ROLLINS INC
Form 10-K
March 02, 2009

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Commission file No. 1-4422

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

Delaware (State or other jurisdiction of incorporation or organization)	**51-0068479** (I.R.S. Employer Identification No.)
2170 Piedmont Road, N.E., Atlanta, Georgia (Address of principal executive offices)	**30324** (Zip Code)

Registrant's telephone number, including area code: (404) 888-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each Exchange on which registered
Common Stock, $1 Par Value	**The New York Stock Exchange**

Securities registered pursuant to section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ý

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this

Form 10-K or any amendment to this Form 10-K. o

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

The aggregate market value of Rollins, Inc. Common Stock held by non-affiliates on June 30, 2008 was $614,477,318 based on the reported last sale price of common stock on June 30, 2008, which is the last business day of the registrant's most recently completed second fiscal quarter.

Rollins, Inc. had 100,467,614 shares of Common Stock outstanding as of January 30, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2009 Annual Meeting of Stockholders of Rollins, Inc. are incorporated by reference into Part III, Items 10-14.

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PART I

Item 1. Business

General

Rollins, Inc. (the "Company") was originally incorporated in 1948 under the laws of the state of Delaware as Rollins Broadcasting, Inc.

The Company is an international service company with headquarters located in Atlanta, Georgia, providing pest and termite control services through its wholly-owned subsidiaries to both residential and commercial customers in North America with international franchises in Mexico, Central America, the Caribbean, the Middle East and Asia. Services are performed through a contract that specifies the pricing arrangement with the customer.

Orkin, Inc. ("Orkin"), a wholly-owned subsidiary of the Company founded in 1901, is one of the world's largest pest and termite control companies. It provides customized services from over 400 locations. Orkin serves customers, either directly or indirectly through franchises, in the United States, Canada, Mexico, Central America, the Caribbean, the Middle East and Asia providing essential pest control services and protection against termite damage, rodents and insects to homes and businesses, including hotels, food service establishments, food manufacturers, retailers and transportation companies. Orkin operates under the Orkin®, and PCO Services, Inc.® trademarks and the Acurid℠ service mark. The Orkin® brand name makes Orkin the most recognized pest and termite company throughout the United States. The PCO Services brand name provides similar brand recognition throughout Canada.

PCO Services ("PCO"), a wholly-owned subsidiary of Orkin founded in 1952, was acquired by Orkin in 1999. PCO Services is Canada's largest pest control provider and a leader in the development of fast, effective and environmentally responsible pest control solutions.

Western Pest Services ("Western"), a wholly-owned subsidiary of the Company founded in 1928, was acquired by Rollins, Inc. in 2004. Western is primarily a commercial pest control service company and its business complements most of the services Orkin offers focusing on the northeastern United States.

The Industrial Fumigant Company ("IFC"), a wholly-owned subsidiary of the Company founded in 1937, was acquired by Rollins, Inc. in 2005. IFC is a leading provider of pest management and sanitation services and products to the food and commodity industries.

HomeTeam Pest Defense ("HomeTeam"), a wholly-owned subsidiary of the Company established in 1996, was acquired by Rollins, Inc. in April 2008. At the time of the acquisition, HomeTeam, with its unique Taexx in the wall system, was recognized as a premier pest control business and ranked as the 4th largest company in the industry. HomeTeam services home builders nationally.

Crane Pest Control ("Crane"), a wholly owned subsidiary of the Company established in 1930, was acquired by Rollins, Inc in December 2008. Crane's primary service is commercial pest control serving northern California and the Reno/Tahoe basin.

The Company has only one reportable segment, its pest and termite control business. Revenue, operating profit and identifiable assets for this segment, which includes the United States, Canada, Mexico, Central America, the Caribbean, the Middle East and Asia are included in Item 8 of this document, "Financial Statements and Supplementary Data" on pages 41 and 42. The Company's results of operations and its financial condition are not reliant upon any single customer or a few customers or the Company's foreign operations.

Common Stock Repurchase Program

In October 2008, as a result of having only 464,091 shares remaining under the Company's stock buyback program, the Company's Board of Directors authorized the purchase of up to 5 million additional shares of the Company's common stock. In 2008, total share repurchases were 1.4 million shares. In total, 4.6 million additional shares may be purchased under approved programs by the Board of Directors. The program does not have an expiration date.

Backlog

Backlog services and orders are usually provided within the month following the month of order receipt, except in the area of prepaid pest control and bait monitoring services, which are usually provided within twelve months of order receipt. The Company does not have a material portion of its business that may be subject to renegotiation of profits or termination of contracts at the election of a governmental entity.

	At December 31,		
(in thousands)	**2008**	**2007**	**2006**
Backlog	**$ 5,271**	$ 5,730	$ 5,483

Orkin Franchises

The Company continues to expand its growth through Orkin's franchise program. This program is primarily used in smaller markets where it is currently not economically feasible to locate a conventional Orkin branch. Domestic franchisees are subject to a contractual buyback provision at Orkin's option with a pre-determined purchase price using a formula applied to revenues of the franchise. International franchises have no contractual buyback provision. The Company through its wholly-owned Orkin subsidiary began its Orkin franchise program in the U.S. in 1994, and established its first international franchise in Mexico in 2000, its second international franchise in Panama in 2003 and its third international franchise in Costa Rica in 2006. Orkin established four additional international franchises in 2007 with additions in Honduras, the United Arab Emirates, the Dominican Republic and South Korea, and four in 2008 with franchises in the City of Jeddah, Kingdom of Saudi Arabia, the State of Qatar, the Kingdom of Bahrain and the State of Kuwait.

	At December 31,		
Franchises	**2008**	**2007**	**2006**
United States Franchises	**52**	51	55
International Franchises	**11**	7	3
Total Franchises	**63**	58	58

Seasonality

The business of the Company is affected by the seasonal nature of the Company's pest and termite control services. The increase in pest pressure and activity, as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the timing of the change in seasons), has historically resulted in an increase in the revenue of the Company's pest and termite control operations during such periods as evidenced by the following chart.

	Total Net Revenues		
(in thousands)	**2008**	**2007**	**2006**
First Quarter	**$ 210,078**	$ 201,232	$ 194,187
Second Quarter	**284,499**	239,618	232,222
Third Quarter	**277,911**	238,116	227,816
Fourth Quarter	**248,076**	215,954	204,653

Year ended December 31,	**$ 1,020,564**	$ 894,920	$ 858,878

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Inventories

The Company has a relationship with a national pest control product distributor and other vendors for pest and termite control treatment products. Rollins maintains a sufficient level of chemicals, materials and other supplies to fulfill its immediate servicing needs and to alleviate any potential short-term shortage in availability from its national network of suppliers.

Competition

The Company believes that Rollins, through Orkin, PCO Services, HomeTeam Pest Defense, Western Pest Services, The Industrial Fumigant Company, and Crane Pest Control, competes favorably with competitors as one of the world's largest pest and termite control companies. The Company's competitors include Terminix, Ecolab and Rentokil.

The principal methods of competition in the Company's pest and termite control business are quality of service and guarantees, including money-back guarantees on pest and termite control, and the termite re-treatment and damage repair guarantee to qualified homeowners.

Research and Development

Expenditures by the Company on research activities relating to the development of new products or services are not significant. Some of the new and improved service methods and products are researched, developed and produced by unaffiliated universities and companies. Also, a portion of these methods and products are produced to the specifications provided by the Company.

The Company maintains a close relationship with several universities for research and validation of treatment procedures and material selection.

The Company also conducts tests of new products with the specific manufacturers of such products. The Company also works closely with industry consultants and suppliers to improve service and establish new and innovative methods and procedures.

Environmental and Regulatory Considerations

The Company's pest control business is subject to various legislative and regulatory enactments that are designed to protect the environment, public health and consumers. Compliance with these requirements has not had a material negative effect on the Company's financial position, results of operations or liquidity.

Federal Insecticide Fungicide and Rodentcide Act ("FIFRA")

This federal law (as amended) grants to the states the responsibility to be the primary agent in enforcement and conditions under which pest control companies operate. Each state must meet certain guidelines of the Environmental Protection Agency in regulating the following: licensing, record keeping, contracts, standards of application, training and registration of products. This allows each state to institute certain features that set their regulatory programs in keeping with special interests of the citizens' wishes in each state. The pest control industry is impacted by these federal and state regulations.

Food Quality Protection Act of 1996 ("FQPA")

The FQPA governs the manufacture, labeling, handling and use of pesticides and does not have a direct impact on how the Company conducts its business.

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Environmental Remediation

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as Superfund, is the primary Federal statute regulating the cleanup of inactive hazardous substance sites and imposing liability for cleanup on the responsible parties. Responsibilities governed by this statute include the management of hazardous substances, reporting releases of hazardous substances, and establishing the necessary contracts and agreements to conduct cleanup. Customarily, the parties involved will work with the EPA and under the direction of the responsible state agency to agree and implement a plan for site remediation. Consistent with the Company's responsibilities under these regulations, the Company undertakes environmental assessments and remediation of hazardous substances from time to time as the Company determines its responsibilities for these purposes. As these situations arise, the Company accrues management's best estimate of future costs for these activities. Based on management's current estimates of these costs, management does not believe these costs are material to the Company's financial condition or operating results.

Employees

The number of persons employed by the Company as of January 31, 2009 was approximately 10,000.

	At December 31,		
	2008	**2007**	**2006**
Employees	**10,049**	8,500	8,400

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports, are available free of charge on our web site at www.rollins.com as soon as reasonably practicable after those reports are electronically filed with or furnished to the Securities and Exchange Commission.

Item 1.A. Risk Factors

We may not be able to compete in the competitive pest control industry in the future.

We operate in a highly competitive industry. Our revenues and earnings may be affected by changes in competitive prices, and general economic issues. We compete with other large pest control companies, as well as numerous smaller pest control companies, for a finite number of customers. We believe that the principal competitive factors in the market areas that we serve are product and service quality and availability, terms of guarantees, reputation for safety, technical proficiency and price. Although we believe that our experience and reputation for safety and quality service is excellent, we cannot assure that we will be able to maintain our competitive position.

Economic conditions may adversely affect our business

Pest and termite services represent discretionary expenditures to most of our residential customers. As consumers restrict their discretionary expenditures, we may suffer a decline in revenues from our residential service lines. Economic downturns can also adversely affect our commercial customers, including food service, hospitality and food processing industries whose business levels are particularly sensitive to adverse economies. For example, we may lose commercial customers and related revenues because of consolidation or cessation of commercial businesses or because these businesses switch to a lower cost provider.

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We may not be able to identify, complete or successfully integrate acquisitions.

Acquisitions have been and may continue to be an important element of our business strategy. We cannot assure that we will be able to identify and acquire acceptable acquisition candidates on terms favorable to us in the future. We cannot assure that we will be able to integrate successfully the operations and assets of any acquired business with our own business. Any inability on our part to integrate and manage the growth from acquired businesses could have a material adverse effect on our results of operations and financial condition.

Our operations are affected by adverse weather conditions.

Our operations are directly affected by the weather conditions across the United States and Canada. The business of the Company is affected by the seasonal nature of the Company's pest and termite control services. The increase in pest pressure and activity, as well as the metamorphosis of termites in the spring and summer (the occurrence of which is determined by the timing of the change in seasons), has historically resulted in an increase in the revenue and income of the Company's pest and termite control operations during such periods. The business of the Company is also affected by extreme weather such as drought which can greatly reduce the pest population for extended periods.

Our inability to attract and retain skilled workers may impair growth potential and profitability.

Our ability to remain productive and profitable will depend substantially on our ability to attract and retain skilled workers. Our ability to expand our operations is in part impacted by our ability to increase our labor force. The demand for skilled employees is high, and the supply is very limited. A significant increase in the wages paid by competing employers could result in a reduction in our skilled labor force, increases in the wage rates paid by us, or both. If either of these events occurred, our capacity and profitability could be diminished, and our growth potential could be impaired.

Our operations could be affected by pending and ongoing litigation.

In the normal course of business, Orkin, one of the Company's subsidiaries, is a defendant in a number of lawsuits or arbitrations, which allege that plaintiffs have been damaged as a result of the rendering of services by Orkin. The Company does not believe that any pending claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position; however, it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of an individual quarter.

Our operations may be adversely affected if we are unable to comply with regulatory and environmental laws.

Our business is significantly affected by environmental laws and other regulations relating to the pest control industry and by changes in such laws and the level of enforcement of such laws. We are unable to predict the level of enforcement of existing laws and regulations, how such laws and regulations may be interpreted by enforcement agencies or court rulings, or whether additional laws and regulations will be adopted. We believe our present operations substantially comply with applicable federal and state environmental laws and regulations. We also believe that compliance with such laws has had no material adverse effect on our operations to date. However, such environmental laws are changed frequently. We are unable to predict whether environmental laws will, in the future, materially affect our operations and financial condition. Penalties for noncompliance with these laws may include cancellation of licenses, fines, and other corrective actions, which would negatively affect our future financial results.

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The Company's Management Has a Substantial Ownership Interest; Public Stockholders May Have No Effective Voice In the Company's Management

The Company has elected the "Controlled Company" exemption under rule 303A of the New York Stock Exchange ("NYSE") Company Guide. The Company is a "Controlled Company" because a group that includes the Company's Chairman of the Board, R. Randall Rollins, his brother, Gary W. Rollins, who is the President, Chief Executive Officer and Chief Operating Officer, also a director of the Company, certain companies under their control, and the nephew of R. Randall Rollins and son of Gary W. Rollins, Glen W. Rollins, who is the Vice President of Rollins, Inc., controls in excess of fifty percent of the Company's voting power. As a "Controlled Company," the Company need not comply with certain NYSE rules.

Rollins, Inc.'s executive officers, directors and their affiliates hold directly or through indirect beneficial ownership, in the aggregate, approximately 56 percent of the Company's outstanding shares of common stock. As a result, these persons will effectively control the operations of the Company, including the election of directors and approval of significant corporate transactions such as acquisitions and approval of matters requiring stockholder approval. This concentration of ownership could also have the effect of delaying or preventing a third party from acquiring control of the Company at a premium.

Item 1.B. Unresolved Staff Comments

None

Item 2. Properties.

The Company's administrative headquarters are owned by the Company, and are located at 2170 Piedmont Road, N.E., Atlanta, Georgia 30324. The Company owns or leases over 500 branch offices and operating facilities used in its business as well as the Rollins Training Center located in Atlanta, Georgia, the Orkin Customer Care Center located in Covington, Georgia, and the Pacific Division Administration and Training Center in Riverside, California. None of the branch offices, individually considered, represents a materially important physical property of the Company. The facilities are suitable and adequate to meet the current and reasonably anticipated future needs of the Company.

Item 3. Legal Proceedings.

In the normal course of business, Orkin, one of the Company's subsidiaries, is a defendant in a number of lawsuits or arbitrations, which allege that plaintiffs have been damaged as a result of the rendering of services by Orkin. Orkin is actively contesting these actions. Some lawsuits have been filed (*John Maciel v. Orkin, Inc., et al.; Ronald and Ileana Krzyzanowsky et al. v. Orkin Exterminating Company, Inc. and Rollins, Inc.*; and *Roy Sheppard et al. v. Orkin Exterminating Company, Inc. and Rollins, Inc.*) in which the plaintiffs are seeking certification of a class. The cases originate in California and Arkansas. The *Maciel* lawsuit, a wage and hour related matter, was filed in the Superior Court of Los Angeles County, California and has not been scheduled for a class certification hearing. The *Krzyzanowsky* lawsuit, a termite service related matter, was filed in the United States District Court for the Northern District of California and has not been scheduled for a class certification hearing. The *Sheppard* lawsuit, a termite related matter, was recently filed in the United States District Court for the Eastern District of Arkansas and a date has not been scheduled for a hearing on class certification. At this time, the final outcome of the litigation cannot be determined. The Company believes these matters to be without merit and intends to vigorously contest certification and defend itself through trial or arbitration, if necessary. The Company does not believe that any pending claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position; however, it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of operations of an individual quarter.

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Orkin is involved in certain environmental matters primarily arising in the normal course of business. In the opinion of management, the Company's liability under any of these matters would not and did not materially affect its financial condition, results of operations or liquidity.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of 2008.

Item 4.A. Executive Officers of the Registrant.

Each of the executive officers of the Company was elected by the Board of Directors to serve until the Board of Directors' meeting immediately following the next Annual Meeting of Stockholders or until his earlier removal by the Board of Directors or his resignation. The following table lists the executive officers of the Company and their ages, offices with the Company, and the dates from which they have continually served in their present offices with the Company.

Name	Age	Office with Registrant	Date First Elected to Present Office
R. Randall Rollins (1)	77	Chairman of the Board of Directors	10/22/1991
Gary W. Rollins (1) (2)	64	Chief Executive Officer, President and Chief Operating Officer	7/24/2001
Harry J. Cynkus (3)	59	Chief Financial Officer and Treasurer	5/28/1998
Michael W. Knottek (4)	64	Senior Vice President and Secretary	4/23/2002
Glen W. Rollins (5)	42	Vice President	4/23/2002

(1) R. Randall Rollins and Gary W. Rollins are brothers.

(2) Gary W. Rollins was elected to the office of President and Chief Operating Officer in January 1984. He was elected to the additional office of Chief Executive Officer in July 2001. In February 2004, he was named Chairman of Orkin, Inc.

(3) Harry J. Cynkus joined the Company in April 1998 and, in May 1998, was elected Chief Financial Officer and Treasurer. From 1996 to 1998, Mr. Cynkus served as Chief Financial Officer of Mayer Electric Company, a wholesaler of electrical supplies. From 1994 to 1996, he served as Vice President Information Systems for Brach & Brock Confections, the acquirer of Brock Candy Company, where Mr. Cynkus served as Vice President Finance and Chief Financial Officer from 1992 to 1994. From 1989 to 1992, he served as Vice President Finance of Initial USA, a division of an international support services company.

(4) Michael W. Knottek joined the Company in June 1997 as Vice President and, in addition, was elected Secretary in May 1998. He became Senior Vice President in April of 2002. From 1992 to 1997, Mr. Knottek held a variety of executive management positions with National Linen Service, including Senior Vice President of Finance and Administration and Chief Financial Officer. Prior to 1992, he held a variety of senior positions with Initial USA, finally serving as President from 1991 to 1992.

(5) Glen W. Rollins is the son of Gary W. Rollins. He joined the Company in 1989 and has held a variety of field management and staff positions within the organization. He was elected Executive Vice President of Orkin, Inc. in June 2001. In April 2002, he was named Vice President of Rollins, Inc. In February 2004, he was named President and Chief Operating Officer of Orkin, Inc.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Common Stock of the Company is listed on the New York Stock Exchange and is traded on the Philadelphia, Chicago and Boston Exchanges under the symbol ROL. The high and low prices of the Company's common stock and dividends paid for each quarter in the years ended December 31, 2008 and 2007 (all prices have been adjusted for the three-for-two stock split effective December 10, 2007) were as follows:

STOCK PRICES AND DIVIDENDS
Rounded to the nearest $.01

	Stock Price		Dividends Paid		Stock Price		Dividends Paid
2008	**High**	**Low**	**Per Share**	**2007**	**High**	**Low**	**Per Share**
First Quarter	$ 19.87	$ 15.97	$ 0.0625	First Quarter	$ 15.75	$ 13.75	$ 0.05
Second Quarter	18.74	14.46	$ 0.0625	Second Quarter	16.13	14.65	$ 0.05
Third Quarter	22.50	13.26	$ 0.0625	Third Quarter	19.57	15.22	$ 0.05
Fourth Quarter	19.12	9.37	$ 0.0625	Fourth Quarter	20.60	17.69	$ 0.05

The number of stockholders of record as of January 30, 2009 was 1,907.

On January 27, 2009 the Board of Directors approved a quarterly cash dividend per common share of $.07 payable March 10, 2009 to stockholders of record at the close of business February 10, 2009. The Company expects to continue to pay cash dividends to the common stockholders, subject to the earnings and financial condition of the Company and other relevant factors.

Issuer Purchases of Equity Securities

In October 2008, the Company announced that, in addition to the 464,061 shares still available for repurchase under the Company's existing share repurchase plan, the Company's Board of Directors authorized the purchase of an additional 5 million shares of our common stock. Share repurchases during the year ended December 31, 2008 totaled 1.4 million at a weighted average price of $15.93 per share. In total, 4.6 million additional shares may be purchased under programs approved by the Board of Directors. The program does not have an expiration date. The following table summarizes the Company's share repurchases during the Company's fourth quarter of 2008:

Period	Total Number of Shares Purchased (1)	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans (2)	Maximum Number of Shares that May Yet Be Purchased Under the Repurchase Plans
October 1 to 31, 2008	104,815	$ 14.00	96,600	5,464,091
November 1 to 30, 2008	463,178	$ 15.79	453,300	5,010,791
December 1 to 31, 2008	286,350	$ 15.90	285,400	4,725,391
Total	854,343	$ 15.61	835,300	4,628,791

(1) Includes repurchases in connection with exercise of employee stock options in the following amounts: October 2008: 8,215; November 2008: 9,878; December 2008: 825.

(2) 464,061 shares were repurchased under the April 2005 plan to repurchase up to 4.0 million shares of the Company's common stock and subsequent shares were repurchased under the October 2008 plan to repurchase up to 5.0 million shares of the Company's common stock. These plans have no expiration date.

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PERFORMANCE GRAPH

The following graph sets forth a five year comparison of the cumulative total stockholder return based on the performance of the stock of the Company as compared with both a broad equity market index and an industry index. The indices included in the following graph are the S&P 500 Index and the S&P 500 Commercial Services Index.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN*

ASSUMES INITIAL INVESTMENT OF $100
*TOTAL RETURN ASSUMES REINVESTMENT OF DIVIDENDS
NOTE: TOTAL RETURNS BASED ON MARKET CAPITALIZATION

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Item 6. Selected Financial Data.

The following summary financial data of Rollins highlights selected financial data and should be read in conjunction with the financial statements included elsewhere in this document.

FIVE-YEAR FINANCIAL SUMMARY

Rollins, Inc. and Subsidiaries

All earnings per share and dividends per share have been adjusted for the 2007 and 2005 three-for-two stock splits effective December 10, 2007 and March 10, 2005, respectively.

	Years Ended December 31,				
(in thousands except per share data)	**2008**	**2007**	**2006**	**2005**	**2004**
OPERATIONS SUMMARY					
Revenues	**$ 1,020,564**	$ 894,920	$ 858,878	$ 802,417	$ 750,884
Income Before Income Taxes	**112,954**	104,913	95,159	87,955	98,712
Income before cumulative effect of a change in accounting principle	**68,934**	64,731	57,809	52,773	58,259
Cumulative effect on prior years of changing to different revenue and cost recognition method					(6,204)
Net Income	**$ 68,934**	$ 64,731	$ 57,809	$ 52,773	$ 52,055
Income Per Share Basic:					
Income before change in accounting principle	**$ 0.69**	$ 0.65	$ 0.57	$ 0.52	$ 0.57
Cumulative effect of change in accounting principle					(0.06)
Net Income	**$ 0.69**	$ 0.65	$ 0.57	$ 0.52	$ 0.51
Income Per Share Diluted:					
Income before change in accounting principle	**$ 0.69**	$ 0.64	$ 0.56	$ 0.51	$ 0.55
Cumulative effect of change in accounting principle					(0.06)
Net Income	**$ 0.69**	$ 0.64	$ 0.56	$ 0.51	$ 0.49
Dividends paid per share	**$ 0.25**	$ 0.20	$ 0.17	$ 0.13	$ 0.11
Pro forma amounts assuming the new accounting method is applied retroactively					
Net Income	**$ 68,934**	$ 64,731	$ 57,809	$ 52,773	$ 58,259
Income Per Share Basic:	**$ 0.69**	$ 0.65	$ 0.57	$ 0.52	$ 0.57
Income Per Share Diluted:	**$ 0.69**	$ 0.64	$ 0.56	$ 0.51	$ 0.55

FINANCIAL POSITION

	At December 31,				
(in thousands)	**2008**	**2007**	**2006**	**2005**	**2004**

Total assets	**$ 572,517**	$ 475,228	$ 453,175	$ 438,420	$ 418,780
Non-current capital lease obligations	**$ 171**	$ 601	$ 124	$ 560	$
Non-current non-compete agreements	**$ 2,103**	$ 775	$ 660	$ 456	$ 1,700
Stockholders' equity	**$ 228,433**	$ 233,553	$ 211,459	$ 176,951	$ 167,549
Number of shares outstanding at year-end	**100,041**	100,636	101,837	102,017	102,756

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The Company

Rollins, Inc. (the "Company") was originally incorporated in 1948 under the laws of the state of Delaware as Rollins Broadcasting, Inc. The Company is an international service company with headquarters located in Atlanta, Georgia, providing pest and termite control services through its wholly-owned subsidiaries to both residential and commercial customers in North America with international franchises in Mexico, Central America, the Caribbean, the Middle East and Asia. Services are performed through a contract that specifies the pricing arrangement with the customer.

RESULTS OF OPERATIONS

	Years ended December 31,			% better/ (worse) as compared to prior year	
(in thousands)	**2008**	**2007**	**2006**	**2008**	**2007**
Revenues	**$ 1,020,564**	$ 894,920	$ 858,878	**14.0%**	4.2%
Cost of services provided	**534,494**	468,665	457,869	**(14.0)**	(2.4)
Depreciation and amortization	**33,443**	27,068	26,860	**(23.6)**	(0.8)
Sales, general and administrative	**339,078**	296,615	280,578	**(14.3)**	(5.7)
(Gain) on sales of assets	**(166)**	(52)	(81)	**N/M**	(35.8)
Interest (income)/expense	**761**	(2,289)	(1,507)	**(133.2)**	51.9
Income before income taxes	**112,954**	104,913	95,159	**7.7**	10.3
Provision for income taxes	**44,020**	40,182	37,350	**(9.6)**	(7.6)
Net income	**$ 68,934**	$ 64,731	$ 57,809	**6.5%**	12.0%

General Operating Comments

The Company experienced revenue growth of 14% for the year ended December 31, 2008, primarily due to the Company's addition of HomeTeam Pest Defense in April 2008 and the Company's continued emphasis on customer retention and building recurring revenues. Excluding the revenue contribution of HomeTeam, revenue increased 3.0% for the year ended December 31, 2008 as set forth below:

ROLLINS, INC. AND SUBSIDIARIES
REVENUE RECONCILIATION
REVENUES EXCLUDING HOMETEAM PEST DEFENSE

	Twelve Months Ended, December 31			
(in thousands)	**2008**	**2007**	**$ Better/ (worse)**	**% Better/ (worse)**
Net Revenues	**$ 1,020,564**	**$ 894,920**	**$125,644**	**14.0%**
Less: Revenues from HomeTeam Pest Defense	98,931		98,931	
Revenue Excluding HomeTeam Pest Defense	**$ 921,633**	**$ 894,920**	**$ 26,713**	**3.0%**

The Company was able to grow its revenues and improve its operating results despite the tough economy and financial crisis that affected the country greatly in 2008.

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Results of Operations 2008 Versus 2007

Overview

For the year ended December 31, 2008, the Company had net income of $68.9 million compared to $64.7 million in 2007, which represents a 6.5% increase. In addition to the revenue increase of 14.0%, cost of services provided increased $65.8 million or 14.0% compared to the twelve months ended December 31, 2007. Gross margin remained flat at 47.6% for 2008 versus 47.6% for 2007.

The Company continues to monitor the effect of the adverse economy on our commercial and residential business lines. The adverse economy may result in consolidations or cessations of business operations of various of our commercial customers, especially those in the food service, hospitality and food processing industries. Our residential customers may consider their spending on pest and termite control services to be discretionary, and may choose to eliminate those expenditures. Either of these events would adversely affect our revenues and operating results.

Revenues

Revenues for the year ended December 31, 2008 were over $1.0 billion, an increase of $125.6 million or 14.0% from 2007 revenues of $894.9 million. Commercial pest control represented 40.0% of the Company's business in 2008. Commercial pest control revenues grew 7.1% in 2008 due primarily to an expanded sales force, better customer retention in Orkin's and Western Pest's operations, and strong growth at PCO. Commercial pest control customers, such as those operating in the food processing, restaurant, hotel, or the healthcare industries, are under stringent federal, state and local regulation standards that must be met. Most of our commercial customers must insure that mandated health standards are met. Residential pest control represented approximately 40.0% of the Company's business in 2008. Residential pest control revenues grew 22.7% in 2008 due primarily to the addition of HomeTeam as well as an increased number of leads received, better average selling prices, improvements in customer retention, and a successful price increase program. The Company's termite business, which represented approximately 19.2% of the Company's business, grew 13.0% in 2008 primarily due to the acquisition of HomeTeam. During 2008, the Company continued to benefit from the investment made in internet marketing. This strategy allowed the Company to capitalize on the strength of its brand and use its size and national branch network to a competitive advantage.

The Company's foreign operations accounted for approximately 8.0% of total revenues for the year ended December 31, 2008 and 2007. The Company established new franchises in Saudi Arabia, Qatar, Bahrain, and Kuwait in 2008 for a total of eleven international franchises. Orkin had 63 and 58 total domestic and international franchises at December 31, 2008 and 2007, respectively.

Cost of Services Provided

For the twelve months ended December 31, 2008, cost of services provided increased $65.8 or 14.0% compared to the twelve months ended December 31, 2007. Gross margins year-to-date for 2008 remained at 47.6%, the same as the prior year. Margins, excluding the impact of HomeTeam, improved 65 basis points due primarily to a significant reduction in termite claims expense. Improvements in service and administrative salaries as well as reduced pension expense were offset by a 42 basis point increase in fleet cost driven by the higher cost of fuel for the first three quarters in 2008.

Depreciation and Amortization

For the twelve months ended December 31, 2008, depreciation and amortization increased $6.4 million, an increase of 23.6% compared to the twelve months ended December 31, 2007. The increase is due to $6.1 million in depreciation and amortization related to the acquisition of HomeTeam on April 3, 2008.

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Sales, General and Administrative

For the twelve months ended December 31, 2008, sales, general and administrative expenses increased $42.5 million, or 14.3%, compared to the twelve months ended December 31, 2007 representing 33.2% of revenues compared to 33.1% of revenues in the prior year. Of the increase, $28.5 million was due to the acquisition of HomeTeam. As a percent of revenues, sales, general and administrative expenses, excluding the impact of HomeTeam, increased 57 basis points due to the expansion of the Company's inbound call center, sales salaries, fleet fuel costs and increase in bad debt expense which were partially offset by a decrease in costs related to the Company's summer sales programs. In addition, the Company incurred $2.1 million in non-recurring expenses related to the acquisition of the HomeTeam and $.7 million in severance related costs related to reduced staffing at the home office.

Interest (Income)/Expense, Net

Interest (income)/expense for the year ended December 31, 2008 was $0.8 million, a decrease of $3.1 million compared to interest income of $2.3 million for the year ended December 31, 2007 due to a reduction of cash on hand as a result of the HomeTeam acquisition, as well as interest expense of $1.3 million on outstanding loans.

Taxes

The Company's effective tax rate was 39.0% in 2008 compared to 38.3% in 2007 due primarily to a decrease in tax exempt income.

Results of Operations 2007 Versus 2006

Overview

For the year ended December 31, 2007, the Company had net income of $64.7 million compared to $57.8 million in 2006, which represents a 12.0% increase. Revenues increased 4.2% in 2007. Cost of services provided increased $10.8 million or 2.4% compared to the twelve months ended December 31, 2006. Gross margin improved to 47.6% for 2007 versus 46.7% for 2006. The largest factor affecting the Company's gross margin was improvements in our cost of risk. The Company's termite provision decreased $5.8 million in 2007 as actual termite claims paid in 2007 declined significantly, decreasing over 30% or $6.6 million. In addition our insurance costs declined due to the success of the Company's loss control programs.

Revenues

Revenues for the year ended December 31, 2007 were $894.9 million, an increase of $36.0 million or 4.2% from 2006 revenues of $858.9 million. The Company's commercial revenue grew 6.9%, due primarily to expanded sales force, better customer retention in Orkin's and Western Pest's operations, and strong growth at PCO, Orkin's Canadian business, which is fundamentally a commercial business. Residential pest control revenues rose by 3.8% in 2007, due to an increased number of leads received, better average selling prices, continued improvements in customer retention, and a successful price increase program. Every-other-month service, the Company's primary residential pest control service offering, now comprises 64% of our residential pest control customer base at December 31, 2007. During 2007, the Company continued to build upon the investment made in the internet marketing area from previous year. This strategy allowed the Company to use its size and national branch network to a competitive advantage.

