EQUIFAX INC
Form 10-Q
April 29, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

OR

o **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 (State or other jurisdiction of incorporation or organization)	**58-0401110** (I.R.S. Employer Identification No.)
1550 Peachtree Street, N.W., Atlanta, Georgia (Address of principal executive offices)	**30309** (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. ý Yes o 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 ý	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o

(Do not check if a
smaller
reporting company)

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

On April 25, 2008, there were 129,521,169 shares of the registrant's common stock outstanding.

EQUIFAX INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTER ENDED MARCH 31, 2008

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31,	
	2008	**2007**
(In millions, except per share amounts)	**(Unaudited)**	
Operating revenue	**$ 503.1**	$ 405.1
Operating expenses:		
Cost of services (exclusive of depreciation and amortization below)	**202.8**	169.3
Selling, general and administrative expenses	**136.2**	97.4
Depreciation and amortization	**37.9**	21.4
Total operating expenses	**376.9**	288.1
Operating income	**126.2**	117.0
Interest expense	**(19.7)**	(7.4)
Minority interests in earnings, net of tax	**(1.7)**	(1.4)
Other income, net	**0.3**	0.2
Income before income taxes	**105.1**	108.4
Provision for income taxes	**(39.4)**	(39.4)
Net income	**$ 65.7**	$ 69.0
Basic earnings per common share	**$ 0.51**	$ 0.55
Weighted-average shares used in computing basic earnings per share	**129.6**	124.9
Diluted earnings per common share	**$ 0.50**	$ 0.54
Weighted-average shares used in computing diluted earnings per share	**132.1**	127.3
Dividends per common share	**$ 0.04**	$ 0.04

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except par values)	March 31, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 85.0**	$ 81.6
Trade accounts receivable, net of allowance for doubtful accounts of $8.8 and $8.9 at March 31, 2008 and December 31, 2007, respectively	**305.1**	295.8
Prepaid expenses	**34.2**	25.8
Other current assets	**21.0**	21.8
Total current assets	**445.3**	425.0
Property and equipment:		
Capitalized internal-use software and system costs	**303.6**	292.2
Data processing equipment and furniture	**182.2**	184.7
Land, buildings and improvements	**107.8**	89.5
Total property and equipment	**593.6**	566.4
Less accumulated depreciation and amortization	**(320.9)**	(306.9)
Total property and equipment, net	**272.7**	259.5
Goodwill	**1,844.3**	1,834.6
Indefinite-lived intangible assets	**95.6**	95.7
Purchased intangible assets, net	**745.3**	764.5
Prepaid pension asset	**72.6**	72.2
Other assets, net	**74.1**	72.4
Total assets	**$ 3,549.9**	$ 3,523.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current maturities	**$ 23.3**	$ 222.1
Accounts payable	**30.6**	31.1
Accrued expenses	**73.2**	79.4
Accrued salaries and bonuses	**35.2**	63.5
Deferred revenue	**73.2**	69.9
Income taxes payable	**28.5**	0.2
Other current liabilities	**65.2**	80.7
Total current liabilities	**329.2**	546.9
Long-term debt	**1,363.8**	1,165.2
Deferred income tax liabilities, net	**272.8**	277.1
Long-term pension and other postretirement benefit liabilities	**65.9**	62.8
Other long-term liabilities	**75.2**	72.7
Total liabilities	**2,106.9**	2,124.7
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 188.9 and 188.5 at March 31, 2008 and December 31, 2007, respectively; Outstanding shares 129.2 and 129.7 at March 31, 2008 and December 31, 2007, respectively	**235.9**	235.6
Paid-in capital	**1,052.2**	1,040.8

	March 31, 2008	December 31, 2007
Retained earnings	**2,089.5**	2,030.0
Accumulated other comprehensive loss	**(162.6)**	(170.5)
Treasury stock, at cost, 56.1 shares and 55.1 shares at March 31, 2008 and December 31, 2007, respectively	**(1,716.1)**	(1,679.0)
Stock held by employee benefits trusts, at cost, 3.6 shares and 3.7 shares at March 31, 2008 and December 31, 2007, respectively	**(55.9)**	(57.7)
Total shareholders' equity	**1,443.0**	1,399.2
Total liabilities and shareholders' equity	**$ 3,549.9**	$ 3,523.9

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Three Months Ended March 31, 2008	2007
	(Unaudited)	
Operating activities:		
Net income	**$ 65.7**	$ 69.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**37.9**	21.4
Stock-based compensation expense	**6.1**	4.0
Tax effects of stock-based compensation plans	**1.5**	1.8
Excess tax benefits from stock-based compensation plans	**(0.8)**	(1.7)
Deferred income taxes	**(5.8)**	(1.7)
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable, net	**(6.8)**	(6.9)
Prepaid expenses and other current assets	**(4.1)**	(15.8)
Other assets	**(1.4)**	(10.7)
Current liabilities, excluding debt	**(20.6)**	6.8
Other long-term liabilities, excluding debt	**3.4**	(1.3)
Cash provided by operating activities	**75.1**	64.9
Investing activities:		
Capital expenditures	**(30.0)**	(14.6)
Acquisitions, net of cash acquired	**(6.0)**	(3.9)
Cash used in investing activities	**(36.0)**	(18.5)
Financing activities:		
Net short-term repayments	**(199.5)**	(23.0)
Net borrowings (repayments) under long-term revolving credit facilities	**200.0**	(25.0)
Proceeds from issuance of long-term debt	**2.1**	
Payments on long-term debt	**(2.9)**	
Treasury stock purchases	**(37.0)**	(0.4)
Dividends paid	**(5.2)**	(5.0)
Proceeds from exercise of stock options	**5.6**	6.5
Excess tax benefits from stock-based compensation plans	**0.8**	1.7
Other	**(0.2)**	0.1
Cash used in financing activities	**(36.3)**	(45.1)
Effect of foreign currency exchange rates on cash and cash equivalents	**0.6**	0.5
Increase in cash and cash equivalents	**3.4**	1.8
Cash and cash equivalents, beginning of period	**81.6**	67.8
Cash and cash equivalents, end of period	**$ 85.0**	$ 69.6

See Notes to Consolidated Financial Statements.

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EQUIFAX INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

AND COMPREHENSIVE INCOME

(UNAUDITED)

	Common Stock							
	Shares Outstanding	Amount	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Stock Held By Employee Benefits Trusts	Total Shareholders' Equity
	(In millions, except per share amounts)							
Balance, December 31, 2007	129.7	$ 235.6	$ 1,040.8	$ 2,030.0	$ (170.5)	$ (1,679.0)	$ (57.7)	$ 1,399.2
Net income				**65.7**				**65.7**
Other comprehensive income					**7.9**			**7.9**
Shares issued under stock plans	**0.3**	**0.2**	**3.7**				**0.3**	**4.2**
Shares issued under benefits plans	**0.3**	**0.1**	**(0.1)**				**1.5**	**1.5**
Treasury stock exchanged for minimum tax withholdings						**(0.1)**		**(0.1)**
Treasury stock purchased ($34.76 per share)*	**(1.1)**					**(37.0)**		**(37.0)**
Cash dividends ($0.04 per share)				**(5.4)**				**(5.4)**
Stock-based compensation expense			**6.1**					**6.1**
Tax effects of stock-based compensation plans			**1.5**					**1.5**
Dividends paid to employee benefits trusts			**0.2**					**0.2**
Adjustment to initially apply EITF 06-04 and EITF 06-10				**(0.8)**				**(0.8)**
Balance, March 31, 2008	**129.2**	**$ 235.9**	**$ 1,052.2**	**$ 2,089.5**	**$ (162.6)**	**$ (1,716.1)**	**$ (55.9)**	**$ 1,443.0**

* At March 31, 2008, approximately $276.9 million was authorized for future repurchases of our common stock.

Accumulated Other Comprehensive Loss consists of the following components:

	March 31, 2008	December 31, 2007
	(In millions)	
Foreign currency translation	**$ (53.2)**	$ (60.1)
Unrecognized actuarial losses and prior service cost related to our pension and other postretirement benefit plans, net of accumulated tax of $60.5 and $61.3 at March 31, 2008 and December 31, 2007, respectively	**(105.2)**	(106.5)
Cash flow hedging transactions, net of tax of $2.5 and $2.2 at March 31, 2008 and December 31, 2007, respectively	**(4.2)**	(3.9)
Accumulated other comprehensive loss	**$ (162.6)**	$ (170.5)

Comprehensive Income is as follows:

	Three Months Ended March 31,	
	2008	2007
	(In millions)	
Net income	**$ 65.7**	$ 69.0
Other comprehensive income:		
Foreign currency translation adjustment	**6.9**	6.1
Recognition of prior service cost and actuarial losses related to our pension and other postretirement benefit plans	**1.3**	1.8
Change in cumulative loss from cash flow hedging transactions	**(0.3)**	
Comprehensive income	**$ 73.6**	$ 76.9

See Notes to Consolidated Financial Statements.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2008

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 payroll, tax and human resources business processes, and develop marketing strategies concerning consumers and commercial enterprises. We serve customers across a wide range of industries, including the financial services, mortgage, retail, telecommunications, utilities, automotive, brokerage, healthcare and insurance industries, as well as government agencies. We also enable consumers to manage and protect their financial health through a portfolio of products offered directly to consumers. As of March 31, 2008, we operated in 14 countries: Argentina, Brazil, Canada, Chile, Costa Rica, El Salvador, Honduras, Peru, Portugal, the Republic of Ireland, Spain, the United Kingdom, or U.K., Uruguay, and the United States of America, or U.S.

We develop, maintain and enhance secured proprietary information databases through the compilation of credit, demographic and employment 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), income and tax information primarily from large- to mid-sized companies in the U.S., and marketing information from surveys and warranty cards. We process this information utilizing our proprietary information management systems.

We acquired TALX Corporation, or TALX, a leading provider of employment and income verification and human resources business process outsourcing services, on May 15, 2007.

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 Article 10 of Regulation S-X. To understand the complete financial position and results of the Company, 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 fiscal year ended December 31, 2007, or 2007 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. All adjustments made have been of a normal recurring nature. We have reclassified certain prior period amounts in our unaudited Consolidated Financial Statements to conform to the current period presentation. The effect of these reclassifications is not material.

Earnings Per Share. In accordance with Statement of Financial Accounting Standards, or SFAS, No. 128, "Earnings per Share," our basic earnings per share, or EPS, is calculated as net income divided by the weighted-average number of common shares outstanding during the 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 income

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amounts used in both our basic and diluted EPS calculations are the same. A reconciliation of the weighted-average outstanding shares used in the two calculations is as follows:

	Three Months Ended March 31,	
	2008	**2007**
	(In millions)	
Weighted-average shares outstanding (basic)	**129.6**	124.9
Effect of dilutive securities:		
Stock options	**2.4**	2.2
Long-term incentive plans	**0.1**	0.2
Weighted-average shares outstanding (diluted)	**132.1**	127.3

For the three months ended March 31, 2008 and 2007, 1.6 million and 0.2 million options, respectively, were antidilutive and therefore excluded from this calculation.

Fair Value Measurements. In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", or SFAS 157, which provides guidance for measuring the fair value of assets and liabilities and requires expanded disclosures about fair value measurements. SFAS 157 indicates that fair value should be determined based on the assumptions marketplace participants would use in pricing the asset or liability and provides additional guidelines to consider in determining the market-based measurement. In February 2008, the FASB delayed the effective date of SFAS 157 until January 1, 2009 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at least annually. We adopted SFAS 157 on January 1, 2008 for financial assets and financial liabilities. We do not expect the adoption of SFAS 157 for nonfinancial assets and liabilities to have a material impact on our financial statements.

To increase consistency and comparability in fair value measures, SFAS 157 establishes 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). SFAS 157 requires disclosures detailing the extent to which companies measure assets and liabilities at fair value, the methods and assumptions used to measure fair value, and the effect of fair value measurements on earnings. In accordance with SFAS 157, we applied the following fair value hierarchy:

Level 1 Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments.

Level 2 Assets and liabilities valued based on observable market data for similar instruments.

Level 3 Assets or liabilities for which significant valuation assumptions are not readily observable in the market; instruments valued based on the best available data, some of which is internally-developed, and considers risk premiums that a market participant would require.

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

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

valued at the quoted market prices of the participants' investment elections in variable life insurance policies. Identical instruments are traded in active markets that we have access to as of March 31, 2008. As such, we have classified this liability as Level 1 within the fair value hierarchy set forth by SFAS 157.

		Fair Value Measurements at Reporting Date Using		
Description	**Fair Value at March 31, 2008**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(In millions)		
Deferred Compensation Plan	$ 9.7	$ 9.7	$	$
Total	$ 9.7	$ 9.7	$	$

Recent Accounting Pronouncements. In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115", or SFAS 159, which permits an entity to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. We adopted SFAS 159 on January 1, 2008 and have elected not to apply the fair value option to any of our financial instruments.

In September 2006, the FASB ratified the consensus reached by the Emerging Issues Task Force, or EITF, related to EITF Issue No. 06-04, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements", or EITF 06-04, which requires the recognition of a liability related to postretirement benefits covered by endorsement split-dollar life insurance arrangements since the employer has the obligation to provide the benefit to the employee. In March 2007, the FASB ratified the consensus reached by the EITF related to EITF Issue No. 06-10, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements", or EITF 06-10, which requires (1) the recognition of a liability related to postretirement benefits covered by collateral split-dollar life insurance arrangements since the employer has the obligation to provide the benefit to the employee and (2) to recognize and measure the asset based on the nature and substance of the arrangement. We have both endorsement and collateral assignment split-dollar life insurance arrangements for certain officers of the Company. The liability is required to be recognized in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits, Other Than Pensions," or Accounting Principles Board, or APB, Opinion No. 12, "Omnibus Opinion 1967," as appropriate. The adoption of these standards resulted in our recording a $3.4 million liability, a $2.6 million receivable and a cumulative-effect adjustment to reduce retained earnings by $0.8 million at January 1, 2008 on our Consolidated Balance Sheet.

