EQUIFAX INC
Form 10-Q
April 25, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

OR

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

For the transition period from to .

Commission File Number: 001-06605

EQUIFAX INC.

(Exact name of registrant as specified in its charter)

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

404-885-8000

(Registrant's telephone number, including area code)

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

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

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

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

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

On April 12, 2013, there were 120,609,723 shares of the registrant’s common stock outstanding.

EQUIFAX INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED March 31, 2013

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FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will,” “may” and similar expressions identify forward-looking statements, which generally are not historical in nature. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to future operating results, are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part II, “Item 1A. Risk Factors,” and elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2012, and those described from time to time in our future reports filed with the Securities and Exchange Commission. As a result of such risks and uncertainties, we urge you not to place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31,	
	2013	2012
(In millions, except per share amounts)	(Unaudited)	
Operating revenue	$ 566.5	$ 505.9
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	195.1	187.4
Selling, general and administrative expenses	174.5	149.8
Depreciation and amortization	47.9	40.4
Total operating expenses	417.5	377.6
Operating income	149.0	128.3
Interest expense	(17.7)	(13.8)
Other income, net	0.1	1.3
Consolidated income from continuing operations before income taxes	131.4	115.8
Provision for income taxes	(47.2)	(42.5)
Consolidated income from continuing operations	84.2	73.3
Discontinued operations, net of tax	19.0	0.4
Consolidated net income	103.2	73.7
Less: Net income attributable to noncontrolling interests	(2.1)	(2.2)
Net income attributable to Equifax	$ 101.1	$ 71.5
Amounts attributable to Equifax:		
Net income from continuing operations attributable to Equifax	$ 82.1	$ 71.1
Discontinued operations, net of tax	19.0	0.4
Net income attributable to Equifax	$ 101.1	$ 71.5
Basic earnings per common share:		
Net income from continuing operations attributable to Equifax	$ 0.68	$ 0.59
Discontinued operations attributable to Equifax	0.16	0.01
Net income attributable to Equifax	$ 0.84	$ 0.60
Weighted-average shares used in computing basic earnings per share	120.5	120.0
Diluted earnings per common share:		

Net income from continuing operations attributable to Equifax	$ 0.67	$ 0.58
Discontinued operations attributable to Equifax	0.15	-
Net income attributable to Equifax	$ 0.82	$ 0.58
Weighted-average shares used in computing diluted earnings per share	123.1	122.4
Dividends per common share	$ 0.22	$ 0.18

See Notes to Consolidated Financial Statements.

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EQUIFAX INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended March 31,					
	2013			2012		
	Equifax Shareholders	Noncontrolling Interests	Total	Equifax Shareholders	Noncontrolling Interests	Total
	(In millions)					
Net income	$101.1	$ 2.1	$103.2	$71.5	$ 2.2	$73.7
Other comprehensive income:						
Foreign currency translation adjustment, net	(9.6)	(0.5)	(10.1)	14.9	0.2	15.1
Change in unrecognized prior service cost and actuarial losses related to our pension and other postretirement benefit plans, net	3.0	-	3.0	3.4	-	3.4
Comprehensive income	$94.5	$ 1.6	$96.1	$89.8	$ 2.4	$92.2

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except par values)	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 107.6	$ 146.8
Trade accounts receivable, net of allowance for doubtful accounts of $6.2 and $6.3 at March 31, 2013 and December 31, 2012, respectively	310.4	317.0
Prepaid expenses	32.1	26.2
Other current assets	34.7	39.7
Total current assets	484.8	529.7
Property and equipment:		
Capitalized internal-use software and system costs	371.9	369.9
Data processing equipment and furniture	189.7	198.4
Land, buildings and improvements	179.6	177.0
Total property and equipment	741.2	745.3
Less accumulated depreciation and amortization	(460.1)	(461.6)
Total property and equipment, net	281.1	283.7
Goodwill	2,253.5	2,290.4
Indefinite-lived intangible assets	254.4	254.5
Purchased intangible assets, net	945.7	987.7
Other assets, net	167.7	165.1
Total assets	$ 4,387.2	$ 4,511.1
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$ 176.7	$ 283.3
Accounts payable	28.2	25.1
Accrued expenses	80.0	84.9
Accrued salaries and bonuses	32.5	104.7
Deferred revenue	58.9	57.9
Other current liabilities	73.4	90.6
Total current liabilities	449.7	646.5
Long-term debt	1,445.6	1,447.4
Deferred income tax liabilities, net	220.8	227.7
Long-term pension and other postretirement benefit liabilities	173.1	176.3
Other long-term liabilities	53.5	54.0
Total liabilities	2,342.7	2,551.9
Commitments and Contingencies (see Note 5)		
Equifax shareholders' equity:		