The Company's foreign operations accounted for approximately 8.1% of total revenues for the year ended December 31, 2007 as compared to 7.4% in 2006. The Company established new franchises in Honduras, the United Arab Emirates, the Dominican Republic and South Korea in 2007 for a total of seven

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international franchises. Orkin had 58 domestic and international franchises at December 31, 2007 and 2006.

Cost of Services Provided

Cost of services provided for the year ended December 31, 2007 increased $10.8 million or 2.4% compared to the twelve months ended December 31, 2006. Gross margin improved to 47.6% for the year ended December 31, 2007 versus 46.7% for the year ended December 31, 2006. The largest factor was improvements in our cost of risk. The Company's termite provision has decreased $5.8 million as actual termite claims paid in 2007 declined significantly, decreasing over 30% or $6.6 million as compared to 2006. Less than half of one percent of customers filed claims in 2007. In addition, our insurance casualty costs have declined due to the success of the Company's loss control programs.

Depreciation and Amortization

For the year ended December 31, 2007, the Company's depreciation and amortization increased slightly to $27.1 million or 0.8%, compared to the twelve months ended December 31, 2006 due to the depreciation on purchased equipment of $16.2 million in 2007, which was partially offset by several fixed assets being fully depreciated during the year. For the year ended December 31, 2007 $13.4 million of the total depreciation and amortization was related to the amortization of intangible assets.

Sales, General and Administrative

For the year ended December 31, 2007, the Company's sales, general and administrative expenses increased $16.0 million or 5.7% compared to the twelve months ended December 31, 2006 representing 33.1% of revenues compared to 32.7% in 2006. Sales, general and administrative expenses as a percentage of revenues increased due to higher sales and administrative salaries due to the expansion of the sales force. This is partially offset by the Company experiencing reductions in bad debt expense and in its summer sales program cost.

Interest Income

Interest income for the year ended December 31, 2007 was $2.3 million, an increase of $0.8 million compared to the year ended December 31, 2006 due primarily to higher average invested assets over the course of 2007.

Taxes

The Company's effective tax rate was 38.3% in 2007 compared to 39.3% in 2006 due primarily to an increase in tax exempt income.

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Liquidity and Capital Resources

Cash and Cash Flow

The Company's cash and cash equivalents at December 31, 2008, 2007, and 2006 were $13.7 million, $71.3 million and $63.3 million, respectively.

	Years ended December 31,		
(in thousands)	**2008**	**2007**	**2006**
Net cash provided by operating activities	**$ 90,744**	$ 88,762	$ 85,201
Net cash used in investing activities	**(166,717)**	(22,754)	(27,981)
Net cash provided by (used in) financing activities	**21,032**	(59,798)	(36,389)
Effect of exchange rate changes on cash	**(2,623)**	1,726	(552)
Net increase/(decrease) in cash and cash equivalents	**$ (57,564)**	$ 7,936	$ 20,279

The Company's operations generated cash of $90.7 million for the year ended December 31, 2008 primarily from net income of $68.9 million, compared with cash provided by operating activities of $88.8 million in 2007 and $85.2 million in 2006. The Company believes its current cash and cash equivalents balances, future cash flows expected to be generated from operating activities and available borrowings under its $175.0 million credit facilities will be sufficient to finance its current operations and obligations, and fund expansion of the business for the foreseeable future

The Company made a contribution of $5.0 million to its defined benefit retirement plan (the "Plan") during each of the years ended December 31, 2008, 2007 and 2006 as a result of the Plan's funding status. The Company and management are considering making a contribution to the pension plan of $5.0 million during fiscal 2009. In the opinion of management, additional Plan contributions will not have a material effect on the Company's financial position, results of operations or liquidity.

The Company used $166.7 million on investments for the year ended December 31, 2008. The Company invested approximately $14.8 million in capital expenditures during the year ended December 31, 2008. Capital expenditures for the year consisted primarily of equipment replacements and upgrades and improvements to the Company's management information systems. The Company expects to invest between $12.0 million and $18.0 million in 2009 in capital expenditures. During 2008, the Company made several acquisitions totaling $152.4 million compared to $6.8 million during 2007. The expenditures for the Company's acquisitions were primarily funded by cash on hand and borrowings under a senior unsecured revolving credit facility. The Company continues to seek new acquisitions.

The Company increased cash by $21.0 million on financing activities for the year ended December 31, 2008 borrowing $90.0 million to help fund the HomeTeam acquisition. A total of $25.0 million was paid in cash dividends ($0.0625 per share each quarter) during the year ended December 31, 2008, compared to $20.3 million ($0.05 per share each quarter) during the year ended December 31, 2007. The Company used $23.2 million to repurchase 1.4 million shares of its common stock at an average price of $15.93 per share during the year ended December 31, 2008 and there remain 4.6 million shares authorized to be repurchased under prior Board authorization.

The Company entered into a definitive Asset Purchase Agreement dated as of March 28, 2008 to acquire, through the purchase of assets, the business of HomeTeam Pest Defense, which provides termite and pest control services to homebuilders, businesses and homeowners. The aggregate amount paid was a combination of $47.7 million in cash on hand, as well as $90.0 million in borrowings from the Company's credit facility, totaling $137.7 million. The Company closed the purchase of the HomeTeam Pest Defense acquisition on April 3, 2008.

On March 28, 2008, the Company entered into a Revolving Credit Agreement with SunTrust Bank and Bank of America, N.A. for an unsecured line of credit of up to $175 million, which includes a $75 million

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letter of credit subfacility, and a $10 million swingline subfacility. As of December 31, 2008, borrowings of $65.0 million were outstanding under the line of credit and no borrowings under the swingline subfacility. The Company maintains approximately $34.4 million in letters of credit. These letters of credit are required by the Company's fronting insurance companies and/or certain states, due to the Company's self-insured status, to secure various workers' compensation and casualty insurance contracts. The Company believes that it has adequate liquid assets, funding sources and insurance accruals to accommodate such claims. The Revolving Credit Agreement is guaranteed by certain of Rollins' domestic subsidiaries. The maturity date of the Credit Agreement is March 27, 2013. Outstanding balances of individual tranches under the Credit Agreement currently mature in 2009. Revolving loans under the Revolving Credit Agreement bear interest at one of the following two rates, at the Company's election:

- the Base Rate, which is the greater of SunTrust Bank's "prime rate" for the day of the borrowing or a fluctuating rate per annum equal to the Federal Funds Rate plus .50%; or

- with respect to any Eurodollar borrowings, Adjusted LIBOR (which equals LIBOR as increased to account for the maximum reserve percentages established by the U.S. Federal Reserve) plus an additional amount, which varies between .50% and .75%, based upon Rollins' then-current debt-to-EBITDA ratio. As of December 31, 2008, the additional rate allocated was .50%.

As of December 31, 2008, the effective interest rate on the outstanding borrowing under the line of credit was 2.53%. The Revolving Credit Agreement contains customary terms and conditions, including, without limitation, certain financial covenants including covenants restricting the Company's ability to incur certain indebtedness or liens, or to merge or consolidate with or sell substantially all of its assets to another entity. Further, the Revolving Credit Agreement contains financial covenants restricting the Company's ability to permit the ratio of the Company's consolidated debt to EBITDA to exceed 2.5 to 1.

The Company remained in compliance with applicable debt covenants at December 31, 2008 and expects to maintain compliance throughout 2009.

Litigation

Orkin, one of the Company's subsidiaries, is aggressively defending the following lawsuits in which the plaintiffs are seeking class certification: *John Maciel v. Orkin, Inc., et al*. (pending in the Superior Court of Los Angeles County, California); *Ronald and Ileana Krzyzanowsky et al. v. Orkin Exterminating Company, Inc. and Rollins, Inc.* (pending in the United States District Court for the Northern District of California); and *Roy Sheppard et al. v. Orkin Exterminating Company, Inc. and Rollins, Inc.* (pending in the United States District Court for the Eastern District of Arkansas). To date none of these matters has been scheduled for a class certification hearing. Other lawsuits in which class certification was sought have been resolved. *Mark and Christine Butland et al. v. Orkin Exterminating Company, Inc. et al. and Adam Stauber v. Rollins, Inc. et al.* were each resolved on an individual basis with the plaintiffs dismissing their case including their class action allegations. In *Ernest W. Warren and Dolores G. Warren et al. v. Orkin Exterminating Company, Inc., et al*. the petition for class certification was denied. Other lawsuits against Orkin, and in some instances the Company, are also being vigorously defended. For further discussion, see Note 8 to the accompanying financial statements.

Taxes

During the year ended December 31, 2007 a settlement was reached on a federal audit issue which resulted in the reduction of the liability for unrecognized tax benefits of $1.0 million and $0.45 million for the years ended December 31, 2007 and 2008, respectively, and will result in future reduction for the liability for unrecognized tax benefits of $0.45 million in 2009. During the year ended December 31, 2008 state tax audits were settled resulting in a reduction to the liability for unrecognized tax benefits of $0.4 million. The liability for unrecognized tax benefits was reduced during the year ended December 31, 2008 by $0.2 million for interest and penalties applicable to settled issues.

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Off Balance Sheet Arrangements, Contractual Obligations and Contingent Liabilities and Commitments

Other than the operating leases disclosed in the table that follows, the Company has no material off balance sheet arrangements.

The impact that the Company's contractual obligations as of December 31, 2008 are expected to have on our liquidity and cash flow in future periods is as follows:

		Payments due by period			
Contractual obligations (in thousands)	**Total**	**Less than 1 year**	**1 - 3 years**	**4 - 5 years**	**More than 5 years**
Line of credit (1)	65,000	65,000			
Non-compete obligations	$ 969	$ 315	$ 654	$	$
Non-cancelable operating leases	64,653	24,910	27,883	9,292	2,568
Capital leases	621	450	171		
Acquisition holdbacks	1,474	24	862	380	208
Unrecognized Tax Positions (2)	1,717	1,717			
Total (3)	$ 134,434	$ 92,416	$ 29,570	$ 9,672	$ 2,776

(1) The Company estimates interest on outstanding borrowings under the line of credit to be approximately $1.2 million for the period of less than one year.

(2) These amounts represent expected payments with interest for unrecognized tax benefits as of December 31, 2008. Uncertain tax positions of $0.8 million are not included due to the uncertainty of the final amount and settlement date.

(3) Minimum pension funding requirements are not included as such amounts have not been determined.

Critical Accounting Policies

The Company views critical accounting policies to be those policies that are very important to the portrayal of our financial condition and results of operations, and that require management's most difficult, complex or subjective judgments. The circumstances that make these judgments difficult or complex relate to the need for management to make estimates about the effect of matters that are inherently uncertain. We believe our critical accounting policies to be as follows:

Accrual for Termite Contracts The Company maintains an accrual for termite claims representing the estimated costs of reapplications, repairs and associated labor and chemicals, settlements, awards and other costs relative to termite control services. Factors that may impact future cost include chemical life expectancy and government regulation. It is significant that the actual number of claims has decreased in recent years due to changes in the Company's business practices. However, it is not possible to precisely predict future significant claims. Positive changes to our business practices include revisions made to our contracts, more effective treatment methods, more effective termiticides, and expanding training.

Accrued Insurance The Company self-insures, up to specified limits, certain risks related to general liability, workers' compensation and vehicle liability. The estimated costs of existing and future claims under the self-insurance program are accrued based upon historical trends as incidents occur, whether reported or unreported (although actual settlement of the claims may not be made until future periods) and may be subsequently revised based on developments relating to such claims. The Company contracts an independent third party actuary on an annual basis to provide the Company an estimated liability based upon historical claims information. The actuarial study is a major consideration, along with management's knowledge of changes in business practices and existing claims compared to current balances. The reserve is established based on all these factors. Due to the uncertainty associated with the estimation of future loss and expense payments and inherent limitations of the data, actual developments may vary from the

Company's projections. This is particularly true since critical assumptions regarding the parameters used to develop reserve estimates are largely based upon judgment. Therefore, changes in estimates may be material. Management's judgment is inherently subjective and a number of factors are outside management's knowledge and control. Additionally, historical information is not always an accurate indication of future events. It should be noted that the number of claims have been decreasing due to the Company's proactive risk management to develop and maintain ongoing programs. Initiatives that have been implemented include pre-employment screening and an annual motor vehicle report required on all its drivers, post-offer physicals for new employees, and pre-hire, random and post-accident drug testing. The Company has improved the time required to report a claim by utilizing a "Red Alert" program that provides serious accident assessment twenty four hours a day and seven days a week and has instituted a modified duty program that enables employees to go back to work on a limited-duty basis.

Revenue Recognition The Company's revenue recognition policies are designed to recognize revenues at the time services are performed. For certain revenue types, because of the timing of billing and the receipt of cash versus the timing of performing services, certain accounting estimates are utilized. Residential and commercial pest control services are primarily recurring in nature on a monthly or bi-monthly basis, while certain types of commercial customers may receive multiple treatments within a given month. In general, pest control customers sign an initial one-year contract, and revenues are recognized at the time services are performed. For pest control customers, the Company offers a discount for those customers who prepay for a full year of services. The Company defers recognition of these advance payments and recognizes the revenue as the services are rendered. The Company classifies the discounts related to the advance payments as a reduction in revenues. Termite baiting revenues are recognized based on the delivery of the individual units of accounting. At the inception of a new baiting services contract upon quality control review of the installation, the Company recognizes revenue for the delivery of the monitoring stations, initial directed liquid termiticide treatment and installation of the monitoring services. The amount deferred is the fair value of monitoring services to be rendered after the initial service. Fair values are generally established based on the prices charged when sold separately by the Company. The amount deferred for the undelivered monitoring element is then recognized as income on a straight-line basis over the remaining contract term, which results in recognition of revenue in a pattern that approximates the timing of performing monitoring visits. Baiting renewal revenue is deferred and recognized over the annual contract period on a straight-line basis that approximates the timing of performing the required monitoring visits.

Revenue received for traditional termite treatments is deferred and recognized on a straight-line basis over the remaining contract term; and, the cost of reinspections, reapplications and repairs and associated labor and chemicals are expensed as incurred. For outstanding claims, an estimate is made of the costs to be incurred (including legal costs) based upon current factors and historical information. The performance of reinspections tends to be close to the contract renewal date and, while reapplications and repairs involve an insubstantial number of the contracts, these costs are incurred over the contract term. As the revenue is being deferred, the future cost of reinspections, reapplications and repairs and associated labor and chemicals applicable to the deferred revenue are expensed as incurred. The Company accrues for noticed claims. The costs of providing termite services upon renewal are compared to the expected revenue to be received and a provision is made for any expected losses.

As the revenue is being deferred, the future cost of reinspections, reapplications and repairs and associated labor and chemicals applicable to the deferred revenue are expensed as incurred and no longer accrued. The Company will continue to accrue for noticed claims.

Contingency Accruals The Company is a party to legal proceedings with respect to matters in the ordinary course of business. In accordance with Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies,* the Company estimates and accrues for its liability and costs associated with the litigation. Estimates and accruals are determined in consultation with outside counsel. Because it is not possible to accurately predict the ultimate result of the litigation, judgments concerning accruals for liabilities and costs associated with litigation are inherently uncertain and actual liability may vary from amounts estimated or accrued. However, in the opinion of management, the outcome of the litigation will not have a material adverse impact on the Company's financial condition or results of operations.

Defined benefit pension plan In 2002, the Company ceased all future benefit accruals under the defined benefit plan, although the Company remains obligated to provide employees benefits earned through March 2002. The Company accounts for the defined benefit plan in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans An Amendment of FASB Statements No. 87, 88, 106, and 132(R)" and engages an outside actuary to calculate its obligations and costs. With the assistance of the actuary, the Company evaluates the significant assumptions used on a periodic basis including the estimated future return on plan assets, the discount rate, and other factors, and makes adjustments to these liabilities as necessary.

The Company chooses an expected rate of return on plan assets based on historical results for similar allocations among asset classes, the investments strategy, and the views of our investment adviser. Differences between the expected long-term return on plan assets and the actual return are amortized over future years. Therefore, the net deferral of past asset gains (losses) ultimately affects future pension expense. The Company's assumption for the expected return on plan assets is eight percent which is unchanged from the prior year.

The discount rate reflects the current rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, the Company utilizes a yield curve approach. The approach utilizes an economic model whereby the Company's expected benefit payments over the life of the plan is forecasted and then compared to a portfolio of corporate bonds that will mature at the same time that the benefit payments are due in any given year. The economic model then calculates the one discount rate to apply to all benefit payments over the life of the plan which will result in the same total lump sum as the payments from the corporate bonds. A lower discount rate increases the present value of benefit obligations. The discount rate was 6.81 percent as of December 31, 2008 compared to 6.25 percent in 2007 and 5.50 percent in 2006. A lower discount rate increases the value of benefit obligation.

As of December 31, 2008, the defined benefit plan was under-funded and the recorded change within accumulated other comprehensive income decreased stockholders' equity by $42.0 million before tax.

Recently Adopted Accounting Pronouncements

Statements of Financial Accounting Standards

In September 2006, the FASB issued SFAS No. 157, *"Fair Value Measurements"* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. For financial assets and liabilities, this statement is effective for fiscal periods beginning after November 15, 2007 and does not require any new fair value measurements. The adoption of SFAS No. 157, as relates to financial assets and liabilities, did not have a material effect on the Company's consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position (FSP) FAS 157-1, *"Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements that Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13,"* and FSP FAS 157-2, *"Effective Date of FASB Statement No. 157."* These FSPs:

exclude certain leasing transactions accounted for under FASB Statement No. 13, *"Accounting for Leases,"* from the scope of SFAS No. 157. The exclusion does not apply to fair value measurements of assets and liabilities recorded as a result of a lease transaction but measured pursuant to other pronouncements within the scope of Statement 157.

permit the deferral of the effective date in SFAS No. 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

FSP FAS 157-1 is effective upon the initial adoption of Statement 157. FSP FAS 157-2 is effective February 12, 2008. The Company adopted the provisions of FSP 157-1 and 157-2 by utilizing the deferral in the first quarter of 2008. The Company will apply the provisions of FSP FAS 157-2, as required and does not expect the adoption of FSP FAS 157-2 to have a material effect on its consolidated financial statements. See Note 6 to the accompanying financial statements for details regarding impact of adoption.

In February 2007, the FASB issued SFAS No. 159, *"The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115."* This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, including interim periods within that fiscal year. The Company has not elected the fair value option for any of its existing financial instruments as of December 31, 2008 and the Company has not determined whether or not it will elect this option for financial instruments it may acquire in the future.

Emerging Issues Task Force

In June 2007, the Emerging Issues Task Force ("EITF") issued Issue 06-*11 "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards"*. The guidance in EITF Issue 06-11 addresses how an employer should account for the income tax benefits related to dividend or dividend equivalent payments made to employees holding certain share-based payment awards. Entities are required to recognize tax benefits realized from dividend or dividend equivalents paid to employees for certain share-based payment awards as an increase to additional paid-in capital and include such amounts in the pool of excess tax benefits available to absorb future tax deficiencies on share-based payment awards. The Company adopted the provisions of EITF Issue 06-11 as of January 1, 2008. The effect on the consolidated results of operations, cash flow and financial position is immaterial.

Recently Issued Accounting Pronouncements Not Yet Adopted

Statements of Financial Accounting Standards

In December 2007, the FASB issued SFAS No. 160, "*Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51" ("SFAS 160")*. SFAS 160 requires that a noncontrolling interest in a subsidiary be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be identified in the consolidated financial statements. It also requires consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. The Company will apply the provisions of this statement prospectively, as required, beginning on January 1, 2009 and does not expect the adoption of SFAS 160 to have a material effect on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "*Business Combinations*" ("SFAS No. 141(R)"). SFAS No. 141(R) retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. In general, the statement 1) broadens the guidance of SFAS No. 141, extending its applicability to all events where one entity obtains control over one or more other businesses, 2) broadens the use of fair value measurements used to recognize the assets acquired and liabilities assumed, 3) changes the accounting for acquisition related fees and restructuring costs incurred in connection with an acquisition, and 4) increases required disclosures. The Company will apply the provisions of this statement prospectively to business combinations for which the acquisition date is on or after January 1, 2009 and is currently assessing the impact of adoption of SFAS No. 141(R) on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "*Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS No. 161").* SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of: 1) How and why an entity uses derivative instruments; 2) How derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations and 3) How derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company has no derivatives and does not expect the adoption of SFAS 161 to have a material effect on its consolidated financial statements.

In May 2008, the FASB issued Statement No. 162, "*Hierarchy of Generally Accepted Accounting Principles",* which simply moves the requirements related to which authoritative literature to look to first from the audit standards to GAAP. SFAS 162 is effective 60 days following the SEC's approval of the PCAOB's amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The Company does not expect the adoption of SFAS 162 to have a material effect on its consolidated financial statements.

In May 2008, the FASB issued FASB Statement No. 163, "*Accounting for Financial Guarantee Insurance Contracts*", which clarifies how FASB Statement No. 60, "*Accounting and Reporting by Insurance Enterprises",* applies to financial guarantee insurance contracts issued by insurance enterprises. The standard is effective for financial statements issued for fiscal years beginning after December 15, 2008, including interim periods in that year. The Company does not expect the adoption of SFAS 163 to have a material effect on its consolidated financial statements.

Staff Interpretations

In December 2008, the FASB issued FASB Staff Position (FSP) No.132 (R)-1, *"Employers' Disclosures about Pensions and Other Postretirement Benefits"* (FSP 132R-1). FSP 132R-1 requires enhanced disclosures about the plan assets of a Company's defined benefit pension and other postretirement plans. The enhanced disclosures required by this FSP are intended to provide users of financial statements with a greater understanding of: (1) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies; (2) the major categories of plan assets; (3) the inputs and valuation techniques used to measure the fair value of plan assets; (4) the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period; and (5) significant concentrations of risk within plan assets. This FSP is effective for the Company for the year ending December 31, 2009. This FSP is not expected to have a significant impact on the Company's financial statements.

In April 2008, the FASB issued FSP FAS No. 142-3, which amends the factors that must be considered in developing renewal or extension assumptions used to determine the useful life over which to amortize the cost of a recognized intangible asset under SFAS No. 142, "*Goodwill and Other Intangible Assets*." The FSP requires an entity to consider its own assumptions about renewal or extension of the term of the arrangement, consistent with its expected use of the asset, and is an attempt to improve consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under FAS No. 141, "*Business Combinations*." The FSP is effective for fiscal years beginning after December 15, 2008, and the guidance for determining the useful life of a recognized intangible asset must be applied prospectively to intangible assets acquired after the effective date. The Company does not expect the adoption of FSP FAS No. 142-3 to have a material effect on its consolidated financial statements.

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In June 2008, the FASB issued FSP Emerging Issues Task Force (EITF) No. 03-6-1, "*Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*." Under the FSP, unvested share-based payment awards that contain rights to receive nonforfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing EPS. The FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. The Company does not expect the adoption of FSP EITF No. 03-6-1 to have a material effect on its consolidated financial statements.

Forward-Looking Statements-

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include statements regarding the Company's belief that its levels of supplies will alleviate the potential short-term shortage in availability from its suppliers; management's belief that environmental remediation costs estimated to be incurred are not material to the Company's financial condition or operating results; the outcome of litigation, as discussed in the Legal Proceedings section and elsewhere, and the Company's belief that such litigation will not have a material adverse effect on the Company's financial position; the Company's expectation to continue its payment of cash dividends; the adequacy of the Company's resources and borrowings to fund operations and obligations; management's belief that any additional pension plan contributions will not have a material effect on the Company's financial position, results of operation or liquidity; the Company's projected 2009 capital expenditures; the Company's expectation to maintain compliance with the covenants contained in its Revolving Credit Agreement throughout 2009; the impact of the Company's contractual obligations; the impact of recent accounting pronouncements; and interest rate risks and foreign exchange currency risk on the Company's financial position, results of operations and liquidity. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks, timing and uncertainties including, without limitation, the possibility of an adverse ruling against the Company in pending litigation; general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's termite process reforms and pest control selling and treatment methods; the Company's ability to identify potential acquisitions; climate and weather trends; competitive factors and pricing practices; potential increases in labor costs; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Market Risk

The Company maintains an investment portfolio subject to short-term interest rate risk exposure. The Company is also subject to interest rate risk exposure through borrowings on its $175.0 million credit facility. Currently, interest rates are fixed on the outstanding borrowings of $65 million ($63 million at February 27, 2009) creating minimal interest rate risk exposure. However, the Company does maintain approximately $38.3 million in Letters of Credit. The Company is also exposed to market risks arising from changes in foreign exchange rates. The Company believes that this foreign exchange rate risk will not have a material effect upon the Company's results of operations or financial position going forward.

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MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

To the Stockholders of Rollins, Inc.:

The management of Rollins, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Rollins, Inc. maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that assets are safeguarded against loss or unauthorized use and that the financial records are adequate and can be relied upon to produce financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control system is augmented by written policies and procedures, an internal audit program and the selection and training of qualified personnel. This system includes policies that require adherence to ethical business standards and compliance with all applicable laws and regulations.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of internal controls over financial reporting, as of December 31, 2008 based on criteria established in Internal Control Integrated framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management's assessment is that Rollins, Inc. maintained effective internal control over financial reporting as of December 31, 2008.

In conducting Rollins, Inc.'s evaluation of the effectiveness of its internal control over financial reporting, Rollins, Inc. has excluded its wholly-owned subsidiary HomeTeam Pest Defense which was acquired in 2008. This acquisition constituted 26.3% of total assets as of December 31, 2008, and 9.7% of revenues for the year then ended. Refer to Note 2 in the consolidated financial statements for further discussion of this acquisition and its impact on Rollins, Inc.'s financial statements.

The independent registered public accounting firm, Grant Thornton LLP has audited the consolidated financial statements as of and for the year ended December 31, 2008, and has also issued their report on the effectiveness of the Company's internal control over financial reporting, included in this report on page 38.

/s/ GARY W. ROLLINS	/s/ HARRY J. CYNKUS
Gary W. Rollins *Chief Executive Officer, President and* *Chief Operating Officer*	Harry J. Cynkus *Chief Financial Officer* *and Treasurer*

Atlanta, Georgia
March 2, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Board of Directors and Stockholders
Rollins, Inc.

We have audited Rollins, Inc. (a Delaware Corporation) and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Controls Over Financial Reporting. Our responsibility is to express an opinion on Rollins, Inc.'s internal control over financial reporting based on our audit. Our audit of, and opinion on, Rollins, Inc.'s internal control over financial reporting does not include internal control over financial reporting of HomeTeam Pest Defense, a wholly owned subsidiary, whose financial statements reflect total assets and revenues constituting 26 and 10 percent of the Company's consolidated assets and revenues, respectively as of and for the year ended December 31, 2008. As indicated in Management's Report, HomeTeam Pest Defense was acquired during 2008 and therefore, management's assertion on the effectiveness of Rollins, Inc.'s internal control over financial reporting excluded internal control over financial reporting of HomeTeam Pest Defense.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of the Company as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008 and our report dated March 2, 2009 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Atlanta, Georgia
March 2, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONSOLIDATED FINANCIAL STATEMENTS

Board of Directors and Stockholders
Rollins, Inc.

We have audited the accompanying consolidated statements of financial position of Rollins, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 15. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109" in 2007 and the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" in 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 2, 2009 expressed an unqualified opinion thereon.

/s/ GRANT THORNTON LLP

Atlanta, Georgia
March 2, 2009

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Item 8. Financial Statements and Supplementary Data.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Rollins, Inc. and Subsidiaries

At December 31, (in thousands except share information)	2008	2007
ASSETS		
Cash and cash equivalents	**$ 13,716**	$ 71,280
Trade receivables, short-term, net of allowance for doubtful accounts of $6,371 and $5,351, respectively	**56,884**	52,618
Accounts receivable-other, net	**2,185**	1,839
Materials and supplies	**10,893**	8,846
Deferred income taxes, net	**20,018**	17,162
Other current assets	**13,142**	8,495
Total Current Assets	**116,838**	160,240
Equipment and property, net	**78,625**	77,370
Goodwill	**187,266**	126,684
Customer contracts	**129,092**	63,056
Other intangible assets, net	**25,719**	9,232
Deferred income taxes	**17,886**	7,576
Trade receivables, long-term, net of allowance for doubtful accounts of $1,168 and $1,317, respectively	**11,124**	8,409
Prepaid pension		16,624
Other assets	**5,967**	6,037
Total Assets	**$ 572,517**	$ 475,228
LIABILITIES		
Accounts payable	**18,782**	19,140
Accrued insurance	**15,404**	13,505
Accrued compensation and related liabilities	**56,334**	45,910
Unearned revenue	**88,288**	81,678
Accrual for termite contracts	**5,452**	6,320
Capital leases	**450**	1,186
Line of credit	**65,000**	
Other current liabilities	**23,117**	20,267
Total current liabilities	**272,827**	188,006
Capital leases, less current portion	**171**	601
Accrued insurance, less current portion	**23,483**	23,387
Accrual for termite contracts, less current portion	**8,848**	11,680
Accrued pension	**20,353**	
Long-term accrued liabilities	**18,402**	18,001
Total Liabilities	**344,084**	241,675
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, without par value; 500,000 authorized, zero shares issued		
Common stock, par value $1 per share; 170,000,000 shares authorized, 100,040,969 and 100,635,596 shares issued, respectively	**100,041**	100,636
Paid in capital	**18,087**	15,184
Accumulated other comprehensive loss	**(34,758)**	(4,050)

Retained earnings	**145,063**	121,783
Total Stockholders' Equity	**228,433**	233,553
Total Liabilities and Stockholders' Equity	**$ 572,517**	$ 475,228

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME

Rollins, Inc. and Subsidiaries

Years ended December 31, (in thousands except per share data)	2008	2007	2006
REVENUES			
Customer services	**$ 1,020,564**	$ 894,920	$ 858,878
COSTS AND EXPENSES			
Cost of services provided	**534,494**	468,665	457,869
Depreciation and amortization	**33,443**	27,068	26,860
Sales, general and administrative	**339,078**	296,615	280,578
Gain on sales of assets	**(166)**	(52)	(81)
Interest (income)/expense	**761**	(2,289)	(1,507)
	907,610	790,007	763,719
INCOME BEFORE INCOME TAXES	**112,954**	104,913	95,159
PROVISION FOR INCOME TAXES			
Current	**39,563**	39,149	31,343
Deferred	**4,457**	1,033	6,007
	44,020	40,182	37,350
NET INCOME	**$ 68,934**	$ 64,731	$ 57,809
INCOME PER SHARE BASIC	**$ 0.69**	$ 0.65	$ 0.57
INCOME PER SHARE DILUTED	**$ 0.69**	$ 0.64	$ 0.56
Weighted average shares outstanding basic	**99,209**	100,299	100,747
Weighted average shares outstanding diluted	**100,081**	101,409	103,314
DIVIDENDS PAID PER SHARE	**$ 0.25**	$ 0.20	$ 0.17

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Rollins, Inc. and Subsidiaries

(In thousands)	Common Stock Shares	Common Stock Amount	Treasury Stock	Treasury Amount	Paid-In-Capital	Treasury Paid-In-Capital	Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Retained Earnings	Total
Balance at December 31, 2005	**105,119**	**$ 105,119**	**(3,102)**	**$ (3,102)**	**$ 14,464**	**$**		**$ (23,264)**	**$ (5,881)**	**$ 89,615**	**$ 176,951**
Net Income							57,809			57,809	57,809
Other Comprehensive Income, Net of Tax											
Minimum Pension Liability Adjustment							5,717				5,717
Foreign Currency Translation Adjustments							(237)				(237)
Other Comprehensive Income							5,480	5,480			
Comprehensive Income							63,289				
Cash Dividends										(17,025)	(17,025)
Common Stock Purchased (1)			(1,007)	(1,007)						(14,790)	(15,797)
Issuance of 401(k) Company Match			177	177							177
FAS 123r Adoption					(5,881)				5,881		
Three-for-Two Stock Split 2007	355	355	(415)	(415)						60	
Stock Compensation	281	281			2,755						3,036
Common Stock Options Exercised & Other (2)	429	429			399						828
Balance at December 31, 2006	**106,184**	**$ 106,184**	**(4,347)**	**$ (4,347)**	**$ 11,737**	**$**		**$ (17,784)**	**$**	**$ 115,669**	**$ 211,459**
Net Income							64,731			64,731	64,731
Cumulative Effect Adjustment of adoption of FIN 48										(1,676)	(1,676)
Other Comprehensive Income, Net of Tax											
Unrealized Loss on Investments							3				3
Pension Liability Adjustment							11,029				11,029
Foreign Currency Translation Adjustments							2,702				2,702
Other Comprehensive Income							13,734	13,734			
Comprehensive Income							78,465				
Cash Dividends										(20,332)	(20,332)
Common Stock Purchased (1)			(1,697)	(1,697)						(36,866)	(38,563)

Common Stock Retired	(4,595)	(4,595)	4,595	4,595						
Three-for-Two Stock Split 2007	(1,736)	(1,736)	1,449	1,449					257	(30)
Stock Compensation	215	215			2,974					3,189
Common Stock Options Exercised (2)	568	568			(2,564)					(1,996)
Excess Tax Benefit on Non-Qualified Stock Options					3,037					3,037
Balance at December 31, 2007	**100,636**	**$ 100,636**		**$**	**$ 15,184**	**$**	**$ (4,050)**	**$**	**$ 121,783**	**$ 233,553**
Net Income						68,934			68,934	68,934
Other Comprehensive Income, Net of Tax										
Pension Liability Adjustment						(27,084)				(27,084)
Foreign Currency Translation Adjustments						(3,624)				(3,624)
Other Comprehensive Income						(30,708)	(30,708)			
Comprehensive Income						38,226				
Cash Dividends									(24,969)	(24,969)
Common Stock Purchased (1)	(1,385)	(1,385)							(20,685)	(22,070)
Stock Compensation	641	641			3,751					4,392
Common Stock Options Exercised (2)	149	149			(992)					(843)
Excess Tax Benefit on Non-Qualified Stock Options					144					144
Balance at December 31, 2008	**100,041**	**$ 100,041**		**$**	**$ 18,087**	**$**	**$ (34,758)**	**$**	**$ 145,063**	**$ 228,433**

(1) Charges to Retained Earnings are from purchases of the Company's Common Stock.

