The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes included in this Annual Report. This discussion contains forward-looking statements. Also see the section "Forward-Looking Statements" on page 33, and "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission for a discussion of the uncertainties, risks, and assumptions associated with these statements.

OVERVIEW

As a leading source of consumer and commercial credit information, we collect, organize and manage various types of financial, demographic, and marketing information. Our products and services enable businesses to make credit and service decisions, manage their portfolio risk, 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 state and federal governments. We also enable consumers to manage and protect their financial health through a portfolio of products offered directly to individuals. We have approximately 5,000 employees worldwide, and manage our business globally through the following three operating segments: Equifax North America, Equifax Europe, and Equifax Latin America. Our operations are predominantly located within the United States, with foreign operations principally located in Canada, the United Kingdom, and Brazil.

Our products and services are categorized as follows: Information Services, Marketing Services, and Consumer Direct. Our Information Services products and services allow customers to make credit decisions about consumers and commercial enterprises. Our Marketing Services information products and databases enable customers to identify a target audience for marketing purposes, and our Consumer Direct products and services provide information to consumers that enable them to reduce their exposure to identity fraud and to monitor their credit health.

We develop, maintain, and enhance secured proprietary information databases through compilation of accounts receivable information about consumers and businesses that we obtain from a variety of sources, such as credit granting institutions, public record information, including bankruptcies, liens, and judgments, and marketing information from surveys and warranty cards. We process this information utilizing our information management systems and make it available to our customers in a user-friendly format.

SUMMARY OF SELECTED RECENT EVENTS

Acquisitions. In November 2002, we acquired consumer credit files, contractual rights to territories, and customer relationships and related businesses from CBC Companies, Inc., or CBC, an independent credit reporting agency, for $95.0 million in cash. The purchased CBC database includes customers from Ohio, Florida, West Virginia, South Dakota, North Dakota and Indiana.

In August 2002, we acquired Naviant, Inc. for $135.0 million in cash. Naviant is a direct marketing company with a database of permission-based email addresses. Naviant's products and services enable marketers to identify, target, and build consumer relationships through email marketing.

$250.0 Million Note Offering. In October 2002, we completed the sale of $250.0 million aggregate principal amount of our 4.95% senior unsecured notes, which mature November 1, 2007. The proceeds were used to pay down our revolving credit facility and for general corporate purposes, including the November 2002 acquisition of assets from CBC. In turn, we will borrow $200.0 million under our revolving credit facility to retire our $200.0 million aggregate principal amount of outstanding 6.5% senior unsecured notes, which mature June 2003. See Note 6 to our Consolidated Financial Statements.

Discontinued Operations – 2002 Spain Commercial and 2001 Spin-off of Certegy. In the third quarter of 2002, we initiated a plan to exit our commercial reporting business in Spain, which is now held for sale. Our decision to exit the business was driven by unfavorable growth prospects in this market and unsatisfactory financial performance. Discontinued after tax losses totaled $13.3 million in 2002 including a $9.0 million ($0.07 per share) estimated loss on disposal. The results for this business in 2001 and 2000 were not material, as revenues were less than 1% of our total sales, and thus have not been reclassified to Discontinued Operations.

On July 7, 2001, we completed the spin-off of our Payment Services segment. The spin-off was accomplished by the consolidation of the business units that comprised our Payment Services segment into a separate, wholly-owned subsidiary, Certegy Inc., and the subsequent distribution of all of the common stock of Certegy to our shareholders. As a result of the spin-off, our historical financial statements have been restated with Certegy's net assets, results of operations and cash flows classified as "Discontinued Operations." See Note 2 to the Consolidated Financial Statements.

Divested Operations in 2001 and 2000. In October 2001, we sold our City Directory business and, in the fourth quarter of 2000, we sold our risk management collections businesses in the United States, Canada, and the United Kingdom, our vehicle information businesses in the United Kingdom, and a direct marketing business in Canada. Combined revenues for these businesses in 2001 and 2000 were $29.2 million and $162.0 million, respectively, with a 2001 operating loss of $3.6 million and 2000 operating income of $9.0 million.

The operating results of these businesses are classified in Divested Operations for segment reporting purposes and are included in our income from continuing operations. See Note 4 to the Consolidated Financial Statements.

Restructuring and Impairment Charges in 2001. In the fourth quarter of 2001, we recorded restructuring and impairment charges of $60.4 million ($35.3 million after tax or $0.25 per diluted share). The restructuring charges, which total $37.2 million, are associated with the reconfiguration of our business after the spin-off of Certegy and the realignment of our cost structure in our international operations, and consist of severance costs and reserves to reflect our estimated exposure on facilities to be vacated or consolidated. The asset impairment charges, which total $23.2 million, reflect our write-down of several technology investments. See Note 5 to the Consolidated Financial Statements.

COMPONENTS OF INCOME STATEMENT

Revenues from our three operating segments, Equifax North America, Equifax Europe and Equifax Latin America, are generated from a variety of products and services categorized into three groups: Information Services, Marketing Services, and Consumer Direct. In 2002, our Equifax North America segment generated 81% of our worldwide revenues and 91% of our operating profit before corporate expense.

Information Services revenues are principally transaction related, and are derived from our sales of the following products, many of which are delivered electronically: credit reporting and scoring, mortgage reporting, identity verification, fraud detection, decisioning and modeling services and credit marketing services. Revenues from our Marketing Services are derived from our sales of products that help customers acquire new customers. Consumer Direct revenues are transaction related, and are derived from our sales of credit reporting products and identity theft monitoring services, which we deliver to consumers electronically via the Internet and via mail. Our revenues are sensitive to a variety of factors, such as demand for, and price of, our services, technological competitiveness, our reputation for providing timely and reliable service, competition within our industry, federal, state, foreign and regulatory requirements governing privacy and use of data, and general economic conditions. See "Forward-Looking Statements," below.

Our operating expenses include costs of services and selling, general, and administrative expense. Costs of services consist primarily of data acquisition and royalties; 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; hardware and software expense associated with transaction processing systems; telecommunication and computer network expense; and occupancy costs associated with facilities where these functions are performed. Selling, general, and administrative, or SG&A expenses consist primarily of personnel costs for compensation paid to sales and administrative employees and management. Depreciation and amortization expense includes amortization of acquired intangible assets.

ADOPTION OF SFAS 142

Beginning January 1, 2002, we adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," or SFAS 142. SFAS 142 modifies the accounting for business combinations, goodwill, and identifiable intangible assets. As of January 1, 2002 all goodwill amortization ceased. SFAS 142 requires an initial impairment test of goodwill and certain other intangibles to be completed in the year of adoption and annually thereafter. In 2002, we completed our goodwill impairment testing required by SFAS 142, which resulted in no adjustment to the carrying amount of goodwill. Although the adoption of the impairment provisions of SFAS No. 142 did not have a material impact on our financial position, we cannot assure you that additional impairment tests will not require an impairment charge during future periods should circumstances indicate that our goodwill balances are impaired. Income from continuing operations for the years ended December 31, 2001 and 2000 included after tax goodwill amortization of $18.5 million ($0.13 per diluted share), and $19.6 million ($0.14 per diluted share), respectively.