For additional recent accounting pronouncements pending adoption, see Note 1 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

2. ACQUISITION

On February 29, 2008, in order to enhance our mortgage reporting market share, we acquired certain assets and specified liabilities of FIS Credit Services, Inc., a related party mortgage credit reporting reseller, for cash consideration of $6.0 million. The results of this acquisition will be reported in our U.S. Consumer Information Solutions segment subsequent to the acquisition date.

For additional information about our related party transactions, see Note 8 of the Notes to Consolidated Financial Statements in this Form 10-Q.

3. GOODWILL AND INTANGIBLE ASSETS

The allocation of the TALX purchase price is preliminary, as certain federal and state tax returns and our valuation of acquired fixed assets are not complete. For additional information about the TALX acquisition completed on May 15, 2007, see Note 2 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

Goodwill. Goodwill represents the cost in excess of the fair value of the net assets acquired in a business combination. In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," or SFAS 142, 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, 2008 are as follows:

	U.S. Consumer Information Solutions	International	TALX	North America Personal Solutions	North America Commercial Solutions	Total
	(In millions)					
Balance, December 31, 2007	$ 491.2	$ 351.6	$ 952.3	$ 1.8	$ 37.7	$ 1,834.6
Acquisitions	**1.7**					**1.7**
Purchase price adjustment			**2.3**			**2.3**
Foreign currency translation		**7.1**			**(0.3)**	**6.8**
Tax benefits of options exercised			**(1.1)**			**(1.1)**
Balance, March 31, 2008	**$ 492.9**	**$ 358.7**	**$ 953.5**	**$ 1.8**	**$ 37.4**	**$ 1,844.3**

Indefinite-Lived Intangible Assets. Indefinite-lived intangible assets consist of contractual/territorial rights representing the estimated 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. In accordance with SFAS 142, 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. During the three months ended March 31, 2008, contractual/territorial rights decreased $0.1 million to $95.6 million due to foreign currency translation.

Purchased Intangible Assets. Purchased intangible assets represent the estimated fair value of acquired intangible assets used in our business. Purchased data files represent the estimated fair value

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

3. GOODWILL AND INTANGIBLE ASSETS (Continued)

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 credit files, on a straight-line basis. 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 2007 Form 10-K.

Purchased intangible assets at March 31, 2008 and December 31, 2007 consist of the following:

	March 31, 2008			December 31, 2007		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In millions)					
Definite-lived intangible assets:						
Purchased data files	**$ 403.0**	**$ (226.0)**	**$ 177.0**	$ 406.6	$ (221.7)	$ 184.9
Acquired software and technology	**71.3**	**(25.3)**	**46.0**	72.7	(23.9)	48.8
Customer relationships	**418.7**	**(24.7)**	**394.0**	414.7	(18.4)	396.3
Proprietary database	**117.6**	**(17.2)**	**100.4**	117.6	(12.3)	105.3
Non-compete agreements	**6.4**	**(5.3)**	**1.1**	6.4	(5.2)	1.2
Trade names and other intangible assets	**31.9**	**(5.1)**	**26.8**	31.9	(3.9)	28.0
Total definite-lived intangible assets	**$ 1,048.9**	**$ (303.6)**	**$ 745.3**	$ 1,049.9	$ (285.4)	$ 764.5

Amortization expense related to purchased intangible assets was $21.7 million and $7.8 million during the three months ended March 31, 2008 and 2007, respectively.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

4. DEBT

Debt outstanding at March 31, 2008 and December 31, 2007 was as follows:

	March 31, 2008	December 31, 2007
	(In millions)	
Commercial Paper	**$ 20.0**	$ 219.5
Notes, 4.25%, due May 2012	**10.1**	12.5
Notes, 7.34%, due May 2014	**75.0**	75.0
Notes, 6.30%, due July 2017	**300.0**	300.0
Debentures, 6.90%, due July 2028	**150.0**	150.0
Notes, 7.00%, due July 2037	**250.0**	250.0
Borrowings under long-term revolving credit facilities, weighted-average rate of 3.0% and 5.3% in 2008 and 2007, respectively	**575.0**	375.0
Other	**4.2**	2.2
Total debt	**1,384.3**	1,384.2
Less short-term debt and current maturities	**(23.3)**	(222.1)
Less unamortized discounts	**(2.2)**	(2.2)
Plus fair value adjustment	**5.0**	5.3
Total long-term debt, net of discount	**$ 1,363.8**	$ 1,165.2

Senior Credit Facility. We are party to an $850.0 million senior unsecured revolving credit facility, which we refer to as the Senior Credit Facility, with a group of financial institutions. 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 July 2011. Availability of the Senior Credit Facility for borrowings is reduced by any commercial paper amounts outstanding. As of March 31, 2008, $575.0 million was outstanding under the Senior Credit Facility, which is included in long-term debt on our Consolidated Balance Sheet, and $255.0 million was available for borrowings under this facility.

Commercial Paper Program. On May 22, 2007, we established an $850.0 million commercial paper program in which borrowings bear interest at either a variable rate (based on LIBOR or other benchmarks) or a fixed rate, with the applicable rate and margin established through private placement of commercial paper notes from time to time. Maturities of commercial paper can range from overnight to 397 days. Since the commercial paper program is backstopped by our Senior Credit Facility, the amount of commercial paper which may be issued under the program is reduced by the amount of any outstanding borrowings under our Senior Credit Facility pursuant to our existing Board authorization. At March 31, 2008, $20.0 million in commercial paper notes were outstanding, at a weighted-average fixed interest rate of 2.9% per annum, all with maturities of less than 90 days.

Canadian Credit Facility. We are a party to a credit agreement with a Canadian financial institution that provides for a C$10.0 million (denominated in Canadian dollars), 364-day revolving credit agreement. This agreement was renewed during 2007 and is scheduled to expire in November 2008. During the three months ended March 31, 2008, there was no activity under this facility.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

4. DEBT (Continued)

For additional information about our debt agreements, see Note 4 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

5. COMMITMENTS AND CONTINGENCIES

Headquarters Lease. Other than leasing arrangements, we do not engage in off-balance sheet financing activities. Under the terms of the $29.0 million operating lease for our headquarters building in Atlanta, Georgia, which commenced in 1998 and expires in 2010, we have guaranteed a portion of the residual value of the building at the end of the lease. Total lease payments for the remaining term total $3.6 million. 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% of the value of the property at the beginning of the lease term. The liability for this estimated shortfall, which was $1.9 million as of March 31, 2008 and December 31, 2007, respectively, is recorded in other long-term liabilities on our Consolidated Balance Sheets.

Data Processing, Outsourcing Services and Other Agreements. We have separate agreements with International Business Machines Corporation, or IBM, Acxiom, Genpact, Tata Consultancy Services 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 2008 and 2013. The estimated aggregate minimum contractual obligation remaining under these agreements was approximately $305.0 million at December 31, 2007, with no future year's minimum commitment exceeding $90.0 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.

Our data processing outsourcing agreement with IBM was renegotiated in 2003 for a ten-year term. Under this agreement (which covers our operations in North America, Europe, Brazil and Chile), we have outsourced our mainframe and midrange operations, help desk service and desktop support functions, and the operation of our voice and data networks. The scope of such services varies by location. During 2007, 2006 and 2005, we paid $115.0 million, $112.1 million and $120.8 million, respectively, for these services. The estimated future minimum contractual obligation at December 31, 2007 under this agreement is approximately $255.0 million, with no year's minimum commitment currently exceeding $55.0 million. We may terminate certain portions of this agreement without penalty in the event that IBM is in material breach of the terms of the agreement.

Agreement with Computer Sciences Corporation. We have an agreement with Computer Sciences Corporation, or CSC, and certain of its affiliates, collectively CSC, under which CSC-owned credit reporting agencies utilize our computerized credit database services. CSC retains ownership of its credit files and the revenues generated by its credit reporting activities. We receive a processing fee for maintaining the database and for each report supplied. The agreement will expire on July 31, 2018 and is renewable at the option of CSC for successive ten-year periods. The agreement provides us with an

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

5. COMMITMENTS AND CONTINGENCIES (Continued)

option to purchase CSC's credit reporting business if it does not elect to renew the agreement or if there is a change in control of CSC while the agreement is in effect. Under the agreement CSC also has an option, exercisable at any time, to sell its credit reporting business to us. The option expires in 2013. 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 the option were exercised at December 31, 2007, the price range would have approximated $650.0 million to $725.0 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. Therefore, the actual option exercise price could be materially higher or lower than the estimated amount.

Guarantees and General Indemnifications. We will from time to time 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 is not material at March 31, 2008 and all have a maturity of one year or less. We also guarantee the operating lease payments of a lease between third parties. The operating lease, which expires December 31, 2011, has a remaining balance of $5.0 million, based on the undiscounted value of remaining lease payments, including real estate taxes, at March 31, 2008. We believe that the likelihood of demand for payment by us is minimal and expect no material losses to occur related to this guarantee. Accordingly, we do not have a liability on our Consolidated Balance Sheets at March 31, 2008 or December 31, 2007 related to this guarantee.

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. 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, 2008 or December 31, 2007.

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. In accordance with SFAS No. 5, "Accounting for Contingencies," 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.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

5. COMMITMENTS AND CONTINGENCIES (Continued)

Tax Matters. In 2003, the Canada Revenue Agency, or CRA, issued Notices of Reassessment, asserting that Acrofax, Inc., a wholly-owned Canadian subsidiary of Equifax, is liable for additional tax for the 1995 through 2000 tax years, related to certain intercompany capital contributions and loans. The additional tax sought by the CRA for these periods ranges, based on alternative theories, from $8.3 million ($8.5 million in Canadian dollars) to $18.6 million ($19.0 million in Canadian dollars) plus interest and penalties. Subsequently in 2003, we made a statutorily-required deposit for a portion of the claim. We intend to vigorously contest these reassessments and do not believe we have violated any statutory provision or rule. While we believe our potential exposure is less than the asserted claims and not material to our Consolidated Financial Statements, if the final outcome of this matter was unfavorable to us, an additional claim may be filed by the local province. The likelihood and potential amount of such claim is unknown at this time. We cannot predict when this tax matter will be resolved.

For additional information about these and other commitments and contingencies, see Note 5 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

6. INCOME TAXES

Equifax and its subsidiaries are subject to U.S federal, state and international income taxes. The Internal Revenue Service completed its audit of our 2004 U.S. income tax return during the first quarter of 2008. We are generally no longer subject to federal, state, or international income tax examinations by tax authorities for years ending prior to December 31, 2002, with few exceptions. In Canada, we are under audit by the Canada Revenue Agency for the 1995 through 2000 tax years (see Note 5 of the Notes to Consolidated Financial Statements). For the U.K., tax years after 1999 are open for examination. Due to the potential for resolution of federal, state and foreign examinations, and the expiration of various statutes of limitations, it is reasonably possible that Equifax's gross unrecognized tax benefit balance may change within the next twelve months by a range of zero to $17.9 million, related primarily to issues involving Brazilian and U.K. operations.

Effective Tax Rate. Our effective income tax rate was 37.5% for the three months ended March 31, 2008, up from 36.3% for the same period in 2007 due primarily to discrete items recorded during 2007 related to state and foreign taxes that did not recur in 2008.

7. BENEFIT PLANS

We have defined benefit pension plans and defined contribution plans. Substantially all of our U.S., Canadian and U.K. employees are eligible to participate in one or more of these plans. We also maintain certain healthcare and life insurance benefit plans for eligible retired employees. For additional information about our benefit plans, see Note 9 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

7. BENEFIT PLANS (Continued)

The following table provides the components of net periodic benefit cost for the three months ended March 31, 2008 and 2007:

	Pension Benefits		Other Benefits	
	Three Months Ended March 31,			
	2008	2007	2008	2007
	(In millions)			
Service cost	**$ 2.8**	$ 2.6	**$ 0.1**	$ 0.1
Interest cost	**8.7**	8.3	**0.5**	0.4
Expected return on plan assets	**(11.3)**	(10.6)	**(0.4)**	(0.3)
Amortization of prior service cost	**0.2**	0.2	**0.1**	0.1
Recognized actuarial loss	**1.5**	2.2	**0.1**	0.1
Total net periodic benefit cost	**$ 1.9**	$ 2.7	**$ 0.4**	$ 0.4

8. RELATED PARTY TRANSACTIONS

SunTrust Bank, N.A., or SunTrust, Bank of America, N.A., or Bank of America, and Fidelity National Information Services, Inc., or FNIS, are each considered related parties in accordance with SFAS No. 57, "Related Party Disclosures," since members of our Board of Directors have affiliations with these companies. The following transactions during the first quarter of 2008 involved related parties:

SunTrust Robinson Humphrey, a subsidiary of SunTrust, and Banc of America Securities, LLC, a subsidiary of Bank of America, serve as dealers under our commercial paper program. Fees paid to the dealers related to our issuance of commercial paper were immaterial during the first quarter of 2008.

On February 29, 2008, in order to enhance our mortgage reporting market share, we acquired certain assets and specified liabilities of FIS Credit Services, Inc., a mortgage credit reporting reseller, for cash consideration of $6.0 million. The results of the acquisition will be reported in our U.S. Consumer Information Solutions segment subsequent to the acquisition date.

There have not been any other material changes in transactions with related parties, other than those discussed in Note 11 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

9. SEGMENT INFORMATION

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

U.S. Consumer Information Solutions

International

TALX

North America Personal Solutions

North America Commercial Solutions

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

9. SEGMENT INFORMATION (Continued)

The accounting policies of the reportable segments are the same as those described in our summary of significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K. We evaluate the performance of these reportable segments based on their operating revenues, operating income and operating margins, excluding unusual or infrequent items, if any. Inter-segment sales and transfers are not material for all periods presented. The measurement criteria for segment profit or loss and segment assets are substantially the same for each reportable segment. All transactions between segments are accounted for at cost, and no timing differences occur between segments.