(2) Common Stock Options Exercised are net of employee stock buybacks

The accompanying notes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

Rollins, Inc. and Subsidiaries

Years ended December 31, (in thousands)	2008	2007	2006
OPERATING ACTIVITIES			
Net Income	$ **68,934**	$ 64,731	$ 57,809
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**33,443**	27,068	26,860
Provision for deferred income taxes	**4,457**	1,033	6,007
Stock based compensation expense	**4,392**	3,189	2,987
Gain on sales of assets	**(166)**	(52)	(81)
Excess tax benefits from share-based payments	**(144)**	(3,037)	
Provision for bad debts	**(8,984)**	(5,915)	(7,195)
Other, net	**(712)**	(232)	(544)
Changes in assets and liabilities:			
Trade accounts receivables	**8,528**	5,265	2,714
Accounts receivable other	**(361)**	709	697
Materials and supplies	**(422)**	(26)	681
Other current assets	**(3,760)**	(1,205)	1,914
Other non-current assets	**(613)**	(383)	301
Accounts payable and accrued expenses	**(1,384)**	22	5,476
Unearned revenue	**(1,691)**	1,731	(550)
Accrued insurance	**(221)**	(1,053)	1,344
Accrual for termite contracts	**(3,700)**	(2,201)	(3,000)
Accrued pension	**(5,000)**	(5,000)	(5,000)
Long-term accrued liabilities	**(1,852)**	4,118	(5,219)
Net cash provided by operating activities	**90,744**	88,762	85,201
INVESTING ACTIVITIES			
Cash used for acquisitions of companies, net of cash acquired	**(152,369)**	(6,801)	(10,087)
Purchase of equipment and property	**(14,815)**	(16,244)	(18,729)
Cash from sales of franchises	**321**	204	707
Proceeds from sales of assets	**146**	87	128
Net cash used in investing activities	**(166,717)**	(22,754)	(27,981)
FINANCING ACTIVITIES			
Borrowings, under line of credit agreement	**90,000**		
Payments on line of credit borrowings	**(25,000)**		
Cash paid for common stock purchased	**(23,240)**	(41,971)	(19,452)
Dividends paid	**(24,969)**	(20,332)	(17,025)
Book overdrafts in bank accounts	**4,600**		
Proceeds received upon exercise of stock options	**326**	1,384	1,086
Principal payments on capital lease obligations	**(829)**	(1,916)	(763)
Excess tax benefits from share-based payments			

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

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 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, we made our TrustedID® Premier service, an identity theft protection and credit file monitoring product, available for free to all U.S. consumers for twelve months for those who signed up by January 31, 2018. In late 2018, the Company extended the free credit file monitoring services for impacted consumers in the U.S. using the free TrustedID Premier® service by providing them the opportunity to enroll in Experian® IDNotify™ at no cost for an additional twelve months. Similarly, for impacted consumers in Canada and the U.K., we provided free credit reports and scores, credit monitoring and identity theft protection for twenty four months. As part of our commitment to providing long-term resources and protections for consumers, in January 2018, the Company introduced Lock & Alert™, a mobile application enabled service that allows U.S. consumers 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 the United Arab Emirates, and have an investment in a consumer and commercial credit information company in Brazil. Approximately 71% our revenue was generated in the U.S. during both of the twelve months ended December 31, 2018 and 2017.

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. Key performance indicators for the twelve months ended December 31, 2018, 2017 and 2016, include the following:

	Key Performance Indicators Twelve Months Ended December 31,		
	2018	2017	2016
	(In millions, except per share data)		
Operating revenue	$3,412.1	$3,362.2	$3,144.9
Operating revenue change	1 %	7 %	18 %
Operating income	$448.0	$831.7	$825.1
Operating margin	13.1 %	24.7 %	26.2 %
Net income attributable to Equifax	$299.8	$587.3	$488.8
Diluted earnings per share	$2.47	$4.83	$4.04
Cash provided by operating activities	$672.2	$816.0	$823.0
Capital expenditures*	$(368.1)	$(214.0)	$(191.5)

*Amounts above include accruals for capital expenditures.

Business Environment and Company Outlook

Demand for our services tends to be correlated to general levels of economic activity and to consumer credit activity, small commercial credit and marketing activity. Demand is also enhanced by our initiatives to expand our products, capabilities, and markets served. In the United States, we expect 2019 economic activity, as measured by GDP, to be down from the levels seen in the second half of 2018. We expect modest growth in consumer credit, excluding mortgage, over the course of 2019. U.S. Mortgage market originations are expected to be much weaker in the first half of 2019 and down for the full year of 2019 versus 2018. We anticipate 2019 economic activity, as measured by GDP, in Canada to be slightly below the levels seen in the second half of 2018. In Australia, as measured by GDP, we anticipate 2019 economic activity to be below the levels seen in the second half of 2018 due to overall weakness in consumer credit markets. In the European markets we serve, the U.K., Spain and Portugal, we are expecting 2019 economic activity, as measured by GDP, to be at or slightly below the levels in 2018. In Latin America, our two largest markets are in Argentina and Chile. In Argentina, the market weakened significantly in 2018. We are expecting continued weakness in 2019 but at lower levels than in 2018. In Chile, we are expecting economic activity in 2019 to be down slightly compared to 2018.

The 2017 cybersecurity incident is expected to continue to negatively impact revenue, principally in our USIS and Global Consumer Solutions businesses. We have incurred, in 2018, and will continue to incur, in 2019, legal, consulting and other costs related to the analysis and response to the 2017 cybersecurity incident. Additionally, in 2018 and beyond, we have incurred and will continue to incur increased costs and capital expenditures related to our technology transformation, which includes costs for enhanced data security. In 2018 and beyond, we had and will continue to have increases in the ongoing run-rate of technology and security spending. We also expect to continue 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 “Item 3. Legal Proceedings” in this Form 10-K. While we believe it is reasonably possible that we will incur losses associated with these proceedings and investigations, it is not possible 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 and may reduce available resources to invest in technology and innovation.

RESULTS OF OPERATIONS —
TWELVE MONTHS ENDED DECEMBER 31, 2018, 2017 AND 2016

Consolidated Financial Results

Operating Revenue

	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
Operating Revenue	2018	2017	2016	$	%	$	%
	(In millions)						
U.S. Information Solutions	$1,247.3	$1,262.7	$1,236.5	$(15.4)	(1)%	$26.2	2 %
International	966.2	932.3	803.6	33.9	4 %	128.7	16%
Workforce Solutions	826.8	764.2	702.2	62.6	8 %	62.0	9 %
Global Consumer Solutions	371.8	403.0	402.6	(31.2)	(8)%	0.4	—%
Consolidated operating revenue	$3,412.1	$3,362.2	$3,144.9	$49.9	1 %	$217.3	7 %

Revenue for 2018 increased by 1% compared to 2017. The growth was driven by our Workforce Solutions and International segments which was partially offset by declines in USIS and Global Consumer Solutions which were negatively impacted by the 2017 cybersecurity incident. Workforce Solutions saw strong growth driven by Verification Services. International had local currency growth across all regions. The effect of foreign exchange rates reduced revenue by $28.3 million, or 1%, in 2018 compared to 2017.

Revenue for 2017 increased by 7% compared to 2016. The growth was driven by our International and Workforce Solutions segments. International had strong growth across all regions, which reflects broad based organic growth and the Veda acquisition. Workforce Solutions saw strong growth driven by Verification Services. USIS had an increase in revenue compared to 2016, reflecting growth in core credit decisioning, financial marketing services, mortgage and identity and fraud solutions. Revenue in our USIS, Global Consumer Solutions and Workforce Solutions segments were negatively impacted by the 2017 cybersecurity incident. The effect of foreign exchange rates reduced revenue by $6.0 million in 2017 compared to 2016.

Operating Expenses

	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
Operating Expenses	2018	2017	2016	$	%	$	%
	(In millions)						
Consolidated cost of services	$1,440.4	$1,210.7	$1,113.4	$229.7	19%	$97.3	9 %
Consolidated selling, general and administrative expenses	1,213.3	1,032.0	941.0	181.3	18%	91.0	10%
Consolidated depreciation and amortization expense	310.4	287.8	265.4	22.6	8 %	22.4	8 %
Consolidated operating expenses	$2,964.1	$2,530.5	$2,319.8	$433.6	17%	$210.7	9 %

Cost of Services. Cost of services increased $229.7 million in 2018 compared to 2017. We incurred increased incremental technology and data security costs of $146.5 million in 2018. These increased technology and security costs predominantly reflect the investments we are making in our technology transformation, which include costs for enhanced data security. We expect these incremental costs as well as increased ongoing technology and security costs to continue in 2019 and 2020. The remaining increase is due to increased people and royalty costs. The effect of changes in foreign exchange rates reduced cost of services by $6.4 million.

Cost of services increased $97.3 million in 2017 compared to 2016. The increase in cost of services, when compared to 2016, was due to the increase in production costs driven by higher revenues, as well as increases of $14.2 million in professional services related to the 2017 cybersecurity incident and in people costs. The effect of changes in foreign exchange rates reduced cost of services by $2.1 million.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $181.3 million in 2018 as compared to 2017.

We incurred increased incremental technology and data security costs of $160.7 million in 2018. As was the case in cost of services, these increased technology and security costs predominately reflect the investments we are making in our technology transformation, which include costs for enhanced data security. We expect these incremental costs as well as increased ongoing technology and security costs to continue in 2019 and 2020.

Related to the 2017 cybersecurity incident, we incurred net costs of $19.0 million in 2018. We incurred legal and investigative fees of $73.6 million, and decreased costs to fulfill and support the free credit monitoring service provided to eligible consumers of $20.4 million. Additionally, we benefited from the recognition of insurance proceeds of $75.0 million to offset these costs in 2018, versus the $50.0 million of insurance proceeds recorded in 2017.

The remaining changes were driven by increases due to the restructuring charge of $46.1 million, people, the public records litigation settlement of $18.5 million, and insurance costs which were partially offset by decreased advertising costs.

The impact of changes in foreign currency exchange rates decreased our selling, general and administrative expenses by $10.2 million.

Selling, general and administrative expenses increased $91.0 million in 2017 as compared to 2016. The increase was due to $99.8 million of costs related to the 2017 cybersecurity incident, higher occupancy and people costs, partially offset by a decline in Veda integration and transaction costs. The impact of changes in foreign currency exchange rates decreased our selling, general and administrative expenses by $2.2 million.

Depreciation and Amortization. Depreciation and amortization expense for 2018 increased by $22.6 million. The increase is due to amortization of capitalized internal-use software and system costs and depreciation of production equipment, partially offset by a decrease in amortization of purchased intangibles.

Depreciation and amortization expense for 2017 increased by $22.4 million primarily due to increased depreciation due to increased capital expenditures.

Operating Income and Operating Margin

Operating Income and Operating Margin	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(In millions)						
Consolidated operating revenue	$3,412.1	$3,362.2	$3,144.9	$49.9	1 %	$217.3	7 %
Consolidated operating expenses	2,964.1	2,530.5	2,319.8	433.6	17 %	210.7	9 %
Consolidated operating income	$448.0	$831.7	$825.1	$(383.7)	(46)%	$6.6	1 %
Consolidated operating margin	13.1 %	24.7 %	26.2 %		(11.6)pts		(1.5)pts

Total company margin decreased in 2018 versus 2017, primarily due to the aforementioned technology and data security spending by the Company after the 2017 cybersecurity incident of $326.2 million reflected in costs of services and selling, general, and administrative expenses in our Consolidated Statements of Income.

Total company margin decreased in 2017 versus 2016, primarily due to the costs related to the 2017 cybersecurity incident, partially offset by increased margins in International and Workforce Solutions business segments and lower integration costs related to the acquisition of Veda.

Interest Expense and Other Income (Expense), net

Consolidated Interest and Other Income (Expense), net	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(In millions)						
Consolidated interest expense	$(103.5)	$(92.8)	$(92.1)	$(10.7)	12 %	$(0.7)	1 %
Consolidated other income, net	11.8	7.7	(4.8)	4.1	53 %	12.5	(260)%
Average cost of debt	3.8 %	3.4 %	3.5 %				
Total consolidated debt, net, at year end	$2,635.5	$2,704.3	$2,672.2	$(68.8)	(3)%	$32.1	1 %

Interest expense increased in 2018, when compared to 2017, due to an increase in our overall average cost of debt resulting from the issuance of the Senior Notes in May 2018.

Interest expense increased in 2017, when compared to 2016, due to an increase in our average consolidated debt outstanding in 2017, reflecting debt incurred in the first quarter of 2016 to finance the acquisition of Veda. Our average cost of debt decreased in 2017 compared to 2016, due to the higher balance of low rate commercial paper outstanding and lower long-term rates due to the repayment on July 3, 2017 of $272.5 million in principal amount of our 6.3% senior notes.

The increase in other income (expense), net, in 2018 is primarily due to higher earnings on certain equity method investments, an increase in interest income, and the release of a liability from a past acquisition. These increases were partially offset by increased pension expense and the foreign exchange impact of remeasuring the peso denominated monetary assets and liabilities as a result of Argentina becoming a highly inflationary economy for accounting purposes in 2018.

The increase in other income (expense), net, in 2017 is primarily due to a 2016 loss on the economic hedges, offset by a foreign currency gain on intercompany debt related to the Veda transaction which did not recur in 2017. There were also higher earnings on certain equity method investments in 2017.

Income Taxes

	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
Provision for Income Taxes	2018	2017	2016	$	%	$	%
	(In millions)						
Consolidated provision for income taxes	$(50.0)	$(148.6)	$(233.1)	$98.6	(66)%	$84.5	(36)%
Effective income tax rate	14.0 %	19.9 %	32.0 %				

Our effective tax rate was 14.0% for 2018, down from 19.9% for the same period in 2017. The decrease in our effective income tax rate is due to the decrease in the statutory U.S. tax rate as a result of the Tax Act enacted in the fourth quarter of 2017 and the increase in the benefit received from the reversal of uncertain tax positions. These changes were offset by an increase in the impact of equity compensation, an increase in the foreign rate differential impact, and the deferred tax benefit recorded in the fourth quarter of 2017 to reflect the impact of the Tax Act.

Our effective tax rate was 19.9% for 2017, down from 32.0% for the same period in 2016. The decrease in our effective income tax rate for 2017 is primarily attributable to recording the preliminary impact of the Tax Act enacted in the fourth quarter of 2017, and the adoption of the new stock-based compensation guidance we prospectively adopted in the first quarter of 2017. We recognized a $48.3 million and $26.7 million tax benefit related to the estimated impact of tax legislation enacted in 2017 and the accounting change for stock-based compensation guidance for the full year 2017, respectively.

Net Income

	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
Net Income	2018	2017	2016	$	%	$	%
	(In millions, except per share amounts)						
Consolidated operating income	$448.0	$831.7	$825.1	$(383.7)	(46)%	$6.6	1 %
Consolidated other expense, net	(91.7)	(85.1)	(96.9)	(6.6)	8 %	11.8	(12)%
Consolidated provision for income taxes	(50.0)	(148.6)	(233.1)	98.6	(66)%	84.5	(36)%
Consolidated net income	306.3	598.0	495.1	(291.7)	(49)%	102.9	21 %
Net income attributable to noncontrolling interests	(6.5)	(10.7)	(6.3)	4.2	(39)%	(4.4)	70 %
Net income attributable to Equifax	$299.8	$587.3	$488.8	$(287.5)	(49)%	$98.5	20 %
Diluted earnings per share:							
Net income attributable to Equifax	$2.47	$4.83	$4.04	$(2.36)	(49)%	$0.79	20 %
Weighted-average shares used in computing diluted earnings per share	121.4	121.5	121.1				

Consolidated net income decreased by $291.7 million, or 49%, in 2018 compared to 2017 due to decreased operating income primarily driven by the $326.2 million of aforementioned incremental technology and data security costs. The increased costs were partially offset by decreased income tax expense due to lower pre-tax income and the decrease in the statutory U.S. tax rate as a result of the Tax Act enacted in the fourth quarter of 2017.

Consolidated net income increased by $102.9 million, or 21%, in 2017 compared to 2016 due to increased operating income, principally in our International, Workforce Solutions, and USIS businesses, partially offset by the 2017 cybersecurity costs of $114.0 million and lower operating income in the Global Consumer Solutions business. There were also several income tax benefits, consisting principally of the fourth quarter tax benefit related to the Tax Act and the prospective adoption of the new stock-based compensation guidance in the first quarter of 2017. Additionally, there was an increase in other income, primarily due to a 2016 loss on economic hedges, offset by a foreign currency gain on intercompany debt related to the Veda transaction which did not recur in 2017.

Segment Financial Results

U.S. Information Solutions

U.S. Information Solutions	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(In millions)						
Operating revenue:							
Online Information Solutions	$877.5	$889.6	$879.3	$(12.1)	(1)%	$10.3	1%
Mortgage Solutions	153.6	148.9	142.2	4.7	3%	6.7	5%
Financial Marketing Services	216.2	224.2	215.0	(8.0)	(4)%	9.2	4%
Total operating revenue	$1,247.3	$1,262.7	$1,236.5	$(15.4)	(1)%	$26.2	2%
% of consolidated revenue	37%	37%	39%				
Total operating income	$441.7	$539.1	$537.0	$(97.4)	(18)%	$2.1	—%
Operating margin	35.4%	42.7%	43.4%		(7.3)pts		(0.7)pts

U.S. Information Solutions revenue decreased 1% in 2018 compared to 2017 due to declines in our core credit decisioning services and lower project related revenue as well as the negative impact from the 2017 cybersecurity incident. These declines were partially offset by revenue from a 2018 acquisition, growth in core mortgage, and revenue from mortgage channel partners.

U.S. Information Solutions revenue increased 2% in 2017 compared to 2016 due to growth in the mortgage and financial verticals, partially offset by a decline in our auto vertical and the impact of the 2017 cybersecurity incident.

Online Information Solutions. Revenue for 2018 decreased 1% compared to 2017, due to declines in our core credit decisioning services and identity and fraud solutions revenue. These declines were partially offset by growth from a 2018 acquisition and revenue from mortgage, auto, and direct to consumer channel partners.

Revenue for 2017 increased 1% compared to 2016, due to growth in core credit decisioning and identity and fraud solutions.

Mortgage Solutions. Revenue increased 3% in 2018 compared to 2017, primarily due to a new product offering. This growth was partially offset by declines in the mortgage market and our other mortgage product offerings.

Revenue increased 5% in 2017 compared to 2016, driven by growth in core mortgage, as well as growth from other mortgage product offerings.

Financial Marketing Services. Revenue decreased 4% in 2018 compared to 2017 due to a reduction in projects delivered.

Revenue increased 4% in 2017 compared to 2016 due to growth in credit marketing services and project related revenue.

U.S. Information Solutions Operating Margin. USIS operating margin decreased to 35.4% in 2018 compared to 42.7% in 2017, primarily due to the decrease in revenue and increases in incremental technology and data security costs, royalties, and the public records litigation settlement of $18.5 million. USIS operating margin decreased to 42.7% in 2017 compared to 2016 of 43.4%, primarily due to increased people costs, partially offset by product mix.

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International

International	Twelve Months Ended December 31			Change			
				2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(In millions)						
Operating revenue:							
Asia Pacific	$325.6	$308.9	$244.2	$16.7	5 %	$64.7	26 %
Europe	287.3	273.8	253.6	13.5	5 %	20.2	8 %
Latin America	206.6	213.6	183.9	(7.0)	(3)%	29.7	16 %
Canada	146.7	136.0	121.9	10.7	8 %	14.1	12 %
Total operating revenue	$966.2	$932.3	$803.6	$33.9	4 %	$128.7	16 %
% of consolidated revenue	28 %	28 %	26 %				
Total operating income	$108.6	$169.4	$111.4	$(60.8)	(36)%	$58.0	52 %
Operating margin	11.2 %	18.2 %	13.9 %		(7.0)pts		4.3pts

International revenue increased by 4% in 2018 as compared to 2017. Local currency revenue growth for 2018 was 7%, driven by growth across all regions. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $29.5 million, or 3%.

International revenue increased by 16% in 2017 as compared to 2016. Local currency organic revenue growth for 2017, excluding Veda, was 11%, driven by growth across all regions. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $4.3 million, or 1%.

Asia Pacific. Local currency growth was 8% in 2018 primarily due to the Mercury acquisition and growth in our commercial business. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $8.8 million, or 3%, in 2018. Reported revenue increased 5% in 2018.

Local currency growth was 24% in 2017 primarily due to the Veda acquisition. Local currency fluctuations against the U.S. dollar positively impacted revenue by $6.1 million, or 3%, in 2017. Reported revenue increased 26% in 2017.

Europe. Local currency revenue growth was 1% in 2018 primarily due to growth in U.K. and Spain credit operations revenue and was partially offset by a decline in our debt management services. Local currency fluctuations against the U.S. dollar positively impacted revenue by $10.0 million, or 4%, for 2018. Reported revenue increased 5% in 2018.

Local currency revenue growth was 12% in 2017 primarily due to growth in U.K. debt management services and other growth in the U.K. and Spain. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $9.1 million, or 4%, for 2017. Reported revenue increased 8% in 2017.

Latin America. Local currency revenue increased 11% in 2018 driven by core growth primarily in Argentina, Chile and Ecuador. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $30.8 million, or 14%, in 2018, most notably due to depreciation in the foreign exchange rate of the Argentine peso. Reported revenue decreased 3% in 2018.

Local currency revenue increased 18% in 2017 driven by growth primarily in Argentina and Chile. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $3.9 million, or 2%, in 2017, most notably due to depreciation in the foreign exchange rate of the Argentine peso, partially offset by appreciation of the Chilean peso. Reported revenue increased 16% in 2016.

Canada. Local currency revenue increased 8% in 2018 compared to 2017, primarily due to broad based revenue growth. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $0.1 million in 2018. Reported revenue increased 8% in 2018.

Local currency revenue increased 9% in 2017 compared to 2016, primarily due to organic growth. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $2.7 million, or 2%, in 2017. Reported revenue increased 12% in 2017.

International Operating Margin. Operating margin decreased to 11.2% in 2018 as compared to 18.2% in 2017. The reduced margin is due to an increase in incremental technology and data security, people, and production costs as well as depreciation and amortization. These increased costs were positively impacted by foreign currency fluctuations during the year. Operating margin increased to 18.2% in 2017 as compared to 13.9% in 2016. The increase primarily resulted from a decrease in integration costs related to the Veda acquisition, lower growth in people costs, a gain on the sale of an asset, and a slight decrease in purchased intangibles amortization.

Workforce Solutions

Workforce Solutions	Twelve Months Ended December 31			Change			
				2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(In millions)						
Operating Revenue:							
Verification Services	$567.0	$501.5	$437.3	$65.5	13 %	$64.2	15 %
Employer Services	259.8	262.7	264.9	(2.9)	(1)%	(2.2)	(1)%
Total operating revenue	$826.8	$764.2	$702.2	$62.6	8 %	$62.0	9 %
% of consolidated revenue	24 %	23 %	22 %				
Total operating income	$332.7	$331.9	$295.5	$0.8	— %	$36.4	12 %
Operating margin	40.2 %	43.4 %	42.1 %		(3.2) pts		1.3 pts

Workforce Solutions revenue increased by 8% in 2018 compared to 2017 due to strong growth in Verification Services, partially offset by decreased revenue in unemployment claims.

Workforce Solutions revenue increased by 9% in 2017 compared to 2016 due to strong growth in the government, mortgage, financial and pre-employment screening verticals, partially offset by the impact of the 2017 cybersecurity incident.

Verification Services. Revenue increased 13% in 2018 compared to 2017, due to strong growth in government, mortgage, talent solutions, and healthcare verticals, and continued addition of new records to The Work Number database.

Revenue increased 15% in 2017 compared to 2016, due to strong growth in government, mortgage, financial, pre-employment screening and telecommunications verticals, and continued addition of new records to The Work Number database.

Employer Services. Revenue decreased 1% in 2018 compared to 2017 due to declines in our unemployment claims services, workforce analytics and our other employer services. These declines were partially offset by growth from our 2018 acquisitions.

Revenue decreased 1% in 2017 compared to 2016 due to a decline in our employment based tax credit services and workforce analytics offset by an increase in our on-boarding and unemployment claims services.

Workforce Solutions Operating Margin. Operating margin decreased 320 basis points to 40.2% in 2018 compared to 43.4% in 2017 due to increases in people, incremental technology and data security, and royalty costs. These increases were partially offset by the additional margin generated from increased revenue. Operating margin increased 130 basis points to 43.4% in 2017 compared to 42.1% in 2016 due to revenue growth and product mix, offset by increased people costs.

Global Consumer Solutions

Global Consumer Solutions	Twelve Months Ended December 31			Change			
				2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(In millions)						
Total operating revenue	$371.8	$403.0	$402.6	$(31.2)	(8)%	$0.4	— %
% of consolidated revenue	11 %	12 %	13 %				
Total operating income	$68.6	$106.2	$112.4	$(37.6)	(35)%	$(6.2)	(6)%
Operating margin	18.4 %	26.4 %	27.9 %		(8.0)pts		(1.5)pts

Revenue decreased 8% for 2018 in reported and local currency revenue, as compared to 2017. The decrease in revenue is due to a decrease in our consumer direct revenue in the U.S. and U.K. as we ceased advertising our consumer paid products in the U.S. in September 2017 following the 2017 cybersecurity incident and were impacted by the Global Data Protection Regulations in the U.K. These decreases were partially offset by an increase in our partner revenue, which includes revenue from the ID Watchdog acquisition. We resumed advertising our U.S. consumer paid products in the fourth quarter of 2018 and expect to see the related benefit starting in 2019. Local currency fluctuations against the U.S. dollar positively impacted revenue by $1.2 million for 2018.

Operating margin decreased in 2018 to 18.4% compared to 26.4% in 2017, due to the decreased revenue and an increase in incremental technology and data security costs which were partially offset by decreased advertising costs.

Revenue was flat for 2017 compared to 2016. Local currency revenue grew 1% in 2017, due to an increase in our partner revenue, which includes revenue from the ID Watchdog acquisition. The increase in revenue was offset by a decrease in our global consumer direct revenue, primarily in the U.S., as we ceased advertising our consumer business in the U.S. in September 2017 following the 2017 cybersecurity incident. Local currency fluctuations against the U.S. dollar negatively impacted revenue by $1.8 million for 2017.

Operating margin decreased in 2017 to 26.4% as compared to 27.9% in the prior year, due to higher technology costs, product mix, and higher depreciation and acquisition costs, partially offset by lower advertising expenses.

General Corporate Expense

General Corporate Expense	Twelve Months Ended December 31,			Change			
				2018 vs. 2017		2017 vs. 2016	
	2018	2017	2016	$	%	$	%
	(In millions)						
General corporate expense	$503.6	$314.8	$231.3	$188.8	60%	$83.5	36%

Our general corporate expenses are unallocated costs that are incurred at the corporate level and include those expenses impacted by corporate direction, including shared services, technology, administrative, legal, restructuring, and the portion of management incentive compensation determined by total company-wide performance.

General corporate expense increased $188.8 million in 2018. We incurred increased incremental technology and data security costs following the announcement of the 2017 cybersecurity incident of $186.7 million in 2018. This was partially offset by a decrease in legal and investigative fees and the costs to fulfill and support the free credit monitoring service provided to eligible consumers of $75.2 million in 2018. Further, we benefited from an increase in the recognition of insurance proceeds of $75.0 million to offset these costs in 2018, versus the $50.0 million of insurance proceeds recorded in 2017. Additionally, we recorded $46.1 million of restructuring charges in 2018 which primarily relate to a reduction of headcount. The remaining increase is due to people and insurance costs.

General corporate expense increased $83.5 million in 2017 primarily due to $109.4 million of costs related to the 2017 cybersecurity incident.

LIQUIDITY AND FINANCIAL CONDITION

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

Sources and Uses of Cash

Funds generated by operating activities, our commercial paper program, our Revolver and our Receivables Facility, more fully described below, are our most significant sources of liquidity. We expect that funds generated by operating activities will be sufficient to finance our anticipated working capital and other cash requirements (such as ongoing capital expenditures associated with near-term actions to enhance technology systems and data security, legal fees and other professional service costs associated with the 2017 cybersecurity incident, interest payments, debt payments, potential pension funding contributions and dividend payments) for the foreseeable future. However, currently it is not possible 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 resulting from the 2017 cybersecurity incident. Such potential payments, if great enough, could have an adverse effect on our liquidity. In this case, funds generated from operating activities and our credit facilities may not be sufficient to pay such damages, costs, penalties and fines. See "Item 1A. Risk Factors—The government investigations and litigation resulting from the 2017 cybersecurity incident will continue to adversely impact our business and results of operations" and "Item 3. Legal Proceedings" in the Form 10-K. At December 31, 2018, $1.08 billion was available to borrow under our Revolver. As of December 31, 2018, $209.8 million was available to borrow under our Receivables Facility. In the event that additional financing is needed, we would finance using the public and private corporate bond markets and/or syndicated loan markets, if available.

Fund Transfer Limitations. The ability of certain of our subsidiaries and associated companies to transfer funds to the U.S may be limited, in some cases, by certain restrictions imposed by foreign governments. These restrictions do not, individually or in the aggregate, materially limit our ability to service our indebtedness, meet our current obligations or pay dividends. As of December 31, 2018, we held $124.7 million of cash in our foreign subsidiaries.

Information about our cash flows, by category, is presented in the Consolidated Statements of Cash Flows. The following table summarizes our cash flows for the twelve months ended December 31, 2018, 2017 and 2016:

	Twelve Months Ended December 31			Change	
Net cash provided by (used in):	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
	(In millions)				
Operating activities	$672.2	$816.0	$823.0	$(143.8)	$ (7.0)
Investing activities	$(461.5)	$(349.5)	$(1,975.9)	$(112.0)	$ 1,626.4
Financing activities	$(311.0)	$(263.7)	$1,160.3	$(47.3)	$ (1,424.0)

Operating Activities

Cash provided by operating activities for 2018 decreased by $143.8 million compared to 2017, due to the decrease in net income, adjusted for depreciation and amortization. This decrease was partially offset by an improvement in our working capital and the change in deferred income taxes.

Cash provided by operating activities for 2017 decreased by $7.0 million compared to 2016, due to an increase in working capital mostly driven by an increase in other assets, current and long-term and slower growth in current and long-term liabilities, excluding debt. Additionally we incurred significant costs related to the 2017 cybersecurity incident. These decreases were partially offset by growth in net income, slower growth in accounts receivable, net and an increase in depreciation and amortization.

Investing Activities

	Twelve Months Ended December 31,			Change	
Net cash used in:	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
	(In millions)				
Capital expenditures*	$(321.9)	$(218.2)	$(173.5)	$(103.7)	$ (44.7)

*Amounts above are total cash outflows for capital expenditures.