CONSOLIDATED RESULTS OF OPERATIONS

Our consolidated results for each of the three years in the periods ended December 31, were as follows:

(In millions, except per share data)	**2002**	2001		2000	
		GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue	**$1,109.3**	$1,139.0	$1,109.8	$1,189.2	$1,027.2
Operating Income	**$ 351.3**	$ 253.8	$ 342.5	$ 308.6	$ 320.3
Income from Continuing Operations	**$ 191.3**	$ 117.3	$ 177.7	$ 141.1	$ 166.7
Net Income	**$ 178.0**	$ 122.5	$ 177.7	$ 228.0	$ 166.7
Diluted EPS:					
Income from Continuing Operations	**$ 1.38**	$ 0.84	$ 1.28	$ 1.04	$ 1.23
Net Income	**$ 1.29**	$ 0.88	$ 1.28	$ 1.68	$ 1.23

All references to earnings per share data in this MD&A are to diluted earnings per share unless otherwise noted.

GAAP AND NON-GAAP FINANCIAL MEASURES

The results presented in the above table are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, we discuss financial measures in accordance with GAAP and also on a non-GAAP basis. When we refer to a financial measure as "reported," we are referring to a GAAP financial measure. When we refer to a financial measure as "adjusted," we are referring to a non-GAAP financial measure.

The following events are reflected in our adjusted results and impacted years 2001 and 2000 only: our restructuring charge taken in the fourth quarter of 2001, our divested operations in 2001 and 2000, and the adoption of SFAS 142. We believe that our use of certain adjusted, non-GAAP financial measures allows our management and investors to evaluate and compare our core operating results from ongoing operations from period to period in a more meaningful and consistent manner. Reconciliations of GAAP to non-GAAP financial measures are included in this MD&A before Critical Accounting Policies.

All "adjusted," or non-GAAP, financial measures that we discuss in this MD&A exclude, and all "reported," or GAAP, financial measures that we discuss in this MD&A include, the following items:

YEAR 2001 NON-GAAP ITEMS REFLECTED IN "ADJUSTED"

- An aggregate net pre-tax charge in 2001 of $94.6 million ($60.4 million after tax; $0.44 loss per share), consisting of:
  - $60.4 million restructuring and impairment charges ($35.3 million after tax; $0.25 loss per share);
  - a combined $8.8 million pre-tax loss ($3.0 million loss from operations and $5.8 million loss on sale included in other income and expense net) from the City Directory business that we sold in the fourth quarter ($6.6 million after tax; $0.06 loss per share) in the fourth quarter of 2001; and
  - the $25.4 million elimination of goodwill amortization expense ($18.5 million after tax; $0.13 income per share) as if SFAS No. 142 had been effective on January 1, 2001.

YEAR 2000 NON-GAAP ITEM REFLECTED IN "ADJUSTED"

- Aggregate net pre-tax income in 2000 of $26.7 million ($25.6 after tax income; $0.19 income per share), consisting of:
  - a pre-tax loss of $3.6 million ($2.1 million after tax; $0.02 loss per share) from the operations of the City Directory that we no longer own;
  - a combined $12.1 million of pre-tax income ($16.3 million in operating income less a $4.2 million loss on sale included in other income (expense net) from the risk management collections and vehicle information businesses ($8.0 million after tax; $0.06 income per share) that we sold in the fourth quarter of 2000;
  - a $7.6 million pro forma reduction of interest expense ($4.5 million after tax; $0.03 income per share) as if the sale of our risk management collections and vehicle information businesses had occurred on January 1, 2000 thereby reducing our debt carrying cost based on cash proceeds at closing of approximately $149.2 million;

– a $3.2 million pro forma increase in interest income ($1.9 million after tax; $0.02 income per share) from our $41.0 million note receivable established as part of seller financing with the divestiture of our risk management collections business;
– lower income tax expense of $5.5 million ($0.04 income per share) to adjust the income tax effective rate from 43.2% to 41.2% to reflect the effective rate for ongoing operations; and
– the $24.4 million elimination of goodwill amortization expense ($19.6 million after tax; $0.14 income per share) as if SFAS No. 142 had been effective on January 1, 2000.

HIGHLIGHTS FOR 2002 CONSOLIDATED FINANCIAL RESULTS

- Our reported consolidated revenues of $1.1 billion decreased 3%. As adjusted, our consolidated revenues were even with 2001.
- Our reported income from continuing operations increased 63%. As adjusted, our income from continuing operations increased 8%.
- Our operating margins improved to 32%.
- Our interest expense of $41.2 million declined 14%.
- Our reported operating income increased 38%. As adjusted, our operating income grew 3%.
- Our reported earnings per share from continuing operations increased 64%. As adjusted, our earnings per share from continuing operations increased 8%.
- Our total debt outstanding at December 31, 2002 was $924.5 million.
- Our cash provided by operations was $248.8 million and our free cash flow, which is a non-GAAP measure of the amount of cash provided by our operating activities less capital expenditures, was $193.0 million.
- We repurchased 2.9 million shares of common stock for a total investment of $72.5 million.

YEAR 2002 COMPARED WITH 2001

Our reported revenues of $1.1 billion in 2002 decreased 3% from 2001. Our adjusted revenues were even with 2002. In 2002, Equifax North America accounted for 81% of our total revenue and 91% of our operating income before corporate expense. Our revenue growth in 2002 was negatively impacted by a global economy that has continued to weaken. Equifax North America revenues grew 6% in 2002, delivering an additional $49.8 million in revenue, compared to 13% growth in 2001. Our 2002 revenue growth is attributable to increases in revenues from our Consumer Direct products, sales of Mortgage Services resulting from increased refinancing activity, and our acquisition of Naviant.

International revenues declined $45.1 million or 18% driven by currency fluctuations, the decision to exit our commercial reporting business in Spain, and the decline of the Argentinean economy. The strengthening of the U.S. dollar against foreign currencies, particularly in Latin America, negatively impacted consolidated revenue by $16.7 million or 2%.

Consolidated operating expenses in 2002 of $758.0 million declined $127.2 million or 14% over 2001. Operating expense, as adjusted, decreased 1%, or $9.3 million. Excluding incremental operating expense from our Naviant acquisition, operating expenses declined 5%, driven by our continued focus on productivity improvements, discretionary expense control and our restructuring actions taken in 2001 after the Certegy spin-off. In the fourth quarter of 2001, we reduced our worldwide workforce 11% to approximately 5,200 employees, and in 2002, continued to drive productivity, resulting in an additional 5% decrease.

Cost of services in 2002 of $427.6 million declined $23.4 million or 5%. The divestiture of our City Directory business in October 2001 accounted for $9.3 million of the reduction. As adjusted, cost of services declined 3%, driven by our decision to exit our commercial credit reporting business in Spain, lower personnel expense and professional service fees partially offset with higher royalties and data purchases expense on higher unit volumes in Equifax North America.

SG&A, expenses of $249.9 million declined nearly 7% over 2001, driven by the divestiture of City Directory. As adjusted, SG&A expense increased $4.5 million, or 2%, due to our Naviant acquisition. Our SG&A expense in 2002 was also negatively impacted by an increase of $4.3 million in bad debt expense, with the WorldCom bankruptcy representing the largest portion of such expense.

Operating income in 2002 increased 38%, to $351.3 million, with operating margins of 32%. Operating income, as adjusted, grew 3%, driven by our focus on productivity and expense control. Equifax North America's ability to maintain strong operating margins while investing in key growth initiatives and Equifax Europe's improvement in margins from 4% to 10% in 2002, offset margin erosion in our Marketing Services operations in the U.S., profit deterioration in Equifax Latin America due to economic conditions in Argentina, and the reduction in income from our former lottery business. See "Segment Results – Other," below.

