

**Trading Update**  
**Preliminary Results for Year Ended 31 March - 19 May 2010**

**Opening Remarks**

**Don Robert**  
**Chief Executive Officer, Experian**

**1. Introduction**

Good morning everyone. Welcome to Experian's preliminary results presentation. It is nice to have you all here with us today.

For the year just ended we reported a very strong set of numbers, one that we feel good about. As our year progressed, we moved from the first half into the second half, we saw sequential improvement in many of our key markets and, of course, that brought sequential momentum into the business. That is momentum that we think can be sustained and we are very excited to get on with the new year and sustain that.

As we look forward to the new year, we see a business internally that is more focused, leaner, more nimble, more efficient and everyone is focused on growth at Experian right now, so it feels good. It feels like we are off to a good start.

Our agenda for today is, as usual for the first couple of parts, I will do the financial and strategy review. You will hear from Paul as usual on the financials and for our spotlight presentation today we are joined by Victor Nichols. Many of you know Victor. He joined Experian in 2007, coming from Wells Fargo where he was chief information officer. Victor then became President of his first job at Experian, Experian Interactive. He moved to the UK for a couple of years where he ran our UK and EMEA businesses. Six months ago he came back to Experian and became CEO of Experian North America, the largest geographic business in our portfolio. Victor, we are delighted to have you here today. He is going to give us an update on what is going on in the US and I think it is a good story.

**Strategic and Operational Review**

**1. FY2010: Highlights**

There are a lot of good highlights from the year just ended – again, a financial result that we think is very robust and an organisation behind it that is nimble and efficient. The revenue growth that was generated obviously came from this fantastic geographic and vertical balance in our portfolio. Namely, I think we can shorten the story a little bit and say that Latin America and Experian Interactive compensated for weakness in US and UK marketing and credit. Due to the efficiency measures and cost initiatives that we had put in place over the last couple of years we saw a good EBIT result and margins expand 80 basis points to 24.4%. We made good strategic progress moving out the boundaries of the company into places like India, a lot of progress in new

vertical markets, which we will talk about shortly, and we continue to export Experian product into a lot of our new geographies

In term of the balance sheet, once again Paul and his guys have worked their magic on cash conversion and we have a very good result again that allowed us to pay down quite a bit of debt and so today we are pleased also to announce an increased dividend payout policy and a \$300 million share buyback.

## **2. Strategic Process in FY2010**

Let us drill down into the strategic progress. I mentioned new geographical activity. We are one of three credit bureaus awarded a credit bureau licence in India, which we are very excited about; you cannot not be represented in India from our point of view. We have successfully restructured our joint venture in Russia, bringing Sberbank, the largest state-owned Russian bank, into the ownership group along with all of its data. Interestingly now, emerging markets contribute a little bit more than 20% of group revenue.

Vertically speaking, great progress is continuing to be made in the UK public sector and new progress in the US public sector. A lot of great wins, US healthcare has been strong, and just as we have migrated the business out of mature markets and into emerging markets, we have migrated the business out of financial services and into other vertical markets as well. I think now something like 64% of our revenues comes from verticals other than financial services, which used to be 100%.

A lot of high impact new products came to market this year including ProtectMyID, which is trading right to plan, and there was great progress on the portfolio. I will say, having come from First American, it is with mixed emotion that I tell you that we successfully engineered the unwinding of our 10-year joint venue with First American. However, it was a great run, it was very profitable for both parties and the outcome has been very good for Experian.

## **3. Financial Highlights**

Organic revenue growth of 2%, top line growth of 2%, continuing EBIT was up 6% and again margins up 80 basis points to 24.4% and a nice continuing margin progression. Benchmark EPS growth was up 8% and we are pleased to announce a total dividend of the year of 23 cents and that is up 15% over last year in an interim move toward getting to a higher dividend payout.