Our capital expenditures are used for developing, enhancing and deploying new and existing software in support of our expanding product set, replacing or adding equipment, updating systems for regulatory compliance, licensing of standard software applications, investing in system reliability, security and disaster recovery enhancements, and updating or expanding our office facilities.

Capital expenditures in 2018 and 2017 increased from 2017 and 2016, respectively, as we are continuing to invest in enhanced technology systems, infrastructure and data security after the 2017 cybersecurity incident.

Acquisitions, Divestitures and Investments

	Twelve Months Ended December 31,			Change	
Net cash provided by (used in):	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
	(In millions)				
Acquisitions, net of cash acquired	$(138.3)	$(139.9)	$(1,791.6)	$1.6	$ 1,651.7
Cash received from sale of asset	$5.6	$8.6	$—	$(3.0)	$ 8.6
Investment in unconsolidated affiliates, net	$(6.9)	$—	$—	$(6.9)	$ —

2018 Acquisitions and Investments. During 2018, we completed acquisitions in our Workforce Solutions and International segments as well as DataX Ltd. in the third quarter of 2018 in our USIS segment.

2017 Acquisitions and Investments. During the fourth quarter of 2017, we acquired 100% of the outstanding stock of Mercury Group of Companies Pty Ltd ("Mercury"), an Australian-owned workforce management company. During the third quarter of 2017, we completed the acquisition of 100% of the outstanding stock of ID Watchdog, Inc.

2016 Acquisitions and Investments. During the first quarter of 2016, the Company completed the acquisition of 100% of the ordinary voting shares of Veda for cash consideration of approximately $1.7 billion. During the first quarter of 2016, we settled all of the foreign currency options related to the Veda acquisition on the respective settlement dates for a net cash payment of $10.8 million. During the third quarter of 2016, the Company completed the acquisition of Barnett and Computersoft.

For additional information about our acquisitions, see Note 3 of the Notes to Consolidated Financial Statements in this report.

Financing Activities

	Twelve Months Ended December 31,			Change	
Net cash provided by (used in):	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
	(In millions)				
Net short-term (repayments) borrowings	$(959.2)	$252.4	$73.0	$(1,211.6)	$ 179.4
Proceeds from issuance of long-term debt	$994.5	$100.0	$1,574.7	$894.5	$ (1,474.7)
Payments on long-term debt	$(100.0)	$(322.5)	$(350.0)	$222.5	$ 27.5

Credit Facility Availability. 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 $900.0 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

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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. We believe we are currently in compliance with all representations and warranties necessary as a condition for borrowing under the Revolver, but we cannot assure that we will be able to comply with all such conditions to borrowing in the future. 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.

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

At December 31, 2018, the Company had no borrowings outstanding of CP, $15.50 million of letters of credit outstanding and no borrowings outstanding under the Revolver. At December 31, 2018, a total of $1.08 billion was available under the Revolver.

At December 31, 2018, approximately 89% of our debt was fixed rate and 11% was variable rate. Our variable-rate debt consists of the Floating Rate Notes. The interest rate resets periodically, based on the terms of the respective financing arrangement. At December 31, 2018, the interest rate on our variable-rate debt was 3.5%.

Borrowing and Repayment Activity. Net short-term (repayments) borrowings primarily represent repayments or borrowings of outstanding amounts under our CP program. We primarily borrow under our CP program as needed and as availability allows.

The increase in net short-term (repayments) borrowings primarily relates to the net activity of CP notes in 2017.

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. 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 CP program.

On May 12, 2016, we issued $500.0 million principal amount of 2.3%, five-year senior notes and $275.0 million principal amount of 3.25%, ten-year senior notes in an underwritten public offering. Interest is payable semi-annually in arrears on June 1 and December 1 of each year. The net proceeds of the sale of the notes were used to repay borrowings under our previous 364-Day Revolver and a portion of the borrowings under our commercial paper program incurred to finance the acquisition of Veda.

Payments on long-term debt in 2017 reflect $272.5 million of payments related to senior notes, as well as $50.0 million of payments on the Term Loan. Borrowings on long-term debt reflect an $800.0 million draw down in the first quarter of 2016 on our Term Loan Facility and the issuance of $500.0 million of senior notes due 2021 and $275.0 million of senior notes due 2026 during the second quarter of 2016, as discussed above.

In the fourth quarter of 2017, Equifax entered into a $225 million, 2-year receivables funding facility (the Receivables Facility), which had an original maturity in 2019. In November 2018, we amended the Receivables Facility to extend the maturity to November 2020. Under the Receivables Facility, Equifax sells 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 accounts receivable to investors. The investors have no recourse to the Company's other assets except for customary warranty and indemnity claims.

Creditors of Equifax do not have recourse to the assets of Equifax Receivables Funding LLC.

Debt Covenants. A downgrade in credit ratings would increase the cost of borrowings under our CP program and Revolver, and could limit or, in the case of a significant downgrade, preclude our ability to issue CP. The outstanding indentures and comparable instruments contain customary covenants including, for example, limits on mortgages, liens and sale/leaseback transactions. In addition, the Revolver requires us to maintain a maximum leverage ratio of not more than 3.5 to 1.0. None of these covenants are considered restrictive to our operations and, as of December 31, 2018, the Company was in compliance with all of our debt covenants.

The Company does not have any credit rating triggers that would accelerate the maturity of a material amount of the outstanding debt; however, the 2.3% senior notes due 2021, 3.6% senior notes due 2021, floating rate notes due 2021, 3.3% senior notes due 2022, 3.95% senior notes due 2023, 3.25% senior notes due 2026 and 7.0% senior notes due 2037 (together, the “Senior Notes”) contain change in control provisions. If the Company experiences a change of control or publicly announces the Company’s intention to effect a change of control and the rating on the senior notes is lowered by Standard & Poor’s, or S&P, and Moody’s Investors Service, or Moody’s, below an investment grade rating within 60 days of such change of control or notice thereof, then the Company will be required to offer to repurchase the senior notes at a price equal to 101% of the aggregate principal amount of the senior notes plus accrued and unpaid interest.

Credit Ratings. Credit ratings reflect an independent agency’s judgment on the likelihood that a borrower will repay a debt obligation at maturity. The ratings reflect many considerations, such as the nature of the borrower’s industry and its competitive position, the size of the company, its liquidity and access to capital and the sensitivity of a company’s cash flows to changes in the economy. The two largest rating agencies, S&P and Moody’s, use alphanumeric codes to designate their ratings. The highest quality rating for long-term credit obligations is AAA and Aaa for S&P and Moody’s, respectively. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

Long-term ratings of BBB- and Baa3 or better by S&P and Moody’s, respectively, reflect ratings on debt obligations that fall within a band of credit quality considered to be “investment grade.” At December 31, 2018, the long-term ratings for our obligations were BBB+ with a negative outlook for S&P and Baa1 with a stable outlook for Moody’s. A downgrade in our credit rating would increase the cost of borrowings under our CP program and Revolver, and could limit, or in the case of a significant downgrade, preclude our ability to issue CP. If our credit ratings were to decline to lower levels, we could experience increases in the interest cost for any new debt. In addition, the market’s demand for, and thus our ability to readily issue, new debt could become further affected by the economic and credit market environment. These ratings are subject to change as events and circumstances change.

For additional information about our debt, including the terms of our financing arrangements, basis for variable interest rates and debt covenants, see Note 5 of the Notes to Consolidated Financial Statements in this report.

Equity Transactions

	Twelve Months Ended December 31,			Change	
Net cash provided by (used in):	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
	(In millions)				
Treasury stock purchases	$—	$(77.1)	$—	$77.1	$(77.1)
Dividends paid to Equifax shareholders	$(187.9)	$(187.4)	$(157.6)	$(0.5)	$(29.8)
Dividends paid to noncontrolling interests	$(10.3)	$(8.4)	$(5.8)	$(1.9)	$(2.6)
Proceeds from exercise of stock options	$11.8	$19.2	$31.5	$(7.4)	$(12.3)
Purchase of redeemable noncontrolling interests	$(30.9)	$(2.6)	$(3.6)	$(28.3)	$1.0

Sources and uses of cash related to equity during the twelve months ended December 31, 2018, 2017 and 2016 were as follows:

- We did not repurchase any shares in 2018 and 2016. Under share repurchase programs authorized by our Board of Directors, we repurchased 0.5 million common shares during the twelve months ended December 31, 2017, for $77.1 million, at an average price per common share of $143.88. As of December 31, 2018, under the existing board authorization, the Company is approved for additional stock repurchases valued at $590.1 million.

During the twelve months ended December 31, 2018, 2017 and 2016, we paid cash dividends to Equifax shareholders of $187.9 million, $187.4 million and $157.6 million, respectively, at $1.56 per share for 2018 and 2017, and $1.32 per share for 2016.

We anticipate continuing the payment of quarterly cash dividends. The actual amount of such dividends is subject to declaration by our Board of Directors and will depend upon future earnings, results of operations, capital requirements, our financial condition and other relevant factors. There can be no assurance that the Company will continue to pay quarterly cash dividends at current levels or at all.

Contractual Obligations and Commercial Commitments

The following table summarizes our significant contractual obligations and commitments as of December 31, 2018. The table excludes commitments that are contingent based on events or factors uncertain at this time. Some of the excluded commitments are discussed below the footnotes to the table.

	Payments due by				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	Thereafter
	(In millions)				
Debt (including capitalized lease obligation) (1)	$2,654.9	$ 4.9	$ 1,100.0	$ 900.0	$ 650.0
Operating leases (2)	192.2	32.5	55.1	42.5	62.1
Data processing, outsourcing agreements and other purchase obligations (3)	163.6	105.2	30.8	13.6	14.0
Other long-term liabilities (4) (5)	136.9	9.7	18.5	19.4	89.3
Interest payments (6)	691.5	100.1	185.5	109.1	296.8
	$3,839.1	$ 252.4	$ 1,389.9	$ 1,084.6	$ 1,112.2

(1) The amounts are gross of unamortized discounts totaling $19.4 million at December 31, 2018. Total debt on our Consolidated Balance Sheets is net of the unamortized discounts and fair value adjustments. There were no fair value adjustments to our debt at December 31, 2018.

(2) Our operating lease obligations principally involve office space and equipment, which include the ground lease associated with our headquarters building that expires in 2048.

(3) These agreements primarily represent our minimum contractual obligations for services that we outsource associated with our computer data processing operations and related functions, and certain administrative functions. These agreements expire between 2019 and 2026.

(4) These long-term liabilities primarily relate to obligations associated with certain pension, postretirement and other compensation-related plans, some of which are discounted in accordance with U.S. generally accepted accounting principles, or GAAP. We made certain assumptions about the timing of such future payments. In the table above, we have not included amounts related to future pension plan obligations, as such required funding amounts beyond 2019 have not been deemed necessary due to our current expectations regarding future plan asset performance.

(5) This table excludes $24.9 million of unrecognized tax benefits, including interest and penalties, as we cannot make a reasonably reliable estimate of the period of cash settlement with the respective taxing authorities.

(6) For future interest payments on variable-rate debt, which bears a rate equal to three-month LIBOR on the interest determination date plus 0.87% per annum, we used the variable rate in effect at December 31, 2018 to calculate these payments. Our outstanding variable rate debt at December 31, 2018, consisted of the Floating Rate Notes. The variable rate at December 31, 2018 was 3.5%. Future interest payments may be different depending on future borrowing activity and interest rates.

Off-Balance Sheet Transactions

We do not engage in off-balance sheet financing activities.

Pursuant to the terms of certain industrial revenue bonds, we have transferred title to certain of our fixed assets with total costs of $156.4 million as of December 31, 2018 and 2017 to a local governmental authority in the U.S. to receive a property tax abatement related to economic development. The title to these assets will revert back to us upon retirement or cancellation of the applicable bonds. These fixed assets are still recognized on the Company's Consolidated Balance Sheets as all risks and rewards related to the assets remain with the Company.

Letters of Credit and Guarantees

We will from time to time issue standby letters of credit, performance or surety bonds or other guarantees in the normal course of business. The aggregate notional amount of all performance and surety bonds and standby letters of credit was not material at December 31, 2018, and generally have a remaining maturity of one year or less. Guarantees are issued from time to time to support the needs of our operating units. The maximum potential future payments we could be required to make under the guarantees is not material at December 31, 2018.

Benefit Plans

We sponsor a qualified defined benefit retirement plan (the U.S. Retirement Income Plan, or USRIP) that covers approximately 12% of current U.S. salaried employees who were hired on or before June 30, 2007, the last date on which an individual could be hired and enter the plan before the USRIP was closed to new participation at December 31, 2008. This plan also covers retirees as well as certain terminated but vested individuals not yet in retirement status. We also sponsor a retirement plan with both defined benefit and defined contribution components that cover most salaried and hourly employees in Canada (the Canadian Retirement Income Plan, or CRIP); the defined benefit component was also closed to new hires on October 1, 2011.

During the twelve months ended December 31, 2018, we made voluntary contributions of $30.0 million to the USRIP and made contributions of $0.4 million to the CRIP. During the twelve months ended December 31, 2017, we did not make any contributions to the USRIP and made contributions of $1.5 million to the CRIP. At December 31, 2018, the USRIP met or exceeded ERISA’s minimum funding requirements. In the future, we will make minimum funding contributions as required and may make discretionary contributions, depending on certain circumstances, including market conditions and liquidity needs. We believe additional funding contributions, if any, would not prevent us from continuing to meet our liquidity needs, which are primarily funded from cash flows generated by operating activities, available cash and cash equivalents, and our credit facilities.

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

For additional information about our benefit plans, see Note 9 of the Notes to Consolidated Financial Statements in this report.

Effects of Inflation and Changes in Foreign Currency Exchange Rates

Equifax’s operating results are not materially affected by inflation, although inflation may result in increases in the Company’s expenses, which may not be readily recoverable in the price of services offered. To the extent inflation results in rising interest rates and has other adverse effects upon the securities markets and upon the value of financial instruments, it may adversely affect the Company’s financial position and profitability.

A portion of the Company’s business is conducted in currencies other than the U.S. dollar and changes in foreign exchange rates relative to the U.S. dollar can therefore affect the value of non-U.S. dollar net assets, revenues and expenses. Potential exposures as a result of these fluctuations in currencies are closely monitored. We generally do not mitigate the risks associated with fluctuating exchange rates, although we may from time to time through forward contracts or other derivative instruments hedge a portion of our translational foreign currency exposure or exchange rate risks associated with material transactions which are denominated in a foreign currency.

RECENT ACCOUNTING PRONOUNCEMENTS

For information about new accounting pronouncements and the potential impact on our Consolidated Financial Statements, see Note 1 of the Notes to Consolidated Financial Statements in this report.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's Consolidated Financial Statements are prepared in conformity with U.S. generally accepted accounting principles, or GAAP. This requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in our Consolidated Financial Statements and the Notes to Consolidated Financial Statements. The following accounting policies involve critical accounting estimates because they are particularly dependent on estimates and assumptions made by management about matters that are uncertain at the time the accounting estimates are made. In addition, while we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used in the current period, or changes in the accounting estimates that we used are reasonably likely to occur from period to period, either of which may have a material impact on the presentation of our Consolidated Balance Sheets, Statements of Income, and Statements of Comprehensive Income (Loss). We also have other significant accounting policies which involve the use of estimates, judgments and assumptions that are relevant to understanding our results. For additional information about these policies, see Note 1 of the Notes to Consolidated Financial Statements in this report. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information available at the time. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

Revenue Recognition

In accordance with ASC 606, "Revenue from Contracts with Customers," we recognize revenue 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 a 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 an 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 December 31, 2018, the contract asset balance was $7.3 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. Deferred revenue is recognized when we have an obligation to transfer goods or services to a customer and have already received consideration from the customer. We generally expect to recognize our deferred revenue as revenue within twelve months of being recorded based on the terms of the contracts.

Goodwill and Indefinite-Lived Intangible Assets

We review goodwill and indefinite lived intangible assets for impairment annually (as of September 30) and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. These events or circumstances could include a significant change in the business climate, legal factors, operating performance or trends, competition, or sale or disposition of a significant portion of a reporting unit. We have seven reporting units comprised of USIS, Asia Pacific, Europe, Latin America, Canada, Global Consumer Solutions ("GCS"), and Workforce Solutions. Effective September 30, 2018, the Verification Services and Employer Services reporting units were aggregated into a single reporting unit to better reflect the shared value and integration of the two businesses. Prior to aggregation, we assessed the recoverability of goodwill for Verification Services and Employer Services separately and determined that there was no impairment for the reporting units.

The goodwill balance at December 31, 2018, for our seven reporting units was as follows:

	December 31, 2018 (In millions)
U.S. Information Solutions	1,128.9
Asia Pacific	1,416.8
Europe	155.0
Latin America	227.9
Canada	45.0
Global Consumer Solutions	185.9
Workforce Solutions	970.2
Total goodwill	$ 4,129.7

We performed a qualitative assessment to determine whether further impairment testing was necessary for our USIS, Europe, Latin America, Canada, GCS, and Workforce Solutions reporting units. In this qualitative assessment, we considered the following items for each of the reporting units: macroeconomic conditions, industry and market conditions, overall financial performance and other entity specific events. In addition, for each of these reporting units, the most recent fair value determination resulted in an amount that significantly exceeded the carrying amount of the reporting units. Based on these assessments, we determined the likelihood that a current fair value determination would be less than the current carrying amount of the reporting unit is not more likely than not. As a result of our conclusions, no further testing was required for these reporting units.

Valuation Techniques

We performed a quantitative assessment for our Asia Pacific reporting unit to determine whether impairment exists as the Veda transaction, which comprises the majority of our Asia Pacific reporting unit, was only completed approximately two years ago and due to the size of the cushion for the reporting unit in relation to our other reporting units. In determining the fair value of the reporting unit, we used a combination of the income and market approaches to estimate the reporting unit’s business enterprise value.

Under the income approach, we calculate the fair value of a reporting unit based on estimated future discounted cash flows which require assumptions about short and long-term revenue growth rates, operating margins for each reporting unit, discount rates, foreign currency exchange rates and estimates of capital charges. The assumptions we use are based on what we believe a hypothetical marketplace participant would use in estimating fair value. Under the market approach, we estimate the fair value based on market multiples of revenue or earnings before income taxes, depreciation and amortization, for benchmark companies or guideline transactions. We believe the guideline transaction used for our Asia Pacific reporting unit serves as an appropriate input for calculating a fair value for the reporting unit as the transaction multiples are similar to other guideline transactions that have been recently completed in our industry. Competition for our Asia Pacific reporting unit generally includes global consumer credit reporting companies, such as Experian, which offer a product suite similar to the reporting unit’s credit reporting solutions.

The values separately derived from each of the income and market approach valuation techniques were used to develop an overall estimate of a reporting unit’s fair value. We use a consistent approach across all reporting units when considering the weight of the income and market approaches for calculating the fair value of each of our reporting units. This approach relies more heavily on the calculated fair value derived from the income approach, with 70% of the value coming from the income approach. We believe this approach is consistent with that of a market participant in valuing prospective purchase business combinations. The selection and weighting of the various fair value techniques may result in a higher or lower fair value. Judgment is applied in determining the weightings that are most representative of fair value.

We have not made any material changes to the valuation methodology we use to assess goodwill impairment since the date of the last annual impairment test.

Growth Assumptions

The assumptions for our future cash flows begin with our historical operating performance, the details of which are described in our Management’s Discussion & Analysis of operating performance. Additionally, we consider the impact that known economic, industry and market trends will have on our future forecasts, as well as the impact that we expect from planned business initiatives including new product initiatives, client service and retention standards, and cost management programs. At the end of the forecast period, the long-term growth rate we used to determine the terminal value of our Asia Pacific reporting unit was 4.85% based on management's assessment of the minimum expected terminal growth rate of the reporting unit, as well as broader economic considerations such as GDP, inflation and the maturity of the markets we serve.

We projected revenue growth in 2019 for our Asia Pacific reporting unit in completing our 2018 impairment testing based on planned business initiatives and prevailing trends exhibited by this unit and not based on the assumption of meaningful acceleration in economic growth. The anticipated revenue growth in this reporting unit, however, is partially offset by assumed increases in expenses for the reporting unit which reflects the additional level of investment needed in order to achieve the planned revenue growth. The reporting unit will also incur increased costs related to our technology transformation.

Discount Rate Assumptions

We utilize a weighted average cost of capital, or WACC, in our impairment analysis that makes assumptions about the capital structure that we believe a market participant would make and include a risk premium based on an assessment of risks related to the projected cash flows for the reporting unit. We believe this approach yields a discount rate that is consistent with an implied rate of return that a market participant would require for an investment in a company having similar risks and business characteristics to the reporting unit being assessed. To calculate the WACC, the cost of equity and cost of debt are multiplied by the assumed capital structure of the reporting unit as compared to industry trends and relevant benchmark company structures. The cost of equity was computed using the Capital Asset Pricing Model which considers the risk-free interest rate, beta, equity risk premium and specific company risk premium related to a particular reporting unit. The cost of debt was computed using a benchmark rate and the Company's tax rate. For the 2018 annual goodwill impairment evaluation, the discount rate used to develop the estimated fair value of the Asia Pacific reporting unit was 9.3%.

Estimated Fair Value and Sensitivities

The estimated fair value of the reporting units is derived from the valuation techniques described above, incorporating the related projections and assumptions. An indication of possible impairment occurs when the estimated fair value of the reporting unit is below the carrying value of its equity. The estimated fair value for our Asia Pacific reporting unit exceeded the related carrying value as of September 30, 2018. As a result, no goodwill impairment was recorded.

The estimated fair value of the reporting unit is highly sensitive to changes in these projections and assumptions; therefore, in some instances changes in these assumptions could impact whether the fair value of a reporting unit is greater than its carrying value. For example, an increase in the discount rate and decline in the projected cumulative cash flow of a reporting unit could cause the fair value of certain reporting units to be below its carrying value. We perform sensitivity analyses around these assumptions in order to assess the reasonableness of the assumptions and the resulting estimated fair values. Ultimately, future potential changes in these assumptions may impact the estimated fair value of a reporting unit and cause the fair value of the reporting unit to be below its carrying value. Our Asia Pacific reporting unit primarily represents our recently completed acquisition of Veda. Due to the recency of this acquisition and its overall significance to the reporting unit, Asia Pacific is more sensitive to changes in the assumptions noted above that could result in a fair value that is less than its carrying value. The excess of fair value over carrying value for the Asia Pacific reporting unit as of September 30, 2018 was 9%.

Loss Contingencies

We are subject to various proceedings, lawsuits and claims arising in the normal course of our business. We determine whether to disclose and/or accrue for loss contingencies based on our assessment of whether the potential loss is estimable, probable, reasonably possible or remote.

In the third quarter of 2017, we announced a cybersecurity incident potentially impacting U.S., Canadian and U.K. consumers. As a result of the 2017 cybersecurity incident, we are subject to a significant number of proceedings and investigations as described in "Item 3. Legal Proceedings" in the Form 10-K. While we believe it is reasonably possible that we will incur losses associated with such 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.

Judgments and uncertainties — We periodically review claims and legal proceedings and assess whether we have potential financial exposure based on consultation with internal and outside legal counsel and other advisors. If the likelihood of an adverse outcome from any claim or legal proceeding is probable and the amount can be reasonably estimated, we record a liability on our Consolidated Balance Sheets for the estimated amount. If the likelihood of an adverse outcome is reasonably possible, but not probable, we provide disclosures related to the potential loss contingency. Our assumptions related to loss contingencies are inherently subjective.

Effect if actual results differ from assumptions — With the exception of the 2017 cybersecurity incident, we do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to determine loss contingencies. However, if facts and circumstances change in the future that change our belief regarding assumptions used to determine our estimates, we may be exposed to a loss that could be material.

Income Taxes

We record deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. We assess the likelihood that our deferred tax assets will be recovered from future taxable income or other tax planning strategies. To the extent that we believe that recovery is not likely, we must establish a valuation allowance to reduce the deferred tax assets to the amount we estimate will be recoverable.

Our income tax provisions are based on assumptions and calculations which will be subject to examination by various tax authorities. We record tax benefits for positions in which we believe are more likely than not of being sustained under such examinations. We assess the potential outcome of such examinations to determine the adequacy of our income tax accruals.

Judgments and uncertainties — We consider accounting for income taxes critical because management is required to make significant judgments in determining our provision for income taxes, our deferred tax assets and liabilities, and our future taxable income for purposes of assessing our ability to realize any future benefit from our deferred tax assets. These judgments and estimates are affected by our expectations of future taxable income, mix of earnings among different taxing jurisdictions, and timing of the reversal of deferred tax assets and liabilities.

We also use our judgment to determine whether it is more likely than not that we will sustain positions that we have taken on tax returns and, if so, the amount of benefit to initially recognize within our financial statements. We review our uncertain tax positions and adjust our unrecognized tax benefits in light of changes in facts and circumstances, such as changes in tax law, interactions with taxing authorities and developments in case law. These adjustments to our unrecognized tax benefits may affect our income tax expense. Settlement of uncertain tax positions may require use of our cash. At December 31, 2018, $24.9 million was recorded for uncertain tax benefits, including interest and penalties, of which it is reasonably possible that up to $4.1 million of our unrecognized tax benefit may change within the next twelve months.

Effect if actual results differ from assumptions — Although management believes that the judgments and estimates discussed herein are reasonable, actual results could differ, and we may be exposed to increases or decreases in income tax expense that could be material.

Pension and Other Postretirement Plans

We consider accounting for our U.S. and Canadian pension and other postretirement plans critical because management is required to make significant subjective judgments about a number of actuarial assumptions, which include discount rates, expected return on plan assets, interest cost and mortality and retirement rates. Actuarial valuations are used in determining our benefit obligation and net periodic benefit cost.

During 2018, we adopted the new MP-2018 mortality improvement projection scale in determining the liability for the U.S. pension plan. This updated scale, along with the change in the discount rate, contributed to a decrease in the projected benefit obligation as of December 31, 2018.

During 2017, we adopted the new MP-2017 mortality improvement projection scale in determining the liability for the U.S. pension plan. This updated scale partially offset the decrease in the discount rate in 2017, the net of which resulted in the increase in the projected benefit obligation as of December 31, 2017.

During 2016, we adopted the new MP-2016 mortality improvement projection scale in determining the liability for the U.S. pension plan. This updated scale partially offset the decrease in the discount rate in 2016, the net of which resulted in the increase in the projected benefit obligation as of December 31, 2016.

Judgments and uncertainties — We believe that the most significant assumptions related to our net periodic benefit cost are (1) the discount rate and (2) the expected return on plan assets, in each case as it relates to our U.S. pension plan. Our Canadian plan is not significant, and the impact of changes in assumptions for that plan is not material.

We determine our discount rates primarily based on high-quality, fixed-income investments and yield-to-maturity analysis specific to our estimated future benefit payments available as of the measurement date. Discount rates are updated annually on the measurement date to reflect current market conditions. We use a third-party yield curve to develop our discount rates. The yield curve provides discount rates related to a dedicated high-quality bond portfolio whose cash flows extend beyond the current period, from which we choose a rate matched to the expected benefit payments required for each plan.

The expected rate of return on plan assets is based on both our historical returns and forecasted future investment returns by asset class, as provided by our external investment advisor. In 2018, our U.S. pension plan investment loss of 3.2% was below the expected return of 7.25%. The expected return for the USRIP for 2019 is 6.70% following asset allocation changes that resulted in higher allocation to fixed income securities. The CRIP investment loss was 1.3% in 2018 versus the expected return of 6.0%. The expected return for the CRIP for 2019 is 6.0%. Our weighted-average expected rate of return for both plans for 2018 is 7.14% which is consistent with the 2017 expected rate.

Annual differences, if any, between the expected and actual returns on plan assets are included in unrecognized net actuarial gain or loss, a component of other comprehensive income. In calculating the annual amortization of the unrecognized net actuarial gain or loss, we use a market-related value of assets that smooths actual investment gains and losses on plan assets over a period up to five years. The resulting unrecognized net actuarial gain or loss amount is recognized in net periodic pension expense over the average remaining life expectancy of the participant group since almost all participants are inactive. The market-related value of our assets was $563.3 million at December 31, 2018. We do not expect our 2019 net periodic benefit cost, which includes the effect of the market-related value of assets, to be materially different than our 2018 cost. See Note 9 of the Notes to the Consolidated Financial Statements for details on changes in the pension benefit obligation and the fair value of plan assets.

Effect if actual results differ from assumptions — We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that are used in our actuarial valuations. Adjusting our weighted-average expected long-term rate of return (7.14% at December 31, 2018) by 50 basis points would change our estimated pension expense in 2018 by approximately $2.8 million. Adjusting our weighted-average discount rate (4.39% at December 31, 2018) by 50 basis points would change our estimated pension expense in 2018 by approximately $1.1 million. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in pension expense, pension liability or unrecognized prior service cost and actuarial gains (losses) that could be material.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of our business, we are exposed to market risk, primarily from changes in foreign currency exchange rates and interest rates that could impact our results of operations and financial position. We manage our exposure to these market risks through our regular operating and financing activities, and, when deemed appropriate, through the use of derivative financial instruments, such as interest rate swaps, to hedge certain of these exposures. We use derivative financial instruments as risk management tools and not for speculative or trading purposes.

Foreign Currency Exchange Rate Risk

A substantial majority of our revenue, expense and capital expenditure activities are transacted in U.S. dollars. However, we do transact business in other currencies, primarily the British pound, the Australian dollar, the Canadian dollar, the Chilean peso, the Argentine peso and the Euro. For most of these foreign currencies, we are a net recipient, and, therefore, benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currencies in which we transact significant amounts of business.

We are required to translate, or express in U.S. dollars, the assets and liabilities of our foreign subsidiaries that are denominated or measured in foreign currencies at the applicable year-end rate of exchange on our Consolidated Balance Sheets and income statement items of our foreign subsidiaries at the average rates prevailing during the year. We record the resulting translation adjustment, and gains and losses resulting from the translation of intercompany balances of a long-term investment nature within other comprehensive income, as a component of our shareholders' equity. Foreign currency transaction gains and losses, which have historically been immaterial, are recorded on our Consolidated Statements of Income. We generally do not mitigate the risks associated with fluctuating exchange rates, although we may from time to time through forward contracts or other derivative instruments hedge a portion of our translational foreign currency exposure or exchange rate risks associated with material transactions which are denominated in a foreign currency.

For the year ended December 31, 2018, a 10% weaker U.S. dollar against the currencies of all foreign countries in which we had operations during 2018 would have increased our revenue by $55.9 million and our pre-tax operating profit by $10.7 million. For the year ended December 31, 2017, a 10% weaker U.S. dollar against the currencies of all foreign countries in which we had operations during 2017 would have increased our revenue by $54.7 million and our pre-tax operating profit by $18.6 million. A 10% stronger U.S. dollar would have resulted in similar decreases to our revenue and pre-tax operating profit for 2018 and 2017.

On average across our mix of international businesses, foreign currencies at December 31, 2018 were weaker against the U.S. dollar than the average foreign exchange rates that prevailed across the full year 2018. As a result, if foreign exchange rates were unchanged throughout 2019, foreign exchange translation would reduce growth as reported in U.S. dollars. As foreign exchange rates change daily, there can be no assurance that foreign exchange rates will remain constant throughout 2019, and rates could go either higher or lower.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates to our variable-rate commercial paper, Revolver, and Floating Rate Senior Note borrowings. We attempt to achieve the lowest all-in weighted-average cost of debt while simultaneously taking into account the mix of our fixed- and floating-rate debt, and the average life and scheduled maturities of our debt. At December 31, 2018, our weighted average cost of debt was 3.8% and weighted-average life of debt was 5.42 years. At December 31, 2018, 89% of our debt was fixed rate, and the remaining 11% was variable rate. Occasionally we use derivatives to manage our exposure to changes in interest rates by entering into interest rate swaps. A 100 basis point increase in the weighted-average interest rate on our variable-rate debt would have increased our 2018 interest expense by $3.0 million.

Based on the amount of outstanding variable-rate debt, we have exposure to interest rate risk. In the future, if our mix of fixed-rate and variable-rate debt were to change due to additional borrowings under existing or new variable-rate debt, we could have additional exposure to interest rate risk. The nature and amount of our long-term and short-term debt, as well as the proportionate amount of fixed-rate and variable-rate debt, can be expected to vary as a result of future business requirements, market conditions and other factors.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Equifax Inc.

