries in connection with the sale of the receivables, and any repurchase, warranty or indemnity obligations of the U.S. subsidiaries in connection with the sale of the receivables (but no obligations of Equifax Receivables Funding LLC) are guaranteed by Equifax.

There were no borrowings under the Receivables Facility at September 30, 2018. The Receivables Facility was supported by $215.0 million of accounts receivable as collateral at September 30, 2018 which, as a retained interest, is included in accounts receivable, net in our Consolidated Balance Sheets.

For additional information about our debt agreements, see Note 5 of the Notes to Consolidated Financial Statements in our 2017 Form 10-K.

5. COMMITMENTS AND CONTINGENCIES

2017 Cybersecurity Incident

In fiscal 2017, we experienced a cybersecurity incident following a criminal attack on our systems that involved the theft of certain personally identifiable information of U.S., Canadian and U.K. consumers. Criminals exploited a software vulnerability in a U.S. website application to gain unauthorized access to our network. In March 2017, the U.S. Department of Homeland Security distributed a notice concerning the software vulnerability. We undertook efforts to identify and remediate vulnerable systems; however, the vulnerability in the website application that was exploited was not identified by our security processes. We discovered unusual network activity in late-July 2017 and upon discovery promptly investigated the activity. Once the activity was identified as potential unauthorized access, we acted to stop the intrusion and engaged a leading, independent cybersecurity firm to conduct a forensic investigation to determine the scope of the unauthorized access, including the specific information potentially impacted. Based on our forensic investigation, the unauthorized access occurred from mid-May through July 2017. The information accessed primarily includes names, Social Security numbers, birth dates, addresses and, in some instances, driver’s license numbers. In addition, payment card numbers for approximately 209,000 U.S. and Canadian consumers, and certain dispute documents with personal identifying information for approximately 182,000 U.S. consumers, were accessed. The investigation also determined that personal information of approximately 19,000 Canadian consumers was impacted and approximately 860,000 potentially affected U.K. consumers were contacted regarding access to personal information.

The Company acted promptly to notify the approximately 145.5 million U.S. consumers whose personally identifiable information the Company had identified in 2017 as potentially accessed. As a result of an ongoing analysis of data stolen in the 2017 cybersecurity incident, the Company announced in March 2018, that it had identified approximately 2.4 million U.S. consumers whose name and partial driver's license information were stolen, but who were not in the affected population of approximately 145.5 million consumers previously identified by the Company in 2017.

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Below is a rollforward of accrued liabilities and insurance receivable associated with the 2017 cybersecurity incident, beginning with the event date:

	Accrued Liabilities	Insurance Receivable
	(In millions)	
Balance at September 7, 2017	$—	$ —
(Expenses incurred) insurance receivable recorded	(87.5)	—
Payments made (received)	—	—
Balance at September 30, 2017	$(87.5)	$ —
(Expenses incurred) insurance receivable recorded	(76.5)	50.0
Payments made (received)	88.4	(15.0)
Balance at December 31, 2017	$(75.6)	$ 35.0
(Expenses incurred) insurance receivable recorded	(4.1)	10.0
Payments made (received)	52.2	(35.0)
Balance at March 31, 2018	$(27.5)	$ 10.0
(Expenses incurred) insurance receivable recorded	—	35.0
Payments made (received)	17.8	(45.0)
Balance at June 30, 2018	$(9.7)	$ —
(Expenses incurred) insurance receivable recorded	(7.8)	—
Payments made (received)	6.8	—
Balance at September 30, 2018	$(10.7)	$ —

Product Liability. As a result of the 2017 cybersecurity incident, we offered TrustedID® Premier, a credit file monitoring and identity theft protection product, for free to all U.S. consumers who signed up through January 31, 2018. We have recorded the expenses necessary to provide this service to those who signed up. Through December 31, 2017, we recorded $50.7 million of product costs in selling, general, and administrative expenses. We recorded $7.8 million and $11.9 million related to this service as well as the costs to extend credit monitoring coverage for eligible consumers in selling, general and administrative expenses in the accompanying Consolidated Statements of Income for the three and nine months ended September 30, 2018.

Expenses Incurred. Through December 31, 2017, the Company recorded $113.3 million of pretax expenses related to the 2017 cybersecurity incident. Expenses include costs to investigate and remediate the 2017 cybersecurity incident and legal and other professional services related thereto, all of which are expensed as incurred. We have included these costs in the above table through December 31, 2017. Beginning in 2018, expenses included in the above table include only costs incurred as part of the delivery of the free product.