Preferred stock, $0.01 par value: Authorized shares - 10.0; Issued shares - none	-	-
Common stock, $1.25 par value: Authorized shares - 300.0; Issued shares - 189.3 at March 31, 2013 and December 31, 2012; Outstanding shares - 120.6 and 120.4 at March 31, 2013 and December 31, 2012, respectively	236.6	236.6
Paid-in capital	1,149.6	1,139.6
Retained earnings	3,139.1	3,064.6
Accumulated other comprehensive loss	(368.6)	(362.0)
Treasury stock, at cost, 68.1 shares and 68.3 shares at March 31, 2013 and December 31, 2012, respectively	(2,132.3)	(2,139.7)
Stock held by employee benefits trusts, at cost, 0.6 shares at both March 31, 2013 and December 31, 2012	(5.9)	(5.9)
Total Equifax shareholders' equity	2,018.5	1,933.2
Noncontrolling interests	26.0	26.0
Total equity	2,044.5	1,959.2
Total liabilities and equity	$ 4,387.2	$ 4,511.1

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2013	2012
(In millions)	(Unaudited)	
Operating activities:		
Consolidated net income	$ 103.2	$ 73.7
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on divestiture	(18.4)	-
Depreciation and amortization	48.1	41.3
Stock-based compensation expense	10.4	9.3
Excess tax benefits from stock-based compensation plans	(0.6)	(0.5)
Deferred income taxes	(3.6)	0.4
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	(4.1)	(11.0)
Prepaid expenses and other current assets	0.2	(3.6)
Other assets	4.3	(1.2)
Current liabilities, excluding debt	(74.9)	(60.2)
Other long-term liabilities, excluding debt	1.7	0.1
Cash provided by operating activities	66.3	48.3
Investing activities:		
Capital expenditures	(18.7)	(20.2)
Cash received from divestitures	43.7	-
Cash provided by (used in) investing activities	25.0	(20.2)
Financing activities:		
Net short-term repayments	(106.6)	(30.2)
Dividends paid to Equifax shareholders	(26.5)	(21.2)
Dividends paid to noncontrolling interests	(1.1)	-
Proceeds from exercise of stock options	5.9	20.6
Excess tax benefits from stock-based compensation plans	0.6	0.5
Other	(0.7)	(0.4)
Cash used in financing activities	(128.4)	(30.7)
Effect of foreign currency exchange rates on cash and cash equivalents	(2.1)	7.6
Increase (decrease) in cash and cash equivalents	(39.2)	5.0
Cash and cash equivalents, beginning of period	146.8	127.7
Cash and cash equivalents, end of period	$ 107.6	$ 132.7

See Notes to Consolidated Financial Statements.

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EQUIFAX INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND OTHER COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2013

(Unaudited)

	Equifax Shareholders				
	Common Stock				Accu Other
	Shares Outstanding	Amount	Paid-In Capital	Retained Earnings	Comp Loss
	(In millions, except per share amounts)				
Balance, December 31, 2012	120.4	$236.6	$1,139.6	$3,064.6	$(362
Net income	-	-	-	101.1	-
Other comprehensive income	-	-	-	-	(6.6
Shares issued under stock and benefit plans, net of minimum tax withholdings	0.2	-	(2.0)	-	-
Cash dividends ($0.22 per share)	-	-	-	(26.6)	-
Dividends paid to employee benefits trusts	-	-	0.1	-	-
Stock-based compensation expense	-	-	10.4	-	-
Tax effects of stock-based compensation plans	-	-	1.5	-	-
Dividends paid to noncontrolling interests	-	-	-	-	-
Other	-	-	-	-	-
Balance, March 31, 2013	120.6	$236.6	$1,149.6	$3,139.1	$(368

* At March 31, 2013, $227.1 million was authorized for future purchases of common stock under our share repurchase authorization.