Opinion on Internal Control over Financial Reporting

We have audited Equifax Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 framework") (the COSO criteria). In our opinion, Equifax Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income (loss), cash flows, and shareholders' equity and other comprehensive income(loss) for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements") and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia
February 21, 2019

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Equifax Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Equifax Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income(loss), cash flows, and shareholders' equity and other comprehensive income(loss) for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 21, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risk of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Atlanta, Georgia
February 21, 2019

CONSOLIDATED STATEMENTS OF INCOME

	Twelve Months Ended December 31,		
	2018	2017	2016
(In millions, except per share amounts)			
Operating revenue	$3,412.1	$3,362.2	$3,144.9
Operating expenses:			
Cost of services (exclusive of depreciation and amortization below)	1,440.4	1,210.7	1,113.4
Selling, general and administrative expenses	1,213.3	1,032.0	941.0
Depreciation and amortization	310.4	287.8	265.4
Total operating expenses	2,964.1	2,530.5	2,319.8
Operating income	448.0	831.7	825.1
Interest expense	(103.5)	(92.8)	(92.1)
Other income (expense), net	11.8	7.7	(4.8)
Consolidated income before income taxes	356.3	746.6	728.2
Provision for income taxes	(50.0)	(148.6)	(233.1)
Consolidated net income	306.3	598.0	495.1
Less: Net income attributable to noncontrolling interests including redeemable noncontrolling interests	(6.5)	(10.7)	(6.3)
Net income attributable to Equifax	$299.8	$587.3	$488.8
Basic earnings per common share:			
Net income attributable to Equifax	$2.49	$4.89	$4.10
Weighted-average shares used in computing basic earnings per share	120.4	120.1	119.3
Diluted earnings per common share:			
Net income attributable to Equifax	$2.47	$4.83	$4.04
Weighted-average shares used in computing diluted earnings per share	121.4	121.5	121.1
Dividends per common share	$1.56	$1.56	$1.32

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Twelve Months Ended December 31,								
	2018			2017			2016		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)								
Net income	$299.8	$ 6.5	$306.3	$587.3	$ 10.7	$598.0	$488.8	$ 6.3	$495.1
Other comprehensive income (loss):									
Foreign currency translation adjustment	(224.7)	5.8	(218.9)	158.7	3.3	162.0	(24.6)	(3.0)	(27.6)
Change in unrecognized prior service cost and actuarial gains (losses) related to our pension and other postretirement benefit plans, net	10.4	—	10.4	8.4	—	8.4	(20.1)	—	(20.1)
Change in cumulative gain (loss) from cash flow hedging transactions, net	—	—	—	(0.2)	—	(0.2)	0.6	—	0.6
Comprehensive income (loss)	$85.5	$ 12.3	$97.8	$754.2	$ 14.0	$768.2	$444.7	$ 3.3	$448.0

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
(In millions, except par values)		
ASSETS		
Current assets:		
Cash and cash equivalents	$223.6	$336.4
Trade accounts receivable, net of allowance for doubtful accounts of $10.9 and $9.1 at December 31, 2018 and 2017, respectively	469.1	444.8
Prepaid expenses	100.0	94.3
Other current assets	109.6	122.9
Total current assets	902.3	998.4
Property and equipment:		
Capitalized internal-use software and system costs	684.1	427.9
Data processing equipment and furniture	344.6	306.6
Land, buildings and improvements	216.1	212.5
Total property and equipment	1,244.8	947.0
Less accumulated depreciation and amortization	(480.0)	(380.0)
Total property and equipment, net	764.8	567.0
Goodwill	4,129.7	4,184.0
Indefinite-lived intangible assets	94.8	95.0
Purchased intangible assets, net	1,099.2	1,247.0
Other assets, net	162.4	142.0
Total assets	$7,153.2	$7,233.4
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$4.9	$965.3
Accounts payable	175.7	110.3
Accrued expenses	213.2	160.9
Accrued salaries and bonuses	131.0	119.4
Deferred revenue	98.0	108.4
Other current liabilities	204.0	209.2
Total current liabilities	826.8	1,673.5
Long-term debt	2,630.6	1,739.0
Deferred income tax liabilities, net	316.2	305.1
Long-term pension and other postretirement benefit liabilities	139.3	175.8
Other long-term liabilities	84.6	101.0
Total liabilities	3,997.5	3,994.4
Commitments and Contingencies (see Note 6)		
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 December 31, 2018 and 2017; Outstanding shares - 120.6 and 120.1 at December 31, 2018 and 2017, respectively	236.6	236.6
Paid-in capital	1,356.6	1,332.7
Retained earnings	4,717.8	4,600.6
Accumulated other comprehensive loss	(626.3)	(412.0)
	(2,571.0)	(2,577.6)

Treasury stock, at cost, 68.1 shares and 68.6 shares at December 31, 2018 and 2017, respectively		
Stock held by employee benefits trusts, at cost, 0.6 shares at December 31, 2018 and 2017	(5.9)	(5.9)
Total Equifax shareholders' equity	3,107.8	3,174.4
Noncontrolling interests including redeemable noncontrolling interests	47.9	64.6
Total shareholders' equity	3,155.7	3,239.0
Total liabilities and equity	$7,153.2	$7,233.4

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Twelve Months Ended December 31, 2018	2017	2016
Operating activities:			
Consolidated net income	$306.3	$598.0	$495.1
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation and amortization	315.9	290.9	268.7
Stock-based compensation expense	42.5	38.3	37.1
Excess tax benefits from stock-based compensation plans	—	—	(35.9)
Deferred income taxes	(2.3)	(44.1)	(13.0)
Changes in assets and liabilities, excluding effects of acquisitions:			
Accounts receivable, net	(37.4)	(1.3)	(55.7)
Other assets, current and long-term	(15.4)	(120.1)	0.3
Current and long-term liabilities, excluding debt	62.6	54.3	126.4
Cash provided by operating activities	672.2	816.0	823.0
Investing activities:			
Capital expenditures	(321.9)	(218.2)	(173.5)
Acquisitions, net of cash acquired	(138.3)	(139.9)	(1,791.6)
Cash received from sale of asset	5.6	8.6	—
Economic hedges	—	—	(10.8)
Investment in unconsolidated affiliates, net	(6.9)	—	—
Cash used in investing activities	(461.5)	(349.5)	(1,975.9)
Financing activities:			
Net short-term borrowings (repayments)	(959.2)	252.4	73.0
Payments on long-term debt	(100.0)	(322.5)	(350.0)
Proceeds from issuance of long-term debt	994.5	100.0	1,574.7
Treasury stock purchases	—	(77.1)	—
Dividends paid to Equifax shareholders	(187.9)	(187.4)	(157.6)
Dividends paid to noncontrolling interests	(10.3)	(8.4)	(5.8)
Proceeds from exercise of stock options	11.8	19.2	31.5
Payment of taxes related to settlement of equity awards	(19.7)	(33.5)	(27.2)
Excess tax benefits from stock-based compensation plans	—	—	35.9
Payment of contingent consideration	(1.5)	(3.5)	(4.4)
Purchase of redeemable noncontrolling interests	(30.9)	(2.6)	(3.6)
Debt issuance costs	(7.8)	(0.3)	(6.2)
Cash (used in) provided by financing activities	(311.0)	(263.7)	1,160.3
Effect of foreign currency exchange rates on cash and cash equivalents	(12.5)	4.3	28.6
Increase (decrease) in cash and cash equivalents	(112.8)	207.1	36.0
Cash and cash equivalents, beginning of period	336.4	129.3	93.3
Cash and cash equivalents, end of period	$223.6	$336.4	$129.3

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME(LOSS)

	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 Shareholders' Equity
	(In millions, except per share values)								
Balance, December 31, 2015	118.7	$236.6	$1,260.5	$3,834.4	$(484.8)	$(2,529.9)	$(5.9)	$39.5	$2,350.4
Net income	—	—	—	488.8	—	—	—	6.3	495.1
Other comprehensive loss	—	—	—	—	(44.1)	—	—	(3.0)	(47.1)
Shares issued under stock and benefit plans, net of minimum tax withholdings	1.2	—	(19.4)	—	—	24.3	—	—	4.9
Cash dividends ($1.32 per share)	—	—	—	(158.4)	—	—	—	—	(158.4)
Dividends paid to employee benefits trusts	—	—	0.8	—	—	—	—	—	0.8
Stock-based compensation expense	—	—	37.1	—	—	—	—	—	37.1
Tax effects of stock-based compensation plans	—	—	35.9	—	—	—	—	—	35.9
Redeemable noncontrolling interest adjustment	—	—	—	(11.6)	—	—	—	11.6	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(5.8)	(5.8)
Purchase of noncontrolling interests	—	—	(1.6)	—	—	—	—	3.3	1.7
Other	—	—	—	—	—	—	—	6.7	6.7
Balance, December 31, 2016	119.9	236.6	1,313.3	4,153.2	(528.9)	(2,505.6)	(5.9)	58.6	2,721.3
Net income	—	—	—	587.3	—	—	—	10.7	598.0
Other comprehensive income	—	—	—	—	166.9	—	—	3.3	170.2
Shares issued under stock and benefit plans, net of minimum tax withholdings	0.7	—	(18.8)	—	—	5.1	—	—	(13.7)

Impact of Tax Cuts and Jobs Act of 2017	—	—	—	50.0	(50.0)	—	—	—	—
Treasury stock purchased under share repurchase program ($143.88 per share)*	(0.5)	—	—	—	—	(77.1)	—	—	(77.1)
Cash dividends ($1.56 per share)	—	—	—	(188.3)	—	—	—	—	(188.3)
Dividends paid to employee benefits trusts	—	—	0.9	—	—	—	—	—	0.9
Stock-based compensation expense	—	—	38.3	—	—	—	—	—	38.3
Redeemable noncontrolling interest adjustment	—	—	—	(1.5)	—	—	—	1.5	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(8.4)	(8.4)
Purchase of noncontrolling interests	—	—	(1.0)	—	—	—	—	(1.6)	(2.6)
Other	—	—	—	(0.1)	—	—	—	0.5	0.4
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	—	—	—	299.8	—	—	—	6.5	306.3
Other comprehensive income (loss)	—	—	—	—	(207.3)	—	—	5.8	(201.5)
Shares issued under stock and benefit plans, net of minimum tax withholdings	0.5	—	(14.0)	—	—	6.6	—	—	(7.4)
Cash dividends ($1.56 per share)	—	—	—	(188.8)	—	—	—	—	(188.8)
Dividends paid to employee benefits trusts	—	—	0.9	—	—	—	—	—	0.9
Stock-based compensation expense	—	—	42.5	—	—	—	—	—	42.5
Cumulative adjustment from change in accounting principle (Note 2)	—	—	—	4.2	—	—	—	—	4.2
Redeemable noncontrolling interest adjustment	—	—	—	2.0	—	—	—	(2.0)	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(10.3)	(10.3)
	—	—	(5.5)	—	(7.0)	—	—	(16.7)	(29.2)

Purchases of redeemable noncontrolling interests									
Balance, December 31, 2018	120.6	$236.6	$1,356.6	$4,717.8	$(626.3)	$(2,571.0)	$(5.9)	$47.9	$3,155.7

*At December 31, 2018, $590.1 million was authorized for future repurchases of our common stock.

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS’ EQUITY AND OTHER COMPREHENSIVE INCOME(LOSS)

Accumulated Other Comprehensive Loss consists of the following components:

	December 31,		
	2018	2017	2016
	(In millions)		
Foreign currency translation	$(328.0)	$(103.3)	$(262.0)
Unrecognized actuarial losses and prior service cost related to our pension and other postretirement benefit plans, net of accumulated tax of $93.1, $95.6 and $150.6 in 2018, 2017 and 2016, respectively	(297.1)	(257.5)	(265.9)
Cash flow hedging transactions, net of tax of $0.7, $0.7 and $0.9 in 2018, 2017 and 2016, respectively	(1.2)	(1.2)	(1.0)
Impact of Tax Cuts and Jobs Act of 2017	—	(50.0)	—
Accumulated other comprehensive loss	$(626.3)	$(412.0)	$(528.9)

See Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 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 Consolidation. Our Consolidated Financial Statements and the accompanying notes, which are prepared in accordance with U.S. generally accepted accounting principles, or GAAP, include Equifax and all its subsidiaries. We consolidate all majority-owned and controlled subsidiaries as well as variable interest entities in which we are the primary beneficiary. Other parties' interests in consolidated entities are reported as noncontrolling interests. We use the equity method of accounting for investments in which we are able to exercise significant influence. Non-consolidated equity investments are recorded at fair value when readily determinable or at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions when the fair value of the investment is not readily determinable. All intercompany transactions and balances are eliminated.

Our Consolidated Financial Statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the periods presented therein.

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

- U.S. Information Solutions, or USIS
- International
- Workforce Solutions

•Global Consumer Solutions

USIS is our largest reportable segment, with 37% of total operating revenue for 2018. Our most significant foreign operations are located in Australia, the U.K. and Canada.

Use of Estimates. The preparation of our Consolidated Financial Statements requires us to make estimates and assumptions in accordance with GAAP. Accordingly, we make these estimates and assumptions after exercising judgment. We believe that the estimates and assumptions inherent in our Consolidated Financial Statements are reasonable, based upon information available to us at the time they are made including the consideration of events that have occurred up until the point these Consolidated Financial Statements have been filed. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

Revenue Recognition and Deferred Revenue. In accordance with ASC 606, “Revenue from Contracts with Customers,” we recognize revenue 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 a 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 an 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2018, the contract asset balance was $7.3 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. Deferred revenue is recognized when we have an obligation to transfer goods or services to a customer and have already received consideration from the customer. We generally expect to recognize our deferred revenue as revenue within twelve months of being recorded based on the terms of the contracts.

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 December 31, 2018, inclusive of the foreign exchange impact:

Performance Obligation	Balance (In millions)
Less than 1 year	$ 44.4
1 to 3 years	63.4
3 to 5 years	24.0
Thereafter	58.1
Total remaining performance obligation	$ 189.9

Cost of Services. Cost of services consist primarily of (1) data acquisition and royalty fees; (2) customer service costs, which include: personnel costs to collect, maintain and update our proprietary databases, to develop and maintain software application platforms and to provide consumer and customer call center support; (3) hardware and software expense associated with transaction processing systems; (4) telecommunication and computer network expense; and (5) occupancy costs associated with facilities where these functions are performed by Equifax employees.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of personnel-related costs, restructuring costs, corporate costs, fees for professional and consulting services, advertising costs, and other costs of administration.

Advertising. Advertising costs, which are expensed as incurred, totaled $43.1 million, $54.6 million and $63.6 million during 2018, 2017 and 2016, respectively.

Stock-Based Compensation. We recognize the cost of stock-based payment transactions in the financial statements over the period services are rendered according to the fair value of the stock-based awards issued. All of our stock-based awards, which are stock options and nonvested stock, are classified as equity instruments.

Income Taxes. We account for income taxes under the liability method. We record deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income tax assets and liabilities are recorded based on the differences between the financial reporting and income tax bases of assets and liabilities. We assess whether it is more likely than not that we will generate sufficient taxable income to realize our deferred tax assets. We record a valuation allowance, as necessary, to reduce our deferred tax assets to the amount of future tax benefit that we estimate is more likely than not to be realized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We record tax benefits for positions that we believe are more likely than not of being sustained under audit examinations. We assess the potential outcome of such examinations to determine the adequacy of our income tax accruals. We recognize interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes on our Consolidated Statements of Income. We adjust our income tax provision during the period in which we determine that the actual results of the examinations may differ from our estimates or when statutory terms expire. Changes in tax laws and rates are reflected in our income tax provision in the period in which they are enacted.

Earnings Per Share. Our basic earnings per share, or EPS, is calculated as net income divided by the weighted-average number of common shares outstanding during the reporting 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:

	Twelve Months Ended December 31,		
	2018	2017	2016
	(In millions)		
Weighted-average shares outstanding (basic)	120.4	120.1	119.3
Effect of dilutive securities:			
Stock options and restricted stock units	1.0	1.4	1.8
Weighted-average shares outstanding (diluted)	121.4	121.5	121.1

For the twelve months ended December 31, 2018, 2017 and 2016, 0.7 million, 0.3 million and 0.1 million stock options, respectively, were anti-dilutive and therefore excluded from this calculation.

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

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. Bad debt expense was $5.6 million, $5.0 million and $2.2 million during the twelve months ended December 31, 2018, 2017, and 2016, respectively.

Other Current Assets. Other current assets on our Consolidated Balance Sheets include certain current tax receivable accounts. As of December 31, 2018 and 2017 these assets were approximately, $69.4 million and $54.2 million, respectively. Other current assets also includes an insurance receivable for costs incurred to date related to the 2017 cybersecurity incident that are reimbursable and probable of recovery under our insurance coverage. As of December 31, 2018 the Company had no receivable outstanding. As of December 31, 2017, the Company has recorded a receivable of $35.0 million. For additional information, see Note 6. 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 December 31, 2018 and 2017 these assets were approximately $31.0 million and $21.4 million, respectively, with fully offsetting balances in other current liabilities. These amounts are restricted as to their current use and will be released according to the specific customer agreements.

Long-Lived Assets. Property and equipment are stated at cost less accumulated depreciation and amortization. The cost of additions is capitalized. Property and equipment are depreciated on a straight-line basis over the assets' estimated useful lives, which are generally three to ten years for data processing equipment and capitalized internal-use software and systems costs. Leasehold improvements are depreciated over the shorter of their estimated useful lives or lease terms that are reasonably assured. Buildings are depreciated over a forty-year period. Other fixed assets are depreciated over three to seven years. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized and included in income from operations on the Consolidated Statements of Income, with the classification of any gain or loss dependent on the characteristics of the asset sold or retired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Certain internal-use software and system development costs are capitalized. Accordingly, the specifically identified costs incurred to develop or obtain software, which is intended for internal use, are not capitalized until the preliminary project stage is completed and management, with the relevant authority, authorizes and commits to funding a software project and it is probable that the project will be completed and the software will be used to perform the function intended. Costs incurred during a software development project's preliminary stage and post-implementation stage are expensed as incurred. Application development activities that are eligible for capitalization include software design and configuration, development of interfaces, coding, testing, and installation. Capitalized internal-use software and systems costs are subsequently amortized on a straight-line basis over a three- to ten-year period after project completion and when the related software or system is ready for its intended use.

Depreciation and amortization expense related to property and equipment was $157.6 million, $115.6 million and $88.9 million during the twelve months ended December 31, 2018, 2017, and 2016, respectively.

Industrial Revenue Bonds. Pursuant to the terms of certain industrial revenue bonds, we have transferred title to certain of our fixed assets with total costs of $156.4 million as of December 31, 2018 and 2017 to a local governmental authority in the U.S. to receive a property tax abatement related to economic development. The title to these assets will revert back to us upon retirement or cancellation of the applicable bonds. These fixed assets are still recognized in the Company's Consolidated Balance Sheets as all risks and rewards remain with the Company.

Impairment of Long-Lived Assets. We monitor the status of our long-lived assets in order to determine if conditions exist or events and circumstances indicate that an asset group may be impaired in that its carrying amount may not be recoverable. Significant factors that are considered that could be indicative of impairment include: changes in business strategy, market conditions or the manner in which an asset group is used; underperformance relative to historical or expected future operating results; and negative industry or economic trends. If potential indicators of impairment exist, we estimate recoverability based on the asset group's ability to generate cash flows greater than the carrying value of the asset group. We estimate the undiscounted future cash flows arising from the use and eventual disposition of the related long-lived asset group. If the carrying value of the long-lived asset group exceeds the estimated future undiscounted cash flows, an impairment loss is recorded based on the amount by which the asset group's carrying amount exceeds its fair value. We utilize estimates of discounted future cash flows to determine the asset group's fair value. We did not record any material impairment losses of long-lived assets in any of the periods presented.

Goodwill and Indefinite-Lived Intangible Assets. Goodwill represents the cost in excess of the fair value of the net assets of acquired businesses. Goodwill is not amortized. We are required to test goodwill 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 test as of September 30 each year.

Under ASC 350, we have an option to perform a "qualitative" assessment of our reporting units to determine whether further impairment testing is necessary. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. For reporting units that we determine meet these criteria, we perform a qualitative assessment. In this qualitative assessment, we consider the following items for each of the reporting units: macroeconomic conditions, industry and market conditions, overall financial performance and other entity specific events. In addition, for each of these reporting units, we assess whether the most recent fair value determination results in an amount that exceeds the carrying amount of the reporting units. Based on these assessments, we determine whether the likelihood that a current fair value determination would be less than the current carrying amount of the reporting unit is not more likely than not. If it is determined it is not more likely than not, no further testing is required. If further testing is required, we continue with the quantitative impairment test.

In analyzing goodwill for potential impairment in the quantitative impairment test, we use a combination of the income and market approaches to estimate the reporting unit's fair value. Under the income approach, we calculate the fair value of a reporting unit based on estimated future discounted cash flows. The assumptions we use are based on what we believe a hypothetical marketplace participant would use in estimating fair value. Under the market approach, we estimate the fair value based on market multiples of revenue or earnings before interest, income taxes, depreciation and amortization for benchmark companies. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. However, if a reporting unit's fair value were to be less than its carrying value, we would then determine the amount of the impairment charge, if any, which would be the amount that the carrying value of the reporting unit's goodwill exceeded its implied value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Indefinite-lived reacquired rights represent the value of rights which we had granted to various affiliate credit reporting agencies that were reacquired in the U.S. and Canada. A portion of our reacquired rights are perpetual in nature and, therefore, the useful lives are considered indefinite in accordance with the accounting guidance in place at the time of the acquisitions. Indefinite-lived intangible assets are not amortized. We are required to test indefinite-lived intangible assets for impairment annually and whenever events and circumstances indicate that there may be an impairment of the asset value. Our annual impairment test date is September 30. We perform the impairment test for our indefinite-lived intangible assets by first assessing qualitative factors to determine whether it is necessary to perform a quantitative impairment test. If the qualitative assessment indicates that we need to perform a quantitative impairment test, we compare the asset’s fair value to its carrying value. We estimate the fair value based on projected discounted future cash flows. An impairment charge is recognized if the asset’s estimated fair value is less than its carrying value.

We completed our annual impairment testing for goodwill and indefinite-lived intangible assets during the twelve months ended December 31, 2018, 2017 and 2016, and we determined that there was no impairment in any of these years.

Purchased Intangible Assets. Purchased intangible assets represent the estimated fair value of acquired intangible assets used in our business. Purchased data files represent the estimated fair value of consumer and commercial data files acquired primarily through the purchase of independent credit reporting agencies in the U.S., Australia, and Canada. We expense the cost of modifying and updating credit files in the period such costs are incurred. We amortize purchased data files, which primarily consist of acquired credit files, on a straight-line basis. All of our other purchased intangible assets are also amortized on a straight-line basis.

Asset	Useful Life (In years)
Purchased data files	2 to 15
Acquired software and technology	1 to 10
Non-compete agreements	1 to 5
Proprietary database	6 to 10
Customer relationships	2 to 25
Trade names	1 to 15

Additionally, included in intangible assets are reacquired rights that represent the value of rights which we had granted to Computer Sciences Corporation that were reacquired in connection with the acquisition of CSC Credit Services in the fourth quarter of 2012 based on the accounting guidance in place at that time. These reacquired rights were amortized over the remaining term of the affiliation agreement on a straight-line basis and became fully amortized on August 1, 2018.

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

Equity Investment. We record our equity investment in Brazil using the new measurement method of cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions as the fair value of the investment is not readily determinable. We monitor the status of our equity investment in order to determine if conditions exist or events and circumstances indicate that it may be impaired in that its carrying amount may exceed the fair value of the investment. Significant factors that are considered that could be indicative of an impairment include: changes in business strategy, market conditions, underperformance relative to historical or expected future operating results; and negative industry or economic trends. If potential indicators of impairment exist, we estimate the fair value of the investment using a combination of a discounted cash flow analysis and an evaluation of EBITDA and transaction multiples for comparable companies. If the carrying value of the investment exceeds the estimated fair value, an impairment loss is recorded based on the amount by which the investment's carrying amount exceeds its fair value. There were no indicators of impairment for 2018, 2017, or 2016.

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 6, interest expense, accrued employee benefits, accrued taxes, accrued payroll, accrued severance and accrued legal expenses. Other current liabilities also include the offset to 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. These funds were approximately \$31.0 million and \$21.4 million as of December 31, 2018 and 2017, respectively. The associated assets are restricted as to their current use and will be released according to the specific customer agreements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Benefit Plans. We sponsor various pension and defined contribution plans. We also maintain certain healthcare and life insurance benefit plans for eligible retired U.S. employees. Benefits under the pension and other postretirement benefit plans are generally based on age at retirement and years of service and for some pension plans, benefits are also based on the employee's annual earnings. The net periodic cost of our pension and other postretirement plans is determined using several actuarial assumptions, the most significant of which are the discount rate and the expected return on plan assets. The expected rate of return on plan assets is based on both our historical returns and forecasted future investment returns by asset class, as provided by our external investment advisor. Annual differences, if any, between the expected and actual returns on plan assets are included in unrecognized net actuarial gain or loss, a component of other comprehensive income. In calculating the annual amortization of the unrecognized net actuarial gain or loss, we use a market-related value of assets that smooths actual investment gains and losses on plan assets over a period up to five years. The resulting unrecognized net actuarial gain or loss amount is recognized in net periodic pension expense over the average remaining life expectancy of the participant group since almost all participants are inactive. Our Consolidated Balance Sheets reflect the funded status of the pension and other postretirement plans.

Foreign Currency Translation. The functional currency of each of our foreign operating subsidiaries is that subsidiary's local currency except for Argentina. Argentina has experienced multiple periods of increasing inflation rates, devaluation of the peso, and increasing borrowing rates. As such, Argentina has been deemed a highly inflationary economy by accounting policymakers. Beginning in the third quarter of 2018, we accounted for Argentina as a highly inflationary economy by remeasuring the peso denominated monetary assets and liabilities which resulted in the recognition of a $1.8 million foreign currency loss that was recorded in other income, net in our consolidated statements of income for the twelve months ended December 31, 2018.

Other than Argentina, we translate the assets and liabilities of foreign subsidiaries at the year-end rate of exchange and revenue and expenses at the monthly average rates during the year. We record the resulting translation adjustment in other comprehensive loss, included in accumulated other comprehensive loss, a component of shareholders' equity. We also record gains and losses resulting from the translation of intercompany balances of a long-term investment nature in foreign currency translation in other comprehensive loss and accumulated other comprehensive loss. In the years ended December 31, 2018, 2017, and 2016, we recorded $1.6 million, $0.5 million and $8.8 million of foreign currency transaction losses in our consolidated statements of income, respectively.

Financial Instruments. Our financial instruments consist primarily 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 publicly traded instruments, and for non-publicly traded instruments, through valuation techniques depending on the specific characteristics of the debt instrument, taking into account credit risk. As of December 31, 2018 and 2017, the fair value of our long-term debt, including the current portion, based on observable inputs was $2.6 billion and $2.1 billion, respectively, compared to its carrying value of $2.6 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.

Economic Hedges. In December 2015, in anticipation of the acquisition of Veda Group Limited (“Veda”), we purchased foreign currency options to buy Australian dollars with a weighted average strike price of $0.7225 and a notional value of 1.0 billion Australian dollars. These foreign currency options (“options”) were designed to act as economic hedges for the pending Veda acquisition and were marked to market. The options had an expiry date of February 18, 2016. We recorded a mark-to-market gain on the options of $4.7 million for the year ended December 31, 2016, which was recorded in other income (expense), net. In January 2016, we purchased additional options for a notional amount of 1.0 billion Australian dollars, with a weighted average strike price of $0.7091, with expiry dates of February 11, 2016 and February 16, 2016. We settled all of the options on the respective settlement dates in February 2016. We recognized a net loss of $15.4 million related to the options in the first quarter of 2016, which was recorded in other income (expense), net.

Cash Flow Hedges. Changes in the fair value of highly effective derivatives designated as cash flow hedges are initially recorded in accumulated other comprehensive income and are reclassified into the line item in the Consolidated

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Statements of Income in which the hedged item is recorded in the same period the hedged item impacts earnings. Any ineffective portion is recorded in current period earnings. We did not have any unsettled cash flow hedges outstanding as of December 31, 2018, 2017 or 2016.

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 assets and liabilities measured at fair value on a recurring basis:

Description	Fair Value December 31, 2018	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In millions)			
Assets and Liabilities:				
Deferred Compensation Plan Assets (1)	$34.3	$ 34.3	$ —	$ —
Deferred Compensation Plan Liability (1)	(34.3)	—	(34.3)	—
Total assets and liabilities	$—	$ 34.3	$ (34.3)	$ —

(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 plans. The liability representing benefits accrued for plan participants is valued at the quoted market prices of the participants' investment elections. The asset consists of mutual funds reflective of the participants investment selections and is valued at daily quoted market prices.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis. As disclosed in Note 3, we completed various acquisitions during the years ended December 31, 2018 and 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. The fair value of the equity method investment assets acquired was internally estimated based on the market approach. Under the market approach, we estimated fair value based on market multiples of comparable companies.

Variable Interest Entities. We hold interests in certain entities, including credit data, information solutions and debt collections and recovery management ventures, that are considered variable interest entities, or VIEs. These variable interests relate to ownership interests that require financial support for these entities. Our investments related to these VIEs totaled $16.4 million at December 31, 2018, representing our maximum exposure to loss, with the exception of the guarantees referenced in Note 6. We are not the primary beneficiary and are not required to consolidate any of these VIEs, with the exception of a debt collections and recovery management venture, for which we meet the consolidation criteria under ASC 810. In regards to that consolidated VIE, we have a 75% equity ownership interest and control of the activities that most significantly impact the VIE's economic performance. The assets and liabilities of the VIE for which we are the primary beneficiary were not significant to the Company's consolidated financial statements.

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

In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and

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

Change in Accounting Principle. In February 2018, the FASB issued 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 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 proscribed 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 $7.1 million and $7.2 million from selling, general and administrative expenses to other income, net in the Consolidated Statements of Income for the twelve months ended December 31, 2017 and 2016, respectively, and the recognition of $4.0 million in selling, general, and administrative expenses and $9.2 million in other income, net in the Consolidated Statements of Income for the twelve months ended December 31, 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 ASU will 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 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 annual assessment of goodwill recoverability.

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.

NOTES TO 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 twelve months ended December 31, 2018 and as of December 31, 2018 is as follows:

	Twelve Months Ended December 31, 2018		Change	
Income Statement	Prior to ASU 2014-09 adoption	As reported under ASU 2014-09	$	%
	(In millions, except per share data)			
Operating revenue	$3,410.3	$3,412.1	$1.8	—%
Consolidated income from operations before income taxes	$354.5	$356.3	$1.8	1%
Consolidated net income	$304.9	$306.3	$1.4	—%
Net income attributable to Equifax	$298.4	$299.8	$1.4	—%
Basic earnings per common share:				
Net income attributable to Equifax	$2.48	$2.49	$0.01	—%
Diluted earnings per common share:				
Net income attributable to Equifax	$2.46	$2.47	$0.01	—%

	December 31, 2018		Change	
Balance Sheet	Prior to ASU 2014-09 adoption	As reported under ASU 2014-09	$	%
	(In millions)			
Other current assets	$109.4	$109.6	$0.2	—%
Other assets, net	$155.3	$162.4	$7.1	5%
Total assets	$7,145.9	$7,153.2	$7.3	—%
Deferred income tax liabilities, net	$314.5	$316.2	$1.7	1%
Total liabilities	$3,995.8	$3,997.5	$1.7	—%
Retained earnings	$4,712.2	$4,717.8	$5.6	—%
Total shareholders' equity	$3,150.1	$3,155.7	$5.6	—%
Total liabilities and equity	$7,145.9	$7,153.2	$7.3	—%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

	Twelve Months Ended December 31,			Change		Change	
				2018	2017	2017	2016
Consolidated Operating Revenue	2018	2017	2016	$	%	$	%
	(In millions)						
Online Information Solutions	$877.5	$889.6	$879.3	$(12.1)	(1)%	$10.3	1 %
Mortgage Solutions	153.6	148.9	$142.2	$4.7	3 %	$6.7	5 %
Financial Marketing Services	216.2	224.2	$215.0	$(8.0)	(4)%	$9.2	4 %
Total U.S. Information Solutions	1,247.3	1,262.7	$1,236.5	$(15.4)	(1)%	$26.2	2 %
Asia Pacific	325.6	308.9	$244.2	$16.7	5 %	$64.7	26 %
Europe	287.3	273.8	$253.6	$13.5	5 %	$20.2	8 %
Latin America	206.6	213.6	$183.9	$(7.0)	(3)%	$29.7	16 %
Canada	146.7	136.0	$121.9	$10.7	8 %	$14.1	12 %
Total International	966.2	932.3	$803.6	$33.9	4 %	$128.7	16 %
Verification Services	567.0	501.5	$437.3	$65.5	13 %	$64.2	15 %
Employer Services	259.8	262.7	$264.9	$(2.9)	(1)%	$(2.2)	(1)%
Total Workforce Solutions	826.8	764.2	$702.2	$62.6	8 %	$62.0	9 %
Global Consumer Solutions	371.8	403.0	$402.6	$(31.2)	(8)%	$0.4	— %
Total operating revenue	$3,412.1	$3,362.2	$3,144.9	$49.9	1 %	$217.3	7 %

3. ACQUISITIONS AND INVESTMENTS

2018 Acquisitions and Investments. In July 2018, the Company completed the acquisition of 100% of DataX Ltd., a national specialty finance credit agency and alternative data provider, in our USIS segment. In 2018, the Company completed various acquisitions in our Workforce Solutions and International segments to expand the Company's product offerings. The primary areas of the purchase price that are not yet finalized are related to income taxes and working capital. Accordingly, adjustments may be made to the values of the assets acquired and liabilities assumed as additional information is obtained about the facts and circumstances that existed at the valuation date.