YEAR 2001 COMPARED WITH 2000

Our reported revenues of $1.1 billion in 2001 decreased 4%, or $50.2 million, driven by our divestiture of several businesses. See Note 4 to the Consolidated Financial Statements. In the fourth quarter of 2000, we sold the risk management collections business that we conducted in the United States, Canada and the United Kingdom, the vehicle information business that we conducted in the United Kingdom, and a direct marketing business that we conducted in Canada. On a combined basis these divested businesses including City Directory, which was sold in 2001, generated revenues of $162.0 million and operating profit of $9.0 million with margins of 6%. Revenues, as adjusted, increased 8% over 2000 driven by Equifax North America's record 13% growth on strong credit reporting volumes and Consumer Direct revenue growth. The strengthening of the U.S. dollar against foreign currencies, particularly in Latin America, negatively impacted consolidated revenue by $26.9 million, or 3%.

Consolidated operating expenses in 2001 of $885.2 million, including a $60.4 million restructuring charge taken in the fourth quarter, increased $4.6 million over 2000. Operating expenses in 2001, as adjusted, were $767.3 compared to adjusted operating expenses of $706.9 in 2000. The $60.4 million increase was driven by record volumes in our North American operations and $22.8 million of incremental operating expense added from our acquisition of the Consumer Information Solutions Group from R.L. Polk & Co. in May 2000, and the November 2000 acquisition of two related Italian businesses named SEK S.r.l. and AIF Gruppo Securitas S.r.l. The products and services of the Consumer Information Solutions Group that we acquired from R.L. Polk & Co., which we had referred to as our Consumer Information Services, are now categorized within our Marketing Services product line, and reported in our Equifax North America segment.

Cost of services in 2001 of $451.0 million declined $62.2 million or 12%, driven by the sale of our risk management collections business in the United States, Canada and the United Kingdom, our vehicle information business in the United Kingdom, and a direct marketing business in Canada, which are classified as Divested Operations. Partially offsetting this decline is a $43.3 million increase in production and data processing expenses due to record volumes in our Equifax North America operations. SG&A expenses of $267.6 million increased 2% over 2000, driven by higher sales incentive payouts on record sales, incremental expense from our acquisition of the Consumer Information Solutions Group from R.L. Polk & Co., and growth in our Consumer Direct product line.

Operating income in 2001 of $253.8 million decreased 18% over 2000 driven by our $60.4 million restructuring charge taken in the fourth quarter of 2001. Operating income, as adjusted, increased 7% over 2000 driven by strong revenue growth in Equifax North America more than offsetting margin deterioration in our international operations.

OTHER INCOME (EXPENSE), NET

Other income (expense), net principally consists of interest income, gains and losses from divested businesses, and gains and losses on foreign currency. Interest income in 2002, 2001, and 2000 totaled $6.3 million, $8.3 million, and $7.9 million, respectively. Included in Other income (expense), net is the sale of our City Directory business in October 2001 and our risk management collections business and vehicle information business in 2000, which generated pre-tax losses of $5.8 million and $4.2 million, in 2001 and 2000, respectively.

INTEREST EXPENSE

Interest expense decreased $6.6 million and $8.0 million in 2002 and 2001, respectively. This reduction was driven by lower average debt outstanding and lower interest rates. Our total debt outstanding at December 31, 2002 was $924.5 million compared to $755.6 million at December 31, 2001. We expect interest expense to increase in 2003 due to higher outstanding debt levels.

EFFECTIVE TAX RATES

Our effective tax rates from continuing operations were 39.3%, 42.1%, and 43.4% in 2002, 2001, and 2000, respectively. Our lower effective rate in 2002 was driven by: the elimination of goodwill amortization beginning January 1, 2002, as required by SFAS 142; the tax basis of goodwill related to the loss on sale of City Directory in the third quarter of 2001; and the implementation of state tax planning strategies. Effective tax rate changes from 2000 to 2001 were mainly due to non-deductible goodwill associated with divestitures and changes in levels of foreign earnings.

SEGMENT RESULTS

Our segment results for each of the three years in the period ended December 31, 2002, are as follows:

(In millions)	**2002**	2001	2000
Revenues:			
Equifax North America	**$ 902.2**	$ 852.4	$ 755.2
Equifax Europe	**126.1**	141.1	142.9
Equifax Latin America	**76.6**	106.7	119.5
Other	**4.4**	9.6	9.6
Revenue before divested operations, Non-GAAP	**1,109.3**	1,109.8	1,027.2
Divested Operations	–	29.2	162.0
Revenues, GAAP	**$1,109.3**	$1,139.0	$1,189.2
Operating income:			
Equifax North America	**$ 361.6**	$ 340.6	$ 295.9
Equifax Europe	**12.7**	5.8	17.2
Equifax Latin America	**20.3**	32.0	40.0
Other	**4.4**	8.9	8.9
General Corporate Expense	**(47.7)**	(44.8)	(41.7)
Operating income, Non-GAAP	**351.3**	342.5	320.3
Divested Operations	–	(2.9)	12.7
Goodwill Amortization	–	(25.4)	(24.4)
Restructuring and Other Charges	–	(60.4)	–
Operating income, GAAP	**$ 351.3**	$ 253.8	$ 308.6

EQUIFAX NORTH AMERICA

In 2002, Equifax North America generated 81% of our revenue and 91% of our operating profit before corporate expense. This segment's revenue increased 6% in 2002. The Naviant acquisition, included in Marketing Services, positively impacted revenue growth 3.5% for the year. We experienced positive momentum in the second half of the year as revenues grew 6% compared to a 1% decline in the first half, excluding revenues from the Naviant acquisition.

As shown in the following table, our Equifax North America segment includes revenues from our:

- U.S. Consumer and Commercial Services, which are comprised of the Consumer and Commercial Services that we provide in the U.S., which we previously referred to as U.S. Credit Information Services.
- Mortgage Services that we provide in the U.S., which we previously referred to as U.S. Credit Information Services.
- Canadian Operations, which are comprised of the Consumer Services, Commercial Services and Credit Marketing Services that we provide in Canada;
- Credit Marketing Services that we provide in the U.S.;
- Direct Marketing Services, are comprised of the direct and email marketing services that we provide in the U.S. and include the products and services that we formerly referred to as our Consumer Information Services, and now include Naviant's products and services; and
- Consumer Direct products and services.

	Revenue		
(In millions)	**2002**	2001	2000
U.S. Consumer and Commercial Services	**$455.4**	$449.2	$393.8
Mortgage Services	**55.2**	44.4	25.7
Canadian Operations	**77.4**	77.5	68.1
North America Information Services	**588.0**	571.1	487.6
Credit Marketing Services	**164.3**	166.5	177.9
Direct Marketing Services	**110.5**	92.9	81.9
Total Marketing Services	**274.8**	259.4	259.8
Consumer Direct	**39.4**	21.9	7.8
	$902.2	$852.4	$755.2

YEAR 2002 COMPARED WITH 2001

U.S. Consumer and Commercial Services 2002 revenue growth was 1% over 2001. Revenue growth in 2002 was challenging due to tough economic conditions in the U.S. and a record 2001 base year. Revenues in the second half of 2002 grew 5.5% compared to a 3% decline in the first half of the year. The momentum was driven by mortgage refinancing and market share gains, principally in financial services. Average prices were flat year over year, influenced by higher mortgage activity. Mortgage Services delivered record revenues with 24% growth. With continued economic weakness, we expect to see low to mid single digit revenue growth percentages in 2003. Mortgage loan originations, a significant contributor to our credit reporting volume growth in 2002 and 2001, are expected to slow during 2003.