Accumulated Other Comprehensive Loss consists of the following components:

	March 31, 2013	December 31, 2012
	(In millions)	

Foreign currency translation	$(93.2)	$(83.6)
Unrecognized actuarial losses and prior service cost related to our pension and other postretirement benefit plans, net of accumulated tax of $157.3 and $159.3 at March 31, 2013 and December 31, 2012, respectively	(273.4)	(276.4)
Cash flow hedging transactions, net of accumulated tax of $1.3 at March 31, 2013 and December 31, 2012	(2.0)	(2.0)
Accumulated other comprehensive loss	$(368.6)	$(362.0)

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2013

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations. We collect, organize and manage various types of financial, demographic, employment and marketing information. Our products and services enable businesses to make credit and service decisions, manage their portfolio risk, automate or outsource certain human resources, employment tax and payroll-related business processes, and develop marketing strategies concerning consumers and commercial enterprises. We serve customers across a wide range of industries, including the financial services, mortgage, retail, telecommunications, utilities, automotive, brokerage, healthcare and insurance industries, as well as government agencies. We also enable consumers to manage and protect their financial health through a portfolio of products offered directly to consumers. As of March 31, 2013, we operated in the following countries: Argentina, Canada, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Paraguay, Peru, Portugal, Spain, the United Kingdom, or U.K., Uruguay, and the United States of America, or U.S. We also maintain support operations in the Republic of Ireland. We have an investment in a consumer and commercial credit information company in Brazil and offer credit services in Russia and India through joint ventures.

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

Basis of Presentation. The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, the instructions to Form 10-Q and applicable sections of Regulation S-X. To understand our complete financial position and results, as defined by

GAAP, this Form 10-Q should be read in conjunction with the Consolidated Financial Statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2012 (“2012 Form 10-K”).

Our unaudited Consolidated Financial Statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the periods presented and are of a normal recurring nature. Certain prior year amounts have been reclassified to conform to current period presentation.

Earnings Per Share. Our basic earnings per share, or EPS, is calculated as net income attributable to Equifax divided by the weighted-average number of common shares outstanding during the period. Diluted EPS is calculated to reflect the potential dilution that would occur if stock options or other contracts to issue common stock were exercised and resulted in additional common shares outstanding. The net income amounts used in both our basic and diluted EPS calculations are the same. A reconciliation of the weighted-average outstanding shares used in the two calculations is as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Three Months Ended March 31,	
	2013	2012
	(In millions)	
Weighted-average shares outstanding (basic)	120.5	120.0
Effect of dilutive securities:		
Stock options and restricted stock units	2.6	2.4
Weighted-average shares outstanding (diluted)	123.1	122.4

For the three months ended March 31, 2013, the stock options that were anti-dilutive were not material. For the three months ended March 31, 2012, 0.1 million stock options were anti-dilutive and therefore excluded from this calculation.

Financial Instruments. Our financial instruments consist primarily of cash and cash equivalents, accounts and notes receivable, accounts payable and short- 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. As of March 31, 2013 and December 31, 2012, the fair value of our long-term debt, based on observable inputs was $1.6 billion compared to its carrying value of $1.5 billion.

Derivatives and Hedging Activities. We use derivative financial instruments as a risk management tool to hedge the Company’s exposure to changes in interest rates, not for speculative purposes. We have used interest rate swaps and interest rate lock agreements to manage interest rate risk associated with our fixed and floating-rate borrowings. Forward contracts on various foreign currencies have been used to manage the foreign currency exchange rate risk of certain firm commitments denominated in foreign currencies. We recognize all derivatives on the balance sheet at fair value. Derivative valuations reflect the value of the instrument including material amounts associated with counterparty risk.

Fair Value Hedges. In conjunction with our November 2009 sale of five-year Senior Notes, we entered into five-year interest rate swaps, designated as fair value hedges, which convert the debt’s fixed interest rate to a variable rate. These swaps involve the receipt of fixed rate amounts for floating interest rate payments over the life of the swaps without exchange of the underlying principal amount. Changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed-rate Senior Notes they hedge due to changes in the designated benchmark interest rate and are recorded in interest expense. The fair value of these interest rate swaps was an asset of $10.4 million and $12.2 million at March 31, 2013 and December 31, 2012, respectively, and was recorded in other long-term assets on our Consolidated Balance Sheets.

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).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

		Fair Value Measurements at Reporting Date Using:		
Description	Fair Value of Assets (Liabilities) at March 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In millions)			
Fair Value Interest Rate Swaps[1]	$10.4	$ -	$ 10.4	$ -
Notes, due 2014[1]	(285.4)	-	(285.4)	-
Deferred Compensation Plan[2]	(18.9)	-	(18.9)	-
Total	$(293.9)	$ -	$ (293.9)	$ -

(1) The fair value of our interest rate swaps, which are designated as fair value hedges, and our notes, due in 2014, are based on the present value of expected future cash flows using zero coupon rates and are classified within Level 2 of the fair value hierarchy.