2017 Acquisitions and Investments. On August 10, 2017, the Company completed the acquisition of 100% of the outstanding stock of ID Watchdog, Inc., an identity theft protection and resolution company providing solutions to the employee benefits marketplace. On November 15, 2017, the Company completed the acquisition of 100% of the outstanding stock of Mercury Group of Companies Pty Ltd ("Mercury"), an Australian-owned workforce management company. We have completed the allocation of the purchase prices for the ID Watchdog and Mercury acquisitions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Purchase Price Allocation. The following table summarizes the estimated fair value of the net assets acquired and the liabilities assumed at the acquisition dates during 2018 and 2017.

	December 31,	
	2018	2017
	(In millions)	
Cash	$1.6	$4.3
Accounts receivable and other current assets	4.4	3.2
Other assets	0.3	0.4
Identifiable intangible assets (1)	50.9	51.0
Goodwill (2)	89.3	92.4
Total assets acquired	146.5	151.3
Other current liabilities	(2.9)	(5.1)
Other liabilities	(3.8)	(10.9)
Non-controlling interest	(1.8)	—
Net assets acquired	$138.0	$135.3

(1) Identifiable intangible assets are further disaggregated in the following table.

(2) The goodwill related to DataX Ltd. is included in the USIS operating segment and the goodwill related to the other 2018 acquisitions is included in the Workforce Solutions and International operating segments. The goodwill related to the 2018 acquisitions is not deductible for tax purposes. The 2017 goodwill related to ID Watchdog, Inc. and Mercury is included in the GCS and International operating segments, respectively, and is not deductible for tax purposes.

The primary reasons the purchase price of these acquisitions exceeded the fair value of the net assets acquired, which resulted in the recognition of goodwill, were expanded growth opportunities from new or enhanced product offerings and geographies, cost savings from the elimination of duplicative activities, and the acquisition of an assembled workforce that are not recognized as assets apart from goodwill.

	December 31,			
	2018		2017	
Intangible asset category	Fair value	Weighted-average useful life	Fair value	Weighted-average useful life
	(in millions)	(in years)	(in millions)	(in years)
Customer relationships	$16.5	9.0	$42.7	10.2
Acquired software and technology	2.7	2.7	6.5	6.5
Purchased data files	30.2	11.3	—	n/a
Non-compete agreements	0.8	2.6	—	n/a
Trade names and other intangible assets	0.7	1.9	1.8	2.9
Total acquired intangibles	$50.9	9.8	$51.0	9.5

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill. Goodwill represents the cost in excess of the fair value of the net assets acquired in a business combination. As discussed in Note 1, 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 each year. The fair value estimates for our reporting units were determined using a combination of the income and market approaches in accordance with the Company’s methodology. Our annual impairment tests as of September 30, 2018, 2017 and 2016 resulted in no impairment of goodwill.

During 2018, we completed the acquisition of DataX Ltd. whose goodwill was allocated to the USIS operating segment and various other acquisitions for which the acquired goodwill was allocated to the Workforce Solutions and International operating segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In the fourth quarter of 2017, we acquired Mercury, for which the acquired goodwill has been allocated to the Asia Pacific reporting unit within the International operating segment. In the third quarter of 2017, we acquired ID Watchdog, Inc., for which the acquired goodwill has been allocated to the Global Consumer Solutions reporting unit and operating segment.

Changes in the amount of goodwill for the twelve months ended December 31, 2018 and 2017, are as follows:

	U.S. Information Solutions	International	Workforce Solutions	Global Consumer Solutions	Total
	(In millions)				
Balance, December 31, 2016	$1,071.3	$ 1,814.6	$ 952.1	$ 136.3	$3,974.3
Acquisitions	—	43.9	—	48.5	92.4
Adjustments to initial purchase price allocation	—	1.0	—	—	1.0
Foreign currency translation	—	109.9	—	6.4	116.3
Balance, December 31, 2017	1,071.3	1,969.4	952.1	191.2	4,184.0
Acquisitions	57.7	14.5	17.1	—	89.3
Adjustments to initial purchase price allocation	(0.1)	1.3	1.0	(1.0)	1.2
Foreign currency translation	—	(140.5)	—	(4.3)	(144.8)
Balance, December 31, 2018	$1,128.9	$ 1,844.7	$ 970.2	$ 185.9	$4,129.7

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. Our 2018 annual impairment test completed during the third quarter of 2018 resulted in no impairment of indefinite-lived intangible assets.

	Amount (In millions)
Balance, December 31, 2016	$ 94.8
Foreign currency translation	0.2
Balance, December 31, 2017	95.0
Foreign currency translation	(0.2)
Balance, December 31, 2018	$ 94.8

Purchased Intangible Assets. Purchased intangible assets, net, recorded on our Consolidated Balance Sheets at December 31, 2018 and 2017, are as follows:

	December 31, 2018			December 31, 2017		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Definite-lived intangible assets:	(In millions)					
Purchased data files	$911.4	$ (298.7)	$612.7	$955.7	$ (262.2)	$693.5
Acquired software and technology	130.3	(84.1)	46.2	142.3	(66.6)	75.7
Customer relationships	693.1	(295.2)	397.9	772.4	(326.7)	445.7
Reacquired rights	73.3	(73.3)	—	73.3	(65.6)	7.7
Proprietary database	46.3	(12.5)	33.8	22.1	(8.7)	13.4

Non-compete agreements	3.8	(2.2)	1.6	14.1	(12.7)	1.4
Trade names and other intangible assets	18.7	(11.7)	7.0	20.2	(10.6)	9.6
Total definite-lived intangible assets	$1,876.9	$ (777.7)	$1,099.2	$2,000.1	$ (753.1)	$1,247.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amortization expense related to purchased intangible assets was $152.8 million, $172.2 million, and $176.5 million during the twelve months ended December 31, 2018, 2017, and 2016, respectively.

Estimated future amortization expense related to definite-lived purchased intangible assets at December 31, 2018 is as follows:

Years ending December 31,	Amount (In millions)
2019	$ 132.0
2020	124.6
2021	107.4
2022	103.0
2023	101.8
Thereafter	530.4
	$ 1,099.2

5. DEBT

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

	December 31, 2018	December 31, 2017
	(In millions)	
Commercial paper (“CP”)	$—	$ 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	4.9	2.7
Total debt	2,654.9	2,715.3
Less short-term debt and current maturities	(4.9)	(965.3)
Less unamortized discounts and debt issuance costs	(19.4)	(11.0)
Total long-term debt, net of discount	$ 2,630.6	$ 1,739.0

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Scheduled future maturities of debt at December 31, 2018, are as follows:

Years ending December 31,	Amount
	(In millions)
2019	$ 4.9
2020	—
2021	1,100.0
2022	500.0
2023	400.0
Thereafter	650.0
Total debt	$ 2,654.9

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 and began 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 and began 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 December 31, 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 December 31, 2018.

We were also a party to an $800.0 million 364-Day revolving credit facility. On May 16, 2016 we repaid all outstanding borrowings of $475.0 million and terminated the 364-Day Revolver using a portion of the net proceeds from the issuance of the senior notes discussed below.

Under the Revolver, the Company must comply with various financial and non-financial covenants. The financial covenants require the Company to maintain a maximum leverage ratio, defined as consolidated funded debt divided by consolidated EBITDA (as set forth in the Revolver Agreement) for the preceding four quarters, of not more than 3.5 to 1.0. The Company may, subject to the terms of the Revolver, increase the covenant by 0.5 (i.e. to 4.0 to 1.0) for a four consecutive fiscal quarter period following a material acquisition. Compliance with this financial covenant is tested quarterly. The non-financial covenants include limitations on liens, subsidiary debt, mergers, liquidations, asset dispositions, acquisitions, certain restricted payments, transactions with affiliates, certain accounting changes, restricting subsidiary dividends and distributions, hedging agreements, and certain government regulations. As of December 31, 2018, we were in compliance with our covenants under the Revolver. Our borrowings under these facilities, which have not been guaranteed by any of our subsidiaries, are unsecured and will rank on parity in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

At December 31, 2018, interest was payable on borrowings under the Revolver at the base rate or London Interbank Offered Rate, or LIBOR, plus a specified margin. The Company is required to pay on a quarterly basis a commitment fee with

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respect to our Revolver, which is calculated based upon the amount of daily usage of the Revolver over the available aggregate lender commitments thereunder during the applicable quarterly period. Both the applicable interest rate and the commitment fee are subject to adjustment based on the Company’s debt ratings.

Commercial Paper Program. The Company’s $900.0 million CP program has been established through the private placement of CP notes from time to time, in which borrowings bear interest at either a variable rate (based on LIBOR or other benchmarks) or a fixed rate, with the applicable rate and margin. Maturities of CP can range from overnight to 397 days. Because the CP program is backstopped by the 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 under the facility and, pursuant to our existing Board of Directors authorization, by the outstanding borrowings under our Revolver. At December 31, 2018, there were no CP notes outstanding.

Receivables Funding Facility. In the fourth quarter of 2017, Equifax entered into a $225.0 million, two-year receivables funding facility (the “Receivables Facility”), which had an original maturity in 2019. In November 2018, we amended the Receivables Facility to extend the maturity to November 2020. 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 December 31, 2018. The Receivables Facility was supported by $209.8 million of accounts receivable as collateral at December 31, 2018 which, as a retained interest, is included in accounts receivable, net in our Consolidated Balance Sheets.

The outstanding amount the Company is allowed to maintain under the Receivables Facility, with a maximum of $225 million, may fluctuate based on the availability of eligible receivables and is directly affected by business volumes and credit risks, including receivables payment quality measures such as default and dilution ratios. If default or dilution ratios increase one percent, the allowable outstanding amount under the Receivables Facility would not materially change.

Interest is payable on borrowings under the Receivables Facility at the base rate or LIBOR plus a specified margin. The specified margin and the monthly unused fee, which we pay on the unused portion of the Receivables Facility, are subject to adjustment based on our debt ratings. The costs of the Receivables Facility are included in interest expense and were not material in 2018 and 2017.

2.3% and 3.25% Senior Notes. On May 12, 2016, we issued $500.0 million principal amount of 2.3%, five-year senior notes and $275.0 million principal amount of 3.25%, ten-year senior notes in an underwritten public offering. Interest is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2016. The net proceeds of the sale of the notes were used to repay borrowings under our 364-Day Revolver and a portion of the borrowings under our commercial paper program incurred to finance the acquisition of Veda. 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 other unsecured and unsubordinated indebtedness.

6.3% and 7.0% Senior Notes. On June 28, 2007, we issued $300.0 million principal amount of 6.3%, ten-year senior notes and $250.0 million principal amount of 7.0%, thirty-year senior notes in underwritten public offerings. Interest is payable semi-annually in arrears on January 1 and July 1 of each year. The net proceeds of the financing were used to repay short-term indebtedness, a substantial portion of which was incurred in connection with our acquisition of TALX. We must comply with various non-financial covenants, including certain limitations on liens, additional debt and mortgages, mergers, asset dispositions and sale-leaseback arrangements. The senior notes are unsecured and rank equally with all of our other unsecured and unsubordinated indebtedness. On July 3, 2017, we repaid our July 2017 Senior Notes using the proceeds of commercial paper.

3.3% Senior Notes. On December 17, 2012, we issued $500.0 million principal amount of 3.3%, ten-year senior notes in an underwritten public offering. Interest is payable semi-annually in arrears on December 15 and June 15 of each year. The net proceeds of the sale of the notes were used to partially finance the acquisition of CSC Credit Services in December 2012. We must comply with various non-financial covenants, including certain limitations on liens, additional debt and mortgages,

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mergers, asset dispositions and sale-leaseback arrangements. The senior notes are unsecured and rank equally with all of our other unsecured and unsubordinated indebtedness.

6.9% Debentures. We have $125.0 million of debentures outstanding with a maturity date of 2028. The debentures are unsecured and rank equally with all of our other unsecured and unsubordinated indebtedness.

Cash paid for interest was $88.2 million, $96.9 million and $85.0 million during the twelve months ended December 31, 2018, 2017 and 2016, respectively.

6. 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.

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	$(164.0)	$ 50.0
Payments made (received)	88.4	(15.0)
Balance at December 31, 2017	$(75.6)	$ 35.0
(Expenses incurred) insurance receivable recorded	$(20.4)	$ 75.0
Payments made (received)	83.3	(110.0)
Balance at December 31, 2018	$(12.7)	$ —

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 eligible U.S. consumers who signed up through January 31, 2018. We also provided free credit reports and scores, credit monitoring and identity theft protection for twenty four months to impacted consumers in Canada and the U.K. 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 in the accompanying Consolidated Statements of Income. In 2018, the Company extended the free credit monitoring services for an additional twelve months for eligible consumers impacted by the 2017 cybersecurity incident by providing them the opportunity to enroll in Experian® IDNotify™ at no cost. We recorded $20.4 million related to these services in selling, general, and administrative expenses in the accompanying Consolidated Statements of Income for the twelve months ended December 31, 2018.

Expenses Incurred. Through December 31, 2017, the Company recorded $113.3 million of pre-tax 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 were 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 are currently executing substantial initiatives in security and consumer support, and a company-wide transformation of our technology infrastructure, which we refer to as our technology transformation, and incurred substantial increased expenses and capital expenditures in 2018 related to these initiatives. We expect to again incur significant expenses and capital expenditures in 2019 and 2020 related to these initiatives, although at levels slightly below those incurred in 2018.

We incurred significant legal and professional services expenses related to the lawsuits, claims and government investigations to which we are a party in 2018, and expect to continue to incur these expenses until these items are resolved. We will recognize the expenses and capital expenditures referenced herein as they are incurred. In 2018, we incurred elevated costs for insurance, finance and compliance activities, and expect to incur costs at these levels again in 2019.

Insurance Coverage. At the time of the 2017 cybersecurity incident, we had $125.0 million of cybersecurity insurance coverage, above a $7.5 million deductible, to limit our exposure to losses such as those related to this incident. During the twelve months ended December 31, 2018 and 2017, the Company recorded insurance recoveries of $75.0 million and $50.0 million, respectively, and received payments of $110.0 million and $15.0 million, respectively, for reimbursable costs incurred to date. Since the announcement of the 2017 cybersecurity incident in September 2017, we have received the maximum reimbursement under the insurance policy of $125.0 million.

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 such 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. 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 U.S. 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, injunctive relief 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, 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. Three 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. Additionally, the Commonwealth of Puerto Rico filed an action on its own behalf and on behalf of the people of Puerto Rico arising out of the 2017 cybersecurity incident.

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, the Indian Tribal suits, and the Puerto Rico action, to the Northern District of Georgia as the single U.S. District Court for centralized pre-trial proceedings (the “MDL Court”). Based on these orders, consolidated proceedings with respect to U.S. consumer and financial institution federal class actions and other lawsuits related to the 2017 cybersecurity incident have been conducted in the MDL Court. The MDL Court has established separate

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tracks for the consumer and financial institution class action cases and appointed lead counsel on behalf of plaintiffs in both tracks. Certain individual plaintiffs with cases pending in the MDL consolidated proceedings, including Puerto Rico and the City of Chicago, have sought the establishment of additional tracks and other related relief. The MDL Court has not yet ruled on those requests.

The Company moved to dismiss the consolidated class action complaints filed by the U.S. consumer, small business and financial institution plaintiffs in their entirety. On January 28, 2019, the MDL Court dismissed the small businesses' consolidated class action complaint in its entirety. The MDL Court dismissed certain claims brought by the consumer and financial institution plaintiffs, while allowing other claims by those plaintiffs to proceed. Pursuant to case management orders issued by the MDL Court, consolidated pre-trial proceedings, including discovery between the parties, will proceed on the remaining claims of 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 of approximately 19,000 Canadian consumers, 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. The plaintiffs in each case seek class certification/authorization on behalf of Canadian consumers whose personal information was allegedly impacted by the 2017 cybersecurity incident. In some cases, plaintiffs also seek class certification on behalf of Canadian consumers who had contracts for subscription products with Equifax around the time of the incident. All purported class actions are at preliminary stages, and we are opposing class certification or authorization in cases where such motions are pending. In addition, one of the cases in Ontario as well as the Saskatchewan case have been stayed. The Court's order staying the Saskatchewan case is on appeal.

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 March 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 Company moved to dismiss the consolidated class action complaint in its entirety. On January 28, 2019, the court dismissed claims against certain individual defendants and claims challenging certain statements, but allowed other claims against Equifax and our former Chairman and Chief Executive Officer to proceed. Pursuant to scheduling and case management orders issued by the court, pre-trial proceedings, including discovery between the parties, will proceed on the remaining claims.

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.

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Government Lawsuits. In addition to the City of Chicago's and Commonwealth of Puerto Rico's lawsuits 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 commonwealth/state 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 in 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 was granted on a temporary basis on December 21, 2018, and then continued on January 24, 2019, with the court scheduling a further hearing for February 28, 2019. The lawsuit filed by the Attorney General of Puerto Rico was transferred to the MDL proceeding, as described above. The Puerto Rico Department of Consumer Affairs has issued Notices of Infraction 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.

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.

Government Investigations. We continue to cooperate with federal, state, city and foreign governmental agencies and officials investigating or otherwise seeking information, testimony and/or documents, including through Civil Investigative Demands and subpoenas, regarding the 2017 cybersecurity incident and related matters, including 48 state Attorneys General offices, 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, 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 ("OPC") and the U.K.'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.
The staffs of the CFPB and FTC have informed us that their respective agencies intend to seek injunctive relief damages and, with respect to the CFPB, civil money penalties against us based on allegations related to the 2017 cybersecurity incident. We have submitted written responses to the CFPB and FTC addressing their allegations, and we continue to cooperate with the agencies in their investigations. On October 2, 2018, the Enforcement Staff of the NYDFS provided us with notice that it is considering recommending that the NYDFS take legal action against us, potentially seeking consumer relief and civil money penalties. We continue to cooperate with the NYDFS in its investigation.
The staff of the OPC has informed us that the OPC intends to make certain findings and recommendations in connection with its investigation of the 2017 cybersecurity incident. We have submitted written responses to the OPC

and we continue to cooperate in its investigation.

The SEC issued a subpoena on May 14, 2018 regarding disclosure issues relating to the 2017 cybersecurity incident. We 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.

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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 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.

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 $18.5 million for 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. 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.

Leases

Our operating leases principally involve office space and office equipment. Rental expense for operating leases, which is recognized on a straight-line basis over the lease term, was $41.3 million, $34.5 million and $29.1 million for the twelve months ended December 31, 2018, 2017 and 2016, respectively. Our headquarters building ground lease has purchase options exercisable beginning in 2019, renewal options exercisable in 2048 and escalation clauses that began in 2009. Expected future minimum payment obligations for non-cancelable operating leases exceeding one year are as follows as of December 31, 2018:

Years ending December 31,	Amount (In millions)
2019	$ 32.5
2020	29.8
2021	25.3
2022	22.8
2023	19.7
Thereafter	62.1
	$ 192.2

We have no material sublease agreements and as a result, expected sublease income is not reflected as a reduction in the total minimum rental obligations under operating leases in the table above.

Data Processing, Outsourcing Services and Other Agreements

We have separate agreements with IBM, Tata Consultancy Services, Fidelity Information 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. The agreements expire between 2019 and 2024. The estimated aggregate minimum contractual obligation remaining under these agreements is approximately $134 million as of December 31, 2018, with no future year's minimum contractual obligation expected to exceed approximately $102 million. Annual payment obligations in regard to these agreements vary due to factors such as the volume of data processed; changes in our servicing needs as a result of new product offerings, acquisitions or divestitures; the introduction of significant new technologies; foreign currency; or the general rate of inflation. In certain circumstances (e.g., a change in control or for our convenience), we may terminate these data processing and outsourcing agreements, and, in doing so, certain of these agreements require us to pay significant termination fees.

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Under our agreement with IBM (which covers our operations in North America and Europe), we have outsourced certain of our mainframe and midrange operations, help desk service and desktop support functions, and the operation of our voice and data networks. The scope of services provided by IBM, and the term of our agreement with respect to such services, varies by geography and location. The estimated future minimum contractual obligation under the revised North America (US and Canada) and Europe (UK and Spain) agreements is approximately $30 million for the remaining term, with no individual year's minimum expected to exceed approximately $26 million. We may terminate certain portions of this agreement without penalty in the event that IBM is in material breach of the terms of the agreement. During 2018, 2017 and 2016, we paid approximately $49 million, $40 million and $45 million, respectively, for these services.

Change in Control Agreements

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

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

If these change in control agreements had been triggered as of December 31, 2018, payments of approximately $40.7 million would have been made (excluding tax gross-up amounts of $0.9 million). Under the Company's existing director and employee stock benefit plans, a change in control generally would result in the immediate vesting of all outstanding stock options and satisfaction of the restrictions on any outstanding nonvested stock awards. With respect to unvested performance based share awards dependent upon the Company's three-year relative total shareholder return, if at least one calendar year of performance during the performance period has been completed prior to the change in control event, the awards will be paid out based on the Company's performance at that time; otherwise the payout of shares will be at 100% of the target award. For awards granted in 2018, the vesting described above occurs only if the awards are not assumed or continued in the change in control transaction or if the executive incurs a qualifying termination in connection with the change in control.

Guarantees

We will from time to time issue standby letters of credit, performance or surety bonds or other guarantees in the normal course of business. The aggregate notional amount of all performance bonds, surety bonds, and standby letters of credit is not material at December 31, 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 is not material at December 31, 2018. We have agreed to guarantee the liabilities and performance obligations (some of which have limitations) of a certain debt collections and recovery management VIE under its commercial agreements. We cannot reasonably estimate our potential future payments under the guarantees 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 on our Consolidated Balance Sheets at December 31, 2018.

General Indemnifications

Many of our commercial agreements contain commercially standard indemnification obligations related to tort, material breach or other liabilities that arise during the course of performance under the agreement. These indemnification obligations are typically mutual.

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

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

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

The Company has entered into indemnification agreements with its directors and executive officers. Under these agreements, the Company has agreed to indemnify such individuals to the fullest extent permitted by law against liabilities that arise by reason of their status as directors or officers and to advance expenses incurred by such individuals in connection with the related legal proceedings. The Company maintains directors and officers liability insurance coverage to reduce its exposure to such obligations.

We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above because we cannot predict when and under what circumstances these provisions may be triggered. We have no accrual related to indemnifications on our Consolidated Balance Sheets at December 31, 2018 and 2017.

Subsidiary Dividend and Fund Transfer Limitations

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

Contingencies

In addition to the 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.

Although the final outcome of these matters cannot be predicted with certainty, any possible adverse outcome arising from these matters is not expected to have a material impact on our Consolidated Financial Statements, either individually or in the aggregate. However, our evaluation of the likely impact of these matters may change in the future. We accrue for unpaid legal fees for services performed to date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAXES

The provision for income taxes consisted of the following:

	Twelve Months Ended December 31,		
	2018	2017	2016
	(In millions)		
Current:			
Federal	$9.4	$107.8	$154.8
State	11.4	13.2	24.3
Foreign	31.5	71.7	67.0
	52.3	192.7	246.1
Deferred:			
Federal	22.6	(19.2)	16.5
State	0.7	1.3	2.8
Foreign	(25.6)	(26.2)	(32.3)
	(2.3)	(44.1)	(13.0)
Provision for income taxes	$50.0	$148.6	$233.1

Domestic and foreign income before income taxes was as follows:

	Twelve Months Ended December 31,		
	2018	2017	2016
	(In millions)		
U.S.	$339.6	$711.1	$739.6
Foreign	16.7	35.5	(11.4)
	$356.3	$746.6	$728.2

The provision for income taxes reconciles with the U.S. federal statutory rate, as follows:

	Twelve Months Ended December 31,		
	2018	2017	2016
	(In millions)		
Federal statutory rate	21.0 %	35.0 %	35.0 %
Provision computed at federal statutory rate	$74.8	$261.3	$254.9
State and local taxes, net of federal tax benefit	10.7	13.3	17.2
Foreign	0.1	(41.9)	(40.3)
Tax Cuts and Jobs Act of 2017	—	(48.3)	
Federal research & development credit	(13.0)	(6.7)	—
Equity compensation	(7.5)	(26.7)	—
Tax reserves	2.4	2.5	11.9
Equifax Australia settlement	(14.1)	—	—
Other	(3.4)	(4.9)	(10.6)
Provision for income taxes	$50.0	$148.6	$233.1
Effective income tax rate	14.0 %	19.9 %	32.0 %

We record deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income tax assets and liabilities are recorded based on the differences between the financial reporting and

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

Components of the deferred income tax assets and liabilities at December 31, 2018 and 2017, were as follows:

	December 31, 2018	December 31, 2017
	(In millions)	
Deferred income tax assets:		
Net operating and capital loss carryforwards	$326.8	$279.9
Goodwill and intangible assets	119.4	129.3
Employee compensation programs	42.0	33.1
Foreign tax credits	16.8	17.6
Employee pension benefits	35.2	40.8
Reserves and accrued expenses	28.3	23.8
Research and development costs	30.3	26.7
Other	11.6	8.7
Gross deferred income tax assets	610.4	559.9
Valuation allowance	(431.9)	(401.8)
Total deferred income tax assets, net	178.5	158.1
Deferred income tax liabilities:		
Goodwill and intangible assets	(431.0)	(387.6)
Undistributed earnings of foreign subsidiaries	(8.7)	(7.6)
Depreciation	(31.6)	(41.5)
Other	(12.3)	(20.6)
Total deferred income tax liability	(483.6)	(457.3)
Net deferred income tax liability	$(305.1)	$(299.2)

Our deferred income tax assets and deferred income tax liabilities at December 31, 2018 and 2017, are included in the accompanying Consolidated Balance Sheets as follows:

	December 31, 2018	December 31, 2017
	(In millions)	
Long-term deferred income tax assets, included in other assets	$11.1	$5.9
Long-term deferred income tax liabilities	(316.2)	(305.1)
Net deferred income tax liability	$(305.1)	$(299.2)

We record deferred income taxes on the temporary differences of our foreign subsidiaries and branches, except for the temporary differences related to undistributed earnings of subsidiaries which we consider indefinitely invested. As of December 31, 2018, we have indefinitely invested $85.7 million attributable to pre-2004 undistributed earnings of our Canadian and Chilean subsidiaries. If the pre-2004 earnings were not considered indefinitely invested, $6.4 million of deferred withholding tax liability would have been provided. Further, we are permanently invested with respect to the original investment in foreign subsidiaries. Therefore, we have not provided the deferred tax assets on the outside basis of these subsidiaries as we have no intent to sell or divest of these subsidiaries. Cumulative undistributed earnings were subject to a transition tax as a result of the Tax Act which we estimated to be zero. However, the Company has provided for local country withholding taxes related to these earnings.

At December 31, 2018, we had U.S. federal and state net operating loss carryforwards of $134.5 million, of which $1.8 million related to state net operating losses that have indefinite carryforward periods and the remainder will expire at various times between 2021 and 2038. We also had foreign net operating loss carryforwards totaling $1,114.9 million of which

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

$399.1 million will expire between 2019 and 2038 and the remaining $715.8 million will carryforward indefinitely. Foreign capital loss carryforwards of $15.7 million may be carried forward indefinitely, and state capital loss carryforwards of $2.5 million expired in 2018. We had foreign tax credit carryforwards of $16.8 million which will expire in the years 2025 through 2027. Additionally, we had state and foreign research and development credit carryforwards of $30.3 million. The U.S. credits expire between 2021 through 2029 and the foreign credits have an indefinite expiration period. The deferred tax asset related to the net operating loss, capital loss carryforwards, foreign tax credit carryforwards, and research and development credit is $373.9 million of which $310.2 million has been fully reserved in the deferred tax valuation allowance.

Cash paid for income taxes, net of amounts refunded, was $59.6 million, $215.7 million and $173.4 million during the twelve months ended December 31, 2018, 2017 and 2016, respectively.

We recognize interest and penalties accrued related to unrecognized tax benefits in the provision for income taxes on our Consolidated Statements of Income.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2018	2017
	(In millions)	
Beginning balance (January 1)	$35.0	$32.5
Increases related to prior year tax positions	2.0	0.6
Decreases related to prior year tax positions	(15.2)	(5.6)
Increases related to current year tax positions	5.0	13.1
Decreases related to settlements	(0.5)	(0.3)
Expiration of the statute of limitations for the assessment of taxes	(3.5)	(5.8)
Currency translation adjustment	(0.5)	0.5
Ending balance (December 31)	$22.3	$35.0

We recorded liabilities of $24.9 million and $38.0 million for unrecognized tax benefits as of December 31, 2018 and 2017, respectively, which included interest and penalties of $2.6 million and $3.0 million, respectively. As of December 31, 2018 and 2017, the total amount of unrecognized benefits that, if recognized, would have affected the effective tax rate was $23.8 million and $35.7 million, respectively, which included interest and penalties of $2.3 million and $2.6 million, respectively. During 2018 and 2017, interest and penalties of $0.9 million and $1.4 million, respectively, were accrued.

Equifax and its subsidiaries are subject to U.S. federal, state and international income taxes. We are generally no longer subject to federal, state or international income tax examinations by tax authorities for years before 2014. Due to the potential for resolution of state and foreign examinations, and the expiration of various statutes of limitations, it is reasonably possible that Equifax's gross unrecognized tax benefit balance may change within the next twelve months by a range of zero to $4.1 million.

The Tax Cuts and Jobs Act ("Tax Act")

The Tax Cuts and Jobs Act ("Tax Act") was enacted in the United States on December 22, 2017. The Tax Act reduced the U.S. federal corporate income tax rate to 21% from 35%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and created new taxes on certain foreign-sourced earnings. In 2017 and the first nine months of 2018, we recorded provisional amounts for certain enactment-date effects of the Tax Act by applying the guidance in Staff Accounting Bulletin 118 because we had not yet completed our enactment-date accounting for these effects. In 2017, the Company recorded tax expense related to the enactment-date effects of the Tax Act which consisted primarily of adjusting deferred tax assets and liabilities.

During 2018, additional guidance was issued with respect to the Tax Act. The Company analyzed provisional amounts recorded for certain enactment-date accounting effects of the Tax Act. The result of this analysis was that no changes were required with respect to provisional amounts previously recorded at December 31, 2017. For provisional amounts recorded during 2018, adjustments were made in the fourth quarter of 2018 as a result of notices and regulations issued and proposed by the U.S. Department of the Treasury and the Internal Revenue Service (“Proposed Regulations”) that were issued in the quarter for the §163(j) interest limitation provisions and the foreign tax credits provisions.

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SAB 118 Measurement Period

We applied the guidance in SAB 118 when accounting for the enactment-date effects of the Tax Act in 2017 and throughout 2018. At December 31, 2017, we had not completed our accounting for all of the enactment-date income tax effects of the Tax Act under ASC 740, Income Taxes, for the following aspects: re-measurement of deferred tax assets and liabilities, one-time transition tax and tax on global intangible low-taxed income. At December 31, 2018, we have now completed our accounting for all of the enactment-date income tax effects of the Tax Act. As mentioned above and further discussed below, during 2018, no adjustments were required to the provisional amounts recorded at December 31, 2017. For the provisional amounts recorded during 2018, adjustments were made in the fourth quarter of 2018 for §163(j) interest limitation and foreign tax credit provisions as a result of clarifying guidance included in the issuance of Proposed Regulations. There were no material adjustments to other provisions in which provisional amounts were estimated during 2018.

One-Time Transition Tax

The one-time transition tax is based on our total post-1986 earnings and profits (E&P), the tax on which we previously deferred from U.S. income taxes under U.S. law. The Company determined it was not subject to the one-time transition tax and therefore the provisional amount was zero.