Our Marketing Services product lines delivered $274.8 million in revenues or 6% growth in 2002, driven by incremental revenues from our Naviant acquisition. Revenues from our Credit Marketing Services, which include pre-screening, portfolio review, database and other marketing products, were down 1% for the year principally due to the economic conditions. Revenues from Direct Marketing Services were $110.5 million, or 19% above the prior year, driven by incremental revenues from our Naviant acquisition. Our Direct Marketing Services revenues continued to be negatively impacted by the slow down in spending for advertising, mailings, and promotions.

Consumer Direct services revenues grew 80% over the prior year. All products continued strong growth including $6.6 million of incremental sales from the launch of our Equifax 3-in-1 credit report. We continue to expect strong revenue growth in 2003.

Equifax North America delivered record profit of $361.6 million with 6% growth over adjusted operating income on solid revenue growth and strong expense management. We maintained operating margins of 40% as we continue to invest in growth initiatives such as our U.S. Small Business Credit Report and our Fraud, Safety and Security Services.

YEAR 2001 COMPARED WITH 2000

U.S. Consumer and Commercial Services delivered revenue growth of 14% in 2001 on a record credit reporting volume increase of 20%. The key industry growth drivers were mortgage, telecommunications, financial services, and automotive. Lower interest rates helped generate record volumes in mortgage refinancing, cellular usage increased, and automakers' zero rate financing incentives, which combined to drive consolidated volumes with consecutive quarterly growth in 2001. Volume growth was partially offset by average unit price declines of 6% in 2001. Mortgage Services revenues grew 73% in 2001 caused by a favorable interest rate environment, compared with a 21% decrease in 2000. Canadian operations revenues increased 14% in 2001 on strong consumer credit volume growth.

Our Marketing Services product lines generated combined revenues of $259.4 million, or almost even with $259.8 million in 2000. Revenues from our Credit Marketing Services declined 6% in 2001 versus 2000. Lower revenues in 2001 were principally due to product mix shifts to lower priced risk management products, and price compression due to customer consolidation. Our 2001 revenues from Direct Marketing Services were $92.9 million, a 13% increase over 2000. Excluding incremental revenues as a result of the May 2000 acquisition from R.L. Polk & Co., revenues declined 11%, principally driven by a significant slow down in advertising and marketing expenditures by our customers due to the slowing U.S. economy.

Consumer Direct revenues in 2001 more than doubled to $21.9 million largely due to $9.7 million of incremental sales from the new ScorePower® credit score product launched in March 2001 and increased sales of the Equifax Credit Report™ credit report and Equifax Credit Watch™ credit monitoring service. Consumer Direct sales in 2000 totaled $7.8 million.

Operating income for Equifax North America increased 15% in 2001 on record revenue and volume growth. Excluding the impact of our May 2000 acquisition from R.L. Polk, operating income growth for 2001 was 16%.

EQUIFAX EUROPE

YEAR 2002 COMPARED WITH 2001

Equifax Europe, which includes the results of our operations in the United Kingdom, Spain, Portugal and Italy, and our support operations in Ireland, continued to improve its profit and operating margins through expense reductions and operating efficiencies, and the decision to exit the commercial credit reporting business in Spain. Revenues declined 14% on a local currency basis driven by our decision to exit the commercial credit reporting business in Spain, and lower revenues from our United Kingdom operations. Our United Kingdom operations generated 77% of Equifax Europe's revenues in 2002. U.S. dollar revenue benefited $5.4 million from the strengthening of local currencies, British pound and the euro.

Operating expenses in 2002 of $113.4 million declined 16%. United Kingdom expenses decreased 11% driven by our fourth quarter 2001 restructuring plan focused on rightsizing our United Kingdom operations and driving productivity. During the third quarter of 2002, we made the decision to exit the commercial credit reporting business in Spain due to local market conditions, and this business is now held for sale. See Note 2 to the Consolidated Financial Statements. For 2002, the results of the Spanish commercial business have been classified as discontinued operations. 2001 results were not material to our consolidated results and as such have not been reclassified to discontinued operations.

Operating income of $12.7 million more than doubled over 2001 driven by United Kingdom expense reductions. We continue to focus on driving operational efficiencies in our European businesses and expect continued margin improvement in 2003.

YEAR 2001 COMPARED WITH 2000

Equifax Europe achieved 2001 revenue growth of 3% in local currency. Our revenue growth was attributable to the November 2000 acquisition of two related Italian businesses named SEK S.r.l. and AIF Gruppo Securitas S.r.l. The strengthening of the U.S. dollar against the British pound and Spanish peseta reduced our revenue in 2001 by approximately $6.0 million. Additionally, we experienced revenue declines in our United Kingdom and Spain commercial credit reporting services.

Operating income, as adjusted, in 2001 of $5.8 million declined $11.4 million from 2000 on lower revenues in the United Kingdom and Spain.

EQUIFAX LATIN AMERICA

YEAR 2002 COMPARED WITH 2001

Revenues of our Equifax Latin America segment, which includes results of our operations in Brazil, Argentina, Chile, Peru, Uruguay and El Salvador, declined by $30.1 million, or 28% from 2001, driven by currency devaluation and the economic crisis in Argentina. Currency devaluation negatively impacted our Latin America revenues by $21.8 million, of which Brazil and Argentina accounted for $18.3 million. Argentina's operating revenue and profit declined $21.8 million and $10.4 million, respectively. In local currency, Brazil's revenues grew 8% in 2002 driven by performance in commercial reporting services.

Operating income, as adjusted, declined 37% to $20.3 million compared to 2001 principally due to Argentina's economic decline. Despite the economic challenges, Equifax Latin America delivered solid operating margins of 26% in 2002 versus 30% in 2001.

YEAR 2001 COMPARED WITH 2000

Equifax Latin America generated revenue of $106.7 million and operating margins of 30% in 2001. In local currency, revenues increased three percent in 2001. The strengthening of the U.S. dollar against the Brazilian real and the Chilean peso reduced this segment's revenue by approximately $17.5 million in 2001.

Operating income, as adjusted, in 2001 decreased $8.0 million mainly due to weak currencies and economic conditions in the region. Cost containment measures helped deliver strong margins of 30% in 2001.

OTHER

In our Other segment, we report information about our former lottery business, which consists solely of an agreement between a subsidiary of ours and GTECH Corporation. Pursuant to this subcontract, GTECH assumed obligations of our subsidiary under a contract with the State of California to install a system to automate the processing of instant lottery tickets, provide terminals and related security hardware, and license various software applications developed to support the system. We have exited the lottery business, and all previously deferred revenue related to this subcontract has now been recognized, and no further revenue or operating income is expected to occur in this segment.

GENERAL CORPORATE

General corporate expense increased $2.9 million in 2002 based on higher incentive compensation expense and one-time expenses associated with the hiring of senior executive management. Our 2001 expense increase of $3.1 million was driven by higher incentive compensation plan expense.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

Our principal sources of liquidity are cash flow provided by our operating activities, our revolving credit facilities, and cash and cash equivalents.

We believe that our ability to generate cash from our operations is one of our fundamental financial strengths. In 2002 we generated cash flow from operations of $248.8 million. Our free cash flow, the cash flow provided by our operating activities less capital expenditures, was $193.0 million in 2002. Our capital expenditures are used for developing, enhancing and deploying new and existing technology platforms, replacing or adding equipment, updating systems for regulatory compliance, the licensing of software applications and investing in disaster recovery systems. We use free cash flow, along with borrowings, to make acquisitions, to retire outstanding indebtedness, to pay dividends, and to make share repurchases.