A summary of segment products and services is as follows:

U.S. Consumer Information Solutions. This segment includes consumer information services (such as credit information and credit scoring, credit modeling services, decisioning tools, locate services, fraud detection and prevention services, identity verification services and other consulting services); mortgage loan origination information services; credit card marketing services; and consumer demographic and lifestyle information services.

International. This segment includes information services products, which includes consumer and commercial services (such as credit and financial information, credit scoring and credit modeling services), credit marketing products and services, and products and services sold directly to consumers.

TALX. This segment includes employment and income verification services (known as The Work Number®) and employment tax and talent management services.

North America Personal Solutions. This segment includes credit information, credit monitoring and identity theft protection products sold directly to consumers via the internet and in various hard-copy formats.

North America Commercial Solutions. This segment includes commercial products and services such as business credit and demographic information, credit scores and portfolio analytics, which are derived from our databases of business credit and financial information.

Operating revenue and operating income by operating segment during the three months ended March 31, 2008 and 2007 are as follows:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
	(In millions)	
Operating revenue:		
U.S. Consumer Information Solutions	**$ 233.2**	$ 247.1
International	**129.9**	105.6
TALX	**79.6**	
North America Personal Solutions	**43.1**	38.0
North America Commercial Solutions	**17.3**	14.4
Total operating revenue	**$ 503.1**	$ 405.1

EQUIFAX INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

March 31, 2008

9. SEGMENT INFORMATION (Continued)

	Three Months Ended March 31,	
	2008	**2007**
	(In millions)	
Operating income:		
U.S. Consumer Information Solutions	**$ 90.1**	$ 101.7
International	**39.6**	32.4
TALX	**12.7**	
North America Personal Solutions	**11.1**	6.3
North America Commercial Solutions	**2.6**	1.4
General Corporate Expense	**(29.9)**	(24.8)
Total operating income	**$ 126.2**	$ 117.0

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

All references to earnings per share data in Management's Discussion and Analysis, or MD&A, are to diluted earnings per share, or EPS, unless otherwise noted. Diluted EPS is calculated to reflect the potential dilution that would occur if stock options or other contracts to issue common stock were exercised and resulted in additional common shares outstanding.

BUSINESS OVERVIEW

We are a leading global provider of information solutions, employment and income verification and human resources business process outsourcing services. We leverage one of the largest sources of consumer and commercial data, along with advanced analytics and proprietary technology, to create customized insights which enable our business customers to grow faster and more efficiently and inform and empower consumers.

Businesses rely on us for consumer and business credit intelligence, portfolio management, fraud detection, decisioning technology, marketing tools, and human resources and payroll services. We also offer a portfolio of products that enable individual consumers to manage their financial affairs and protect their identity. Our revenue stream is diversified among individual consumers and businesses across a wide range of industries and international geographies.

Segment and Geographic Information

Segments. The U.S. Consumer Information Solutions, or USCIS, segment, the largest of our five segments, consists of four product and service lines: Online Consumer Information Solutions, or OCIS, Mortgage Reporting Solutions, Credit Marketing Services and Direct Marketing Services. OCIS and Mortgage Reporting Solutions revenue is principally transaction-based and is derived from our sales of products such as consumer credit reporting and scoring, mortgage reporting, identity verification, fraud detection and modeling services, and certain of our decisioning products that facilitate and automate a variety of credit-oriented decisions, a significant majority of which are delivered electronically. Credit Marketing Services and Direct Marketing Services revenue is principally project- and subscription-based and is derived from our sales of the products such as those that assist clients in acquiring new customers, cross-selling to existing customers and managing portfolio risk.

The International segment consists of Canada Consumer, Europe and Latin America. Canada Consumer's products and services are similar to our USCIS offerings, while Europe and Latin America are made up of varying mixes of product lines that are in our USCIS, North America Commercial Solutions and North America Personal Solutions reportable segments.

The TALX segment consists of The Work Number® and Tax and Talent Management business units. The Work Number revenue is transaction-based and is derived primarily from verification of employment and income data reported to us by employers. Tax and Talent Management revenues are derived from our provision of certain human resources business process outsourcing services that are transaction- and subscription-based product offerings.

North America Personal Solutions revenue is both transaction- and subscription-based and is derived from the sale of credit monitoring and identity theft protection products, which we deliver to consumers through the mail and electronically via the internet.

North America Commercial Solutions revenue is principally transaction-based and is derived from the sale of business information, credit scores and portfolio analytics that enable customers to utilize our reports to make financial, marketing and purchasing decisions related to businesses.

Geographic Information. We currently operate in 14 countries: Argentina, Brazil, Canada, Chile, Costa Rica, El Salvador, Honduras, Peru, Portugal, the Republic of Ireland, Spain, the U.K., Uruguay, and the U.S. Our operations in Costa Rica and the Republic of Ireland focus on data processing and customer support activities.

Key Performance Indicators. Management focuses on a variety of key indicators to monitor operating and financial performance. These performance indicators include measurements of operating revenue, operating revenue growth, operating income, operating margin, net income, diluted earnings per share, cash provided by operating activities and capital expenditures. The key performance indicators for the three months ended March 31, 2008 and 2007, were as follows:

	Key Performance Indicators	
	Three Months Ended March 31,	
	2008	**2007**
	(Dollars in millions, except per share data)	
Operating revenue	**$ 503.1**	$ 405.1
Operating revenue growth	**24%**	8%
Operating income	**$ 126.2**	$ 117.0
Operating margin	**25.1%**	28.9%
Income from continuing operations	**$ 65.7**	$ 69.0
Diluted earnings per share from continuing operations	**$ 0.50**	$ 0.54
Cash provided by operating activities	**$ 75.1**	$ 64.9
Capital expenditures	**$ 30.0**	$ 14.6

Operational Highlights.

Double-digit revenue growth in our International, North America Personal Solutions and North America Commercial Solutions segments and results from TALX, which was acquired in May 2007 and therefore not reflected in our first quarter 2007 results, contributed to a 24% increase in revenue in the first quarter of 2008, when compared to the same period in 2007.

Operating margin was 25.1 percent compared to 28.9 percent in the first quarter of 2007 and up from 24.5 percent in the fourth quarter of 2007.

Net income was $65.7 million, a 5 percent decrease from the first quarter of 2007. Year over year net income growth was negatively impacted by increased intangible amortization expense related to the acquisition of TALX and interest expense on additional debt incurred to finance this acquisition.

During the first quarter of 2008, we repurchased 1.1 million of our common shares on the open market for $37.0 million.

RESULTS OF OPERATIONS THREE MONTHS ENDED MARCH 31, 2008 AND 2007

Consolidated Financial Results

Operating Revenue

Consolidated Operating Revenue	Three Months Ended March 31, 2008	2007	Change 2008 vs. 2007 $	%
	(Dollars in millions)			
U.S. Consumer Information Solutions	**$ 233.2**	$ 247.1	**$ (13.9)**	**-6%**
International	**129.9**	105.6	**24.3**	**23%**
TALX	**79.6**		**79.6**	**nm**
North America Personal Solutions	**43.1**	38.0	**5.1**	**14%**
North America Commercial Solutions	**17.3**	14.4	**2.9**	**20%**
Consolidated operating revenue	**$ 503.1**	$ 405.1	**$ 98.0**	**24%**

nm not meaningful

The increase in revenue was due to double-digit growth in our International, North America Personal Solutions and North America Commercial Solutions segments, as discussed in greater detail in "Segment Financial Results" below, as well as the acquisition of TALX. TALX contributed $79.6 million, or 19% of the consolidated revenue growth when compared to first quarter 2007. Revenue from our USCIS segment declined due to weakness in the U.S. credit and mortgage markets. Foreign currency had a favorable impact of $13.2 million, or 3%, on revenue growth during the period.

The impact of foreign currency translation can change significantly from period to period. The foreign currency benefit to reported results was greater in the first quarter of 2008 than it has been in other recent periods due to the significant decline in the value of the U.S. dollar over the last year against key foreign currencies, most notably the British pound, Canadian dollar and Brazilian real. If the U.S. dollar remains at its current valuation going forward, the benefit from foreign currency will diminish from its first quarter 2008 level.

Operating Expenses

Consolidated Operating Expenses	Three Months Ended March 31, 2008	2007	Change 2008 vs. 2007 $	%
	(Dollars in millions)			
Consolidated cost of services	**$ 202.8**	$ 169.3	**$ 33.5**	**20%**
Consolidated selling, general and administrative expenses	**136.2**	97.4	**38.8**	**40%**
Consolidated depreciation and amortization expense	**37.9**	21.4	**16.5**	**77%**
Consolidated operating expenses	**$ 376.9**	$ 288.1	**$ 88.8**	**31%**

The increase in cost of services was significantly affected by our acquisition of TALX, which contributed $27.6 million of this increase. The remainder of this increase was primarily due to: (1) increased salary costs in our Latin America business due to additional headcount; and (2) the impact of foreign currency fluctuation against the U.S. dollar.

The increase in selling, general and administrative expenses was mainly due to our acquisition of TALX, which contributed $23.5 million of this increase. The remainder of this increase was primarily due to increased salary and incentive costs due to additional headcount to support growth areas and the impact of foreign currency fluctuation against the U.S. dollar.

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The increase in depreciation and amortization expense was mainly due to $15.7 million in incremental depreciation and amortization expense related to our acquisition of TALX. The remainder of the increase is primarily due to depreciation expense related to increased 2007 capital expenditures, including the purchase of the facility that houses our Atlanta, Georgia data center.

Operating Income and Operating Margin

	Three Months Ended March 31,		Change	
			2008 vs. 2007	
Consolidated Operating Income	**2008**	**2007**	**$**	**%**
	(Dollars in millions)			
Consolidated operating revenue	**$ 503.1**	$ 405.1	**$ 98.0**	**24%**
Consolidated operating expenses	**376.9**	288.1	**88.8**	**31%**
Consolidated operating income	**$ 126.2**	$ 117.0	**$ 9.2**	**8%**
Consolidated operating margin	**25.1%**	28.9%		

The decline in consolidated operating margin reflects the impact of the 16.0% operating margin of TALX on our consolidated operating margin, which is significantly impacted by acquisition-related amortization expense. The decline in consolidated operating margin was also due to a decline in the margin of our USCIS business when compared to the same period in 2007.

Other Expense, Net

	Three Months Ended March 31,		Change	
			2008 vs. 2007	
Consolidated Other Expense, Net	**2008**	**2007**	**$**	**%**
	(Dollars in millions)			
Consolidated interest expense	**$ (19.7)**	$ (7.4)	**$ (12.3)**	**166%**
Consolidated minority interests in earnings, net of tax	**(1.7)**	(1.4)	**(0.3)**	**21%**
Consolidated other income, net	**0.3**	0.2	**0.1**	**50%**
Consolidated other expense, net	**$ (21.1)**	$ (8.6)	**$ (12.5)**	**145%**
Weighted-average cost of debt	**5.1%**	5.7%		
Total consolidated debt	**$ 1,387.1**	$ 455.9	**$ 931.2**	**204%**

The increase in other expense, net, was primarily due to increased interest expense driven by a higher level of debt during the first quarter of 2008 which was used to fund the TALX acquisition in May 2007 and our share repurchase activity in 2007 and 2008.

Income Taxes

	Three Months Ended March 31,		Change	
			2008 vs. 2007	
Consolidated Provision for Income Taxes	**2008**	**2007**	**$**	**%**
	(Dollars in millions)			
Consolidated provision for income taxes	**$ (39.4)**	$ (39.4)	**$**	**0%**
Effective income tax rate	**37.5%**	36.3%		

The increase in our effective income tax rate was due to favorable discrete items recorded during the first quarter of 2007 related to state and foreign taxes which did not recur in 2008.

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Net Income

Consolidated Net Income	Three Months Ended March 31, 2008	2007	Change 2008 vs. 2007 $	%
	(Dollars in millions)			
Consolidated net income	**$ 65.7**	$ 69.0	**$ (3.3)**	**-5%**
Diluted earnings per common share	**$ 0.50**	$ 0.54	**$ (0.04)**	**-7%**
Weighted-average shares used in computing diluted earnings per share	**132.1**	127.3		

The decrease in net income was a function of growth in operating income from our International, North America Personal Solutions and North America Commercial Solutions segments and the acquisition of TALX, which was more than offset by a decline in operating income from our USCIS businesses, increased general corporate operating expense and increased interest expense.

Segment Financial Results

USCIS

U.S. Consumer Information Solutions	Three Months Ended March 31, 2008	2007	Change 2008 vs. 2007 $	%
	(Dollars in millions)			
Operating revenue:				
Online Consumer Information Solutions	**$ 156.9**	$ 162.1	**$ (5.2)**	**-3%**
Mortgage Reporting Solutions	**17.5**	17.5		**0%**
Credit Marketing Services	**35.4**	40.4	**(5.0)**	**-12%**
Direct Marketing Services	**23.4**	27.1	**(3.7)**	**-14%**
Total operating revenue	**$ 233.2**	$ 247.1	**$ (13.9)**	**-6%**
% of consolidated revenue	**46%**	61%		
Total operating income	**$ 90.1**	$ 101.7	**$ (11.6)**	**-11%**
Operating margin	**38.6%**	41.2%		**-2.6%**

The decrease in revenue was due to declines in our OCIS, Credit Marketing Services and Direct Marketing Services businesses due primarily to continued weakness in the U.S. consumer credit and housing markets. Assuming a continuation of current levels of economic softness, USCIS revenue for the full year is likely to be below the revenue realized in 2007.

OCIS

The decrease in revenue was due to continuing low single digit percentage declines in average unit prices, which have been and continue to be characteristic of this business. Online transaction volume remained flat at 170 million from the first quarter of 2007.

Mortgage Reporting Solutions

Revenue increased from our settlement services products and from our acquisitions of three mortgage affiliates at the end of the first quarter of 2007 and a credit reporting agency during the first quarter of 2008. These increases were offset primarily as a result of continued weakness in the U.S. housing markets, which led to reduced transaction volumes from our existing mortgage reporting customer base.