During 2018, upon further analysis of the Tax Act and notices and Proposed Regulations, we finalized our calculations of the transition tax liability. The analysis confirmed the Company was not liable for the one-time transition tax and therefore no adjustment was required to the provisional amount recorded.

Deferred Tax Assets and Liabilities

As of December 31, 2017, we re-measured certain deferred tax assets and liabilities based on the rates at which they were expected to reverse in the future (which was generally 21%), by recording a provisional amount of $85.1 million. Further analysis of certain aspects of the Tax Act and refinement of our calculations during the twelve months ending December 31, 2018 resulted in no material adjustments to our provisional amounts.

Global Intangible Low-Taxed Income (“GILTI”)

We have elected to account for GILTI in the year the tax is incurred. This election did not impact the 2018 effective tax rate.

8. STOCK-BASED COMPENSATION

We have one active share-based award plan, the amended and restated 2008 Omnibus Incentive Plan. This plan was originally approved by our shareholders in 2008 and was amended and restated with shareholder approval in May 2013 to, among other things, increase the reserve for awards under the plan by 11 million shares. The plan provides our directors, officers and certain key employees with stock options, restricted stock units and performance share awards. The plan is described below. We expect to issue common shares held as either treasury stock or new issue shares upon the exercise of stock options or once shares vest pursuant to restricted stock units or performance share awards. Total stock-based compensation expense in our Consolidated Statements of Income during the twelve months ended December 31, 2018, 2017 and 2016, was as follows:

	Twelve Months Ended December 31,		
	2018	2017	2016
	(In millions)		
Cost of services	$9.5	$7.2	$4.5
Selling, general and administrative expenses	33.0	31.1	32.6
Stock-based compensation expense, before income taxes	$42.5	$38.3	$37.1

The total income tax benefit recognized for stock-based compensation expense was $9.7 million, $13.7 million and $13.3 million for the twelve months ended December 31, 2018, 2017 and 2016, respectively.

In conjunction with the adoption of ASU 2016-09, windfall tax benefits are to be presented as cash flows from operating activities on a prospective basis. As a result, we classified $7.5 million and $26.7 million as cash flows from operating activities for the years ended December 31, 2018 and 2017, respectively. Previous guidance required benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash

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flow. This requirement reduced operating cash flows and increased financing cash flows by $35.9 million for the twelve months ended December 31, 2016.

Stock Options. The 2008 Omnibus Incentive Plan provides that qualified and nonqualified stock options may be granted to officers and other employees. In conjunction with our acquisition of TALX, we assumed options outstanding under the legacy TALX stock option plan, which was approved by TALX shareholders. The 2008 Omnibus Incentive Plan requires that stock options be granted at exercise prices not less than market value on the date of grant. Generally, stock options are subject to graded vesting for periods of up to three years based on service, with 33% vesting for each year of completed service, and expire ten years from the grant date.

We use the binomial model to calculate the fair value of stock options granted on or after January 1, 2006. The binomial model incorporates assumptions regarding anticipated employee exercise behavior, expected stock price volatility, dividend yield and risk-free interest rate. Anticipated employee exercise behavior and expected post-vesting cancellations over the contractual term used in the binomial model were primarily based on historical exercise patterns. These historical exercise patterns indicated there was not significantly different exercise behavior between employee groups. For our expected stock price volatility assumption, we weighted historical volatility and implied volatility. We used daily observations for historical volatility, while our implied volatility assumption was based on actively traded options related to our common stock. The expected term is derived from the binomial model, based on assumptions incorporated into the binomial model as described above.

The fair value for stock options granted during the twelve months ended December 31, 2018, 2017 and 2016, was estimated at the date of grant, using the binomial model with the following weighted-average assumptions:

	Twelve Months Ended December 31,		
	2018	2017	2016
Dividend yield	1.2 %	1.9 %	1.2 %
Expected volatility	21.8 %	22.8 %	19.4 %
Risk-free interest rate	2.7 %	1.1 %	1.2 %
Expected term (in years)	4.8	4.8	4.8
Weighted-average fair value of stock options granted	$24.34	$22.20	$20.62

The following table summarizes changes in outstanding stock options during the twelve months ended December 31, 2018, as well as stock options that are vested and expected to vest and stock options exercisable at December 31, 2018:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)		(In years)	(In millions)
Outstanding at December 31, 2017	1,184	$ 87.64		
Granted (all at market price)	553	$ 122.35		
Exercised	(212)	$ 60.55		
Forfeited and canceled	(63)	$ 114.67		
Outstanding at December 31, 2018	1,462	$ 103.50	7.3	$ 14.0
Vested and expected to vest at December 31, 2018	1,415	$ 103.01	7.2	$ 13.9
Exercisable at December 31, 2018	631	$ 80.81	5.2	$ 14.0

The aggregate intrinsic value amounts in the table above represent the difference between the closing price of Equifax's common stock on December 31, 2018 and the exercise price, multiplied by the number of in-the-money stock options as of the same date. This represents the value that would have been received by the stock option holders if they had all exercised their stock options on December 31, 2018. In future periods, this amount will change depending on fluctuations in Equifax's stock price. The total intrinsic value of stock options exercised during the twelve months ended December 31, 2018, 2017 and 2016, was $13.3 million, $31.4 million and $64.8 million, respectively. At December 31, 2018, our total unrecognized compensation cost related to stock options was $8.2 million with a weighted-average recognition period of 1.6 years.

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The following table summarizes changes in outstanding options and the related weighted-average exercise price per share for the twelve months ended December 31, 2017 and 2016:

	December 31, 2017		2016	
	Shares (In thousands)	Weighted-Average Price	Shares (In thousands)	Weighted-Average Price
Outstanding at the beginning of the year	1,228	$ 66.81	1,866	$ 49.54
Granted (all at market price)	401	$ 114.66	181	$ 131.41
Exercised	(398)	$ 48.23	(779)	$ 40.61
Forfeited and canceled	(47)	$ 103.13	(40)	$ 72.06
Outstanding at the end of the year	1,184	$ 87.64	1,228	$ 66.81
Exercisable at end of year	636	$ 62.62	856	$ 48.43

Other Stock Awards. Our 2008 Omnibus Incentive Plan also provides for awards of restricted stock units and performance shares or units that are settled in shares of our common stock that can be granted to executive officers, employees and directors. Such stock awards are generally subject to cliff vesting over a period between one to three years based on service and may also have vesting conditions based on meeting specified performance goals.

The fair value of these stock awards is based on the fair market value of our common stock on the date of grant. However, stock awards granted prior to February 16, 2017 did not accrue or pay dividends during the vesting period, so the fair value on the date of grant for the pre-2017 awards was reduced by the present value of the expected dividends over the requisite service period (discounted using the appropriate risk-free interest rate). Stock awards granted beginning in 2017 do include the right to dividends or dividend equivalents, which are accrued and payable only if and when the underlying stock vests and is payable.

Pursuant to our 2008 Omnibus Incentive Plan, certain executive officers have been granted performance shares in which the number of shares earned is dependent upon the Company's three-year total shareholder return relative to the three-year total shareholder return of the companies in the S&P 500 stock index, as comprised on the grant date, subject to adjustment, and, in 2017, have also been granted performance shares in which the number of shares earned is dependent upon the Company's three-year cumulative adjusted earnings per share. The number of shares which could potentially be issued under these performance share awards ranges from zero to 200% of the target award. The grants outstanding subject to market performance as of December 31, 2018 would result in 283,003 shares outstanding at 100% of target and 566,006 at 200% of target at the end of the vesting period. Compensation expense for shares earned based on the Company's three-year total shareholder return is recognized on a straight-line basis over the measurement period and is based upon the fair market value of the shares estimated to be earned at the date of grant using a Monte-Carlo simulation. Compensation expense for shares earned based on the Company's three-year cumulative adjusted earnings per share is recognized on a straight-line basis over the measurement period based on the grant date fair value of our common stock and the number of awards expected to vest at each reporting date.

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The following table summarizes changes in these other stock awards during the twelve months ended December 31, 2018, 2017 and 2016 and the related weighted-average grant date fair value:

	Shares (In thousands)	Weighted-Average Grant Date Fair Value
Nonvested at December 31, 2015	1,431	$ 72.64
Granted	460	$ 84.07
Vested	(645)	$ 55.28
Forfeited	(59)	$ 73.54
Nonvested at December 31, 2016	1,187	$ 87.54
Granted	498	$ 89.45
Vested	(632)	$ 56.53
Forfeited	(42)	$ 104.24
Nonvested at December 31, 2017	1,011	$ 109.48
Granted	563	$ 109.71
Vested	(417)	$ 87.09
Forfeited	(82)	$ 115.40
Nonvested at December 31, 2018	1,075	$ 120.11

The total fair value of stock awards that vested during the twelve months ended December 31, 2018, 2017 and 2016, was $50.2 million, $79.4 million and $71.7 million, respectively, based on the weighted-average fair value on the vesting date, and $40.4 million, $45.0 million and $38.8 million, respectively, based on the weighted-average fair value on the date of grant. At December 31, 2018, our total unrecognized compensation cost related to these nonvested stock awards was $51.6 million with a weighted-average recognition period of 2.1 years.

9. BENEFIT PLANS

We have defined benefit pension plans and defined contribution plans. We also maintain certain healthcare and life insurance benefit plans for eligible retired employees. The measurement date for our defined benefit pension plans and other postretirement benefit plans is December 31 of each year.

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

U.S. and Canadian Retirement Plans. We sponsor a qualified defined benefit retirement plan (the U.S. Retirement Income Plan, or USRIP) that covers approximately 12% of current U.S. salaried employees who were hired on or before June 30, 2007, the last date on which an individual could be hired and enter the plan before the USRIP was closed to new participation at December 31, 2008. This plan also covers retirees as well as certain terminated but vested individuals not yet in retirement status. We also sponsor a retirement plan with both defined benefit and defined contribution components that cover most salaried and hourly employees in Canada (the Canadian Retirement Income Plan, or CRIP); the defined benefit component was also closed to new hires on October 1, 2011.

Effective December 31, 2014, the USRIP plan was frozen for all participants eligible to accrue benefits. Accordingly, pension plan participants earn no new benefits under the plan formula. Additionally, the CRIP, a registered defined benefit pension plan, was changed for employees who did not meet retirement-eligibility status under the CRIP as of December 31, 2012 (“Non-Grandfathered” participants). Under the plan amendment, the service credit for Non-Grandfathered participants froze, but these participants will continue to receive credit for salary increases and vesting service. Additionally, Non-Grandfathered employees and certain other employees not eligible to participate in the CRIP (i.e., new hires on or after October 1, 2011) are eligible to participate in the enhanced defined contribution component of the CRIP.

During the twelve months ended December 31, 2018, we made voluntary contributions of $30.0 million to the USRIP and made contributions of $0.4 million to the CRIP. During the twelve months ended December 31, 2017, we did not make any contributions to the USRIP and made contributions of $1.5 million to the CRIP. At December 31, 2018, the USRIP met or exceeded ERISA’s minimum funding requirements.

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

Supplemental Retirement Plans. We maintain two supplemental executive retirement programs for certain key employees. The plans, which are unfunded, provide supplemental retirement payments, based on salary and years of service.

Other Benefits. We maintain certain healthcare and life insurance benefit plans for eligible retired employees. Substantially all of our U.S. employees may become eligible for the retiree healthcare benefits if they reach retirement age while working for us and satisfy certain years of service requirements. Employees hired on or after January 1, 2009 are required to pay the full cost of coverage after retirement. The retiree life insurance program covers employees who retired on or before December 31, 2003. We accrue the cost of providing healthcare benefits over the active service period of the employee.

Obligations and Funded Status. A reconciliation of the projected benefit obligations, plan assets and funded status of the plans is as follows:

	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
	(In millions)			
Change in projected benefit obligation				
Benefit obligation at January 1,	$731.6	$693.6	$24.2	$22.5
Service cost	3.6	4.0	0.4	0.4
Interest cost	26.4	28.5	0.8	0.9
Plan participants' contributions	—	—	0.7	0.5
Actuarial loss (gain)	(49.4)	45.5	(1.5)	2.5
Foreign currency exchange rate changes	(3.3)	3.1	(0.1)	0.1
Benefits paid	(42.9)	(43.1)	(2.6)	(2.7)
Projected benefit obligation at December 31,	666.0	731.6	21.9	24.2
Change in plan assets				
Fair value of plan assets at January 1,	561.1	515.3	17.1	16.6
Actual return on plan assets	(18.7)	81.2	(0.6)	2.9
Employer contributions	36.3	5.9	1.9	2.2
Plan participants' contributions	—	—	0.7	0.5
Foreign currency exchange rate changes	(2.0)	1.8	—	—
Other disbursements	—	—	(2.6)	(2.4)
Benefits paid	(42.9)	(43.1)	(2.6)	(2.7)
Fair value of plan assets at December 31,	533.8	561.1	13.9	17.1
Funded status of plan	$(132.2)	$(170.5)	$(8.0)	$(7.1)

The accumulated benefit obligation for the USRIP, CRIP and Supplemental Retirement Plans was $659.8 million at December 31, 2018. The accumulated benefit obligation for the USRIP, CRIP and Supplemental Retirement Plans was $722.3 million at December 31, 2017.

At December 31, 2018, the USRIP and Supplemental Retirement Plans had projected benefit obligations and accumulated benefit obligations in excess of those plans' respective assets. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans in the aggregate were $615.7 million, $615.6 million and $488.8 million, respectively, at December 31, 2018. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the CRIP were $50.3 million, $44.3 million and $45.0 million, respectively, at December 31, 2018.

At December 31, 2017, the USRIP and Supplemental Retirement Plans had projected benefit obligations and accumulated benefit obligations in excess of those plans' respective assets. The projected benefit obligation, accumulated

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benefit obligation and fair value of plan assets for these plans in the aggregate were $675.2 million, $673.1 million and $510.9 million, respectively, at December 31, 2017. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the CRIP were $56.4 million, $49.2 million and $50.2 million, respectively, at December 31, 2017.

The following table represents the net amounts recognized, or the funded status of our pension and other postretirement benefit plans, in our Consolidated Balance Sheets at December 31, 2018 and 2017:

	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
	(In millions)			
Amounts recognized in the statements of financial position consist of:				
Noncurrent assets	$—	$—	$—	$—
Current liabilities	(5.6)	(5.4)	(0.1)	(0.2)
Long-term liabilities	(126.6)	(165.1)	(7.9)	(6.9)
Net amount recognized	$(132.2)	$(170.5)	$(8.0)	$(7.1)

Included in accumulated other comprehensive loss at December 31, 2018 and 2017, were the following amounts that have not yet been recognized in net periodic pension cost:

	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
	(In millions)			
Prior service cost, net of accumulated taxes of $1.9 and $2.0 in 2018 and 2017, respectively, for pension benefits and $(0.3) and $(0.5) in 2018 and 2017, respectively, for other benefits	$5.9	$6.3	$(0.9)	$(1.8)
Net actuarial loss, net of accumulated taxes of $88.7 and $91.0 in 2018 and 2017, respectively, for pension benefits and $2.8 and $3.1 in 2018 and 2017, respectively, for other benefits	283.4	243.2	8.7	9.8
Impact of Tax Cuts and Jobs Act of 2017	—	48.7	—	1.3
Accumulated other comprehensive loss	$289.3	$298.2	$7.8	$9.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following shows amounts recognized in other comprehensive income (loss) during the twelve months ended December 31, 2018 and 2017:

Changes in plan assets and benefit obligations recognized in other comprehensive income:

	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
	(In millions)			
Amounts arising during the period:				
Net actuarial loss (gain), net of taxes of $2.6 in 2018 and $0.0 in 2017, respectively, for pension benefits and $0.0 in 2018 and $0.1 in 2017, respectively, for other benefits	$6.6	$2.5	$(1.5)	$0.9
Foreign currency exchange rate gain, net of taxes of ($0.1) in 2018 and $(1.2) in 2017, respectively, for pension benefits and $0.0 in 2018 and 2017, respectively, for other benefits	(0.2)	(0.4)	0.3	1.1
Amounts recognized in net periodic benefit cost during the period:				
Recognized actuarial loss, net of taxes of $(4.8) and $(3.7) in 2018 and 2017, respectively, for pension benefits and $(0.3) in 2018 and 2017, respectively, for other benefits	(14.9)	(11.8)	(1.1)	(1.0)
Amortization of prior service cost, net of taxes of $(0.1) 2018 and 2017, for pension benefits and $0.2 in 2018 and 2017 for other benefits	(0.4)	(0.5)	0.8	0.8
Total recognized in other comprehensive income	$(8.9)	$(10.2)	$(1.5)	$1.8

Components of Net Periodic Benefit Cost

	Pension Benefits			Other Benefits		
	2018	2017	2016	2018	2017	2016
	(In millions)					
Service cost	$3.6	$4.0	$3.6	$0.4	$0.4	$0.3
Interest cost	26.4	28.5	31.3	0.8	0.9	0.8
Expected return on plan assets	(37.5)	(37.4)	(37.6)	(1.1)	(1.2)	(1.4)
Amortization of prior service cost	0.5	0.6	0.8	(1.0)	(1.0)	(1.1)
Recognized actuarial loss (gain)	19.7	15.5	13.6	1.4	1.3	0.8
Total net periodic benefit cost (income)	$12.7	$11.2	$11.7	$0.5	$0.4	$(0.6)

The following represents the amount of prior service cost and actuarial loss included in accumulated other comprehensive loss that is expected to be recognized in net periodic benefit cost during the twelve months ending December 31, 2018:

	Pension Benefits	Other Benefits
	(In millions)	
Actuarial loss, net of taxes of $3.7 for pension benefits and $0.3 for other benefits	$11.5	$ 1.0
Prior service cost, net of taxes of $0.1 for pension benefits and $(0.2) for other benefits	$0.4	$ (0.8)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Weighted-Average Assumptions

Weighted-average assumptions used to determine benefit obligations at December 31,	Pension Benefits		Other Benefits	
	2018	2017	2018	2017
Discount rate	4.39%	3.73%	4.30%	3.60%
Rate of compensation increase	4.93%	4.88%	N/A	N/A

Weighted-average assumptions used to determine	Pension Benefits			Other Benefits		
net periodic benefit cost at December 31,	2018	2017	2016	2018	2017	2016
Discount rate	3.73%	4.23%	4.86%	3.60%	3.98%	4.39%
Expected return on plan assets	7.14%	7.14%	7.14%	7.25%	7.25%	7.25%
Rate of compensation increase	4.88%	4.88%	4.80%	N/A	N/A	N/A

During 2018, we adopted the new MP-2018 mortality improvement projection scale in determining the liability for the U.S. pension plan. This updated scale, along with the change in the discount rate, contributed to a decrease in the projected benefit obligation as of December 31, 2018.

During 2017, we adopted the new MP-2017 mortality improvement projection scale in determining the liability for the U.S. pension plan. This updated scale partially offset the decrease in the discount rate in 2017, the net of which resulted in the increase in the projected benefit obligation as of December 31, 2017.

During 2016, we adopted the new MP-2016 mortality improvement projection scale in determining the liability for the U.S. pension plan. This updated scale partially offset the decrease in the discount rate in 2016, the net of which resulted in the increase in the projected benefit obligation as of December 31, 2016.

Discount Rates. We determine our discount rates primarily based on high-quality, fixed-income investments and yield-to-maturity analyses specific to our estimated future benefit payments available as of the measurement date. Discount rates are reset annually on the measurement date to reflect current market conditions. To determine the discount rate for our U.S. pension and postretirement benefit plans, we use a bond matching approach to select specific bonds that would satisfy our projected benefit payments. We believe the bond matching approach reflects the process we would employ to settle our pension and postretirement benefit obligations. For our Canadian plans we use a third-party yield curve to develop our discount rates. The yield curve provides discount rates related to a dedicated high-quality bond portfolio whose cash flows extend beyond the current period, from which we choose a rate matched to the expected benefit payments required for each plan.

Expected Return on Plan Assets. The expected rate of return on plan assets is based on both our historical returns and forecasted future investment returns by asset class, as provided by our external investment advisor. In 2018, our U.S. pension plan investment loss of 3.2% was below the expected return of 7.25%. The expected return for the USRIP for 2019 is 6.70% following asset allocation changes that resulted in higher allocation to fixed income securities. The CRIP investment loss was 1.3% in 2018 versus the expected return of 6.0%. The expected return for the CRIP for 2019 is 6.0%.

The calculation of the net periodic benefit cost for the USRIP and CRIP utilizes a market-related value of assets. The market-related value of assets recognizes the difference between actual returns and expected returns over five years at a rate of 20% per year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Healthcare Costs. For the U.S. plan, an initial 6.7% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2019 for pre-Medicare coverage. The rate was assumed to decrease gradually to an ultimate rate of 5.0% by 2024. For the Canadian plan, a flat 5.0% annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2019 and thereafter. Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plan. A one-percentage point change in assumed healthcare cost trend rates at December 31, 2018 would have had the following effects:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(In millions)	
Effect on total service and interest cost components	$ 0.1	$ (0.1)
Effect on accumulated postretirement benefit obligation	$ 1.4	$ (1.2)

We estimate that the future benefits payable for our retirement and postretirement plans are as follows at December 31, 2018:

Years ending December 31, 2018	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Other Benefit Plans
	(In millions)		
2019	$42.9	$ 1.9	$ 1.6
2020	$43.1	$ 1.9	$ 1.8
2021	$43.4	$ 1.9	$ 1.8
2022	$43.3	$ 2.0	$ 1.8
2023	$43.0	$ 2.0	$ 1.8
Next five fiscal years to December 31, 2028	$204.8	$ 11.7	$ 9.6

Fair Value of Plan Assets. The fair value of the pension assets at December 31, 2018 and 2017, are as follows:

			Fair Value Measurements at Reporting Date Using:		
		Fair Value at December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)			
Large-Cap Equity	(1)	$64.6	$ 64.6	$ —	$ —
Small- and Mid-Cap Equity	(1)	18.3	18.3	—	—
International Equity	(1) (2)	90.4	10.0	80.4	—
Fixed Income	(2)	281.7	—	281.7	—
Private Equity	(3)	18.6	—	—	18.6
Hedge Funds	(4)	34.3	—	—	34.3
Real Assets	(5)	19.9	—	—	19.9
Cash	(1)	6.0	6.0	—	—
Total		$533.8	$ 98.9	$ 362.1	$ 72.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

			Fair Value Measurements at Reporting Date Using:		
		Fair Value at December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)			
Large-Cap Equity	(1)	$125.5	$ 125.5	$ —	$ —
Small- and Mid-Cap Equity	(1)	39.0	39.0	—	—
International Equity	(1) (2)	105.1	13.2	91.9	—
Fixed Income	(2)	204.0	—	204.0	—
Private Equity	(3)	24.1	—	—	24.1
Hedge Funds	(4)	35.0	—	—	35.0
Real Assets	(5)	18.7	—	—	18.7
Cash	(1)	9.7	9.7	—	—
Total		$561.1	$ 187.4	$ 295.9	$ 77.8

(1) Fair value is based on observable market prices for the assets.

(2) For the portion of this asset class categorized as Level 2, fair value is determined using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.

(3) Private equity investments are initially valued at cost. Fund managers periodically review the valuations utilizing subsequent company-specific transactions or deterioration in the company's financial performance to determine if fair value adjustments are necessary. Private equity investments are typically viewed as long term, less liquid investments with return of capital coming via cash distributions from the sale of underlying fund assets. The Plan intends to hold these investments through each fund's normal life cycle and wind down period. As of December 31, 2018 and 2017, we had $9.9 million and $10.7 million, respectively, of remaining commitments related to these private equity investments.

(4) Fair value is reported by the fund manager based on observable market prices for actively traded assets within the funds, as well as financial models, comparable financial transactions or other factors relevant to the specific asset for assets with no observable market. These investments are redeemable quarterly with a range of 30 – 90 days notice.

(5) The fair value of Real Assets are reported by the fund manager based on a combination of the following valuation approaches: current replacement cost less deterioration and obsolescence, a discounted cash flow model of income streams, and comparable market sales. As of December 31, 2018 and 2017, we had $0.1 million and $0.5 million, respectively, of remaining commitments related to the real asset investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table shows a reconciliation of the beginning and ending balances for assets valued using significant unobservable inputs for the years ended December 31, 2018 and 2017:

	Private Equity	Hedge Funds	Real Assets
	(In millions)		
Balance at December 31, 2016	$33.5	$33.7	$19.3
Return on plan assets:			
Unrealized	(1.8)	1.8	0.1
Realized	1.0	—	(0.1)
Purchases	1.0	—	0.5
Sales	(9.6)	(0.5)	(1.1)
Balance at December 31, 2017	$24.1	$35.0	$18.7
Return on plan assets:			
Unrealized	$1.3	$(0.6)	$1.6
Realized	1.7	—	—
Purchases	1.1	—	0.3
Sales	(9.6)	(0.1)	(0.7)
Balance at December 31, 2018	$18.6	$34.3	$19.9

The fair value of the postretirement assets at December 31, 2018 and 2017, are as follows:

Description		Fair Value at December 31, 2018	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)			
Large-Cap Equity	(1)	$1.8	$ 1.8	$ —	$ —
Small- and Mid-Cap Equity	(1)	0.5	0.5	—	—
International Equity	(1) (2)	1.9	0.3	1.6	—
Fixed Income	(2)	7.4	—	7.4	—
Private Equity	(3)	0.5	—	—	0.5
Hedge Funds	(4)	1.0	—	—	1.0
Real Assets	(5)	0.6	—	—	0.6
Cash	(1)	0.2	0.2	—	—
Total		$13.9	$ 2.8	$ 9.0	$ 2.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Description		Fair Value at December 31, 2017 (In millions)	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Large-Cap Equity	(1)	$4.2	$ 4.2	$ —	$ —
Small- and Mid-Cap Equity	(1)	1.3	1.3	—	—
International Equity	(1) (2)	2.7	0.5	2.2	—
Fixed Income	(2)	6.0	—	6.0	—
Private Equity	(3)	0.8	—	—	0.8
Hedge Funds	(4)	1.2	—	—	1.2
Real Assets	(5)	0.6	—	—	0.6
Cash	(1)	0.3	0.3	—	—
Total		$17.1	$ 6.3	$ 8.2	$ 2.6

(1) Fair value is based on observable market prices for the assets.

(2) For the portion of this asset class categorized as Level 2, fair value is determined using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable market data.

(3) Private equity investments are initially valued at cost. Fund managers periodically review the valuations utilizing subsequent company-specific transactions or deterioration in the company's financial performance to determine if fair value adjustments are necessary. Private equity investments are typically viewed as long term, less liquid investments with return of capital coming via cash distributions from the sale of underlying fund assets. The Plan intends to hold these investments through each fund's normal life cycle and wind down period.

(4) Fair value is reported by the fund manager based on observable market prices for actively traded assets within the funds, as well as financial models, comparable financial transactions or other factors relevant to the specific asset for assets with no observable market. These investments are redeemable quarterly with a range of 30 – 90 days notice.

(5) The fair value of Real Assets are reported by the fund manager based on a combination of the following valuation approaches: current replacement cost less deterioration and obsolescence, a discounted cash flow model of income streams and comparable market sales.

Gross realized and unrealized gains and losses, purchases and sales for Level 3 postretirement assets were not material for the twelve months ended December 31, 2018.

USRIP, or the Plan, Investment and Asset Allocation Strategies. The primary goal of the asset allocation strategy of the Plan is to produce a total investment return which will satisfy future annual cash benefit payments to participants and minimize future contributions from the Company. Additionally, this strategy will diversify the plan assets to minimize nonsystemic risk and provide reasonable assurance that no single security or class of security will have a disproportionate negative impact on the Plan. Investment managers are required to abide by the provisions of ERISA. Standards of performance for each manager include an expected return versus an assigned benchmark, a measure of volatility, and a time period of evaluation.

The asset allocation strategy and investment manager recommendations are determined by the Investment Committee, with the advice of our external advisor. The asset allocation and ranges are approved by our in-house Investment Committee and Plan Administrators, who are Named Fiduciaries under ERISA.

The Investment Committee made the decision in the fourth quarter of 2018, following the completion of an Asset Liability Management study by a third party, to reduce risk in the portfolio by (1) reducing the overall exposure to equities and (2) increasing exposure to fixed income assets that better track the movement in liability. These actions are designed to better

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

protect the funded status of the plan and reduce future funded status volatility. The Investment Committee may elect to make further changes to the asset allocation strategy as the funded status of the Plan improves.

In an effort to meet asset allocation and funded status objectives of the Plan, assets are categorized as Return-Seeking Assets and Liability-Hedging Assets. As of December 31, 2018, the approved allocation ranges were 35% to 65% for each asset category, with a 50/50 targeted allocation. Return-Seeking Assets include any asset class not intended to hedge the Plan’s liabilities. At December 31, 2018, these assets included domestic and international equities, private equity (including secondary private equity), real assets, and hedge funds. Alternative assets have become a smaller part of the asset allocation strategy, as the Plan seeks to maintain a high degree of liquidity. Liability-Hedging Assets represent investments which are meant to provide a hedge relative to the Plan’s liabilities and consist primarily of fixed income securities. Additionally, the Plan allows certain of their managers, subject to specific risk constraints, to utilize derivative instruments in order to enhance asset return, reduce volatility or both. Derivatives are primarily employed by the Plans in their fixed income portfolios and in the hedge fund-of-funds area. Derivatives can be used for hedging purposes to reduce risk.

No shares of Equifax common stock were directly owned by the Plan at December 31, 2018 or 2017. Not more than 5% of the portfolio (at cost), and 10% of the equity portfolio’s market value, shall be invested in the securities of any one issuer, except the U.S. Government and U.S. Government Agencies.

The following asset allocation ranges and actual allocations were in effect as of December 31, 2018 and 2017:

	Range		Actual	
USRIP	2018	2017	2018	2017
Large-Cap Equity	5% - 20%	15% - 40%	13.2%	24.7%
Small- and Mid-Cap Equity	0% - 15%	0% - 15%	3.7 %	7.6 %
International Equity	5% - 20%	10% - 30%	13.8%	15.6%
Private Equity	0% - 10%	2% - 10%	3.8 %	4.7 %
Hedge Funds	0% - 10%	0% - 10%	7.0 %	6.8 %
Real Assets	0% - 10%	2% - 10%	4.1 %	3.7 %
Fixed Income	35% - 65%	20% - 55%	53.2%	35.1%
Cash	0% - 15%	0% - 15%	1.2 %	1.8 %

CRIP Investment and Asset Allocation Strategies. The primary goal of the asset allocation strategy of the Plan is to produce a total investment return which will satisfy future annual cash benefit payments to participants and minimize future contributions from the Company. Additionally, this strategy will diversify the plan assets to minimize nonsystemic risk and provide reasonable assurance that no single security or class of security will have a disproportionate impact on the Plan. Due to the high funded status of the Plan, the Investment Committee of the CRIP has adopted a conservative asset allocation of 50/50 in equities and fixed income. The Investment Committee maintains an investment policy for the CRIP, which imposes certain limitations and restrictions regarding allowable types of investments. The current investment policy imposes those restrictions on investments or transactions such as (1) Equifax common stock or securities, except as might be incidental to any pooled funds which the plan may have, (2) commodities or loans, (3) short sales and the use of margin accounts, (4) put and call options, (5) private placements, and (6) transactions which are “related-party” in nature as specified by the Canadian Pension Benefits Standards Act and its regulations.

The following specifies the asset allocation ranges and actual allocation as of December 31, 2018 and 2017:

		Actual	
CRIP	Range	2018	2017
Canadian Equities	25% - 50%	35.7%	35.2%
International Equities (including U.S. Equities)	0% - 38%	15.6%	14.9%

Fixed Income	40% - 60%	48.2 %	49.1 %
Money Market	0% - 10%	0.5 %	0.8 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Equifax Retirement Savings Plans. Equifax sponsors a tax qualified defined contribution plan, the Equifax Inc. 401(k) Plan, or the Plan. We provide a discretionary match of participants' contributions, up to four or six percent of employees eligible pay depending on certain eligibility rules under the Plan. We also provide a discretionary direct contribution to certain eligible employees, the percentage of which is based upon an employee's credited years of service. Company contributions for the Plan during the twelve months ended December 31, 2018, 2017 and 2016 were $30.7 million, $29.7 million and $27.1 million, respectively.

Foreign Retirement Plans. We also maintain defined contribution plans for certain employees in Australia, the U.K., Ireland and Canada. For the years ended December 31, 2018, 2017 and 2016, our contributions related to these plans were $14.1 million, $7.3 million, and $5.9 million, respectively.