CASH FROM OPERATIONS

Our net cash provided by operating activities in 2002 was $248.8 million compared to $255.1 million in 2001. Increased cash flows generated from lower trade receivable balances were offset by payments associated with our fourth quarter restructuring plan in 2001, ongoing data purchases, and a $20.0 million contribution to our U.S. defined benefit pension plan. Our operating cash flow continues to be driven by operating margin performance and aggressive working capital management (days sales outstanding declined from 63 days in 2001 to 55 days in 2002).

Cash provided by operations in 2001 amounted to $255.1 million, an increase of 32% from 2000. The improvement over 2000 was largely influenced by three factors: higher operating income, aggressive working capital management of receivables, and a $24.8 million reduction in capital expenditures.

INVESTING ACTIVITIES

In 2002, net cash used in investing activities totaled $341.0 million, an increase of $234.5 million compared to 2001. The increase was primarily a result of our acquisition of Naviant and acquisition of assets from CBC. Our acquisitions, net of cash acquired, accounted for $321.2 million of total cash invested in 2002. Capital expenditures exclusive of acquisitions totaled $55.8 million, which principally represented development associated with key technology platforms in our businesses. We expect to generate free cash flow in excess of $200.0 million in 2003, with capital expenditures expected to range from $45.0 to $55.0 million.

In the third quarter of 2002, our $41.0 million note receivable associated with the sale of our risk management collections business in 2000 was completely paid.

In 2001, net cash used in investing activities totaled $106.5 million, a decrease of $156.5 million compared to 2000. The decrease was primarily the result of the fact that we were less acquisitive in 2001, focusing on our spin-off of Certegy. Capital expenditures, exclusive of acquisitions and investments, amounted to $47.1 million in 2001 compared to $71.9 million in 2000. Acquisitions and investments, net of cash acquired, declined from $346.8 million in 2000 to $68.7 million in 2001, largely due to our acquisition of the Consumer Information Solutions Group from R.L. Polk & Co. in May 2000. These amounts were offset by cash proceeds generated from the sale of businesses and other assets, which amounted to $12.4 million in 2001 and $157.5 million in 2000, and are principally associated with the sale of our City Directory business in 2001 and the sale of our risk management collections and vehicle information businesses in 2000.

FINANCING ACTIVITIES

Net cash provided by financing activities during 2002 totaled $92.6 million, compared with net cash used in financing activities during 2001 that totaled $325.5 million, and net cash provided by financing activities during 2000 that totaled $16.4 million.

In 2002, we received $249.5 million in proceeds from the sale of $250.0 million aggregate principal amount of our 4.95% senior unsecured notes, which mature November 1, 2007. During 2002 we invested $79.8 million to repurchase 2.9 million shares of our common stock, and received $34.2 million in proceeds from the exercise of stock options. At December 31, 2001, our remaining authorization for share repurchases was approximately $45.0 million, and in February 2002, our Board of Directors approved an additional $250.0 million for share repurchases. We also continued our 90-year history of paying dividends, which totaled $11.4 million in 2002.

In 2001, we reduced our long-term debt $298.9 million through the repayment of borrowings under our $465.0 million revolving credit facility. Debt repayments were funded through operating cash flows and the cash dividend received from Certegy in conjunction with the spin-off. During 2001, we invested $42.3 million to repurchase 2.2 million shares of our common stock, up from $6.5 million invested to repurchase shares in 2000, and we received $36.4 million in proceeds from the exercise of stock options. Share repurchases were temporarily suspended in 2000 to enable us to apply available cash to the repayment of debt incurred in connection with our acquisition of the Consumer Information Services Group from R.L. Polk & Co. in May 2000. In 2001, our payment of dividends totaled $32.3 million, a decrease of $20.0 million compared to 2000, due to a reduction of our quarterly dividend after the Certegy spin-off from $0.093 to $0.02 per share.

We expect to increase the amount outstanding under our $465.0 million credit facility in 2003 for purposes of retiring the $200.0 million aggregate principal amount of our outstanding 6.5% senior unsecured notes that mature in June 2003.

CASH AND CASH EQUIVALENTS

Our cash and cash equivalents balance was $30.5 million and $33.2 million at December 31, 2002 and 2001, respectively.

REVOLVING CREDIT FACILITIES

Our $465.0 million revolving credit facility, which we entered into with Bank of America, N.A. and certain other lenders on October 4, 2001, provides for a variable interest rate tied to Base Rate, LIBOR and competitive bid options. The weighted average interest rate of borrowings outstanding under this facility was approximately 2.6% as of December 31, 2002. The credit facility consists of a $160.0 million 364-day portion and a $305.0 million multi-year portion which expire on October 2, 2003 and October 4, 2004, respectively. The agreement governing this facility contains various covenants and restrictions, including, among other things, limitations on liens, subsidiary debt, mergers, liquidation, asset dispositions, acquisitions, and maintenance of certain financial covenants. Our borrowings under this facility, 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. As of December 31, 2002, we had $443.2 million of borrowing capacity available under our $465.0 million revolving credit facility.

One of our Canadian subsidiaries has an unsecured, 364-day C$100.0 million revolving credit facility that will expire in October 2003. The agreement provides for borrowings tied to Prime, Base Rate, LIBOR and Canadian Bankers' Acceptances, and contains financial covenants related to interest coverage, funded debt to cash flow, and limitations on subsidiary indebtedness. We have guaranteed the indebtedness of our Canadian subsidiary under this facility. As of December 31, 2002, U.S. $34.3 million of borrowing capacity was available under this credit facility.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table summarizes our significant contractual obligations and commitments as of December 31, 2002:

		Payments due by			
(In millions)	Total	Less than 1 Year	1 to 3 Years	4 to 5 Years	Thereafter
Long-term debt (Note 6)	$ 891.9	$201.3	$273.4	$249.8	$167.4
Operating leases (Note 10)	156.0	23.3	34.4	24.3	74.0
Data processing agreement obligations (Note 10)	486.0	97.4	181.1	174.8	32.7
Outsourcing agreements (Note 10)	92.5	17.5	25.3	24.0	25.7
	$1,626.4	$339.5	$514.2	$472.9	$299.8

We believe that future cash flows provided by our operating activities, together with current cash and cash equivalent balances, will be sufficient to meet our projected cash requirements for the next 12 months, and the foreseeable future thereafter, although any projections of future cash needs and cash flows are subject to substantial uncertainty. For instance, Computer Sciences Corporation has an option, exercisable at any time prior to 2013, to sell its credit reporting business to us. The option exercise price will be determined by a third-party appraisal process and would be due in cash within 180 days after the exercise of the option. We estimate that if CSC were to exercise the option today, the option price would be approximately $650.0 to $700.0 million. This estimate is based solely on our internal analysis of the value of the business, current market conditions, and other factors, all of which are subject to constant change. If CSC were to exercise its option, we would have to obtain additional sources of funding. We believe that this funding would be available from sources such as additional bank lines of credit and the issuance of public debt and/or equity. However, the availability and terms of any such financing would be subject to a number of factors, including credit market conditions, the state of the equity markets, general economic conditions, and our financial performance and condition. Because we do not control the timing of CSC's exercise of its option, we could be required to seek such financing and increase our indebtedness at a time when market or other conditions are unfavorable. See "Forward-Looking Statements," below.

We continually evaluate opportunities to sell additional equity or debt securities, obtain credit facilities from lenders, and restructure our long-term debt for strategic reasons, or to further strengthen our financial position. The sale of additional equity or convertible debt securities could result in additional dilution to our shareholders. In addition, we will, from time to time, consider the acquisition of, or investment in, complementary businesses, products, services and technologies, and the repurchase and retirement of debt, which might affect our liquidity requirements or cause us to issue additional equity or debt securities. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all.