## **4. Capital Strategy Framework**

We told you we would talk to you a little bit more about the capital strategy and today we are going to do that. I will start the conversation, Paul will finish it. Our highest priority here when we think about capital allocation is the balance sheet. We want to maintain a strong but efficient balance sheet, one with an appropriate level of depth for a company with our characteristics. Our second priority is to maintain a strong investment-grade rating on the business; as you know, we do access the debt markets from time to time. We also want to provide for growth capital for the business in line with our long-term business plan and that is both organic and inorganic growth capital. When those conditions are satisfied we are delighted to

return cash to shareholders and that is what we are announcing today due to those factors and to the significant cash flow coming out of the business.

## **5. Key Trends in Major Markets**

### **North America**

Let us take a quick tour of our major markets. In North America there is no question that things are improving. Consumers are a bit more buoyant, they are spending money in the retail shops. There are two looming clouds on the horizon, however. One is obviously the housing market in the US, which has still not straightened itself out. Unemployment is also still rather high by historical standards, 10%, although it is stable. Victor will give you a lot more insight on the US market, so I will not spend too much time on it.

### **Latin America**

What can we say about Latin America? It is all green lights and blue sky there. Great economic fundamentals, the banking system is in great shape, lenders are lending, our business is very strong. It is all good news in Latin America.

### **UK**

Here in the UK we are now seeing the beginnings of a recovery. This conversation I am having with you today reminds me of the one I had with you a year ago when we were commenting about the US. About how lenders were finally coming to us and starting to plan for upgrading their risk management systems, planning for growth and these are the conversations we are now having with UK banks. Our pipeline is filling up in the UK. We have not seen much of it monetised yet, but we are seeing the cycle where the UK tends to lag behind the US and once again it is playing out as it has before.

### **EMEA**

It is a mixed bag in EMEA. Our emerging EMEA markets are very strong and the more mature markets are softer. I think it is going to be a little bit of a struggle.

### **Asia Pacific**

In terms of Asia Pacific, our clients are expanding across borders; economies, generally speaking, are pretty strong. Our major markets are China, Australia, Korea and Japan and they are all looking pretty good to us and translating into good solid economic growth and good solid growth for the Experian business in Asia.

## **6. Regulatory Update: US Financial Industry Reform**

In January we talked to you about the regulatory doings in the US and we thought it would be good to update you today.

There are a couple of things going on. First of all, lenders are complying with the new Credit Card Act, which we have told you about before. At the same time, we have the overhaul of financial industry reform happening on dual tracks along with the

Card Act, so there are a lot of moving parts in the US. What the two initiatives have in common, the Credit Card Act and financial industry reform, is that ultimately it is going to translate into more transparency, the need for more predictive analytics. Generally, therefore, we see more good than threat in these moves.

Our Consumer Direct business, as some of you will recall, is now being regulated under provisions of the Credit Card Act that are designed to regulate those companies that sell direct to consumer credit products online. This has caused us to transfer our primary website to a new URL called FreeCreditScore.com, which is not subject to regulation. That effort is coming along well. We are satisfied with the result, but everything is very fluid right now and we will keep you updated as more transpires.

## **7. Taking Control of Growth**

You will recognise our strategic template; we use this to set priorities within the company, to allocate resources and to communicate. However, each year we have to develop an operating plan that helps move the business ahead. You will see the plan for this year involves three main components: expanding our global reach, finding new sources of data and building analytics that sit on top of that data, and doing a good job executing on sales and operations. Let me comment on each of those.

### **Expand Global Reach: Stages of Development**

We have a whole basket of opportunities in terms of the global reach; some are short-term, some are medium-term, some are long-term. Together, we think they ultimately result in incremental revenue at the group level of \$300 million or so over the next three to five years. They include things like moving existing products into new geographies. A couple of good examples of that would be Hitwise now in Brazil, CheetahMail, our email marketing product now in Australia with great success and we are doing a lot of this kind of work

Over the medium-term we have great sector opportunities. As I said earlier, big initial wins in the US government sector, a business we just started up in the last 18 months or so. A global telecom approach, but we are working very hard on an SME channel based on early success in our Brazil business.