Future Costs. We expect to incur significant professional services expenses associated with the 2017 cybersecurity incident in future periods. We will recognize these expenses as services are received. Costs related to the 2017 cybersecurity incident that will be incurred in future periods will also include increased expenses and capital investments for technology and security. We also expect to incur increased expenses for insurance, finance, compliance activities and to meet increased legal and regulatory requirements.

Insurance Coverage. We maintain $125.0 million of cybersecurity insurance coverage, above a $7.5 million deductible, to limit our exposure to losses such as those related to the 2017 cybersecurity incident. During the three months ended September 30, 2018, the Company has not recorded any insurance recoveries. During the nine months ended September 30, 2018, the Company has recorded insurance recoveries of $45.0 million. Since the announcement of the 2017 cybersecurity incident in September 2017, we have recorded and received insurance recoveries of $95.0 million for costs incurred through September 30, 2018.

Litigation, Claims and Government Investigations. As a result of the 2017 cybersecurity incident, we are subject to a significant number of proceedings and investigations. Since the 2017 cybersecurity incident, hundreds of class actions and other lawsuits have been filed against us typically alleging harm from the 2017 cybersecurity incident and seeking various remedies, including monetary and injunctive relief. We dispute the allegations in the complaints described below and intend to defend against such claims. In addition, numerous governmental agencies are investigating us in connection with the 2017 cybersecurity incident, which may result in fines, settlements or other relief. Set forth below are descriptions of the main categories of these lawsuits and investigations.

Other than as specifically stated below, while we believe it is reasonably possible that we will incur losses associated with the following proceedings and investigations, it is not possible at this time to estimate the amount of loss or range of possible loss that might result from adverse judgments, settlements, penalties or other resolution of the proceedings and investigations described below based on the various stages of these proceedings and investigations, that alleged damages have not been specified or are uncertain, the uncertainty as to the certification of a class or classes and the size of any certified class, as applicable, and the lack of resolution on significant factual and legal issues. The Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. The Company believes that the ultimate amount paid on these actions, claims and investigations could be material to the Company’s consolidated financial condition, results of operations, or cash flows in future periods.

Multidistrict Litigation. Following the 2017 cybersecurity incident, hundreds of class actions were filed against us in federal and state courts relating to the 2017 cybersecurity incident. The plaintiffs in these cases, who purport to represent various classes of consumers and small businesses, generally claim to have been harmed by alleged actions and/or omissions by Equifax in connection with the 2017 cybersecurity incident and assert a variety of common law and statutory claims seeking monetary damages, injunctive relief and other related relief.

In addition, certain class actions have been filed by financial institutions that allege their businesses have been placed at risk due to the 2017 cybersecurity incident and generally assert various common law claims such as claims for negligence and breach of contract, as well as, in some cases, statutory claims. The financial institution class actions seek compensatory damages and other related relief.

Furthermore, a lawsuit has been filed against us by the City of Chicago with respect to the 2017 cybersecurity incident alleging violations of state laws and local ordinances governing protection of personal data, consumer fraud and breach notice requirements and business practices and seeking declaratory and injunctive relief and the imposition of fines the aggregate amount of which the complaint does not specifically quantify. Additionally, two Indian Tribes filed suits in federal court asserting putative class actions relating to the 2017 cybersecurity incident brought on behalf of themselves and other similarly situated federally recognized Indian Tribes and Nations.

Beginning on December 6, 2017 and pursuant to multiple subsequent orders, the U.S. Judicial Panel on Multidistrict Litigation ordered the consolidation and transfer for pre-trial proceedings with respect to the U.S. cases pending in federal court discussed above, including the City of Chicago action and the Indian Tribal suits, to the Northern District of Georgia as the single U.S. District Court for centralized pre-trial proceedings. Based on this order, consolidated proceedings with respect to U.S. consumer and financial institution federal class actions related to the 2017 cybersecurity incident have been conducted in the U.S. District Court for the Northern District of Georgia (“MDL Court”). The MDL Court has established separate tracks for the consumer and financial institution cases and appointed lead counsel on behalf of plaintiffs in both tracks.

The cases before the MDL Court are in preliminary stages. We have moved to dismiss the consolidated complaints filed by the U.S. consumer and financial institution plaintiffs.