OFF-BALANCE SHEET TRANSACTIONS

Other than facility leasing arrangements, we do not engage in off-balance sheet financing activities. We have entered into a synthetic lease on our Atlanta corporate headquarters building in order to provide us with favorable financing terms with regard to this facility. This $29.0 million lease was entered into in 1998 and expires in 2010. Total lease payments for the remaining term total $13.5 million. Under this synthetic lease arrangement, we have also guaranteed the residual value of the leased property to a lessor. In the event that the property were to be sold by the lessor at the end of the lease term, we would be responsible for any shortfall of the sales proceeds, up to a maximum amount of $23.2 million, which equals 80 percent of the value of the property at the beginning of the lease term. We believe that the fair market value of this property exceeds the amount of the guarantee.

LETTERS OF CREDIT AND GUARANTEES

We will, from time to time, issue standby letters of credit, performance bonds or other guarantees in the normal course of our business. The aggregate notional amount of all performance bonds and standby letters of credit is less than $15.0 million and they all have a maturity of one year or less. We provide these guarantees from time to time to support the needs of our operating units. Except for our guarantee of the synthetic lease referred to above, our only outstanding guarantee that is not reflected as a liability on our balance sheet was extended in connection with the sale of our risk management collections business to RMA Holdings, LLC, or RMA, in October 2000, at which time we guaranteed the operating lease payments of a partnership affiliated with RMA to a lender of the partnership pursuant to a term loan. The term loan, which had $7.9 million outstanding as of December 31, 2002, expires December 1, 2011. Our obligations under the RMA guarantee are not secured.

We believe that the likelihood of demand for payment under these instruments is minimal and expect no material losses to occur in connection with these instruments.

SUBSIDIARY FUNDS TRANSFER LIMITATIONS

The ability of certain of our subsidiaries and associated companies to transfer funds is limited in some cases by foreign government regulations. At December 31, 2002, the amount of equity subject to such restrictions for consolidated subsidiaries was not material.

PENSION BENEFITS

During 2002, actual asset returns for our U.S. defined benefit pension plan were adversely impacted by the performance of the U.S. stock market, resulting in a decrease in the market value of our retirement plan assets. The fair value of our defined benefit pension plan assets decreased from $413.1 million at December 31, 2001 to $344.8 million at December 31, 2002. In addition, we lowered our discount rate from 7.25% to 6.75%, which increased our U.S. projected benefit obligations from $419.0 million to $451.2 million. The negative investment performance and declining discount rates during 2002 created an unfunded status in accordance with Statement of Financial Accounting Standards No. 87 ("SFAS 87") at December 31, 2002. As required under SFAS 87, a non-cash minimum pension liability of $179.4 million ($112.4 million after tax) reducing shareholders' equity was recorded at December 31, 2002. The impact of our plan's funded status would be reversed, and shareholder's equity consequently restored, on December 31 of any year in which the fair value of plan assets exceeded the accumulated benefit obligation as of that date. Further, this adjustment had no impact on our income statement, and did not affect cash flow or our compliance with any financial covenants contained in any of our debt agreements.

We continually monitor and evaluate the level of pension contributions based on various factors that include, but are not limited to, investment performance, actuarial valuation and tax deductibility. While the asset return and interest rate environment have negatively impacted the funded status of our U.S. defined benefit pension plan under SFAS 87, our minimum funding requirements, as set forth in the Employment Retirement Income Security Act (ERISA) and federal tax laws have been zero for the past five years. In addition, we expect no mandatory funding requirements in 2003 or 2004. Although no minimum funding was required, at our discretion we contributed $20.0 million to our U.S. defined benefit pension plan in 2002.

Our U.S. defined benefit pension plan delivered pension income of $11.0 million in 2002, and approximately $8.6 million in 2001. The annual pension income is calculated using a number of actuarial assumptions, including the expected long-term rate of return on assets and a discount rate. In determining the expected long-term rate of return on assets, we evaluate input from our investment consultants, investment management firms and actuaries. Additionally, we consider our historical 15-year compounded returns, which have been in excess of our forward-looking return expectations. The expected long-term rate of return on this basis for 2002 was 9.5%. For determination of 2003 pension expense, the long-term rate of return will be reduced to 8.75%. We believe that 8.75% is a reasonable long-term rate of return on assets, despite the recent market downturn in which our plan assets had a return loss of approximately 12.8% for the year ended December 31, 2002.

Our determination of pension income and expense is based on a market related valuation of assets, which reduces year-to-year volatility. This market related valuation of assets recognizes investment gains and losses over a five-year period from the year in which they occur. Investment gains and losses for this purpose are the difference between expected return calculated using the market related value of assets and the actual return on the market related value of assets. Since the market related value of assets recognizes gains or losses over a five-year period, the future value of assets will be affected as previously deferred gains or losses are recognized. Our U.S. cumulative unrecognized actuarial losses at December 31, 2002 were $202.0 million. These unrecognized losses will result in a decrease in our future pension income depending on several factors, including their relative size to our projected benefit obligation and market related value of plan assets.

The discount rate we utilize for determining future pension obligations is based on the yield associated with Moody's Long-Term Aa-rated Corporate Bond Index. The discount rate determined on this basis has decreased from 7.25% at December 31, 2001 to 6.75% at December 31, 2002.

INFLATION

We do not believe that the rate of inflation has had a material effect on our operating results. However, inflation could adversely affect our future operating results if it were to result in a substantial weakening in economic conditions.

Recent Accounting Pronouncements. In January 2002, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," but retains the fundamental provisions of that statement related to the recognition and measurement of the impairment of long-lived assets to be held and used while expanding the measurement requirements of long-lived assets to be disposed of by sale to include discontinued operations. The Statement also supersedes Accounting Principles Board Opinion No. 30 (APB 30), for the disposal of a segment of business, extending the reporting of a discontinued operation to a "component of an entity." Further, the Statement requires operating losses from a "component of an entity" to be recognized in the period(s) in which they occur rather than at the measurement date as had been required under APB 30.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 amends SFAS No. 13, "Accounting for Leases," to eliminate inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 also rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt." Accordingly, gains or losses from extinguishment of debt shall not be reported as extraordinary items unless the extinguishment qualifies as an extraordinary item under the criteria APB Opinion No. 30, "Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. We adopted SFAS No. 145 on January 1, 2003.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 provides guidance related to accounting for costs associated with disposal activities covered by SFAS No. 144 or with exit or restructuring activities previously covered by Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 supersedes EITF Issue No. 94-3 in its entirety. SFAS No. 146 requires that costs related to exiting an activity or to a restructuring not be recognized until the liability is incurred. SFAS No. 146 will be applied prospectively to exit or disposal activities that are initiated after December 31, 2002. We adopted SFAS No. 146 on January 1, 2003.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 currently requires that a liability be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, as of December 31, 2002, FIN 45 requires disclosures about the guarantees that an entity has issued, including a roll-forward of the entity's product warranty liabilities. We adopted the disclosure requirements of FIN 45 effective December 31, 2002 and the remaining provisions on January 1, 2003 and have included the required disclosures in the Notes to the 2002 Consolidated Financial Statements.