(2) We maintain deferred compensation plans that allow for certain management employees to defer the receipt of compensation (such as salary, incentive compensation and commissions) until a later date based on the terms of the plan. The liability representing benefits accrued for plan participants is valued at the quoted market prices of the participants' investment elections.

Variable Interest Entities. We hold interests in certain entities, including credit data and information solutions ventures, that are considered variable interest entities, or VIEs. These variable interests relate to ownership interests that require financial support for these entities. Our investments related to these VIEs totaled $15.5 million at March 31, 2013, representing our maximum exposure to loss. We are not the primary beneficiary and are not required to consolidate any of these VIEs.

Other Assets. Other assets on our Consolidated Balance Sheets primarily represents our investment in unconsolidated affiliates, interest rate swaps, assets related to life insurance policies covering certain officers of the Company, employee benefit trust assets and data purchases, net of related amortization. Our investment in Boa Vista Servicos ("BVS"), which represents a 15% equity interest in BVS, was valued at 130 million Brazilian Reais ($64.6 million and $63.6 million at March 31, 2013 and December 31, 2012, respectively) and is accounted for using the cost method. The estimated fair value of the investment approximates carrying value at March 31, 2013.

Recent Accounting Pronouncements. *Testing Indefinite-Lived Intangible Assets for Impairment.* In July 2012, the FASB issued Accounting Standards Update No. 2012-02, "Intangibles - Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment," which allows a company the option to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. Under that option, a company would no longer be required to calculate the fair value of an indefinite-lived intangible asset unless the company determines, based on that qualitative assessment, that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. This guidance is effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. We will implement the new standard in our 2013 annual impairment testing. This guidance is not expected to have a material effect on our financial condition or results of operations.

Other Comprehensive Income. In February 2013, the FASB issued Accounting Standards Update No. 2013-02, "Reporting of Amounts Reclassified Out of Other Comprehensive Income," which requires public companies to present information about reclassification adjustments from accumulated other comprehensive income in their annual and interim financial statements in a single note or on the face of the financial statements. This standard is effective prospectively for annual and interim reporting periods beginning after December 15, 2012. We have adopted this standard in the first quarter of 2013 and it did not have an effect on our financial condition or results of operations.

For additional information about recent accounting pronouncements adopted or pending adoption, see Note 1 of the Notes to Consolidated Financial Statements in our 2012 Form 10-K.

2. DISCONTINUED OPERATIONS

During the first quarter of 2013, we divested of two non-strategic business lines, Equifax Settlement Services, which was part of our Mortgage business within the USCIS operating segment and Talent Management Services, which was part of our Employer Services business within our Workforce Solutions operating segment, for a total of $47.5 million. $3.5 million of the proceeds of the sale of Talent Management Services was placed in escrow and is due 18 months after the transaction date. The historical results of these operations are classified as discontinued operations in the Consolidated Statements of Income. Revenue for these business lines for the three months ended March 31, 2013 and 2012, was $9.3 million and $16.7 million, respectively. Pretax income was $1.5 million and $0.8 million for the three months ended March 31, 2013 and 2012, respectively. We recorded a gain on the disposals in the first quarter of 2013 of $18.4 million, including an income tax benefit of $18.1 million, of which $14.3 million was current tax benefits. The tax benefit is primarily a result of our tax basis in Talent Management Services. The gain was classified as discontinued operations in the Consolidated Statements of Income.

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill. Goodwill represents the cost in excess of the fair value of the net assets acquired in a business combination. Goodwill is tested for impairment at the reporting unit level on an annual basis and on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. We perform our annual goodwill impairment tests as of September 30.

Changes in the amount of goodwill for the three months ended March 31, 2013, are as follows:

	U.S. Consumer Information Solutions	International	Workforce Solutions	North America Personal Solutions	North America Commercial Solutions	Total
	(In millions)					
Balance, December 31, 2012	$947.7	$ 369.3	$ 934.0	$ 1.8	$ 37.6	$2,290.4
Adjustments to initial purchase price allocation	(1.0)	-	-	-	-	(1.0)
Foreign currency translation	-	(6.8)	-	-	(0.2)	(7.0)
Tax benefits of stock options exercised	-	-	(0.1)	-	-	(0.1)
Businesses sold	(2.7)	-	(26.1)	-	-	(28.8)
Balance, March 31, 2013	$944.0	$ 362.5	$ 907.8	$ 1.8	$ 37.4	$2,253.5