Georgia State Court Consumer Class Actions. Four putative class actions arising from the 2017 cybersecurity incident were filed against us in Fulton County Superior Court and Fulton County State Court in Georgia based on similar allegations and theories as alleged in the U.S. consumer class actions pending in the MDL Court and seek monetary damages, injunctive relief and other related relief on behalf of Georgia citizens. These cases have been transferred to a single judge in the Fulton County Business Court and three of the cases were consolidated into a single action. On July 27, 2018, the Fulton County Business Court granted the Company’s motion to stay the remaining single case, and on August 17, 2018, the Fulton County Business Court granted the Company’s motion to stay the consolidated case.

Canadian Class Actions. Seven Canadian class actions, five of which are on behalf of a national class, have been filed against us in Ontario, Saskatchewan, Quebec and British Columbia. Each of the proposed Canadian class actions asserts a number of common law and statutory claims seeking monetary damages and other related relief in connection with the 2017 cybersecurity incident. All such actions are at the preliminary stages and one action has been stayed.

TransUnion Litigation. On November 27, 2017, Trans Union LLC and TransUnion Interactive, Inc. (collectively, "TransUnion") filed a lawsuit in the U.S. District Court for the Northern District of Illinois against Equifax Information Services LLC, Equifax Inc., and Equifax Consumer Services LLC f/k/a Equifax Consumer Services, Inc. In its lawsuit, TransUnion asserts claims for declaratory relief, breach of contract, and anticipatory repudiation of contract based on our

Reciprocal Data Supply Agreement (the “Agreement”), which sets forth the pricing terms for credit monitoring supplied by the parties to each other. TransUnion seeks a declaration regarding its contractual rights under the Agreement and monetary damages. On January 26, 2018, we moved to dismiss TransUnion’s claims. On June 19, 2018, the court granted in part and denied in part our motion to dismiss, dismissing Equifax Inc. from the case. Discovery has now commenced and is scheduled to end in January 2019. We dispute the allegations by TransUnion and intend to defend against its claims.

Securities Class Action Litigation. A consolidated putative class action lawsuit alleging violations of various federal securities laws in connection with statements and alleged omissions regarding our cybersecurity systems and controls is pending against us and certain of our current and former executives, officers and directors in the U.S. District Court for the Northern District of Georgia. The consolidated complaint seeks certification of a class of all persons who purchased or otherwise acquired Equifax securities from February 25, 2016 through September 15, 2017 and unspecified monetary damages, costs and attorneys’ fees. The defendants have moved to dismiss the complaint.

Shareholder Derivative Litigation. A consolidated putative shareholder derivative action naming certain of our current and former executives, officers, and directors as defendants and naming us as a nominal defendant is pending in the U.S. District Court for the Northern District of Georgia. Among other things, the consolidated complaint alleges claims for breaches of fiduciary duties, unjust enrichment, corporate waste, and insider selling by certain defendants, as well as certain claims under the federal securities laws. The complaint seeks unspecified damages on behalf of the Company, plus certain equitable relief. We have appointed a committee of independent directors empowered to evaluate and respond in our best interests to the claims and related litigation demands.

Government Lawsuits. In addition to the City of Chicago’s lawsuit in the MDL Court, the City of San Francisco filed a lawsuit against us in Superior Court in the City of San Francisco on behalf of the People of the State of California alleging violations of California’s unfair competition law due to purported violations of statutory protections of personal data and statutory data breach requirements and seeking statutory penalties, injunctive relief, and restitution for California consumers, among other relief. The court has stayed the City of San Francisco action until March 29, 2019.

Civil enforcement actions have been filed against us by the Attorneys General of Massachusetts and West Virginia alleging violations of state/commonwealth consumer protection laws. The Massachusetts action is pending in Suffolk Superior Court and seeks permanent injunctive relief, civil penalties, restitution, disgorgement of profits, costs, and attorneys’ fees. The Suffolk Superior Court denied the Company’s motions to stay and dismiss the case, and the case is proceeding into discovery. The West Virginia action is pending in the Circuit Court of Boone County and seeks civil penalties and attorneys’ fees; Equifax’s motion to stay proceedings remains pending. The Attorney General of Puerto Rico filed an action against us in the United States District Court for the District of Puerto Rico alleging negligence and seeking monetary damages on behalf of aggrieved residents of Puerto Rico, disgorgement of profits, costs, and attorneys’ fees. The Puerto Rico case was tagged to the MDL, and Puerto Rico has opposed the transfer and that is pending. The Puerto Rico Department of Consumer Affairs recently issued Notices of Infraction that it plans on imposing administrative penalties related to the Company’s alleged failure to give timely notice of the data breach under Puerto Rico law to the Department and Puerto Rico consumers. The Company disputes that penalties are warranted.