In November 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." EITF Issue No. 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003 and are not expected to have a material impact on our financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure provisions of SFAS No. 123 "Accounting for Stock Based Compensation" to currently require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. SFAS No. 148 does not amend SFAS No. 123 to require companies to account for their employee stock-based awards using the fair value method. However, the disclosure provisions are required for all companies with stock-based employee compensation, regardless of whether they utilize the fair value method of accounting described in SFAS No. 123 or the intrinsic value method described in APB Opinion No. 25, "Accounting for Stock Issued to Employees." We adopted SFAS No. 148 on January 1, 2003 and have included the initial required disclosures in the Notes to the 2002 Consolidated Financial Statements.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. We are evaluating the impact of FIN 46 on our financial position and results of operations.

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES

	2002	2001	2000
GAAP Revenue	**$1,109.3**	$1,139.0	$1,189.2
City Directory	–	(29.2)	(28.7)
Risk Management	–	–	(110.6)
U.K. Vehicle Information	–	–	(22.7)
Adjusted Revenue	**$1,109.3**	$1,109.8	$1,027.2
GAAP Cost of Services	**$ 427.6**	$ 451.0	$ 513.2
City Directory	–	(9.3)	(9.4)
Risk Management	–	–	(79.2)
U.K. Vehicle Information	–	–	(22.5)
Adjusted Cost of Services	**$ 427.6**	$ 441.7	$ 402.1
GAAP SG&A	**$ 249.9**	$ 267.6	$ 261.2
City Directory	–	(22.2)	(22.6)
Risk Management	–	–	(9.7)
U.K. Vehicle Information	–	–	–
Adjusted SG&A	**$ 249.9**	$ 245.4	$ 228.9
GAAP Depreciation & Amortization	**$ 80.5**	$ 80.8	$ 81.8
City Directory	–	(0.5)	(0.4)
Risk Management	–	–	(3.1)
U.K. Vehicle Information	–	–	(2.5)
Adjusted Depreciation & Amortization	**$ 80.5**	$ 80.3	$ 75.8
GAAP Goodwill Amortization	**$ –**	$ 25.4	$ 24.4
City Directory	–	–	–
Risk Management	–	–	–
U.K. Vehicle Information	–	–	–
Adjusted Goodwill Amortization	**$ –**	$ 25.4	$ 24.4
GAAP Operating Income	**$ 351.3**	$ 253.8	$ 308.6
Restructuring and other charges	–	60.4	–
City Directory operating loss	–	2.9	3.6
Risk Management operating income	–	–	(18.6)
U.K. Vehicle Information operating loss	–	–	2.3
SFAS 142 Amortization	–	25.4	24.4
Adjusted Operating Income	**$ 351.3**	$ 342.5	$ 320.3

	2002	2001	2000
GAAP Income from continuing operations	**$191.3**	$117.3	$141.1
City Directory operating loss	–	1.7	2.1
City Directory loss on sale	–	4.9	–
Risk/U.K. Vehicle operating profit	–	–	(10.5)
Risk/U.K. Vehicle loss on sale	–	–	2.5
Interest Expense, Risk/HPI sale	–	–	4.5
Interest Income, Risk/HPI sale	–	–	1.9
Income Tax Adjustment	–	–	5.5
2001 restructuring and impairment charges	–	35.3	–
SFAS 142 Amortization	–	18.5	19.6
Adjusted Income from continuing operations	**$191.3**	$177.7	$166.7
GAAP diluted EPS from continuing operations	**$ 1.38**	$ 0.84	$ 1.04
City Directory operating loss	–	0.02	0.02
City Directory loss on sale	–	0.04	–
Risk/U.K. Vehicle operating profit	–	–	(0.08)
Risk/U.K. Vehicle loss on sale	–	–	0.02
Interest Expense, Risk/HPI sale	–	–	0.03
Interest Income, Risk/HPI sale	–	–	0.02
Income Tax Adjustment	–	–	0.04
2001 restructuring and impairment charges	–	0.25	–
SFAS 142 Amortization	–	0.13	0.14
Adjusted diluted EPS from continuing operations	**$ 1.38**	$ 1.28	$ 1.23

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in our consolidated financial statements and accompanying notes. The following accounting policies involve a "critical accounting estimate" because they are particularly dependent on estimates and assumptions made by management about matters that are highly 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 which may have a material impact on the presentation of our financial condition and results of operations. We also have other key accounting policies, which involve the use of estimates, judgments, and assumptions that are significant to understanding our results. For additional information see Notes to Consolidated Financial Statements, Note 1– Significant Accounting and Reporting Policies. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

REVENUE RECOGNITION

We recognize revenue when the following four conditions are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the price is fixed or determinable and (4) collectibility of the selling price is reasonably assured. For sales contracts having multiple elements that can be divided into separate units of accounting, we allocate revenue to these separate units based on their relative fair values. If relative fair values cannot be established, revenue recognition is deferred until all elements under the contract have been delivered. Multiple deliverable arrangements generally involve delivery of multiple product lines. These product lines are distinct enough to be separated into separate units of accounting. Each product line does not impact the value or usage of other deliverables in the arrangement, and each can be sold alone or purchased from another vendor without affecting the quality of use or value to the customer of the remaining deliverables. Delivery of product lines generally occurs consistently over the contract period.

In conjunction with certain products and services, we charge nonrefundable set-up fees which we recognize on a pro-rata basis over the term of the contract. Revenue from the sale of decision or statistical models is recognized upon customer installation and acceptance. For certain products and services sold on a subscription basis, we recognize revenue pro rata over the term of the contract. We consider revenue recognition to be critical to all of our operating segments due to the impact on our results of operations.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, we record a specific allowance against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other accounts receivable, we recognize allowances for doubtful accounts based on our past write-off experience (i.e., average percentage of receivables written off historically) and the length of time the receivables are past due. Allowances for doubtful accounts were approximately $17.3 million or 9% of the accounts receivable on our consolidated balance sheet at December 31, 2002. Accounts receivable, net of allowances, was approximately $179.8 million or 63% of total current assets in our consolidated balance sheet of December 31, 2002. We consider accounting for accounts receivable allowances critical to all of our operating segments because of the significance of accounts receivable to our current assets and operating cash flow. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, or if economic conditions worsened, additional allowances may be required in the future, which could have a material effect on our consolidated financial statements. We reassess our allowance for doubtful accounts each period. If we made different judgments or utilized different estimates for any period, material differences in the amount and timing of revenue or expense recognized could result.

VALUATION OF LONG-LIVED AND INTANGIBLE ASSETS

Goodwill and certain other intangible assets are tested for impairment in accordance with SFAS 142, and all other long-lived assets are tested for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." We regularly evaluate whether events or circumstances have occurred which indicate that the carrying amounts of long-lived assets (principally goodwill, purchased data files, systems development and other deferred costs, and investments in unconsolidated subsidiaries) may be impaired or not recoverable. The significant factors that are considered that could trigger an impairment review include: changes in business strategy, market conditions, or the manner of use of an asset; underperformance relative to historical or expected future operating results; and negative industry or economic trends. In evaluating an asset for possible impairment, management estimates that asset's future undiscounted cash flows to measure whether the asset is recoverable. If it is determined that the asset is not recoverable, we measure the impairment based on the projected discounted cash flows of the asset over its remaining life. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect these evaluations. In 2001, the FASB issued Statement No. 142, "Goodwill and Other Intangible Assets," which among other things, eliminates the amortization of goodwill and certain other intangible assets and requires that goodwill be evaluated annually for impairment by applying a fair value-based test. We adopted the standard effective January 1, 2002 for acquisitions prior to June 30, 2001, and, in accordance with the standard, completed our first fair value-based impairment tests by June 30, 2002.