3. GOODWILL AND INTANGIBLE ASSETS (Continued)

Indefinite-Lived Intangible Assets. Indefinite-lived intangible assets consist of contractual/territorial rights representing the estimated acquisition date fair value of rights to operate in certain territories acquired through the purchase of independent credit reporting agencies in the U.S. and Canada. Our contractual/territorial rights are perpetual in nature and, therefore, the useful lives are considered indefinite. Indefinite-lived intangible assets are not amortized. We are required to test indefinite-lived intangible assets for impairment annually and whenever events or circumstances indicate that there may be an impairment of the asset value. We perform our annual indefinite-lived intangible asset impairment test as of September 30. Our contractual/territorial rights carrying amounts did not change materially during the three months ended March 31, 2013.

Purchased Intangible Assets. Purchased intangible assets represent the estimated acquisition date fair value of acquired intangible assets used in our business. Purchased data files represent the estimated acquisition date fair value of consumer credit files acquired primarily through the purchase of independent credit reporting agencies in the U.S. and Canada. We expense the cost of modifying and updating credit files in the period such costs are incurred. We amortize purchased data files, which primarily consist of acquired consumer credit files, on a straight-line basis. Primarily all of our other purchased intangible assets are also amortized on a straight-line basis. For additional information about the useful lives related to our purchased intangible assets, see Note 1 of the Notes to Consolidated Financial Statements in our 2012 Form 10-K.

Purchased intangible assets at March 31, 2013 and December 31, 2012 consisted of the following:

	March 31, 2013			December 31, 2012		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Definite-lived intangible assets:	(In millions)					
Purchased data files	$765.7	$ (212.6)	$553.1	$795.6	$ (229.2)	$566.4
Acquired software and technology	34.4	(14.9)	19.5	34.4	(13.5)	20.9
Customer relationships	499.4	(161.5)	337.9	522.1	(164.5)	357.6
Proprietary database	125.0	(120.9)	4.1	125.0	(115.9)	9.1
Non-compete agreements	19.3	(6.5)	12.8	19.4	(5.5)	13.9
Trade names and other intangible assets	39.6	(21.3)	18.3	41.5	(21.7)	19.8
Total definite-lived intangible assets	$1,483.4	$ (537.7)	$945.7	$1,538.0	$ (550.3)	$987.7

Amortization expense from continuing operations related to purchased intangible assets was $30.2 million and $22.4 million during the three months ended March 31, 2013 and 2012, respectively.

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4. DEBT

Debt outstanding at March 31, 2013 and December 31, 2012 was as follows:

	March 31, 2013	December 31, 2012
	(In millions)	
Commercial paper	$160.0	$ 265.0
Notes, 7.34%, due in installments through May 2014	30.0	30.0
Notes, 4.45%, due December 2014	275.0	275.0
Notes, 6.30%, due July 2017	272.5	272.5
Notes, 3.30%, due Dec 2022	500.0	500.0
Debentures, 6.90%, due July 2028	125.0	125.0
Notes, 7.00%, due July 2037	250.0	250.0
Capitalized lease obligation	-	2.2
Other	1.4	0.7
Total debt	1,613.9	1,720.4
Less short-term debt and current maturities	(176.7)	(283.3)
Less unamortized discounts	(2.3)	(2.3)
Plus fair value adjustments	10.7	12.6
Total long-term debt, net	$1,445.6	$ 1,447.4

Senior Credit Facility. We are party to a $750.0 million unsecured revolving credit facility, which we refer to as the Senior Credit Facility, with a group of financial institutions. The Senior Credit Facility also has an accordion feature that allows us to request an increase in the total commitment to $1.0 billion. Borrowings may be used for general corporate purposes, including working capital, capital expenditures, acquisitions and share repurchase programs. The Senior Credit Facility is scheduled to expire in December 2017. Availability of the Senior Credit Facility for borrowings is reduced by the outstanding face amount of any letters of credit issued under the facility and, pursuant to our existing Board of Directors authorization, by the outstanding principal amount of our commercial paper notes. As of March 31, 2013, there were no outstanding borrowings under this facility and $588.6 million was available for borrowing.

Commercial Paper Program. Our $750.0 million commercial paper program has been established through the private placement of commercial paper notes from time-to-time. Maturities of commercial paper can range from overnight to 397 days. The commercial paper program is supported by our Senior Credit Facility and, pursuant to our existing Board of Directors authorization, the total amount of commercial paper which may be issued is reduced by the amount of any outstanding borrowings under our Senior Credit Facility. At March 31, 2013, there was $160.0 million in commercial paper notes outstanding.