Individual Consumer Litigation. Over 1,000 individual consumer actions, including multi-plaintiff actions, have been filed against us in state (general jurisdiction and small claims) and federal courts across the U.S. related to the 2017 cybersecurity incident. These claims include more than 2,500 individual plaintiffs. In addition, there are approximately 50 individual arbitration claims. The plaintiffs/claimants in these cases generally claim to have been harmed by alleged actions and/or omissions by Equifax in connection with the 2017 cybersecurity incident and assert a variety of common law and statutory claims seeking primarily monetary damages. Where possible, actions filed in federal court or removed to federal court have been noticed for transfer to the MDL Court. Some of these matters have been finally resolved, and others are in various stages of litigation.

Government Investigations. We continue to cooperate with federal, state, city and foreign governmental agencies and officials investigating or otherwise seeking information and/or documents, including through Civil Investigative

Demands and subpoenas, regarding the 2017 cybersecurity incident and related matters, including 48 state Attorneys General offices, as well as the District of Columbia, the Federal Trade Commission (“FTC”), the Consumer Financial Protection Bureau (“CFPB”), the U.S. Securities and Exchange Commission (“SEC”), the U.S. Department of Justice, the New York Department of State-Division of Consumer Protection, other U.S. state regulators, certain Congressional committees of both the U.S. Senate and House of Representatives, the Office of the Privacy Commissioner of Canada and the United Kingdom's Financial Conduct Authority ("FCA"). The Financial Industry Regulatory Authority, Inc. conducted an investigation that has now been concluded.

With respect to state Attorneys General investigations, the Company is cooperating with a consolidated multi-state investigation involving the Attorneys General of 46 states and the District of Columbia. As noted above, the Attorneys General of Massachusetts, West Virginia, and Puerto Rico are not participating in the multi-state process and have filed suit. The Attorneys General of Indiana and Texas are each conducting separate investigations.

On June 13, 2018, the CFPB and FTC provided us with notice that the staffs of the CFPB and FTC are considering recommending that their respective agencies take legal action against us, and that the agencies may seek injunctive relief against us, as well as damages and civil money penalties. We submitted written responses to the CFPB and FTC addressing their expected allegations and we continue to cooperate with the agencies in their investigations. On October 2, 2018, the Enforcement Staff of the New York Department of Financial Services ("DFS") provided us with notice that it is considering recommending that the DFS take legal action against us, potentially seeking consumer relief and civil money penalties. We continue to cooperate with the DFS in its investigation.

The SEC issued a subpoena on May 14, 2018 regarding disclosure issues relating to the 2017 cybersecurity incident. We have produced documents in response to the subpoena and continue to cooperate with the SEC in its investigation. In addition, we continue to cooperate with the SEC and the U.S. Attorney's Office for the Northern District of Georgia regarding investigations into the trading activities by certain of our current and former employees in relation to the 2017 cybersecurity incident.

The New York State Attorney General Investor Protection Bureau ("IPB") issued a subpoena on September 20, 2017 relating to an investigation of whether there has been a violation of the Martin Act. We have produced documents in response to the subpoena and continue to cooperate with the IPB in its investigation.

The FCA served an Enforcement Notice and Information Requests. We have provided responses to these requests and continue to cooperate with the FCA. In addition, on September 19, 2018, the Information Commissioner's Office in the United Kingdom issued its final determination with respect to the 2017 cybersecurity incident and the Company paid a monetary penalty. The amount of the monetary penalty is not material to the Consolidated Financial Statements.

Although we are actively cooperating with the above investigations and inquiries, an adverse outcome to any such investigations and inquiries could subject us to fines or other obligations, which may have an adverse effect on how we operate our business or our results of operations.

Public Records Litigation

Equifax has been named as a defendant in 19 putative class action lawsuits pending in federal courts across the country relating to its reporting of civil judgments and tax liens on consumers' credit files. In October 2018, Equifax and the plaintiffs' attorneys who filed the lawsuits reached an agreement in principle to settle the public records-related claims at issue on behalf of a nationwide class of consumers and we accrued an estimate of our liability for these matters in the third quarter of 2018. The amount accrued represents our best estimate of the liability related to this matter and is not material to the Consolidated Financial Statements. The parties have filed notices of settlement in the pending lawsuits and have begun drafting a settlement agreement and preliminary approval papers to file with the requisite court. If the final terms of a settlement agreement cannot be agreed upon, or if the settlement is not ultimately approved by the court, Equifax believes it has valid defenses to each of these actions and will continue to defend against them.