LEGAL CONTINGENCIES

We are subject to various proceedings, lawsuits, and claims arising in the normal course of our business. Our consolidated financial statements reflect the treatment of claims and contingencies based on our management's view of the expected outcome. We periodically review claims and legal proceedings and assess whether we have potential financial exposure. If the likelihood of an adverse outcome from any claim or legal proceeding is probable and the amount can be estimated, we accrue a liability for estimated legal fees and settlements in accordance with SFAS No. 5, "Accounting for Contingencies."

INCOME TAXES

We account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves us estimating our current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income, and, to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must include an expense within the tax provision in the statement of operations. A valuation allowance is currently set against deferred tax assets because we believe it is more likely than not that the deferred tax assets will not be realized through the generation of future taxable income. Significant management judgment is required in determining our provision for income taxes and 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. In the event that actual results differ from these estimates or we adjust these estimates in future periods, our operating results and financial position could be materially affected.

RETIREMENT PLANS

Our pension plans and postretirement benefit plans are accounted for using actuarial valuations required by SFAS No. 87, "Employers' Accounting for Pensions," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." Our pension and postretirement benefit liabilities were approximately $117.0 million or 9% of the total liabilities on our consolidated balance sheet as of December 31, 2002. We consider accounting for retirement plans critical to all of our operating segments because our management is required to make significant subjective judgments about a number of actuarial assumptions, which include discount rates, health care cost trends rates, salary growth, long-term return on plan assets and mortality rates. Depending on the assumptions and estimates used, the pension and postretirement benefit expense could vary within a range of outcomes and have a material effect on our consolidated financial statements.

FORWARD-LOOKING STATEMENTS

As used herein, the terms "Equifax," "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.

This Annual Report contains forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. In addition, certain statements included in our future filings with the Securities and Exchange Commission (the "SEC"), in press releases, and in oral and written statements made by us or with our approval, that are not statements of historical fact, are forward-looking statements. Words such as "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "seeks," "plan," "project," "continue," "predict," and other words or expressions of similar meaning are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks and uncertainties, and speak only as of the date on which such statements are made. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Our actual results may differ materially from the results discussed in such forward-looking statements. Factors that may cause such a difference, include, but are not limited to: declines in the rate of growth, or absolute declines, in consumer spending and consumer debt in our market areas; changes in the marketing techniques of credit card issuers; increased pricing pressures; changes in or failure to comply with U.S. and international legislation or governmental regulations, including the Fair Credit Reporting Act and Gramm-Leach-Bliley Act; successful integration of acquisitions; exchange rate fluctuations and other risks associated with investments and operations in foreign countries; increased domestic or international competition; our ability to successfully develop and market new products and services, successful incorporation of new technology and adaptation to technological change and equity markets, including market disruptions and significant interest rate fluctuations, which may impede our access to, or increase the cost of, external financing; increased competitive pressures both domestically and internationally; and international conflict, including terrorist acts and other risks and unforeseen factors, including those described in this Annual Report and the documents that we file from time to time with the SEC, including but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2002.

QUANTITATIVE AND QUALITATIVE DISCLOSURE 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 changes in 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 euro, the Canadian dollar, and the Brazilian real. 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 sheet, 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, as components of our shareholders' equity. Other immaterial foreign currency translation gains and losses are recorded in our consolidated statements of income. We do not, as a matter of policy, hedge translational foreign currency exposure. We will, however, hedge foreign currency exchange rate risks associated with material transactions that are denominated in a foreign currency.

At December 31, 2002 we have hedged our foreign currency exchange rate risks associated with the acquisition of our Italian businesses in the fourth quarter of 2000, by borrowing under our $465.0 million revolving credit facility in euros. At December 31, 2002, the foreign currency exchange rate risks associated with loans which funded the acquisition of our Italian businesses during the fourth quarter of 2000 were hedged by denominating a portion of the borrowings under our $465.0 million revolving credit facility in euros.

At December 31, 2002, a 10% weaker U.S. dollar against the currencies of all foreign countries in which we had operations during 2002, would have resulted in an increase of our revenues by $27.8 million, and an increase of our pre-tax operating profit by $6.4 million. A 10% stronger U.S. dollar would have resulted in similar decreases to our revenues and pre-tax operating profit.

INTEREST RATE RISK

Our exposure to market risk for changes in interest rates primarily relates to our variable rate revolving credit debt and the interest rate swap agreements associated with portions of our fixed rate public debt.

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, 2002, our weighted average cost of debt was 5.1% and the weighted average life of our debt was 5.8 years.

We generally target a mix of fixed and floating rate debt which lies within a range of 30-70% fixed, with the balance being floating rate. At December 31, 2002, 66% of our debt was fixed rate, and the remaining 34% floating rate. We use derivatives to manage our exposure to changes in interest rates by entering into interest rate swaps. As of December 31, 2002, we had $279.0 million, notional amount, of interest rate swap agreements outstanding with bank counterparties.

Our variable rate indebtedness consists primarily of our $465.0 million revolving credit facility and a separate C$100.0 million revolving credit facility in Canada. The rate of interest we pay on our $465.0 million facility is based on a floating rate pricing grid tied to our long-term senior unsecured debt rating. We are currently rated A– by Standard & Poor's and Baa1 by Moody's Investor Service. In the case of a split rating, pricing is based on the higher rating, i.e., A– from S&P. We can borrow under the facility at floating rates of interest tied to Base Rate and the London Interbank Offered Rate, or LIBOR. A competitive bid option is also available, dependent on liquidity in the bank market. At December 31, 2002, $21.8 million of debt was outstanding and $443.2 million of additional borrowing capacity was available under this facility. Borrowings under our Canadian facility bear interest at a floating rate tied to Prime, LIBOR, or Canadian Banker's Acceptances. As of December 31, 2002, C$46.0 million (U.S.$29.3 million) of debt was outstanding, and C$54.0 million (U.S.$34.3 million) of additional borrowing capacity was available under our Canadian facility.

We have interest rate swap agreements in place to float the interest rate on $250.0 million of our fixed rate, 6.3% senior unsecured notes through their maturity date in 2005. These swaps have been designated as fair value hedges, were documented as fully effective under SFAS 133, and were valued on a mark-to-market basis as an asset totaling $18.3 million at December 31, 2002. The offsetting liability of $18.3 million is included as an addition to long-term debt. These swaps give us the right to receive fixed rate payments from the counterparties, in exchange for floating rate payments from us. The floating rate payments on these interest rate swaps are tied to 6-month LIBOR plus a spread, with net settlements paid semi-annually. The final maturity of these interest rate swaps is July 2005, coinciding with the final maturity of the associated notes.

We also have a $29.0 million floating-to-fixed interest rate swap, maturing 2010, which fixes the effective rate of interest on the $29.0 million synthetic lease for our Atlanta corporate headquarters. This derivative instrument is designated as a cash flow hedge, was documented as fully effective under SFAS 133, and was valued on a mark-to-market basis as a liability totaling $4.7 million at December 31, 2002. This interest rate swap gives us the right to receive a floating rate payment tied to 3-month LIBOR plus a spread from the counterparty, in exchange for a fixed rate payment from us. The net settlements occur quarterly.

A 1% increase in the average rate of interest on the variable rate debt outstanding under our revolving credit facilities during 2002 would have increased our pre-tax interest expense by $2.0 million.

A 1% increase in the average rate of interest associated with the floating rate payments due under our interest rate swap agreements during 2002 would have increased our pre-tax interest expense by $2.5 million. Since all of our interest rate swaps are fully effective, our income statement is unaffected by the non-cash quarterly mark-to-market adjustments associated with these derivatives.