For additional information about our debt agreements, see Note 6 of the Notes to Consolidated Financial Statements in our 2012 Form 10-K.

5. COMMITMENTS AND CONTINGENCIES

Data Processing, Outsourcing Services and Other Agreements. We have separate agreements with IBM, TCS and others to outsource portions of our computer data processing operations, applications development, maintenance and related functions and to provide certain other administrative and operational services. The agreements expire between 2013 and 2018. The estimated aggregate minimum contractual obligation remaining under these agreements is approximately $70 million as of December 31, 2012, with no future year's minimum contractual obligation expected to exceed approximately $40 million. Annual payment obligations in regard to these agreements vary due to factors such as the volume of data processed; changes in our servicing needs as a result of new product offerings, acquisitions or divestitures; the introduction of significant new technologies; foreign currency; or the general rate of inflation. In certain circumstances (e.g., a change in control or for our convenience), we may terminate these data processing and outsourcing agreements, and, in doing so, certain of these agreements require us to pay a significant penalty.

BVS Commitment. We have committed to make certain additional funding available to BVS. Until May 31, 2015, BVS will have the right to borrow up to $55 million from Equifax for general corporate purposes; any borrowings would be due and payable on May 31, 2015. Payments for principal and interest on any borrowings can be convertible, at Equifax's option, into additional shares of BVS nonvoting preferred stock. Preferred shares issued as a result of any borrowings will be convertible to common shares under specific conditions. There were no borrowings outstanding as of March 31, 2013.

Guarantees and General Indemnifications. We may issue standby letters of credit, performance bonds or other guarantees in the normal course of business. The aggregate notional amount of all performance bonds and standby letters of credit was not material at March 31, 2013, and all have a remaining maturity of one year or less. The maximum potential future payments we could be required to make under the guarantees is not material at March 31, 2013.

We have agreed to standard indemnification clauses in many of our lease agreements for office space, covering such things as tort, environmental and other liabilities that arise out of or relate to our use or occupancy of the leased premises. Certain of our credit agreements include provisions which require us to make payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In conjunction with certain transactions, such as sales or purchases of operating assets or services in the ordinary course of business, or the disposition of certain assets or businesses, we sometimes provide routine indemnifications, the terms of which range in duration and sometimes are not limited. Additionally, the Company has entered into indemnification agreements with its directors and executive officers to indemnify such individuals to the fullest extent permitted by applicable law against liabilities that arise by reason of their status as directors or officers. The Company maintains directors and officers liability insurance coverage to reduce its exposure to such obligations.

We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above because we cannot predict when and under what circumstances these provisions may be triggered. We had no accruals related to indemnifications on our Consolidated Balance Sheets at March 31, 2013 or December 31, 2012.

5. COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies. We are involved in legal proceedings, claims and litigation arising in the ordinary course of business. We periodically assess our exposure related to these matters based on the information which is available. We have recorded accruals in our Consolidated Financial Statements for those matters in which it is probable that we have incurred a loss and the amount of the loss, or range of loss, can be reasonably estimated.

For other legal proceedings, claims and litigation, we have recorded loss contingencies that are immaterial, or we cannot reasonably estimate the potential loss because of uncertainties about the outcome of the matter and the amount of the loss or range of loss. Although the final outcome of these other matters cannot be predicted with certainty, any possible adverse outcome arising from these matters is not expected to have a material impact on our Consolidated Financial Statements, either individually or in the aggregate. However, our evaluation of the likely impact of these matters may change in the future.

For additional information about these and other commitments and contingencies, see Note 7 of the Notes to Consolidated Financial Statements in our 2012 Form 10-K.

6. INCOME TAXES

We are subject to U.S. federal, state and international income taxes. We are generally no longer subject to federal, state, or international income tax examinations by tax authorities for years ending prior to December 31, 2007, with few exceptions. Due to the potential for resolution of state and foreign examinations, and the expiration of various statutes of limitations, it is reasonably possible that our gross unrecognized tax benefit balance may change within the next twelve months by a range of $0 to $9.4 million.

Effective Tax Rate. Our effective tax rate was 36.0% for the three months ended March 31, 2013, and 36.7% for the same period in 2012. Our income tax rate was lower primarily due to increased discrete tax benefits recognized in the first quarter of 2013 as compared to the first quarter of 2012.