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 and surety bonds in the normal course of business. The aggregate notional amounts of all performance and surety bonds and standby letters of credit was not material at September 30, 2018, and generally 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 September 30, 2018. We have agreed to guarantee the liabilities and performance obligations (some of which have limitations) of a certain debt collections and recovery management variable interest entity 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 September 30, 2018 or December 31, 2017.

Contingencies

In addition to those matters set forth above, 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.

For additional information about these and other commitments and contingencies, see Note 6 of the Notes to Consolidated Financial Statements in our 2017 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 2015 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 $5.5 million.

The Tax Cuts and Jobs Act of 2017 (“Tax Act”), as signed by the President of the United States on December 22, 2017, significantly revises U.S. tax law. The legislation will positively impact the Company’s ongoing effective tax rate due to the reduction of the U.S. federal corporate tax rate from 35% to 21%. The Tax Act makes major changes to the U.S. international tax system. Under previous law, foreign earnings were subject to U.S. tax when repatriated to the U.S. Under the Tax Act, foreign earnings are generally exempt from U.S. tax. Additionally, there is a one-time deemed repatriation tax on undistributed foreign earnings and profits (the “transition tax”). The Tax Act imposes other U.S. taxes on “global intangible low taxed income” and “base erosion anti-abuse transactions.” Other significant changes include limitations on the deductibility of interest expense and executive compensation, and repeal of the deduction for domestic production activities. As a result of the current interpretation and estimated impact of the Tax Act, the Company recorded adjustments totaling a net tax benefit of

$48.3 million in the fourth quarter of 2017 to provisionally account for the estimated impact.

As permitted by Staff Accounting Bulletin No. 118, provisional amounts estimated based on information available as of December 31, 2017 have been made for the adjustments to deferred tax assets and liabilities, state taxes, equity compensation, the calculation of the transition tax, the valuation allowance related to the foreign tax credit carryover and the 2017 dividends. For 2018, provisional estimates based on information as of September 30, 2018 have been made for equity compensation, §163(j) interest limitation at a partnership level, expense allocation methodology for foreign tax credits and the Global Intangible Low-Taxed Income ("GILTI") tax. These amounts are subject to change as we obtain information necessary to complete the calculations and clarifications to the U.S. tax code as they occur. In all cases, we will continue to make and refine our calculations as additional analysis is completed. These changes could be material to income tax expense. During the nine months ended September 30, 2018, no material adjustments were made to the provisional amounts recorded at December 31, 2017 and through September 30, 2018.

The Tax Act subjects a U.S. shareholder to tax on GILTI earned by certain foreign subsidiaries. The FASB Staff Q&A, Topic 740, No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI in the year the tax is incurred as a period expense only. Given the complexity of the GILTI provisions, we are still evaluating the effects of the GILTI provisions and have not yet determined our accounting policy. At September 30, 2018, because we are still evaluating the GILTI provisions and our analysis of future taxable income that is subject to GILTI, we have included GILTI related to current year operations only in our estimated annual effective tax rate and have not provided additional GILTI on deferred items.

Effective Tax Rate. Our effective income tax rate was a tax benefit of 2.3% and tax expense of 26.1% for the three months ended September 30, 2018 and September 30, 2017, respectively. Our effective income tax rate was 15.6% and 26.2% for the nine months ended September 30, 2018 and September 30, 2017, respectively. Statutory U.S. income tax rates decreased in 2018 compared to 2017 due to the Tax Act that was enacted in the fourth quarter of 2017 which favorably impacts both the quarterly and year-to-date effective tax rates. For the three months ending September 30, 2018 our effective tax rate is lower than the prior year because discrete benefits arising from the reversal of uncertain tax positions and adjustments as a result of estimated amounts in our tax provision being different than the amounts filed in our tax returns are greater than in the prior year. Additionally, for both periods of 2018, the rate is lower due to discrete benefits being proportionally higher compared to pre-tax book income.

7. ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in accumulated other comprehensive loss by component, after tax, for the nine months ended September 30, 2018, are as follows:

	Foreign currency	Pension and other postretirement benefit plans	Cash flow hedging transactions	Total
	(In millions)			
Balance, December 31, 2017	$(103.3)	$ (307.5)	$ (1.2)	$(412.0)
Other comprehensive income (loss) before reclassifications	(161.3)	—	—	(161.3)
Amounts reclassified from accumulated other comprehensive income (loss)	—	11.9	—	11.9
Net current-period other comprehensive income (loss)	(161.3)	11.9	—	(149.4)
Balance, September 30, 2018	$(264.6)	$ (295.6)	$ (1.2)	$(561.4)

Reclassifications out of accumulated other comprehensive loss for the nine months ended September 30, 2018, are as follows:

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income (loss)	Affected line item in the statement where net income is presented

	(In millions)	
Amortization of pension and other postretirement plan items:		
Prior service cost	$ (0.6)	(1)
Recognized actuarial loss	16.2	(1)
	15.6	Total before tax
	(3.7)	Tax benefit
	$ 11.9	Net of tax

(1)These accumulated other comprehensive income (loss) 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 (loss) related to noncontrolling interests were not material as of September 30, 2018.

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 2017 Form 10-K.

The following table provides the components of net periodic benefit cost. The service cost component is included in selling, general and administrative expenses and the other components of net periodic benefit cost are included in other income, net in the Consolidated Statements of Income, for the three and nine months ended September 30, 2018 and 2017:

	Pension Benefits		Other Benefits	
	Three Months Ended September 30,			
	2018	2017	2018	2017
	(In millions)			
Service cost	$0.9	$1.0	$0.1	$0.1
Interest cost	6.7	7.1	0.2	0.2
Expected return on plan assets	(9.6)	(9.3)	(0.3)	(0.3)
Amortization of prior service cost	0.1	0.2	(0.3)	(0.3)
Recognized actuarial loss	5.0	3.8	0.4	0.4
Total net periodic benefit cost	$3.1	$2.8	$0.1	$0.1

	Pension Benefits		Other Benefits	
	Nine Months Ended September 30,			
	2018	2017	2018	2017
	(In millions)			
Service cost	$2.7	$3.0	$0.3	$0.3
Interest cost	20.1	21.3	0.6	0.6
Expected return on plan assets	(28.8)	(27.9)	(0.9)	(0.9)
Amortization of prior service cost	0.3	0.6	(0.9)	(0.9)
Recognized actuarial loss	15.0	11.4	1.2	1.2
Total net periodic benefit cost	$9.3	$8.4	$0.3	$0.3

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 2017 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. In Asia Pacific, Europe, Latin America and Canada, 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. 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.

Operating revenue and operating income by operating segment during the three and nine months ended September 30, 2018 and 2017 are as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating revenue:	2018	2017	2018	2017
U.S. Information Solutions	$308.3	$307.7	$939.8	$949.7
International	235.0	239.8	729.8	687.5
Workforce Solutions	202.2	186.4	620.9	580.9
Global Consumer Solutions	88.7	100.9	286.3	305.7
Total operating revenue	$834.2	$834.8	$2,576.8	$2,523.8

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
Operating income:	2018	2017	2018	2017
U.S. Information Solutions	$95.4	$129.5	$332.5	$408.9
International	19.2	52.9	92.9	128.7
Workforce Solutions	77.0	80.3	251.0	258.7
Global Consumer Solutions	12.2	24.7	61.3	82.9
General Corporate Expense	(139.7)	(132.7)	(335.8)	(240.1)
Total operating income	$64.1	$154.7	$401.9	$639.1

Total assets by operating segment at September 30, 2018 and December 31, 2017 are as follows:

(In millions)	September 30, 2018	December 31, 2017
Total assets:		
U.S. Information Solutions	$ 1,657.2	$ 1,587.3
International	2,983.9	3,145.7
Workforce Solutions	1,249.2	1,227.4
Global Consumer Solutions	252.7	254.0
General Corporate	991.0	1,019.0
Total assets	$ 7,134.0	$ 7,233.4

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.

2017 Cybersecurity Incident

In fiscal 2017, we experienced a cybersecurity incident following a criminal attack on our systems that involved the theft of certain personally identifiable information of U.S., Canadian and U.K. consumers. Criminals exploited a software vulnerability in a U.S. website application to gain unauthorized access to our network. In March 2017, the U.S. Department of Homeland Security distributed a notice concerning the software vulnerability. We undertook efforts to identify and remediate vulnerable systems; however, the vulnerability in the website application that was exploited was not identified by our security processes. We discovered unusual network activity in late-July 2017 and upon discovery promptly investigated the activity. Once the activity was identified as potential unauthorized access, we acted to stop the intrusion and engaged a leading, independent cybersecurity firm to conduct a forensic investigation to determine the scope of the unauthorized access, including the specific information potentially impacted. Based on our forensic investigation, the unauthorized access occurred from mid-May through July 2017. The information accessed primarily includes names, Social Security numbers, birth dates, addresses and, in some instances, driver’s license numbers. In addition, payment card numbers for approximately 209,000 U.S. and Canadian consumers, and certain dispute documents with personal identifying information for approximately 182,000 U.S. consumers, were accessed. The investigation also determined that personal information of approximately 19,000 Canadian consumers was impacted and approximately 860,000 potentially affected U.K. consumers were contacted regarding access to personal information. No evidence was found that the Company's core consumer, employment and income, or commercial reporting databases were accessed.