Credit Marketing Services

The decrease in revenue was primarily due to volume decreases from certain large financial institutions in the purchase of our services which assist these customers with new account acquisition, partially offset by volume increases in account review services which assist these customers in managing the risk of their existing customer portfolios.

Direct Marketing Services

The decrease in revenue was due to reduced mailing volumes from our existing customer base and to changes in the scope of a contract with a large marketing services reseller.

USCIS Operating Margin

The decrease in operating margin was primarily due to the fixed cost nature of the USCIS business in the midst of revenue declines in our OCIS, Credit Marketing Services and Direct Marketing Services businesses. With a high proportion of fixed costs, our operating expenses did not decline at the same rate as our revenue. This margin decrease was partially offset by reduced transaction processing and salary costs in our Direct Marketing Services business and other cost saving initiatives. Although operating margin has declined from the same period a year ago, operating margin has increased from 36.6% in the fourth quarter of 2007 due to the implementation of certain cost saving initiatives.

International

	Three Months Ended March 31,		Change	
			2008 vs. 2007	
International	**2008**	**2007**	**$**	**%**
		(Dollars in millions)		
Operating revenue:				
Europe	**$ 47.7**	$ 42.2	**$ 5.5**	**13%**
Latin America	**53.2**	39.6	**13.6**	**34%**
Canada Consumer	**29.0**	23.8	**5.2**	**22%**
Total operating revenue	**$ 129.9**	$ 105.6	**$ 24.3**	**23%**
% of consolidated revenue	**26%**	26%		
Total operating income	**$ 39.6**	$ 32.4	**$ 7.2**	**22%**
Operating margin	**30.5%**	30.7%		**-0.2%**

The increase in revenue is attributable to growth in all three geographical areas. Local currency fluctuation against the U.S. dollar favorably impacted our International revenue by $12.2 million, or 12%, as revenue was up 11% in local currency during the first quarter of 2008.

Europe

The increase in revenue was primarily due to strong online volumes for our U.K. consumer risk products. Revenue also increased due to higher volumes and new customer relationships for our online services and registry products in Spain and Portugal. Local currency fluctuation against the U.S. dollar favorably impacted our Europe revenue by $1.5 million, or 3%, as revenue was up 10% in local currency.

Latin America

The increase in revenue was driven by double digit sales growth in local currency in six of the seven country markets in which we operate, primarily due to higher volumes of our online solutions, enabling technologies and marketing products. Brazil contributed to revenue growth during the first quarter with a new contract to provide data to a large regional consumer services data provider, partially offset by lower sales volumes for certain products that resulted from competition for small- and medium-sized customers. Local currency fluctuation against the U.S. dollar favorably impacted our Latin America revenue by $6.6 million, or 14%, as revenue was up 18% in local currency.

Canada Consumer

The increase in revenue was primarily driven by volume increases for our consumer risk products, as well as increased volumes for marketing products. Local currency fluctuation against the U.S. dollar favorably impacted our Canada Consumer revenue by $4.2 million, or 17%, as revenue was up 4% in local currency.

International Operating Margin

The operating margin was similar to 2007 as growth in revenues were offset by increased salary costs in our Europe and Latin America businesses due to additional headcount as we invest for international growth.

TALX

	Three Months Ended March 31,		Change 2008 vs. 2007	
TALX	**2008**	**2007**	**$**	**%**
	(Dollars in millions)			
Operating revenue:				
The Work Number	**$ 36.3**	$	**$ 36.3**	nm
Tax and Talent Management	**43.3**		**43.3**	nm
Total operating revenue	**$ 79.6**	$	**$ 79.6**	nm
% of consolidated revenue	**16%**			
Total operating income	**$ 12.7**	$	**$ 12.7**	nm
Operating margin	**16.0%**			

nm not meaningful

The results of TALX's operations were included in our Consolidated Financial Statements beginning on May 15, 2007. TALX generated $79.6 million during the first quarter of 2008. Of this amount, The Work Number business generated $36.3 million in revenue, or 46% of total TALX revenue, while the Tax and Talent Management business generated 54%, or $43.3 million in revenue. Revenue from these businesses is generally higher in the first quarter due primarily to the provision of Form W-2 preparation services which occur during this time. Operating margin was 16.0% during the first quarter of 2008. TALX acquisition-related amortization expense was $13.7 million for the period, or 17% of TALX revenue for the period. Total employment records in The Work Number database increased during the first quarter to 174.2 million at March 31, 2008.

North America Personal Solutions

North America Personal Solutions	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Change 2008 vs. 2007 $	Change 2008 vs. 2007 %
	(Dollars in millions)			
Total operating revenue	**$ 43.1**	$ 38.0	**$ 5.1**	14%
% of consolidated revenue	**9%**	9%		
Total operating income	**$ 11.1**	$ 6.3	**$ 4.8**	76%
Operating margin	**25.7%**	16.5%		9.2%

The increase in revenue was primarily due to higher subscription revenue associated with our 3-in-1 Monitoring, ScoreWatch, Credit Watch and Credit Report Control products. Subscription customers grew to 1.4 million as of March 31, 2008, up 12% from 1.2 million as of March 31, 2007. The increase in operating margin was mainly due to continued subscription-based revenue growth and improved operating leverage, as operating expenses remained constant during the first quarter of 2008 when compared to the first quarter of 2007.

North America Commercial Solutions

North America Commercial Solutions	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Change 2008 vs. 2007 $	Change 2008 vs. 2007 %
	(Dollars in millions)			
Total operating revenue	**$ 17.3**	$ 14.4	**$ 2.9**	20%
% of consolidated revenue	**3%**	4%		
Total operating income	**$ 2.6**	$ 1.4	**$ 1.2**	95%
Operating margin	**15.3%**	9.4%		5.9%

The increase in revenue was primarily due to increased sales volumes for products in our U.S. Commercial business. Online transactional volume for our commercial credit information products was 1.3 million during the first quarter of 2008, up 13% from 1.1 million during the same period in 2007. The increase in operating margin was mainly due to revenue growth in our U.S. Commercial business and improved operating leverage, as increases in operating expenses during the period were primarily due to increased data purchases and new product investment to support long-term growth and operating efficiency. Local currency fluctuation against the U.S. dollar favorably impacted our North America Commercial Solutions revenue by $1.0 million, or 7%.

General Corporate Expense

General Corporate Expense	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Change 2008 vs. 2007 $	Change 2008 vs. 2007 %
	(Dollars in millions)			
General corporate expense	**$ 29.9**	$ 24.8	**$ 5.1**	21%

Our general corporate expenses are costs that are incurred at the corporate level and include those expenses impacted by corporate direction, such as shared services, administrative, legal, restructuring and equity compensation costs. The 2008 increase in general corporate expense was primarily due to increased expenses for corporate incentives and equity compensation, increased spending on information technology processes and infrastructure which benefits the entire corporation, increased staff costs and litigation expenses.

LIQUIDITY AND FINANCIAL CONDITION

Our ability to generate cash from operating activities is one of our fundamental financial strengths. This allows us to fund various investment opportunities, reduce existing debt balances, and increase value to shareholders in the form of dividends and share repurchases. In the event additional liquidity needs arise, we may raise funds from a combination of sources, including the potential issuance of debt or equity securities.

Sources and Uses of Cash

Our principal sources of funds are cash provided by operating activities and various financing programs, including our revolving credit facility and commercial paper program. We believe that these sources will be sufficient to meet our projected cash requirements, including working capital requirements, capital expenditures, scheduled debt payments, interest payments, benefit plan contributions, income tax obligations, dividends to our shareholders, share repurchases and any acquisitions, for the next twelve months and the foreseeable future thereafter. Information about our cash flows, by category, is presented in the consolidated statement of cash flows.

	Three Months Ended March 31,		Change 2008 vs. 2007	
Net cash provided by (used in):	**2008**	**2007**	**$**	**%**
	(Dollars in millions)			
Operating activities	**$ 75.1**	$ 64.9	**$ 10.2**	16%
Investing activities	**$ (36.0)**	$ (18.5)	**$ (17.5)**	nm
Financing activities	**$ (36.3)**	$ (45.1)	**$ 8.8**	nm

nm not meaningful

The increase in operating cash flow was primarily due to incremental income from our TALX acquisition and revenue growth in our existing businesses, partially offset by increased interest payments.

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

Capital Expenditures

	Three Months Ended March 31,		Change
Net cash used in:	**2008**	**2007**	**2008 vs. 2007**
		(In millions)	
Capital expenditures	**$ (30.0)**	$ (14.6)	**$ (15.4)**

Our capital expenditures are used for developing, enhancing and deploying new and existing software in support of our expanding product set, replacing or adding equipment, updating systems for regulatory compliance, the licensing of software applications and investing in system reliability, security and disaster recovery enhancements. The increase in capital expenditures during the first three months of 2008 when compared to the first quarter of 2007 was primarily due to $14.2 million of improvements made to the facility which houses our Atlanta, Georgia data center, which we purchased during 2007.

Acquisitions

	Three Months Ended March 31,		Change
Net cash used in:	**2008**	**2007**	**2008 vs. 2007**
		(In millions)	
Acquisitions, net of cash acquired	**$ (6.0)**	$ (3.9)	**$ (2.1)**

On February 29, 2008, in order to enhance our mortgage reporting market share, we acquired certain assets and specified liabilities of FIS Credit Services, Inc., a related party mortgage credit reporting reseller, for cash consideration of $6.0 million. The results of the acquisition will be reported in our U.S. Consumer Information Solutions segment subsequent to the acquisition date.

For additional information about our acquisitions, see Note 2 of the Notes to Consolidated Financial Statements in this Form 10-Q.

Borrowings and Credit Facility Availability

	Three Months Ended March 31,		Change
Net cash provided by (used in):	**2008**	**2007**	**2008 vs. 2007**
		(In millions)	
Net short-term repayments	**$ (199.5)**	$ (23.0)	**$ (176.5)**
Net borrowings (repayments) under long-term revolving credit facilities	**$ 200.0**	$ (25.0)	**$ 225.0**
Proceeds from issuance of long-term debt	**$ 2.1**	$	**$ 2.1**
Payments on long-term debt	**$ (2.9)**	$	**$ (2.9)**

Net short-term borrowings during the three months ended March 31, 2008 represents activity under our $850.0 million commercial paper program, which is backstopped by our long-term Senior Credit Facility. At March 31, 2008, $20.0 million in commercial paper notes was outstanding, at a weighted-average interest rate of 2.9% per annum, all with maturities of less than 90 days. The increase in net short-term repayments and the decrease in net borrowings under long-term revolving credit facilities reflect refinancings during the first quarter of 2008 of amounts of commercial paper notes outstanding at December 31, 2007 through borrowings under our Senior Credit Facility to lower the average interest cost of such debt.

Net borrowings (repayments) under long-term revolving credit facilities during the three months ended March 31, 2008 and 2007 relate to activity on our Senior Credit Facility. 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 July 2011.

At March 31, 2008, interest was payable on borrowings under our Senior Credit Facility at the base rate or London Inter-Bank Offered Rate, or LIBOR, plus a specified margin or competitive bid option as selected by us from time to time. The annual facility fee and interest rate are subject to adjustment based on our debt ratings. Availability of our Senior Credit Facility for borrowings is reduced by the amount of any commercial paper notes. As of March 31, 2008, $575.0 million was outstanding under the Senior Credit Facility, which is included in long-term debt on our Consolidated Balance Sheet, and $255.0 million was available for borrowings under this facility.

We are a party to a credit agreement with a Canadian bank that provides for a C$10.0 million (denominated in Canadian dollars), 364-day revolving credit agreement. At March 31, 2008, no borrowings were outstanding under this facility.

At March 31, 2008, 57% of our debt was fixed-rate debt and 43% was variable-rate debt. Our variable-rate debt consists of the Senior Credit Facility and commercial paper program and generally bears interest based on a specified margin plus a base rate, LIBOR or commercial paper rate. The interest rates reset periodically, depending on the terms of the respective financing arrangements. At March 31, 2008, interest rates on substantially all of our variable-rate debt ranged from 2.9% to 3.0%. We were in compliance with all of our financial and non-financial debt covenants at March 31, 2008.

As of March 31, 2008, our S&P rating of BBB+ and Moody's rating of Baa1 on our long-term debt remained unchanged from those announced in February 2007.

For additional information about our debt, including the terms of our financing arrangements, basis for variable interest rates and debt covenants, see Note 4 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

Equity Transactions

	Three Months Ended March 31,		Change
Net cash provided by (used in):	**2008**	**2007**	**2008 vs. 2007**
		(In millions)	
Treasury stock repurchases	**$ (37.0)**	$ (0.4)	**$ (36.6)**
Dividends paid	**$ (5.2)**	$ (5.0)	**$ (0.2)**
Proceeds from exercise of stock options	**$ 5.6**	$ 6.5	**$ (0.9)**
Excess tax benefits from stock-based compensation plans	**$ 0.8**	$ 1.7	**$ (0.9)**

Sources and uses of cash related to equity during the three months ended March 31, 2008 and 2007 were as follows:

Under share repurchase programs authorized by our Board of Directors, we purchased 1.1 million common shares on the open market during the three months ended March 31, 2008 for $37.0 million at an average price per common share of $34.76. At March 31, 2008, the amount authorized for future share repurchases under this program was $276.9 million. We did not repurchase any shares under the stock repurchase program authorized by our Board of Directors during the three months ended March 31, 2007. Treasury stock repurchase activity in 2007 represents the cashless exercise of stock-based compensation activity.

Our dividends per share were $0.04 per share for both periods presented. We paid cash dividends of $5.2 million and $5.0 million in the first quarters of 2008 and 2007, respectively.

We received cash of $5.6 million and $6.5 million during the first quarters of 2008 and 2007, respectively, from the exercise of stock options.