Deferred Compensation Plans. We maintain deferred compensation plans that allow for certain management employees and the Board of Directors to defer the receipt of compensation (such as salary, incentive compensation, commissions or shares payable under vested restricted stock units) until a later date based on the terms of the plans. The Company also makes contributions to the accounts of certain executives who are not eligible to participate in either of the Supplemental Retirement Plans. The benefits under our deferred compensation plans are guaranteed by the assets of a grantor trust which, through our funding, make investments in certain mutual funds. The purpose of this trust is to ensure the distribution of benefits accrued by participants of the deferred compensation plans in case of a change in control, as defined in the trust agreement.

Annual Incentive Plan. We have a shareholder-approved Annual Incentive Plan, which is a component of our amended and restated 2008 Omnibus Incentive Plan, for certain key officers that provides for annual or long-term cash awards at the end of various measurement periods, based on the earnings per share, revenue and/or various other criteria over the measurement period. Our total accrued incentive compensation for all incentive plans included in accrued salaries and bonuses on our Consolidated Balance Sheets was $61.7 million and $44.9 million at December 31, 2018 and 2017, respectively.

Employee Benefit Trusts. We maintain employee benefit trusts for the purpose of satisfying obligations under certain benefit plans. These trusts held 0.6 million shares of Equifax stock with a value, at cost, of $5.9 million at December 31, 2018 and 2017, as well as cash, which was not material for both periods presented. The employee benefits trusts are as follows:

- The Executive Life and Supplemental Retirement Benefit Plan Grantor Trust was used to ensure that the insurance premiums due under the Executive Life and Supplemental Retirement Benefit Plan were paid in case we fail to make scheduled payments following a change in control, as defined in this trust agreement. This trust was terminated in 2016 as the obligations noted above were satisfied.

- The Supplemental Retirement Plan Grantor Trust's assets are dedicated to ensure the payment of benefits accrued under our Supplemental Retirement Plan in case of a change in control, as defined in this trust agreement.

The assets in these plans which are recorded on our Consolidated Balance Sheets are subject to creditor's claims in case of insolvency of Equifax Inc.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME(LOSS)

Changes in accumulated other comprehensive income(loss) by component, after tax, for the twelve months ended December 31, 2018, are as follows:

	Foreign currency	Pension and other	Cash flow hedging	Total

		postretirement benefit plans	transactions	
	(In millions)			
Balance, December 31, 2017	$(103.3)	$ (307.5)	$ (1.2)	$(412.0)
Other comprehensive income(loss) before reclassifications	(224.7)	(5.2)	—	(229.9)
Amounts reclassified from accumulated other comprehensive income(loss)	—	15.6	—	15.6
Balance, December 31, 2018	$(328.0)	$ (297.1)	$ (1.2)	$(626.3)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Reclassifications out of accumulated other comprehensive income(loss) for the twelve months ended December 31, 2018, are as follows:

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income(loss) (In millions)	Affected line item in the statement where net income is presented
Amortization of pension and other postretirement plan items:		
Prior service cost	$0.5	[1]
Recognized actuarial loss	(21.1)	[1]
	(20.6)	Total before tax
	5.0	Tax benefit
	$(15.6)	Net of tax

(1) These accumulated other comprehensive income(loss) components are included in the computation of net periodic pension cost (See Note 9 Benefit Plans for additional details).

Changes in accumulated other comprehensive income(loss) related to noncontrolling interests were not material as of December 31, 2018.

11. RESTRUCTURING CHARGES

In the fourth quarter of 2018 and the fourth quarter of 2016, we recorded $46.1 million ($35.0 million, net of tax) and $5.7 million ($3.7 million, net of tax) of restructuring charges, respectively, all of which were recorded in selling, general and administrative expenses on our Consolidated Statements of Income. These charges were recorded to general corporate expense and resulted from our continuing efforts to realign our internal resources to support the Company's strategic objectives and increase the integration of our global operations. The 2018 restructuring charge primarily relates to a reduction in headcount. We paid $11.5 million of the 2018 restructuring charges in 2018 and the remaining payments will be completed in 2019.
The 2016 restructuring charge primarily relates to a reduction in headcount. Payments related to the 2016 restructuring charge were substantially completed in 2017.

12. 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

- 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 (see Note 1). We evaluate the performance of these reportable segments based on their operating revenue, operating income and operating margins, excluding any unusual or infrequent items, if any. The measurement criteria for segment profit or loss and segment assets are substantially the same for each reportable segment. Inter-segment sales are not material for all periods presented. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 origination 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 to consumers primarily via the internet 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.

Segment information for the twelve months ended December 31, 2018, 2017 and 2016 and as of December 31, 2018 and 2017 is as follows:

	Twelve Months Ended December 31,		
Operating revenue:	2018	2017	2016
	(In millions)		
U.S. Information Solutions	$1,247.3	$1,262.7	$1,236.5
International	966.2	932.3	803.6
Workforce Solutions	826.8	764.2	702.2
Global Consumer Solutions	371.8	403.0	402.6
Total operating revenue	$3,412.1	$3,362.2	$3,144.9

	Twelve Months Ended December 31,		
Operating income:	2018	2017	2016
	(In millions)		
U.S. Information Solutions	$441.7	$539.1	$537.0
International	108.6	169.3	111.5
Workforce Solutions	332.7	331.9	295.5
Global Consumer Solutions	68.6	106.2	112.4
General Corporate Expense	(503.6)	(314.8)	(231.3)
Total operating income	$448.0	$831.7	$825.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Total assets:	December 31, 2018	2017
	(In millions)	
U.S. Information Solutions	$1,654.8	$1,587.3
International	2,959.1	3,145.7
Workforce Solutions	1,249.5	1,227.4
Global Consumer Solutions	255.0	254.0
General Corporate	1,034.8	1,019.0
Total assets	$7,153.2	$7,233.4

Depreciation and amortization expense:	Twelve Months Ended December 31, 2018	2017	2016
	(In millions)		
U.S. Information Solutions	$79.2	$83.7	$82.1
International	118.5	109.9	101.6
Workforce Solutions	45.8	42.1	42.7
Global Consumer Solutions	14.9	13.2	9.6
General Corporate	52.0	38.9	29.4
Total depreciation and amortization expense	$310.4	$287.8	$265.4

Capital expenditures:	Twelve Months Ended December 31, 2018	2017	2016
	(In millions)		
U.S. Information Solutions	$42.0	$18.6	$19.1
International	104.4	59.7	50.3
Workforce Solutions	44.0	28.9	22.2
Global Consumer Solutions	29.4	15.0	12.3
General Corporate	148.3	91.8	87.6
Total capital expenditures*	$368.1	$214.0	$191.5

*Amounts above include accruals for capital expenditures.

Financial information by geographic area is as follows:

	Twelve Months Ended December 31, 2018		2017		2016	
			(In millions)			
Operating revenue (based on location of customer):	Amount	%	Amount	%	Amount	%
U.S.	$2,405.1	71 %	$2,379.7	71 %	$2,290.9	73 %
U.K.	316.4	9 %	311.2	9 %	232.1	7 %
Australia	321.2	9 %	304.0	9 %	214.3	7 %
Canada	158.5	5 %	148.9	4 %	134.3	4 %
Other	210.9	6 %	218.4	7 %	273.3	9 %
Total operating revenue	$3,412.1	100%	$3,362.2	100%	$3,144.9	100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2018		December 31, 2017	
	(In millions)			
Long-lived assets:	Amount	%	Amount	%
U.S.	$3,457.0	55 %	$3,274.5	53 %
U.K.	289.0	5 %	303.2	5 %
Australia	2,009.7	32 %	2,207.1	35 %
Canada	105.7	2 %	67.4	1 %
Other	389.5	6 %	382.8	6 %
Total long-lived assets	$6,250.9	100%	$6,235.0	100%

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for 2018 and 2017 was as follows:

2018	Three Months Ended March 31,	June 30,	September 30,	December 31,
	(In millions, except per share data)			
Operating revenue	$865.7	$876.9	$ 834.2	$ 835.3
Operating income	$144.2	$193.6	$ 64.1	$ 46.1
Consolidated net income	$93.8	$146.1	$ 39.6	$ 26.7
Net income attributable to Equifax	$90.9	$144.8	$ 38.4	$ 25.6
Basic earnings per share*				
Net income attributable to Equifax	$0.76	$1.20	$ 0.32	$ 0.21
Diluted earnings per share*				
Net income attributable to Equifax	$0.75	$1.19	$ 0.32	$ 0.21

2017	Three Months Ended March 31,	June 30,	September 30,	December 31,
	(In millions, except per share data)			
Operating revenue	$832.2	$856.7	$ 834.8	$ 838.5
Operating income	$218.6	$265.9	$ 154.7	$ 192.6
Consolidated net income	$155.4	$167.6	$ 100.5	$ 174.4
Net income attributable to Equifax	$153.3	$165.4	$ 96.3	$ 172.3
Basic earnings per share*				
Net income attributable to Equifax	$1.28	$1.37	$ 0.80	$ 1.44
Diluted earnings per share*				
Net income attributable to Equifax	$1.26	$1.36	$ 0.79	$ 1.42

* The sum of the quarterly EPS does not equal the annual EPS due to changes in the weighted-average shares between periods. Other amounts may not equal the annual total due to rounding between periods.

The comparability of our quarterly financial results during 2018 and 2017 was impacted by certain events, as follows:

- For the year ended December 31, 2018, we recorded $326.2 million in pre-tax expenses related to the 2017 cybersecurity incident. In addition, we recorded a charge for the realignment of resources and other costs of $46.1 million in the fourth quarter of 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- For the year ended December 31, 2017, we recorded $114.0 million in pretax expenses related to the 2017 cybersecurity incident. In addition, as a result of the Tax Act the company recorded preliminary adjustments totaling a net tax benefit of $48.3 million in the fourth quarter of 2017.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Equifax's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report (i) were appropriately designed to provide reasonable assurance of achieving their objectives and (ii) were effective and provided reasonable assurance that the information required to be disclosed by Equifax in reports filed under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to Equifax's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of Equifax's internal control over financial reporting as of December 31, 2018 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 Framework). Based on this assessment using those criteria, our management concluded that, as of December 31, 2018, Equifax's internal control over financial reporting was effective. Management reviewed the results of its assessment with the Audit Committee of its Board of Directors. The effectiveness of Equifax's internal control over financial reporting as of December 31, 2018 has been audited by Ernst & Young LLP, Equifax's independent registered public accounting firm, as stated in their report, which appears in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K on page 60.

Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting identified in connection with the foregoing that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information about our executive officers shown below, the information required by this Item 10 is incorporated herein by reference from the information contained in our Proxy Statement to be filed with the SEC in connection with the solicitation of proxies for our 2019 Annual Meeting of Shareholders (the “2019 Proxy Statement”) under the sections entitled “Proposal 1 Election of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Board Leadership and Corporate Governance—Committees of the Board of Directors.”

We have adopted a written Code of Ethics and Business Conduct applicable to all our employees, including our principal executive officer, principal financial officer, and principal accounting officer and controller, and to members of our Board of Directors. Our Code of Ethics and Business Conduct is available on our investor relations website: www.equifax.com/about-equifax/corporate-governance. We will disclose amendments to certain provisions of our Code of Ethics and Business Conduct, or waivers of such provisions granted to executive officers and directors, on this website.

Executive Officers

Information regarding the executive officers of Equifax Inc. is set forth below.

Mark W. Begor (60) has been Chief Executive Officer and a member of the Board of Directors since April 2018. Prior thereto, he was a Managing Director in the Industrial and Business Services group at Warburg Pincus, a global private equity investment firm, since June 2016. Prior to Warburg Pincus, Mr. Begor spent 35 years at General Electric Company (“GE”), a global industrial and financial services company, in a variety of operating and financial roles. During his career at GE, Mr. Begor served in a variety of roles leading multibillion dollar units of the company, including President and CEO of GE Energy Management from 2014 to 2016, President and CEO of GE Capital Real Estate from 2011 to 2014, and President and CEO of GE Capital Retail Finance (Synchrony Financial) from 2002 to 2011. Mr. Begor served on the Fair Isaac Corporation (FICO) Board of Directors from 2016 to 2018.

J. Dann Adams (61) has been President, Global Consumer Solutions, since November 2015. Prior thereto, he served as President, Workforce Solutions, since July 2010. Prior thereto, he served as President, U.S. Information Solutions from 2007 to June 2010. Prior thereto, he served as Group Executive, North America Information Services from November 2003 until December 2006.

Jamil Farshchi (41) has been our Chief Information Security Officer since February 2018. Prior to joining Equifax, Mr. Farshchi served as Chief Information Security Officer at The Home Depot since April 2015. Prior thereto, he was the first Global Chief Information Security Officer at Time Warner Inc., from August 2014 to March 2015. Prior thereto, he was the Vice President of Global Information Security at Visa Inc. from August 2011 to August 2014. Mr. Farshchi has also held senior roles at Los Alamos National Laboratory, Sitel Corporation, Nextwave Broadband and NASA.

John W. Gamble, Jr. (56) has been Corporate Vice President and Chief Financial Officer since May 2014. Prior to that, Mr. Gamble was Executive Vice President and Chief Financial Officer of Lexmark International, Inc., a global provider of document solutions, enterprise content management software and services, printers and multifunction printers, from September 2005 until May 2014.

John T. Hartman (59) has been President, International, since November 2015. Prior thereto, he served as Senior Vice President, Corporate Development, since April 2010. Prior thereto, he served as President of Growth Vector from

2009 to 2010. Prior thereto, he served as Executive Vice President and Chief Commercial Officer for Acuity Brands from 2004 to 2009.

Julia A. Houston (48) has been Chief Transformation Officer since October 2017. Prior thereto, she was Senior Vice President, U.S. Legal, since October 2013. Prior to joining Equifax, Ms. Houston was Senior Vice President, General Counsel and Corporate Secretary at Convergys Corporation, from 2011 to 2013. Prior thereto, she served in roles of increasing responsibility at Mirant Corporation from 2004 to 2010, ultimately serving as Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary.

John J. Kelley III (58) has been Corporate Vice President and Chief Legal Officer since January 2013. Prior to joining Equifax, Mr. Kelley was a senior partner in the Corporate Practice Group of the law firm of King & Spalding LLP from January 1993 to December 2012.

Bryson Koehler (43) has been our Chief Technology Officer since June 2018. Prior to joining Equifax, Mr. Koehler served as Chief Technology Officer of IBM Watson and Cloud Platform since November 2016. Prior to that, Mr. Koehler was Chief Technology and Information Officer of The Weather Channel Companies, before it was acquired in 2015 by IBM. Before that, he served as Senior Vice President of Global Revenue & Guest Technology at the Intercontinental Hotels Group.

Rodolfo O. Ploder (58) has been President, Workforce Solutions, since November 2015. Prior thereto, he served as President, U.S. Information Solutions, since April 2010. Prior thereto, he served as President, International, from January 2007 to April 2010. Prior thereto, he was Group Executive, Latin America from February 2004 to January 2007.

Coretha M. Rushing (62) has been Corporate Vice President and Chief Human Resources Officer since 2006. Prior to joining Equifax, she served as an executive coach and HR Consultant with Atlanta-based Cameron Wesley LLC. Prior thereto, she was Senior Vice President of Human Resources at The Coca-Cola Company, where she was employed from 1996 until 2004.

Sid Singh (41) has been President, U.S. Information Solutions, since February 11, 2019. Mr. Singh served as group president of Integrated Solutions & Vertical Markets at Global Payments Inc., since February 2013. Prior thereto, he served as Senior Vice President, Global Product of Global Payments Inc. since 2010. Prior thereto, he served as Vice President and Regional Head, Asia Pacific of Global Payments Inc. since 2006. Prior thereto, he held senior management positions with HSBC and Citibank.

Laura L. Wilbanks (51) has been Chief Marketing Officer since August 2017. Prior thereto, she served as Senior Vice President and Senior Marketing Officer for U.S. Information Solutions, since May 2013. Prior thereto, she served as Senior Vice President, Strategic Marketing since January 2010. Prior thereto, since February 1998, Ms. Wilbanks held positions of increasing responsibility at Equifax, including leadership roles in global product management, global strategy, market development and market insight and planning.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference from the information contained in our 2019 Proxy Statement under the sections entitled “Executive Compensation” and “Director Compensation.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 is incorporated herein by reference from the information contained in our 2019 Proxy Statement under the sections entitled “Security Ownership of Management and Certain Beneficial Owners” and “Executive Compensation Equity Compensation Plan Information.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference from the information contained in our 2019 Proxy Statement under the sections entitled “Board Leadership and Corporate Governance Director Independence, ” “Related Person Transaction Policy” and “Certain Relationships and Related Person Transactions of Directors, Executive Officers, and 5 Percent Shareholders.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference from the information contained in our 2019 Proxy Statement under the section entitled “Proposal 3 Ratification of Appointment of Ernst & Young LLP as Independent Registered Public Accounting Firm for 2019.”

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) List of Documents Filed as a Part of This Report:
(1) Financial Statements. The following financial statements are included in Item 8 of Part II:

- Consolidated Balance Sheets — December 31, 2018 and 2017;
- Consolidated Statements of Income for the Years Ended December 31, 2018, 2017 and 2016;
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2018, 2017 and 2016;
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017 and 2016;
- Consolidated Statements of Shareholders' Equity and Other Comprehensive Income for the Years Ended December 31, 2018, 2017 and 2016; and
- Notes to Consolidated Financial Statements.

(2) Financial Statement Schedules.

- Schedule II — Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(3) Exhibits. See exhibits listed under Part (b) below.

(b) Exhibits:

Exhibit Number	Description
	Plan of Acquisition
2.1	Scheme Implementation Deed, dated as of November 22, 2015 (Sydney, Australia time), by and between Equifax Inc. and Veda Group Limited (incorporated by reference to Exhibit 2.1 to Equifax's Form 8-K filed November 24, 2015).
	Articles of Incorporation and Bylaws
3.1	Amended and Restated Articles of Incorporation of Equifax Inc. (incorporated by reference to Exhibit 3.1 to Equifax's Form 8-K filed May 14, 2009).
3.2	Amended and Restated Bylaws of Equifax Inc. (incorporated by reference to Exhibit 3.1 to Equifax's Form 8-K filed February 21, 2017).
	Instruments Defining the Rights of Security Holders, Including Indentures
4.1	Amendment to Rights Agreement dated as of February 19, 2015, between Equifax Inc. and American Stock Transfer & Trust Company, LLC, as successor Rights Agent to SunTrust Bank, amending the Amended and Restated Rights Agreement dated as of October 14, 2005, between Equifax Inc. and SunTrust Bank, as Rights Agent (incorporated by reference to Exhibit 4.1 to Equifax's Form 8-K filed February 20, 2015).
4.2	Indenture dated as of June 29, 1998, between Equifax Inc. and The First National Bank of Chicago, Trustee (the "1998 Indenture")(under which Equifax's 6.9% Debentures due 2028 were issued) (incorporated

	by reference to Exhibit 4.4 to Equifax's Form 10-K filed March 31, 1999).
4.3	Second Supplemental Indenture dated as of June 28, 2007, between Equifax Inc. and The Bank of New York Trust Company, N.A. (under which Equifax's 7.00% Senior Notes due 2037 were issued), to the 1998 Indenture (incorporated by reference to Exhibit 4.1 to Equifax's Form 8-K filed June 29, 2007).
4.4	Fourth Supplemental Indenture dated as of December 17, 2012, between Equifax Inc. and The Bank of New York Mellon Trust Company, N.A. (under which Equifax's 3.30% Senior Notes due 2022 were issued), to the 1998 Indenture (incorporated by reference to Exhibit 4.2 to Equifax's Form 8-K filed December 11, 2012).
4.5	Third Amended and Restated Credit Agreement dated as of December 19, 2012, among Equifax Inc., Equifax Limited, Equifax Canada Co. (formerly known as Equifax Canada, Inc.), Equifax Luxembourg S.A.R.L., the lenders named therein and Bank of America, N.A. as Administrative Agent (incorporated by reference to Exhibit 4.2 to Equifax's Form 8-K filed December 20, 2012).

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4.6	Credit Agreement, dated as of September 27, 2018, by and between Equifax Inc., Equifax Limited, Equifax Canada Co., Equifax Australia Holdings Pty Limited, and SunTrust Bank as administrative agent (incorporated by reference to Exhibit 10.1 to Equifax's Form 8-K filed October 1, 2018).
4.7	Indenture, dated as of May 12, 2016, between Equifax Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Equifax's Form 8-K filed May 12, 2016).
4.8	First Supplemental Indenture, dated as of May 12, 2016, between Equifax Inc. and U.S. Bank National Association, as Trustee, including the form of 2021 Note as Exhibit A (incorporated by reference to Exhibit 4.2 to Equifax's Form 8-K filed May 12, 2016).
4.9	Second Supplemental Indenture, dated as of May 12, 2016, between Equifax Inc. and U.S. Bank National Association, as Trustee, including the form of 2026 Note as Exhibit A (incorporated by reference to Exhibit 4.3 to Equifax's Form 8-K filed May 12, 2016).
4.10	Third Supplemental Indenture, dated as of May 25, 2018, between Equifax Inc. and the Trustee, including the form of 2021 Note as Exhibit A (incorporated by reference to Exhibit 4.1 to Equifax's Form 8-K filed May 25, 2018).
4.11	Fourth Supplemental Indenture, dated as of May 25, 2018, between Equifax Inc. and the Trustee, including the form of 2023 Note as Exhibit A (incorporated by reference to Exhibit 4.2 to Equifax's Form 8-K filed May 25, 2018).
4.12	Fifth Supplemental Indenture, dated as of May 25, 2018, between Equifax Inc. and the Trustee, including the form of Floating Rate Note as Exhibit A (incorporated by reference to Exhibit 4.2 to Equifax's Form 8-K filed May 25, 2018).

Except as set forth in the preceding Exhibits 4.1 through 4.12, instruments defining the rights of holders of long-term debt securities of Equifax have been omitted where the total amount of securities authorized does not exceed 10% of the total assets of Equifax and its subsidiaries on a consolidated basis. Equifax agrees to furnish to the SEC, upon request, a copy of such instruments with respect to issuances of long-term debt of Equifax and its subsidiaries.

Management Contracts and Compensatory Plans or Arrangements

10.1	Form of Director/Executive Officer Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Equifax's Form 8-K filed May 14, 2009).
10.2	Form of Change in Control Agreement adopted in 2008 (Tier I or Tier II) (incorporated by reference to Exhibit 10.3 to Equifax's Form 8-K filed September 26, 2008).
10.3	Form of Change in Control Agreement adopted in 2013 (Tier I or Tier II) (incorporated by reference to Exhibit 10.2 to Equifax's Form 10-K filed February 22, 2013).
10.4	Equifax Inc. Non-Employee Director Stock Option Plan and Form of Non-Employee Director Stock Option Agreement (incorporated by reference to Exhibit 10.16 to Equifax's Form 10-K filed March 31, 1999).
10.5	Equifax Inc. Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.7 to Equifax's Form 10-K filed March 29, 2001).
10.6	Supplemental Retirement Plan for Executives of Equifax Inc. (incorporated by reference to Exhibit 10.6(a) to Equifax's Form 10-K filed February 24, 2016).
10.7	Trust Agreement for Supplemental Retirement Plan for Executives of Equifax Inc. dated as of September 16, 2011, between Equifax Inc. and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 10.6(b) to Equifax's Form 10-K filed February 23, 2012).
10.8	Equifax Inc. Executive Life and Supplemental Retirement Benefit Plan (incorporated by reference to Exhibit 10.8 to Equifax's Form 10-K filed March 29, 2001).
10.9	Equifax Inc. Key Management Long-Term Incentive Plan, as amended and restated effective as of May 2, 2013 (incorporated by reference to Appendix C to Equifax's definitive proxy statement on Schedule 14A filed March 20, 2013).

10.10	Equifax Inc. 2008 Omnibus Incentive Plan, as amended and restated effective May 2, 2013 (incorporated by reference to Appendix C to Equifax's definitive proxy statement on Schedule 14A filed March 20, 2013).
10.11	Form of Non-Qualified Stock Option Agreement (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.9 to Equifax's form 10-K filed February 22, 2013).
10.12	Form of Qualified Performance-Based Restricted Stock Unit Award Agreement (Senior Leadership Team) under the Equifax Inc. 2008 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.26 to Equifax's Form 10-K filed February 22, 2013).

10.13	Form of Qualified Performance-Based Restricted Stock Unit Award Agreement (CEO) under the Equifax Inc. 2008 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.27 to Equifax's Form 10-K filed February 22, 2013).
10.14	Form of Employee Restricted Stock Unit Award Agreement under the Equifax Inc. 2008 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.28 to Equifax's Form 10-K filed February 22, 2013).
10.15	Form of Non-Employee Director Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.17 to Equifax's Form 10-K filed February 26, 2009).
10.16	Form of Total Share Return Performance Share Award Agreement (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.29 to Equifax's Form 10-K filed February 28, 2014).
10.17	Form of Total Share Return Performance Share Award Agreement (CEO) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.30 to Equifax's Form 10-K filed February 28, 2014).
10.18	Equifax Inc. 2008 Omnibus Incentive Plan (U.K. Sub-Plan for U.K. Participants) (incorporated by reference to Exhibit 10.10 to Equifax's Form 10-K filed February 26, 2009).
10.19	Form of Non-Qualified Stock Option Agreement under the Equifax Inc. 2008 Omnibus Incentive Plan (U.K. approved option version) (incorporated by reference to Exhibit 10.11 to Equifax's Form 10-K filed February 26, 2009).
10.20	Form of Non-Qualified Stock Option Agreement under the Equifax Inc. 2008 Omnibus Incentive Plan (U.K. unapproved option version) (incorporated by reference to Exhibit 10.12 to Equifax's Form 10-K filed February 26, 2009).
10.21	Equifax Inc. Executive Deferred Compensation Plan, as amended through December 31, 2008 (incorporated by reference to Exhibit 10.13 to Equifax's Form 10-K filed February 26, 2009).
10.22	Equifax Inc. Director Deferred Compensation Plan, as amended through December 31, 2008 (incorporated by reference to Exhibit 10.14 to Equifax's Form 10-K filed February 26, 2009).
10.23	Equifax Grantor Trust dated as of January 1, 2003, between Equifax Inc. and Wachovia Bank, N.A., Trustee, relating to supplemental deferred compensation and phantom stock benefits (incorporated by reference to Exhibit 10.30 to Equifax's Form 10-K filed March 28, 2003).
10.24	Equifax Inc. Director and Executive Stock Deferral Plan, as amended and restated effective January 1, 2015, as amended (incorporated by reference to Exhibit 10.23 to Equifax's Form 10-K filed February 22, 2017).
10.25	Equifax 2005 Executive Deferred Compensation Plan, as amended and restated effective January 1, 2015 (incorporated by reference to Exhibit 10.1 to Equifax's Form 10-Q filed July 28, 2016).
10.26	Amendment No. 1 to Equifax 2005 Executive Deferred Compensation Plan, effective January 1, 2016 (incorporated by reference to Exhibit 10.2 to Equifax's Form 10-Q filed July 28, 2016).
10.27	Amendment No. 2 to Equifax 2005 Executive Deferred Compensation plan, effective January 1, 2016 (incorporated by reference to Exhibit 10.27 to Equifax's Form 10-K filed March 1, 2018)
10.28	Form of Restricted Stock Unit Award Agreement (CEO) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.1 to Equifax's Form 10-Q filed April 27, 2017).
10.29	Form of Restricted Stock Unit Award Agreement (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.2 to Equifax's Form 10-Q filed April 27, 2017).
10.30	Form of Non-Qualified Stock Option Award Agreement (CEO) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.3 to Equifax's Form 10-Q filed April 27, 2017).
10.31	Form of Non-Qualified Stock Option Award Agreement (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.4 to Equifax's Form 10-Q filed April 27, 2017).
10.32	

	Form of Performance Share Award Agreement (TSR) (CEO) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.5 to Equifax's Form 10-Q filed April 27, 2017).
10.33	Form of Performance Share Award Agreement (TSR) (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.6 to Equifax's Form 10-Q filed April 27, 2017).

10.34	Form of Performance Share Award Agreement (EPS) (CEO) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.7 to Equifax's Form 10-Q filed April 27, 2017).
10.35	Form of Performance Share Award Agreement (EPS) (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after February 2017) (incorporated by reference to Exhibit 10.8 to Equifax's Form 10-Q filed April 27, 2017).
10.36	Employment Agreement, dated March 27, 2018, between the Company and Mark W. Begor (incorporated by reference to Exhibit 10.1 to Equifax's Form 8-K filed March 28, 2018).
10.37	Form of Restricted Stock Unit Award Agreement (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after March 2018) (incorporated by reference to Exhibit 10.2 to Equifax's Form 10-Q filed April 26, 2018).
10.38	Form of Non-Qualified Stock Option Award Agreement (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after March 2018) (incorporated by reference to Exhibit 10.3 to Equifax's Form 10-Q filed April 26, 2018).
10.39	Form of Performance Share Award Agreement (TSR) (Senior Leadership Team) under the Equifax Inc. Amended and Restated 2008 Omnibus Incentive Plan (for awards granted in or after March 2018) (incorporated by reference to Exhibit 10.4 to Equifax's Form 10-Q filed April 26, 2018).
	Material Contracts
10.40	Commercial Paper Dealer Agreement dated May 22, 2007, between Equifax Inc. and Bank of America Securities LLC (incorporated by reference to Exhibit 10.1 to Equifax's Form 8-K filed May 23, 2007).
10.41	Commercial Paper Dealer Agreement dated May 22, 2007, between Equifax Inc. and SunTrust Capital Markets Securities, Inc. (incorporated by reference to Exhibit 10.2 to Equifax's Form 8-K filed May 23, 2007).
	Other Exhibits and Certifications
21.1*	Subsidiaries of Equifax Inc.
23.1*	Consent of Independent Registered Public Accounting Firm.
24.1*	Powers of Attorney (included on signature page).
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1*	Section 1350 Certification of Chief Executive Officer.
32.2*	Section 1350 Certification of Chief Financial Officer.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.

* Filed herewith

(c) Financial Statement Schedules. See Item 15(a)(2).

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 21, 2019.

EQUIFAX INC.
(Registrant)

By: /s/ Mark W. Begor
Mark W. Begor
Chief Executive Officer

We, the undersigned directors and executive officers of Equifax Inc., hereby severally constitute and appoint John W. Gamble, Jr. and James M. Griggs, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, and in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K filed with the SEC, hereby ratifying and confirming our signatures as they may be signed by our said attorneys to any and all amendments to said Annual Report on Form 10-K.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 21, 2019.

/s/ Mark W. Begor
Mark W. Begor
Chief Executive Officer
(Principal Executive Officer)

/s/ John W. Gamble, Jr.
John W. Gamble, Jr.
Corporate Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ James M. Griggs
James M. Griggs
Chief Accounting Officer and Corporate Controller
(Principal Accounting Officer)

/s/ Mark L. Feidler
Mark L. Feidler
Director and Non-Executive Chairman

/s/ G. Thomas Hough
G. Thomas Hough
Director

/s/ Robert D. Marcus
Robert D. Marcus
Director

/s/ Siri S. Marshall
Siri S. Marshall
Director

/s/ Scott A. McGregor
Scott A. McGregor

Director

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/s/ John A. McKinley
John A. McKinley
Director

/s/ Robert W. Selander
Robert W. Selander
Director

/s/ Elane B. Stock
Elane B. Stock
Director

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

2018

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
	(In millions)				
Reserves deducted in the balance sheet from the assets to which they apply:					
Trade accounts receivable	$9.1	$5.6	$ —	$ (3.8)	$ 10.9
Deferred income tax asset valuation allowance	401.8	(164.0)	(12.3)	206.4	431.9
	$410.9	$(158.4)	$ (12.3)	$ 202.6	$ 442.8

2017

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
	(In millions)				
Reserves deducted in the balance sheet from the assets to which they apply:					
Trade accounts receivable	$7.8	$5.0	$ —	$ (3.7)	$ 9.1
Deferred income tax asset valuation allowance	307.3	(6.1)	8.1	92.5	401.8
	$315.1	$(1.1)	$ 8.1	$ 88.8	$ 410.9

2016

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
	(In millions)				
Reserves deducted in the balance sheet from the assets to which they apply:					
Trade accounts receivable	$7.5	$2.2	$ —	$ (1.9)	$ 7.8
Deferred income tax asset valuation allowance	222.9	(233.7)	23.8	294.3	307.3
	$230.4	$(231.5)	$ 23.8	$ 292.4	$ 315.1

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