The Company acted promptly to notify the approximately 145.5 million U.S. consumers whose personally identifiable information the Company had identified in 2017 as potentially accessed. As a result of an ongoing analysis of data stolen in the 2017 cybersecurity incident, the Company announced in March 2018, that it had identified approximately 2.4 million U.S. consumers whose name and partial driver's license information were stolen, but who were not in the affected population of approximately 145.5 million consumers previously identified by the Company in 2017.

Product Liability. As a result of the 2017 cybersecurity incident, we offered TrustedID® Premier, a credit file monitoring and identity theft protection product, for free to all U.S. consumers who signed up through January 31, 2018. We have recorded the expenses necessary to provide this service to those who signed up. Through December 31, 2017, we recorded $50.7 million of product costs in selling, general, and administrative expenses. We recorded $7.8 million and $11.9 million related to this service as well as the costs to extend credit monitoring coverage for eligible consumers in selling, general and administrative expenses in the accompanying Consolidated Statements of Income for the three and nine months ended September 30, 2018.

Litigation, Claims and Government Investigations. As a result of the 2017 cybersecurity incident, we are subject to a significant number of proceedings and investigations as described in Part II, "Item 1. Legal Proceedings." While we believe it is reasonably possible that we will incur losses associated with the following proceedings and investigations, it is not possible at this time to estimate the amount of loss or range of possible loss that might result from adverse judgments, settlements, penalties or other resolution of the proceedings and investigations described below based on the various stages of these proceedings and investigations, that alleged damages have not been specified or are uncertain, the uncertainty as to the certification of a class or classes and the size of any certified class, as applicable, and the lack of resolution on significant factual and legal issues. The Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. The Company believes that the ultimate amount paid on these actions, claims and investigations could be material to the Company’s consolidated financial condition, results of operations, or cash flows in future periods.

Future Costs. We expect to incur significant professional services expenses associated with the 2017 cybersecurity incident in future periods. We will recognize these expenses as services are received. Costs related to the 2017 cybersecurity incident that will be incurred in future periods will also include increased expenses and capital investments for technology and security. We also expect to incur increased expenses for insurance, finance, compliance activities and to meet increased legal and regulatory requirements.
Insurance Coverage. We maintain $125.0 million of cybersecurity insurance coverage, above a $7.5 million deductible, to limit our exposure to losses such as those related to the 2017 cybersecurity incident. During the three months ended September 30, 2018, the Company has not recorded any insurance recoveries. During the nine months ended September 30, 2018, the Company has recorded insurance recoveries of $45.0 million. Since the announcement of the 2017 cybersecurity incident in September 2017, we have recorded and received insurance recoveries of $95.0 million for costs incurred through September 30, 2018.

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 Asia Pacific, Europe, Latin America and Canada. Canada’s services are similar to our USIS offerings, while Asia Pacific, Europe and Latin America are made up of varying mixes of service lines that are generally in our USIS segment. We also provide information and technology services to support lenders and other creditors in the collections and recovery management process.

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. Due to the 2017 cybersecurity incident we ceased advertising our consumer business in the U.S. in September 2017. We resumed advertising our U.S. paid products in the fourth quarter of 2018.

As part of our response to the 2017 cybersecurity incident announced in September 2017, we offered in the U.S. our TrustedID® Premier service, an identity theft protection and credit file monitoring product, for free to all consumers who signed up through January 31, 2018 and recently extended the credit file monitoring coverage for eligible consumers. Additionally, in January 2018, the Company introduced in the U.S., Lock & Alert™, a new service that allows customers to quickly lock and unlock their Equifax credit report for free, for life.

Geographic Information. We currently have 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, Singapore, and Dubai, and have an investment in a consumer and commercial credit information company in Brazil. Approximately 71% and 70% of our revenue was generated in the U.S. during the three months ended September 30, 2018 and 2017, respectively. Approximately 70% and 71% of our revenue was generated in the U.S. during the nine months ended September 30, 2018 and 2017, respectively.