Contractual Obligations, Commercial Commitments and Other Contingencies

Our contractual obligations, commercial commitments and other contingencies have not materially changed from those reported in our 2007 Form 10-K. For additional information about certain obligations and contingencies, including those related to CSC see Note 5 of the Notes to Consolidated Financial Statements in this Form 10-Q.

Off-Balance Sheet Arrangements

There have been no material changes with respect to our off-balance sheet arrangements from those presented in our 2007 Form 10-K.

Related Party Transactions

We engage in various transactions and arrangements with related parties. We believe the terms of the transactions and arrangements do not differ from those that would have been negotiated with an independent party. For additional information about our related parties and associated transactions, see Note 8 of the Notes to the Consolidated Financial Statements in this Form 10-Q and Note 11 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

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Seasonality

We experience seasonalities in certain of our revenue streams. Revenue generated from The Work Number and Tax and Talent Management business units within the TALX operating segment is generally higher in the first quarter due primarily to the provision of Form W-2 preparation services which occur in the first quarter each year. Revenue from our OCIS and Mortgage Reporting Solutions business units tends to increase in periods of the year in which our customers have higher volumes of credit granting decisions, most commonly the second and third calendar quarters.

RECENT ACCOUNTING PRONOUNCEMENTS

For information about new accounting pronouncements and the potential impact on our Consolidated Financial Statements, see Note 1 of the Notes to Consolidated Financial Statements in this Form 10-Q and Note 1 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in our Consolidated Financial Statements and the Notes to Consolidated Financial Statements. We believe the most complex and sensitive judgments, because of their significance to the Consolidated Financial Statements, result primarily from the need to make estimates and assumptions about the effects of matters that are inherently uncertain. The "Application of Critical Accounting Policies and Estimates" section in the MD&A and Note 1 of the Notes to Consolidated Financial Statements in our 2007 Form 10-K describe the significant accounting estimates and policies used in the preparation of our Consolidated Financial Statements. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information available at the time. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding our exposure to certain market risks, see "Quantitative and Qualitative Disclosures about Market Risk," in Part II, Item 7A of our 2007 Form 10-K. There were no material changes to our market risk exposure during the three months ended March 31, 2008.

ITEM 4. CONTROLS AND PROCEDURES

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Equifax, certain of its subsidiaries, and other persons have been named as parties in various legal actions and administrative proceedings arising in connection with the operation of Equifax's businesses. In most cases, plaintiffs seek unspecified damages and other relief. These actions include the following:

Naviant Arbitration and Litigation. We commenced an arbitration proceeding against the shareholder sellers of Naviant, Inc., which we acquired in 2002, claiming they breached various representations and warranties concerning information furnished to us in connection with the acquisition transaction. We also filed a lawsuit on August 13, 2004, in the U.S. District Court for the Southern District of Florida, in a case captioned *Equifax Inc. and Naviant Inc. v. Austin Ventures VII, L.P, et al.* Thereafter, we released our claims against one selling shareholder, Seisint, Inc., as part of a settlement and settled our claims against certain other former selling shareholders on June 14, 2006, in exchange for a cash payment to us of $15.2 million. On November 21, 2006, the District Court granted our request to lift the stay on our lawsuit so we could pursue our claims against the selling shareholders in that action. All parties voluntarily abandoned the arbitration proceedings. By joint stipulation, the District Court entered orders on December 27, 2007 and January 28, 2008, dismissing, without prejudice, claims and counterclaims of all parties except such claims asserted between Equifax and defendant Scott Hirsch. By joint stipulation and court order dated April 4, 2008, Equifax and Hirsch dismissed, without prejudice, all remaining claims between them.

NCRA/Standfacts Litigation. On March 25, 2004, the National Credit Reporting Association, Inc., or NCRA, a trade association of mortgage credit information resellers, and, separately, 23 of NCRA's members, commenced suits against Equifax, Experian and TransUnion alleging various violations of antitrust and unfair practices laws. After a variety of rulings on procedural and substantive issues, including grants on two occasions of all or part of defendants' motions to dismiss, the remaining claims of all plaintiffs have been consolidated under a Third Amended Complaint, filed June 29, 2005, in an action captioned *Standfacts Credit Services, et al. v. Experian Information Solutions, Inc., Equifax Inc., and TransUnion, LLC,* pending in the U.S District Court for the Central District of California. The amended complaint seeks injunctive relief and unspecified amounts of damages. In 2005, the District Court granted defendants' motions to dismiss all claims except for one remaining Sherman Act, Section 1 conspiracy claim. In late 2006, 19 of the 23 original plaintiffs were dismissed from the case by agreement. On January 18, 2007, the District Court entered a final order pursuant to stipulation of the parties dismissing all remaining claims of plaintiffs, with prejudice, and preserving only the right of certain plaintiffs to appeal the previous dismissal by the District Court of certain monopolization claims to the U.S. Court of Appeals for the Ninth Circuit. Plaintiffs filed their notice of appeal with the Ninth Circuit on February 15, 2007. The appellate briefing is scheduled to be completed in early 2008.

VantageScore Litigation. On March 14, 2006, Equifax and two other national credit reporting companies announced the development of VantageScore, a credit scoring system. VantageScore is being independently marketed and sold separately by Equifax and the two other national credit reporting companies through licensing agreements with VantageScore Solutions LLC, which is jointly owned by Equifax and the two other national credit reporting companies. On October 11, 2006, in an action captioned *Fair Isaac Corporation v. Equifax Inc., Experian Information Solutions, Inc., TransUnion LLC and VantageScore Solutions LLC,* Fair Isaac Corporation filed a lawsuit in the U.S. District Court for the District of Minnesota, alleging that the national credit reporting companies and VantageScore Solutions LLC violated antitrust laws, engaged in unfair competitive practices and false advertising and infringed plaintiff's trademark by using a credit score product with a score range that overlaps the FICO® score range. Plaintiff seeks injunctive relief and treble damages under its antitrust claims. The defendants have filed answers denying the claims. The magistrate judge has entered a scheduling order setting the close of all discovery by July 2008 and a trial readiness date of February 1, 2009. Equifax believes the lawsuit is without merit and will vigorously defend itself and VantageScore Solutions LLC against these claims.

California Bankruptcy Litigation. In a series of actions filed in the U.S. District Court for the Central District of California between October 14, 2005 and November 2, 2005 which have now been consolidated, captioned *Terri N. White, et al. v. Equifax Information Services LLC, Jose Hernandez v. Equifax Information Services LLC, Kathryn L. Pike v. Equifax Information Services LLC,* and *Jose L. Acosta, Jr., et al. v. Trans Union LLC, et al.,* plaintiffs asserted that Equifax violated federal and state law (the FCRA, the California Credit Reporting Act and the California Unfair Competition Law) by failing to follow reasonable procedures to determine whether credit accounts are discharged in bankruptcy, including the method for updating the status of an account following a bankruptcy discharge. The Pike plaintiff asserts only that Equifax's conduct violated the California Credit Reporting Act. On May 15, 2007, plaintiffs filed motions seeking to certify a nationwide class of similarly situated consumers. Plaintiffs seek unspecified damages and injunctive relief. On April 3, 2008, plaintiffs and defendants filed jointly a Proposed Order approving a Settlement Agreement and Release providing for certain changes in the procedures used by defendants to record discharges in bankruptcy on consumer credit files. The settlement would resolve claims for injunctive relief but does not affect plaintiffs' claims for damages. Discovery is ongoing.

Other. Equifax has been named as a defendant in various other legal actions, including administrative claims, class actions and other litigation arising in connection with our business. Some of the legal actions include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. We believe we have strong defenses to, and where appropriate, will vigorously contest, many of these matters. Given the number of these matters, some are likely to result in adverse judgments, penalties, injunctions, fines or other relief. However, we do not believe that these litigation matters will be individually material to our financial condition or results of operations. We may explore potential settlements before a case is taken through trial because of the uncertainty and risks inherent in the litigation process.

For information regarding contingent tax claims raised by the Canada Revenue Agency, and our accounting for legal contingencies, see Note 5 of the Notes to Consolidated Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

There are no material changes from the risk factors set forth under Part I, Item 1A. "Risk Factors" in our 2007 Form 10-K. In addition to the other information set forth in this report, you should carefully consider these risk factors, which could materially affect our business, financial condition or future results. The risks described in this report and in our 2007 Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

This report contains certain information that may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "seek," "plan," "project," "continue," "predict" or similar expressions identify forward-looking statements which generally are not historical in nature. All statements that address operating performance, future products, strategies, events or developments that we expect or anticipate will occur in the future, including the following statements in this report, are forward-looking statements:

- Regarding Note 4 of the Notes to Consolidated Financial Statements, and our future liquidity needs discussed under "Liquidity and Financial Condition," our ability to generate cash from operating activities and any declines in our credit ratings or financial condition which could restrict our access to the capital markets or materially increase our financing costs;

With respect to Note 5 of the Notes to Consolidated Financial Statements, "Commitments and Contingencies", and "Contractual Obligations, Commercial Commitments and Other Contingencies" in MD&A, changes in the market value of our assets or the actual cost of our commitments or contingencies, including, without limitation, the negotiated or appraised price payable under the CSC option, if exercised, and the outcome of our pending litigation referenced therein and in Part II, Item 1, "Legal Proceedings";

Regarding Note 3 of the Notes to Consolidated Financial Statements, the amounts recorded at March 31, 2008 related to the acquisition of TALX are preliminary estimates and are subject to refinement over the coming periods as certain federal and state tax returns and our valuation of acquired fixed assets are completed;

With respect to the foreign currency impact on our operating revenue discussed under "Results of Operations Three Months Ended March 31, 2008 and 2007" in the MD&A, our views on the valuation of the U.S. dollar; and

With respect to our USCIS revenue discussed under "Results of Operations Three Months Ended March 31, 2008 and 2007" in the MD&A, our views on the health of the U.S. and global economies during 2008.

As and when made, management believes that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements because such 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. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described elsewhere in this report and in our 2007 Form 10-K, and those described from time to time in our future reports filed with the SEC.

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

The following table contains information with respect to purchases made by or on behalf of Equifax or any "affiliated purchaser" (as defined in Rule 10b-18(a) (3) under the Securities Exchange Act of 1934), of our common stock during our first quarter ended March 31, 2008:

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share(2)	Total Number of Shares Purchased as Part of Publicly-Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(3)
December 31, 2007				$ 63,931,566
January 1 January 31, 2008	402	$		$ 63,931,566
February 1 February 29, 2008	613,748	$ 35.18	612,800	$ 292,374,010
March 1 March 31, 2008	453,746	$ 34.19	452,200	$ 276,915,470
Total	1,067,896	$ 34.76	1,065,000	$ 276,915,470

(1) The total number of shares purchased includes: (a) shares purchased pursuant to our publicly-announced share repurchase program, or Program; and (b) shares surrendered, or deemed surrendered, in satisfaction of the exercise price and/or to satisfy tax withholding obligations in connection with the exercise of employee stock options, totaling 402 shares for the month of January 2008, 948 shares for the month of February 2008, and 1,546 shares for the month of March 2008.

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

(3) On February 8, 2008, our Board of Directors increased the amounts authorized under the Program by an additional $250.0 million, and we publicly announced this increase on February 11, 2008.

Dividend and Share Repurchase Restrictions

Our Senior Credit Facility, as amended, restricts our ability to pay cash dividends on our capital stock or repurchase capital stock if default or event of default exists or would result, according to the terms of the agreement.

ITEM 6. EXHIBITS

The following is a complete list of exhibits included as part of this report. A list of those documents filed with this report is set forth on the Index to Exhibits appearing elsewhere in this report and is incorporated by reference herein:

Exhibit No.	Description
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.

SIGNATURES

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

EQUIFAX INC.
(Registrant)

Date: April 29, 2008 By: /s/ RICHARD F. SMITH

Richard F. Smith
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: April 29, 2008 /s/ LEE ADREAN

Lee Adrean
Corporate Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: April 29, 2008 /s/ NUALA M. KING

Nuala M. King
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

INDEX TO EXHIBITS

The following documents are being filed with this Report.

Exhibit No.	Description
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.

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$
475

$
525

We contributed $6.5 million during the first quarter of 2012 related to the 2011 plan year. We are required and expect to make $2.7 million in contributions to our pension plan for the 2012 plan year during the remainder of 2012 and the first quarter of 2013.

Note 10 – Other expense

Other expense consists of the following:

	Three months ended March 31,	
	2011	2012
Administrative consolidation costs	$694	$273
Costs associated with legal arbitration	—	1,011
Costs associated with purchase of a distributor	—	704
Other expense	$694	$1,988

During 2011, we consolidated certain administrative functions in our Utica, New York facility. For the three months ended March 31, 2011, we incurred $0.7 million in related costs consisting principally of severance charges. During 2012, we restructured certain administrative functions related to our CONMED Linvatec division. For the three months ended March 31, 2012, we incurred $0.3 million in related costs consisting principally of severance charges.

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During 2012, we incurred legal costs totaling $1.0 million related to an arbitration matter relative to a contract dispute with a former distributor as further described in Note 12.

During 2012, we incurred $0.7 million in costs associated with the purchase of the Company's former distributor in the Nordic region of Europe.

Note 11 — Business segments and geographic areas

CONMED conducts its business through five principal operating segments, CONMED Endoscopic Technologies, CONMED Endosurgery, CONMED Electrosurgery, CONMED Linvatec and CONMED Patient Care. We believe each of our segments are similar in the nature of their products, production processes, customer base, distribution methods and regulatory environment. Our CONMED Endosurgery, CONMED Electrosurgery and CONMED Linvatec operating segments also have similar economic characteristics and therefore qualify for aggregation. Our CONMED Patient Care and CONMED Endoscopic Technologies operating units do not qualify for aggregation since their economic characteristics do not meet the criteria for aggregation as a result of the lower overall operating margin in these segments.

CONMED Endosurgery, CONMED Electrosurgery and CONMED Linvatec consist of a single aggregated segment comprising a complete line of endo-mechanical instrumentation for minimally invasive laparoscopic procedures, electrosurgical generators and related surgical instruments, arthroscopic instrumentation for use in orthopedic surgery and small bone, large bone and specialty powered surgical instruments. CONMED Patient Care product offerings include a line of vital signs and cardiac monitoring products as well as suction instruments & tubing for use in the operating room. CONMED Endoscopic Technologies product offerings include a comprehensive line of minimally invasive endoscopic diagnostic and therapeutic instruments used in procedures which require examination of the digestive tract.

The following is net sales information by product line and reportable segment:

	Three months ended March 31,	
	2011	2012
Arthroscopy	$75,419	$86,237
Powered Surgical Instruments	38,036	38,576
CONMED Linvatec	113,455	124,813
CONMED Electrosurgery	23,572	22,479
CONMED Endosurgery	17,898	18,152
CONMED Linvatec, Endosurgery, and Electrosurgery	154,925	165,444
CONMED Patient Care	16,624	16,023
CONMED Endoscopic Technologies	11,901	12,849
Total	$183,450	$194,316

Total assets, capital expenditures, depreciation and amortization information are impracticable to present by reportable segment because the necessary information is not available.

The following is a reconciliation between segment operating income and income before income taxes:

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	Three months ended March 31, 2011	2012
CONMED Endosurgery, Electrosurgery and Linvatec	$24,275	$20,952
CONMED Patient Care	(736)	(663)
CONMED Endoscopic Technologies	(190)	(145)
Corporate	(6,086)	(3,122)
Income from operations	17,263	17,022
Amortization of debt discount	1,094	—
Interest expense	1,805	1,437
Income before income taxes	$14,364	$15,585

Note 12 – Legal proceedings

From time to time, we are a defendant in certain lawsuits alleging product liability, patent infringement, or other claims incurred in the ordinary course of business. Likewise, from time to time, the Company may receive a subpoena from a government agency such as the Securities and Exchange Commission, Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the Department of Labor, the Treasury Department, or other federal and state agencies or foreign governments or government agencies. These subpoenas may or may not be routine inquiries, or may begin as routine inquiries and over time develop into enforcement actions of various types. The product liability claims are generally covered by various insurance policies, subject to certain deductible amounts, maximum policy limits and certain exclusions in the respective policies or required as a matter of law. In some cases we may be entitled to indemnification by third parties. When there is no insurance coverage, as would typically be the case primarily in lawsuits alleging patent infringement or in connection with certain government investigations, or indemnification obligations of a third party, we establish reserves sufficient to cover probable losses associated with such claims. We do not expect that the resolution of any pending claims or investigations will have a material adverse effect on our financial condition, results of operations or cash flows. There can be no assurance, however, that future claims or investigations, or the costs associated with responding to such claims or investigations, especially claims and investigations not covered by insurance, will not have a material adverse effect on our financial condition, results of operations or cash flows.

Manufacturers of medical products may face exposure to significant product liability claims. To date, we have not experienced any product liability claims that have been material to our financial statements or condition, but any such claims arising in the future could have a material adverse effect on our business or results of operations. We currently maintain commercial product liability insurance of $25 million per incident and $25 million in the aggregate annually, which we believe is adequate. This coverage is on a claims-made basis. There can be no assurance that claims will not exceed insurance coverage, that the carriers will be solvent or that such insurance will be available to us in the future at a reasonable cost.

Our operations are subject, and in the past have been subject, to a number of environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous substances and wastes, soil and groundwater remediation and employee health and safety. In some jurisdictions environmental requirements may be expected to become more stringent in the future. In the United States certain environmental laws can impose liability for the entire cost of site restoration upon each of the parties that may have contributed to conditions at the site regardless of fault or the lawfulness of the party’s activities. While we do not believe that the present costs of environmental compliance and remediation are material, there can be no assurance that future compliance or remedial obligations would not have a material adverse effect on our financial condition, results of operations or cash flows.

During the first quarter of 2012, we incurred $1.0 million in legal costs associated with an arbitration matter relative to a contractual dispute with a former distributor. We expect a decision related to this matter on May 9, 2012. However, as we continue to believe this case is without merit, no additional amounts have been accrued for by the Company.

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Note 13 – New accounting pronouncements

In May 2011, the FASB issued new authoritative guidance to provide a consistent definition of fair value and ensure that fair value measurements and disclosure requirements are similar between GAAP and International Financial Reporting Standards. This guidance changes certain fair value measurement principles and enhances the disclosure requirements for fair value measurements. We adopted this guidance effective January 1, 2012. The implementation of this new guidance did not have a material impact on our consolidated financial statements.

In June 2011, the FASB amended its guidance on the presentation of comprehensive income in financial statements to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items that are recorded in other comprehensive income. The new accounting guidance requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. We adopted this guidance effective January 1, 2012. The implementation of this new guidance did not have a material impact on our consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08 which provides an entity the option to first assess qualitative factors to determine whether it is necessary to perform the current two-step test for goodwill impairment. If an entity believes, as a result of its qualitative assessment, that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is required. Otherwise, no further testing is required. The implementation of this new guidance did not have a material impact on our consolidated financial statements.

Note 14 – Restructuring

We incurred the following restructuring costs:

	Three months ended March 31,	
	2011	2012
Facility consolidation costs	$754	$1,474
Restructuring costs included in cost of sales	$754	$1,474
Administrative consolidation costs	$694	$273
Restructuring costs included in other expense	$694	$273

During 2011 and 2012, we continued our operational restructuring plan which includes the transfer of additional production lines from manufacturing facilities located in the United States to our manufacturing facility in Chihuahua, Mexico. We incurred $0.8 million and $1.5 million in costs associated with the restructuring during the three months ended March 31, 2011 and 2012, respectively. These costs were charged to cost of goods sold and include severance and other charges associated with the transfer of production to Mexico.

Restructuring costs included in other expense are described more fully in Note 10.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

In this Report on Form 10-Q, we make forward-looking statements about our financial condition, results of operations and business. Forward-looking statements are statements made by us concerning events that may or may not occur in the future. These statements may be made directly in this document or may be "incorporated by reference" from other documents. Such statements may be identified by the use of words such as "anticipates", "expects", "estimates", "intends" and "believes" and variations thereof and other terms of similar meaning.

Forward-Looking Statements are not Guarantees of Future Performance

Forward-looking statements involve known and unknown risks, uncertainties and other factors, including those that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include those identified under "Risk Factors" in our Annual Report on Form 10-K for the year-ended December 31, 2011 and the following, among others:

- general economic and business conditions;
- changes in foreign exchange and interest rates;
- cyclical customer purchasing patterns due to budgetary and other constraints;
- changes in customer preferences;
- competition;
- changes in technology;
- the introduction and acceptance of new products;
- the ability to evaluate, finance and integrate acquired businesses, products and companies;
- changes in business strategy;
- the availability and cost of materials;
- the possibility that United States or foreign regulatory and/or administrative agencies may initiate enforcement actions against us or our distributors;
- future levels of indebtedness and capital spending;
- quality of our management and business abilities and the judgment of our personnel;
- the availability, terms and deployment of capital;
- the risk of litigation, especially patent litigation as well as the cost associated with patent and other litigation;
- the risk of a lack of allograft tissue due to reduced donations of such tissues or due to tissues not meeting the appropriate high standards for screening and/or processing of such tissues; and
- changes in regulatory requirements.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" below and "Risk Factors" and "Business" in our Annual Report on Form 10-K for the year-ended December 31, 2011 for a further discussion of these factors. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

Overview:

CONMED Corporation ("CONMED", the "Company", "we" or "us") is a medical technology company with six principal product lines. These product lines and the percentage of consolidated revenues associated with each, are as follows:

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	Three months ended March 31, 2011		2012	
Arthroscopy	41.1	%	44.4	%
Powered Surgical Instruments	20.7		19.9	
Electrosurgery	12.8		11.6	
Endosurgery	9.8		9.3	
Patient Care	9.1		8.2	
Endoscopic Technologies	6.5		6.6	
Consolidated net sales	100.0	%	100.0	%

A significant amount of our products are used in surgical procedures with the majority of our revenues derived from the sale of single-use products. We manufacture substantially all of our products in facilities located in the United States, Mexico, and Finland. We market our products both domestically and internationally directly to customers and through distributors. International sales represent a significant portion of our business. During the three months ended March 31, 2012, international sales approximated 50.5% of total net sales.

Business Environment and Opportunities

The aging of the worldwide population along with lifestyle changes, continued cost containment pressures on healthcare systems and the desire of clinicians and administrators to use less invasive (or noninvasive) procedures are important trends which are driving the long-term growth in our industry. We believe that with our broad product offering of high quality surgical and patient care products, we can capitalize on this growth for the benefit of the Company and our shareholders.

In order to further our growth prospects, we have historically used strategic business acquisitions and exclusive distribution relationships to continue to diversify our product offerings, increase our market share and realize economies of scale.

We have a variety of research and development initiatives focused in each of our principal product lines as continued innovation and commercialization of new proprietary products and processes are essential elements of our long-term growth strategy. Our reputation as an innovator is exemplified by recent new product introductions such as the PressFT™ Suture Anchor, absorbable and non-absorbable implants for use in arthroscopic stabilization procedures of the shoulder and labral repair of the hip; Y-Knot™ All-suture Anchor, a suture anchor implant comprised entirely of high strength suture for instability repair procedures in the shoulder; the Sequent™ Meniscal Repair System, which offers suture-locking implant cleats that will provide a knotless repair and allow the surgeon to complete an entire meniscal repair with one device without leaving the joint; XACTPIN™ Graft Passing Guide Pin is specifically engineered for fast, accurate and minimally invasive referencing of the Aperture to Cortex length; Hip Preservation System™, from access to repair, the system is committed to optimizing patient outcomes by providing a comprehensive solution of joint preserving instrumentation and techniques; Bullseye® Anatomic Cruciate Reconstruction System; the Hall® Lithium Power Battery System offers lithium ion battery technology which will provide greater power and longevity during surgery when compared to present batteries and the Altrus® Thermal Tissue Fusion System which utilizes thermal energy to seal, cut, grasp, and dissect vessels up to 7mm in size utilizing a closed feedback loop between the energy source and the single-use handpiece to precisely control the desired effect on tissue.

Business Challenges

Significant volatility in the financial markets and foreign currency exchange rates and depressed economic conditions in both domestic and international markets, have presented significant business challenges since the second half of

2008. While we returned to revenue growth in 2010 and 2011 and are cautiously optimistic that the domestic economic environment is improving, conditions in Europe and elsewhere may present significant business challenges for the Company, and there can be no assurance that improvement in the overall economic environment will be sustained. We will continue to monitor and manage the impact of the overall economic environment on the Company.

Over the past few years we successfully completed certain of our operational restructuring plans whereby we consolidated manufacturing and distribution centers as well as restructured certain of our administrative functions. We continue to restructure both operations and administrative functions as necessary throughout the organization. However, we cannot be certain such

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activities will be completed in the estimated time period or that planned cost savings will be achieved.

Our facilities are subject to periodic inspection by the United States Food and Drug Administration ("FDA") and foreign regulatory agencies or notified bodies for, among other things, conformance to Quality System Regulation and Current Good Manufacturing Practice ("CGMP") requirements and foreign or international standards. We are committed to the principles and strategies of systems-based quality management for improved CGMP compliance, operational performance and efficiencies through our Company-wide quality systems initiatives. However, there can be no assurance that our actions will ensure that we will not receive a warning letter or be the subject of other regulatory action, which may include consent decrees or fines, that we will not conduct product recalls or that we will not experience temporary or extended periods during which we may not be able to sell products in foreign countries.

Critical Accounting Policies

Preparation of our financial statements requires us to make estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. Note 1 to the consolidated financial statements in our Annual Report on Form 10-K for the year-ended December 31, 2011 describes significant accounting policies used in preparation of the consolidated financial statements. The most significant areas involving management judgments and estimates are described below and are considered by management to be critical to understanding the financial condition and results of operations of CONMED Corporation. There have been no significant changes in our critical accounting estimates during the quarter ended March 31, 2012.

Revenue Recognition

Revenue is recognized when title has been transferred to the customer which is at the time of shipment. The following policies apply to our major categories of revenue transactions:

- Sales to customers are evidenced by firm purchase orders. Title and the risks and rewards of ownership are transferred to the customer when product is shipped under our stated shipping terms. Payment by the customer is due under fixed payment terms.

- We place certain of our capital equipment with customers on a loaned basis in return for commitments to purchase related single-use products over time periods generally ranging from one to three years. In these circumstances, no revenue is recognized upon capital equipment shipment as the equipment is loaned and subject to return if certain minimum single-use purchases are not met. Revenue is recognized upon the sale and shipment of the related single-use products. The cost of the equipment is amortized over its estimated useful life.

- Product returns are only accepted at the discretion of the Company and in accordance with our "Returned Goods Policy". Historically the level of product returns has not been significant. We accrue for sales returns, rebates and allowances based upon an analysis of historical customer returns and credits, rebates, discounts and current market conditions.

- Our terms of sale to customers generally do not include any obligations to perform future services. Limited warranties are provided for capital equipment sales and provisions for warranty are provided at the time of product sale based upon an analysis of historical data.

- Amounts billed to customers related to shipping and handling have been included in net sales. Shipping and handling costs are included in selling and administrative expense.

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We sell to a diversified base of customers around the world and, therefore, believe there is no material concentration of credit risk.

- We assess the risk of loss on accounts receivable and adjust the allowance for doubtful accounts based on this risk assessment. Historically, losses on accounts receivable have not been material. Management believes that the allowance for doubtful accounts of $1.1 million at March 31, 2012 is adequate to provide for probable losses resulting from accounts receivable.

Inventory Valuation

We write-off excess and obsolete inventory resulting from the inability to sell our products at prices in excess of current

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carrying costs. The markets in which we operate are highly competitive, with new products and surgical procedures introduced on an on-going basis. Such marketplace changes may result in our products becoming obsolete. We make estimates regarding the future recoverability of the costs of our products and record a provision for excess and obsolete inventories based on historical experience, expiration of sterilization dates and expected future trends. If actual product life cycles, product demand or acceptance of new product introductions are less favorable than projected by management, additional inventory write-downs may be required.