Key Performance Indicators. Management focuses on a variety of key indicators to monitor operating and financial performance. These performance indicators include measurements of operating revenue, change in operating revenue, operating income, operating margin, net income, diluted earnings per share, cash provided by operating activities and capital expenditures. The key performance indicators for the three and nine months ended September 30, 2018 and 2017 were as follows:

	Key Performance Indicators			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In millions, except per share data)		(In millions, except per share data)	
Operating revenue	$834.2	$834.8	$2,576.8	$2,523.8
Operating revenue change	— %	4 %	2 %	8 %
Operating income	$64.1	$154.7	$401.9	$639.1
Operating margin	7.7 %	18.5 %	15.6 %	25.3 %
Net income attributable to Equifax	$38.4	$96.3	$274.2	$415.0
Diluted earnings per share	$0.32	$0.79	$2.26	$3.41
Cash provided by operating activities	$152.6	$279.6	$507.4	$608.7
Capital expenditures*	$(101.6)	$(56.0)	$(250.4)	$(142.8)

*Amounts above include accruals for capital expenditures.

Operational and Financial Highlights

- We did not repurchase shares of our common stock during the first nine months of 2018. At September 30, 2018, $590.1 million was available for future purchases of common stock under our share repurchase authorization.

- We paid out $140.8 million or $1.17 per share in dividends to our shareholders during the first nine months of 2018.

Business Environment and Company Outlook

In the United States, we expect calendar year 2018 economic activity, as measured by real GDP, to be stronger than in 2017. For the second half of 2018, we expect economic activity as measured by real GDP to be down from the accelerated levels seen in the first half of 2018. We are also expecting moderate growth in consumer credit, excluding mortgage, in the second half of 2018, which is in line with the first half of 2018. Over the course of 2018, the U.S. mortgage market percentage decline is expected to be down high single digits, with the second half of 2018 weakening relative to the first half of 2018. We anticipate economic activity in the second half of 2018, as measured by real GDP, in Canada to be comparable to the levels seen in the first half of 2018. In Australia, as measured by real GDP, we expect levels to be down compared to the first half of 2018. In the European markets we serve, we are expecting second half 2018 economic activity, as measured by GDP, to improve in the U.K. and be lower in Spain compared to the levels in the first half of 2018. In Latin America, our largest markets are in Argentina and Chile. In Argentina, the market weakened significantly during the first nine months of 2018, and we are anticipating continued weakness in the fourth quarter of 2018. In Chile, we are expecting economic activity in the second half of 2018 to be down compared to the first half of 2018, but better than the second half of 2017.

The cybersecurity incident announced in the third quarter of 2017 has negatively impacted revenue, principally in our U.S. businesses, and to a lesser extent in Canada and the U.K., in 2018. We have incurred, in 2018, and will continue to incur legal, consulting and other costs related to the analysis and response to the 2017 cybersecurity incident. In 2018, we also incurred costs and capital expenditures for providing the free TrustedID® credit file monitoring and identity theft protection, and free Lock & Alert™, to U.S. consumers, as well as services to U.K. and Canadian consumers. Additionally, in the remainder of 2018 and beyond, we will incur increased technology and security costs and capital expenditures related to actions to improve technology, security and network resilience globally. In the remainder of 2018 and beyond, we will continue to have increases in the ongoing run-rate of technology and security spending. We also have incurred and continue to expect to incur increased expenses for insurance, finance, compliance activities, and to meet increased legal and regulatory requirements. The ultimate amount of these increases is expected to be significant.

As a result of the 2017 cybersecurity incident, we are subject to a significant number of proceedings and investigations as described in Part II, "Item 1. Legal Proceedings." While we believe it is reasonably possible that we will incur losses associated with those proceedings and investigations, it is not possible at this time to estimate the amount of loss or range of possible loss that might result from adverse judgments, settlements, penalties or other resolution of the proceedings and investigations based on the various stages of these proceedings and investigations, that alleged damages have not been specified or are uncertain, the uncertainty as to the certification of a class or classes and the size of any certified class, as applicable, and the lack of resolution on significant factual and legal issues. The Company will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. The Company believes that the ultimate amount paid on these actions, claims and investigations could be material to the Company’s consolidated financial condition, results of operations, or cash flows in future periods.

RESULTS OF OPERATIONS—THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2018 AND