Goodwill and Intangible Assets

We have a history of growth through acquisitions. Assets and liabilities of acquired businesses are recorded at their estimated fair values as of the date of acquisition. Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Other intangible assets primarily represent allocations of purchase price to identifiable intangible assets of acquired businesses. We have accumulated goodwill of $234.8 million and other intangible assets of $193.6 million as of March 31, 2012.

In accordance with FASB guidance, goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to at least annual impairment testing. It is our policy to perform our annual impairment testing in the fourth quarter. The identification and measurement of goodwill impairment involves the estimation of the fair value of our reporting units. Estimates of fair value are based on the best information available as of the date of the assessment, which primarily incorporate management assumptions about expected future cash flows and other valuation techniques. Future cash flows may be affected by changes in industry or market conditions or the rate and extent to which anticipated synergies or cost savings are realized with newly acquired entities. The Company evaluates EBITDA multiples to value its reporting units relative to the Company's market capitalization plus a market-based control premium. The market-based control premium is defined as the premiums paid by acquirers of comparable businesses. The sum of the individual reporting units' estimated market values are compared to the Company's market value, with the sum of the individual values typically being larger than the market value of the Company. The Company considers premiums paid by acquirers of comparable businesses to determine the reasonableness of the implied control premium.

During the fourth quarter of 2011, we completed our goodwill impairment testing with data as of October 1, 2011. For our CONMED Electrosurgery, CONMED Endosurgery and CONMED Linvatec operating units, our impairment testing utilized CONMED Corporation’s EBITDA multiple adjusted for a market-based control premium with the resultant fair values exceeding carrying values by 42% to 107%.

We estimated the fair value of the CONMED Patient Care operating unit utilizing both a market-based approach and an income approach. Under the income approach, we utilized a discounted cash flow valuation methodology and measured the goodwill impairment in accordance with ASC 350. The first step of the impairment test determined the carrying value exceeded fair value and therefore we proceeded to Step 2. Under Step 2, we calculated the amount of impairment loss by measuring the amount the carrying value of goodwill exceeded the implied fair value of the goodwill. We determined the goodwill of our CONMED Patient Care operating unit was impaired as a result of lower future earnings due to pricing pressures in a number of our product lines and consequently we recorded a goodwill impairment charge of $60.3 million in the fourth quarter of 2011 to reduce the carrying amount of the unit's goodwill to its implied fair value.

Intangible assets with a finite life are amortized over the estimated useful life of the asset and are evaluated each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The carrying amount of an intangible asset subject to amortization is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset. An impairment loss is recognized by reducing the carrying amount of the intangible asset to its current fair value.

Customer relationship assets arose principally as a result of the 1997 acquisition of Linvatec Corporation. These assets represent the acquisition date fair value of existing customer relationships based on the after-tax income expected to be derived during their estimated remaining useful life. The useful lives of these customer relationships were not and are not limited by contract or any economic, regulatory or other known factors. The estimated useful life of the Linvatec customer relationship assets was determined as of the date of acquisition as a result of a study of the observed pattern of historical revenue attrition during the 5 years immediately preceding the acquisition of Linvatec Corporation. This observed attrition pattern was then applied to the existing customer relationships to derive the future expected retirement of the customer relationships. This analysis indicated an annual attrition rate of 2.6%. Assuming an exponential attrition pattern, this equated to an average remaining useful life of approximately 38 years for the Linvatec customer relationship assets. Customer relationship intangible assets arising as a result of other business acquisitions are being amortized over a weighted average life of 15 years. The weighted average life for customer relationship assets in aggregate is 33 years.

We evaluate the remaining useful life of our customer relationship intangible assets each reporting period in order to determine whether events and circumstances warrant a revision to the remaining period of amortization. In order to further evaluate the remaining useful life of our customer relationship intangible assets, we perform an analysis and assessment of actual customer attrition and activity as events and circumstances warrant. This assessment includes a comparison of customer activity since the acquisition date and review of customer attrition rates. In the event that our analysis of actual customer attrition rates indicates a level of attrition that is in excess of that which was originally contemplated, we would change the estimated useful life of the related customer relationship asset with the remaining carrying amount amortized prospectively over the revised remaining useful life.

We test our customer relationship assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors specific to our customer relationship assets which might lead to an impairment charge include a significant increase in the annual customer attrition rate or otherwise significant loss of customers, significant decreases in sales or current-period operating or cash flow losses or a projection or forecast of losses. We do not believe that there have been events or changes in circumstances which would indicate the carrying amount of our customer relationship assets might not be recoverable.

Pension Plan

We sponsor a defined benefit pension plan (“the plan”) covering substantially all our United States-based employees. The plan was frozen effective May 14, 2009. Major assumptions used in accounting for the plan include the discount rate, expected return on plan assets and expected mortality. Assumptions are determined based on Company data and appropriate market indicators, and are evaluated annually as of the plan’s measurement date. A change in any of these assumptions would have an effect on net periodic pension costs reported in the consolidated financial statements.

The weighted-average discount rate used to measure pension liabilities and costs is set by reference to the Citigroup Pension Liability Index. However, this index gives only an indication of the appropriate discount rate because the cash flows of the bonds comprising the index do not precisely match the projected benefit payment stream of the plan. For this reason, we also consider the individual characteristics of the plan, such as projected cash flow patterns and payment durations, when setting the discount rate. The rates used in determining 2011 and 2012 pension expense are 5.41% and 4.30%, respectively.

We have used an expected rate of return on pension plan assets of 8.0% for purposes of determining the net periodic pension benefit cost. In determining the expected return on pension plan assets, we consider the relative weighting of plan assets, the historical performance of total plan assets and individual asset classes and economic and other indicators of future performance. In addition, we consult with financial and investment management professionals in developing appropriate targeted rates of return.

For the three months ending March 31, 2012 we recorded pension expense of $0.5 million. Pension expense in 2012 is expected to be $2.1 million compared to expense of $1.0 million in 2011. We are required and expect to make $2.7 million in contributions to our pension plan for the 2012 plan year. We contributed $6.5 million during the first quarter of 2012 related to the 2011 plan year and expect to contribute the required $2.7 million during the remainder of 2012 and the first quarter of 2013.

See Note 9 to the Consolidated Condensed Financial Statements for further discussion.

Stock Based Compensation

All share-based payments to employees, including grants of employee stock options, restricted stock units, performance share units and stock appreciation rights are recognized in the financial statements based at their fair values. Compensation expense is generally recognized using a straight-line method over the vesting period. Compensation expense for performance share units is recognized using the graded vesting method.

Income Taxes

The recorded future tax benefit arising from deductible temporary differences and tax carryforwards is approximately $34.3 million at March 31, 2012. Management believes that earnings during the periods when the temporary differences become deductible will be sufficient to realize the related future income tax benefits.

The Company is subject to taxation in the United States and various states and foreign jurisdictions. Taxing authority examinations can involve complex issues and may require an extended period of time to resolve. Our Federal income tax returns have been examined by the Internal Revenue Service (“IRS”) for calendar years ending through 2010. Tax years subsequent to 2010 are subject to future examination.

Results of Operations

The following table presents, as a percentage of net sales, certain categories included in our consolidated statements of income for the periods indicated:

	Three months ended March 31,			
	2011		2012	
Net sales	100.0	%	100.0	%
Cost of sales	47.8		48.1	
Gross profit	52.2		51.9	
Selling and administrative expense	38.2		38.5	
Research and development expense	4.2		3.7	
Other expense	0.4		1.0	
Income from operations	9.4		8.7	
Amortization of bond discount	0.6		—	
Interest expense	1.0		0.7	
Income before income taxes	7.8		8.0	
Provision for income taxes	2.9		2.9	
Net income	4.9	%	5.1	%

Three months ended March 31, 2012 compared to three months ended March 31, 2011

Sales for the quarterly period ended March 31, 2012 were $194.3 million , an increase of $10.8 million (5.9%) compared to sales of $183.5 million in the same period a year ago with increases in all product lines except Electrosurgery and Patient Care. The distribution agreement with Musculoskeletal Tissue Foundation (“MTF”) accounted for 4.1% of the 5.9% increase. In local currency, excluding the effects of the hedging program, sales increased 5.4%. Sales of capital equipment decreased $1.9 million (-4.5%) to $40.0 million in the quarterly period ended March 31, 2012 from $41.9 million in the same period a year ago; sales of single-use products increased $12.7 million (9.0%) to $154.3 million in the quarterly period ended March 31, 2012 from $141.6 million in the same period a year ago. On a local currency basis, excluding the effects of our hedging program, sales of capital equipment decreased 4.8% while single-use products increased 8.4%. We believe the overall decline in capital sales is driven by capital purchasing constraints in hospitals due to the depressed economic conditions.

Cost of sales increased to $93.4 million in the quarterly period ended March 31, 2012 as compared to $87.7 million in the same period a year ago on overall increases in sales volumes as described above. Gross profit margins decreased 0.3 percentage points to 51.9% in the quarterly period ended March 31, 2012 as compared to 52.2% in the same period a year ago. The decrease in gross profit margins of 0.3 percentage points is primarily a result of unfavorable manufacturing production variances related to absorbing fixed costs into inventory that arose in the third and fourth quarters of 2011 when manufacturing production was conducted at lower levels in order to reduce inventory. In periods where we reduce our inventory levels to manage inventory carrying costs, the inventory we produce is carried at a higher unit cost due to absorbing those fixed costs over lower production levels. As a result, when that inventory is sold in subsequent periods, the gross profit margin on those sales is lower. We experienced this reduced gross profit margin in the first quarter of 2012.

Selling and administrative expense increased to $74.8 million in the quarterly period ended March 31, 2012 as compared to $70.1 million in the same period a year ago. Selling and administrative expense as a percentage of net sales increased to 38.5% in the quarterly period ended March 31, 2012 as compared to 38.2% in the same period a year ago. This increase of 0.3 percentage points is primarily attributable to higher selling expenses (2.1 percentage points) primarily related to the distribution agreement with MTF offset by lower administrative expenses (1.8 percentage points).

Research and development expense totaled $7.1 million in the quarterly period ended March 31, 2012 as compared to $7.7 million in the same period a year ago. As a percentage of net sales, research and development expense decreased to 3.7% in the quarterly period ending March 31, 2012 compared to 4.2% in the same period a year ago. The decrease of 0.5 percentage points is mainly a result of lower spending on our ECOM project in our CONMED Patient Care division.

As discussed in Note 10 to the Consolidated Condensed Financial Statements, other expense in the quarterly period ended March 31, 2012 consisted of a $0.3 million charge related to administrative consolidation expenses in our CONMED Linvatec division, $0.7 million in costs associated with the acquisition of our former distributor in the Nordic region of Europe and $1.0 million in costs associated with legal arbitration related to a contract dispute with a former distributor. Other expense in the quarterly period ended March 31, 2011 consisted of a $0.7 million charge related to the consolidation of certain of our administrative functions in our Utica, NY facility.

Amortization of debt discount was $1.1 million in the quarterly period ended March 31, 2011.

Interest expense in the quarterly period ended March 31, 2012 was $1.4 million compared to $1.8 million in the same period a year ago. The decrease in interest expense is due to lower weighted average interests rates on higher weighted average borrowings outstanding in the quarterly period ended March 31, 2012 as compared to the same period a year ago. The weighted average interest rates on our borrowings decreased to 2.76% in the quarterly period ended March 31, 2012 as compared to 3.60% in the same period a year ago.

A provision for income taxes has been recorded at an effective tax rate of 36.0% for the quarterly period ended March 31, 2012 compared to the 37.4% effective tax rate recorded in the same period a year ago. The effective tax rate for the quarterly period ended March 31, 2012 is lower than that recorded in the same period a year ago as a result of higher earnings in foreign jurisdictions where the tax rates are lower than the statutory federal rate. A reconciliation of the United States statutory income tax rate to our effective tax rate is included in our Annual Report on Form 10-K for the year-ended December 31, 2011, Note 6 to the Consolidated Financial Statements.

Operating Segment Results:

Segment information is prepared on the same basis that we review financial information for operational decision-making purposes. CONMED conducts its business through five principal operating segments, CONMED Endoscopic Technologies, CONMED Endosurgery, CONMED Electrosurgery, CONMED Linvatec and CONMED Patient Care. We believe each of our segments are similar in the nature of their products, production processes, customer base, distribution methods and regulatory environment. Our CONMED Endosurgery, CONMED Electrosurgery and CONMED Linvatec operating segments also have similar economic characteristics and therefore qualify for aggregation. Our CONMED Patient Care and CONMED Endoscopic Technologies operating units do not qualify for aggregation since their economic characteristics do not meet the criteria for aggregation as a result of the lower overall operating margin in these segments.

The following tables summarize the Company's results of operations by segment for the three months ended March 31, 2011 and 2012.

CONMED Linvatec, CONMED Electrosurgery and CONMED Endosurgery

	Three months ended March 31,	
	2011	2012
Net sales	$154,925	$165,444
Income from operations	24,275	20,952

Operating margin	15.7 %	12.7 %

Product offerings include capital equipment such as electrosurgical generators, video systems, small bone, large bone and specialty hand pieces, and arthroscopic instrumentation for use in orthopedic surgery. Single-use product offerings include a complete line of endo-mechanical instrumentation for minimally invasive laparoscopic procedures, electrosurgical single-use products including pencils and ground pads and orthopedic single-use products such as burs, blades, and implants.

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- Arthroscopy sales increased $10.8 million (14.3%) in the quarter ended March 31, 2012 to $86.2 million from $75.4 million in the same period a year ago mainly due to the distribution agreement with MTF and higher procedure specific product sales offset by lower sales of our video imaging products for arthroscopy and general surgery. The distribution agreement with MTF accounted for 10.0% of the 14.3% increase. In local currency, excluding the effects of the hedging program, sales increased 13.7%. Sales of capital equipment decreased $0.3 million (-1.7%) to $17.0 million in the first quarter of 2012 from $17.3 million in the same period a year ago; sales of single-use products increased $11.1 million (19.1%) to $69.2 million in the first quarter of 2012 from $58.1 million in the same period a year ago. On a local currency basis, excluding the effects of the hedging program, sales of capital equipment decreased 1.7% while single-use products increased 18.3%. We believe the overall decline in capital sales is driven by capital purchasing constraints in hospitals due to the depressed economic conditions.

- Powered surgical instrument sales increased $0.5 million (1.3%) in the quarterly period ended March 31, 2012 to $38.6 million from $38.1 million in the same period a year ago mainly due to increases in large and small bone burs and blades. In local currency, excluding the effects of the hedging program, sales increased 0.8%. Sales of capital equipment decreased $0.6 million (-3.4%) to $17.1 million in the first quarter of 2012 from $17.7 million in the same period a year ago; sales of single-use products increased $1.1 million (5.4%) in the first quarter of 2012 to $21.5 million from $20.4 million in the same period a year ago. On a local currency basis, excluding the effects of the hedging program, sales of capital equipment decreased 3.9% and single-use products increased 4.9%.

- Electrosurgery sales decreased $1.1 million (-4.7%) in the quarterly period ended March 31, 2012 to $22.5 million from $23.6 million in the same period a year ago mainly due to lower generator and pencil sales. In local currency, excluding the effects of the hedging program, sales decreased 5.1%. Sales of capital equipment decreased $1.0 million (-14.5%) to $5.9 million in the first quarter of 2012 from $6.9 million in the same period a year ago; sales of single-use products decreased $0.1 million (-0.6%) to $16.6 million in the first quarter of 2012 from $16.7 million in the same period a year ago. On a local currency basis, excluding the effects of our hedging program, sales of capital equipment decreased 14.5% while single-use products decreased 1.2%.

- Endosurgery sales increased $0.3 million (1.7%) in the quarterly period ended March 31, 2012 to $18.2 million compared to $17.9 million in the same period a year ago mainly due to increased unit volumes in single-use products. In local currency, excluding the effects of the hedging program, sales increased 1.1%.

- Operating margins as a percentage of net sales decreased 3.0 percentage points to 12.7% in the quarterly period ended March 31, 2012 compared to 15.7% in the same period a year ago principally as a result of administrative consolidation expenses in our CONMED Linvatec division, costs associated with the acquisition of our former distributor in the Nordic region of Europe and costs associated with legal arbitration related to a contract dispute with a former distributor.

CONMED Patient Care

	Three months ended March 31,	
	2011	2012
Net sales	$16,624	$16,023
Loss from operations	(736)	(663)
Operating margin	(4.4)%	(4.1)%

Product offerings include a line of vital signs and cardiac monitoring products including pulse oximetry equipment and sensors, ECG electrodes and cables, cardiac defibrillation and pacing pads and blood pressure cuffs. We also offer a complete line of single-use suction instruments and tubing for use in the operating room, as well as a line of IV products.

- Patient Care sales decreased $0.6 million (-3.6%) in the quarter ended March 31, 2012 to $16.0 million from $16.6 million in the same period a year ago mainly due to decreased sales of ECG electrodes and I.V. devices. In local currency, excluding the effects of the hedging program, sales decreased 3.6%.

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- Operating margins as a percentage of net sales increased 0.3 percentage points to -4.1% for the quarter ended March 31, 2012 compared to -4.4% in the same period a year ago principally as a result of 2011 including administrative restructuring charges (3.0 percentage points) and lower lower research and development expense (5.3 percentage points) offset by lower gross margins as a result of lower sales volumes (5.3 percentage points) and higher selling expenses (2.7 percentage points).

CONMED Endoscopic Technologies

	Three months ended March 31, 2011	2012
Net sales	$11,901	$12,849
Loss from operations	(190)	(145)
Operating margin	(1.6)%	(1.1)%

Product offerings include a comprehensive line of single-use minimally invasive endoscopic diagnostic and therapeutic instruments used in procedures which require examination of the digestive tract.

- Endoscopic Technologies sales increased $0.9 million (7.6%) in the quarter ended March 31, 2012 to $12.8 million compared to $11.9 million in the same period a year ago due to higher sales throughout the division. In local currency, excluding the effects of the hedging program, sales increased 7.6%.

- Operating margins as a percentage of net sales increased 0.5 percentage points to (1.1)% in the quarterly period ending March 31, 2012 compared to (1.6)% in 2011. The increase in operating margins in the quarter ending March 31, 2012 is principally due to the prior year including $0.2 million in administrative restructuring charges, coupled with lower over selling and administrative expenses during 2012 offset by lower gross margins.

Liquidity and Capital Resources

Our liquidity needs arise primarily from capital investments, working capital requirements and payments on indebtedness under the senior credit agreement. We have historically met these liquidity requirements with funds generated from operations, including sales of accounts receivable and borrowings under our revolving credit facility. In addition, we have historically used term borrowings, including borrowings under the senior credit agreement and borrowings under separate loan facilities, in the case of real property purchases, to finance our acquisitions. We also have the ability to raise funds through the sale of stock or we may issue debt through a private placement or public offering.

Cash provided by operations

Our net working capital position was $185.4 million at March 31, 2012. Net cash provided by operating activities was $7.6 million in the three months ended March 31, 2012 and $20.7 million in the same period a year ago generated on net income of $10.0 million and $9.0 million as of March 31, 2012 and 2011, respectively.

The decrease in cash provided by operating activities is primarily the result of $6.5 million in contributions to our pension plan in the first quarter of 2012, increases in accounts receivable related to our Sports Medicine Joint Development and Distribution Agreement (the "JDDA") with Musculoskeletal Tissue Foundation (“MTF”) and higher incentive compensation payments in the first quarter of 2012 due to higher corporate earnings in 2011 compared to payments made in the prior year resulting from 2010 income.

Investing cash flows

Net cash used in investing activities in the three months ended March 31, 2012 consisted primarily of a $64.1 million payment associated with the JDDA with MTF and capital expenditures. Capital expenditures were $4.1 million and $6.4 million

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for the three month periods ended March 31, 2011 and 2012, respectively, and are expected to approximate $20.0 million in 2012.

Financing cash flows

Net cash used in financing activities during 2012 consisted of the following: $5.3 million in proceeds from the issuance of common stock under our equity compensation plans and employee stock purchase plan, $50.0 million in borrowings on our revolving credit facility under our senior credit agreement, and $0.3 million in repayments of term borrowings under our senior credit agreement.

On November 30, 2010, we entered into the First Amendment to our Amended and Restated Credit Agreement (the "senior credit agreement") providing for an expanded revolving credit facility of $250.0 million expiring on November 30, 2015. The senior credit agreement continues to consist of a $135.0 million term loan of which $53.2 million was outstanding as of March 31, 2012. There were $130.0 million in borrowings outstanding on the $250.0 million revolving credit facility as of March 31, 2012. Our available borrowings on the revolving credit facility at March 31, 2012 were $110.6 million with approximately $9.4 million of the facility set aside for outstanding letters of credit. As Noted in Note 7 to the Consolidated Condensed Financial Statements, we entered into a distribution and development agreement with Musculoskeletal Tissue Foundation ("MTF") on January 3, 2012 and used cash on hand and available borrowings under our revolving credit facility to fund the up front payment of $63.0 million. We expect to fund the remaining $84.0 million in contingent payments through cash on hand and available borrowings under our revolving credit facility as these payments come due over the next four years.

Borrowings outstanding on the revolving credit facility are due and payable on November 30, 2015. The scheduled principal payments on the term loan portion of the senior credit agreement are $31.7 million due June 30, 2012 and the remaining $21.5 million due on September 30, 2012. We expect to utilize our $250.0 million revolving credit facility for payment of the term loan. We may also be required, under certain circumstances, to make additional principal payments based on excess cash flow as defined in the senior credit agreement. Interest rates on the term loan portion of the senior credit agreement are at LIBOR plus 1.50% (1.75% at March 31, 2012) or an alternative base rate; interest rates on the revolving credit facility portion of the senior credit agreement are at LIBOR plus 1.75% (2.04% at March 31, 2012) or an alternative base rate. For those borrowings where the Company elects to use the alternative base rate, the base rate will be the greater of the Prime Rate or the Federal Funds Rate in effect on such date plus 0.50%, plus a margin of 0.50% for term loan borrowings or 0.25% for borrowings under the revolving credit facility.

The senior credit agreement is collateralized by substantially all of our property and assets. The senior credit agreement contains covenants and restrictions which, among other things, require the maintenance of certain financial ratios, and restrict dividend payments and the incurrence of certain indebtedness and other activities, including acquisitions and dispositions. We were in full compliance with these covenants and restrictions as of March 31, 2012. We are also required, under certain circumstances, to make mandatory prepayments from net cash proceeds from any issuance of equity and asset sales.

We have a mortgage note outstanding in connection with the property and facilities utilized by our CONMED Linvatec subsidiary bearing interest at 8.25% per annum with semiannual payments of principal and interest through June 2019. The principal balance outstanding on the mortgage note aggregated $9.6 million at March 31, 2012. The mortgage note is collateralized by the CONMED Linvatec property and facilities.

We have outstanding $0.3 million in 2.50% convertible senior subordinated notes due 2024 ("the Notes"). The Notes represent subordinated unsecured obligations and are convertible under certain circumstances, as defined in the indenture for the Notes, into a combination of cash and CONMED common stock. The Notes mature on November 15, 2024 and are not redeemable by us prior to November 15, 2014. Holders of the Notes have the right to put to us some or all of the Notes for repurchase on November 15, 2014 and 2019 and, provided the terms of the indenture for the Notes are satisfied, we will be required to repurchase the Notes.

Our Board of Directors authorized a $100.0 million share repurchase program in 2005. In October 2011, our Board of Directors authorized an additional $100.0 million of share repurchases under an amendment to the share repurchase program. Through March 31, 2012, we have repurchased a total of 4.0 million shares of common stock aggregating $91.2 million under these authorizations and have $108.8 million remaining available for share repurchases. The repurchase program calls for shares to be purchased in the open market or in private transactions from time to time. We may suspend or discontinue the share repurchase program at any time. We did not repurchase any shares during the first quarter of 2012. In the past, we have financed the repurchases and may finance additional repurchases through operating cash flow and from available borrowings under our revolving credit facility.

On February 29, 2012, the Board of Directors adopted a cash dividend policy and declared an initial quarterly dividend of $0.15 per share. The initial quarterly dividend was paid on April 5, 2012 to shareholders of record as of March 15, 2012. The total dividend payable at March 31, 2012 was $4.3 million.

Management believes that cash flow from operations, including cash and cash equivalents on hand and available borrowing capacity under our senior credit agreement will be adequate to meet our anticipated operating working capital requirements, debt service, funding of capital expenditures and common stock repurchases in the foreseeable future. See “Item 1. Business – Forward Looking Statements.”

Restructuring

During 2011 and 2012, we continued our operational restructuring plan which includes the transfer of additional production lines from manufacturing facilities located in the United States to our manufacturing facility in Chihuahua, Mexico. We incurred $0.8 million and $1.5 million in costs associated with the restructuring during the three months ended March 31, 2011 and 2012, respectively. These costs were charged to cost of goods sold and include severance and other charges associated with the transfer of production to Mexico.

During 2012, we restructured certain administrative functions throughout the Company. For the three months ended March 31, 2012, we incurred $0.3 million in related costs consisting principally of severance charges. For the three months ended March 31, 2011, we incurred $0.7 million related to the consolidation of certain of our administrative functions in our Utica, NY facility.

We will continue to restructure both our operations and administrative functions as necessary throughout the organization. As the restructuring plan progresses, we will incur additional charges, including employee termination costs and other exit costs. Based on criteria included in FASB guidance, no material accruals have been recorded at this time. We estimate restructuring costs will approximate $4.0 million to $5.0 million in 2012 and will be recorded to cost of goods sold and other expense.

See Note 14 to the Consolidated Condensed Financial Statements for further discussions regarding restructuring.

New accounting pronouncements

See Note 13 to the Consolidated Condensed Financial Statements for a discussion of new accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our primary market risk exposures or in how these exposures are managed during the three months ended March 31, 2012. Reference is made to Item 7A. of our Annual Report on Form 10-K for the year-ended December 31, 2011 for a description of Qualitative and Quantitative Disclosures About Market Risk.

Item 4. Controls and Procedures

An evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) was carried out under the supervision and with the participation of the Company’s management, including the President and Chief Executive Officer and the Vice President-Finance and Chief Financial Officer (“the Certifying Officers”) as of March 31, 2012. Based on that evaluation, the Certifying Officers concluded that the Company’s disclosure controls and procedures are effective. There have been no changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Item 3 of the Company's Annual Report on Form 10-K for the year-ended December 31, 2011 and to Note 12 of the Notes to Consolidated Condensed Financial Statements included in Part I of this Report for a description of certain legal matters.

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Item 6. Exhibits

Exhibit No.	Description of Exhibit
31.1	Certification of Joseph J. Corasanti pursuant to Rule 13a-14(a) or Rule 15d-14(a), of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Robert D. Shallish, Jr. pursuant to Rule 13a-14(a) or Rule 15d-14(a), of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Joseph J. Corasanti and Robert D. Shallish, Jr. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from CONMED Corporation’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Condensed Statements of Operations for the quarter ended March 31, 2012 and 2011, (ii) the Consolidated Condensed Balance Sheets at March 31, 2012 and December 31, 2011, (iii) Consolidated Condensed Statements of Cash Flows for the three months ended March 31, 2012 and 2011, and (iv) Notes to Consolidated Condensed Financial Statements for the three months ended March 31, 2012. In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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SIGNATURES

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

CONMED CORPORATION
(Registrant)

Date: April 27, 2012

/s/ Robert D. Shallish, Jr.
Robert D. Shallish, Jr.
Vice President – Finance and
Chief Financial Officer

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