Longer-term, we have things like India and Russia and other bureaus in other emerging markets that we are looking to either buy or to build. Thus, we have great geographic opportunities.

### **Deliver Innovative Data Analysis**

With regard to data and analytics, we are always on the prowl for new sources of interesting data. This year we have picked up small business loan data directly from banks, mortgage loan characteristics data, property information and voter ID information. On top of that we build new analytical tools. One that I am most excited about that we have just launched in the UK is called Future Delphi. Future Delphi is a very powerful risk score that is overlaid now with a second component, which is a macroeconomic indicator. Therefore, in addition to assessing the traditional risk of a borrower to default we can add a secondary layer of assessment based on the macro

indicators that this particular applicant would be exposed to. We are finding a big lift in the predictive power of Future Delphi. We think this will be a wave of the future.

### **Superior Sales and Execution**

In terms of execution, we tend not to talk about our sales force because I think everybody would just expect that we have a big and talented sales force and indeed we do. However, I wanted to just say a few words about it today because it is really important.

Everything I have just talked about – new market entry, new products, exporting products, new analytical tools – is worthless unless a sales force is willing and able to sell it. We have 2,000 quota-carrying, commissioned, fired up, talented sales people all over the world who we just love to invest in, who talk to thousands of clients every day about our whole basket of products. We provide them with a very sophisticated and expensive platform that helps them do what they do and I will not go through all the elements of that, but it is a factory. It is a factory that helps them manage their pipeline, to access our libraries of product and proposal information, that trains them, that recognises them and compensates them. We are incredibly proud of this group, who it is safe to say set a very, very high standard for the rest of the industry. Experian sales people are most frequently targeted by competitors because they are so very, very good at what they do

### **8. Ingredients for Medium Term Growth**

What does all this add up to? This is how we see growth going forward in the business. Building off last year, we do expect a little bit of help from the market, but we will sell hard, innovate hard, and grow hard in all of the ways I have mentioned. We think that all of these growth acceleration measures, the specific ones probably add up to about 1% of incremental revenue this next year. Of course, while we are growing and moving into a growth zone that we would recognise from years past we will aim to maintain margins and continue to invest in the business, because we are always harvesting the fruits of that investment in future periods.

### **9. Summary**

In summary, I would just say conditions are improving slowly. We do not see a return to the go-go days of three or four years ago, but it is great to be able to stand here with you and to say things are looking up in the business. However, we are taking destiny into our own hands. We are making growth happen for the company, because we do not want to rely on the cyclical nature of the market to bring it to us. We have thought a lot over the course of the last two or three years about capital stewardship. It is a big topic in our board room. It was included in our original strategy that we talked to you about a couple of years ago and it is great to be here now and to say yes we are in a position to announce a very shareholder-friendly capital-sharing capital allocation strategy.

Besides that, I think all of us would say we are excited about the year that has just started and we do see it as a good year of growth for Experian.

With that, let me invite Paul to take you through the financial commentary.

## **Financial Review**

**Paul Brooks**  
**Chief Financial Officer, Experian**

### **1. Introduction**

Thank you, Don, and good morning, everyone. We are pleased with the financial results we are presenting today. The performance once again demonstrates the strength and balance of our business in what has been another challenging year. Before reviewing the detailed financials I should point out that, as usual, all growth rates down to EBIT are expressed in constant currency.

### **2. Highlights**

In the year ended 31 March 2010 we delivered total and organic revenue growth of 2%. We saw good growth in our EBIT margin with an 80 basis points improvement to 24.4%, with continuing EBIT growth of 6%. Our EBIT conversion into operating cash flow was again very strong at 98% and free cash flow of \$818 million was up 11% on the prior year. Benchmark PBT was up 8% and benchmark EPS also grew by 8%. We increased our dividend by 15% to 23 cents. This comprises a first interim dividend of seven cents and a second interim dividend of 16 cents

### **3. Revenue and EBIT by Geography**

Turning to performance by region, organic revenue growth of 2% benefited from an excellent performance in Latin America and modest growth in EMEA/Asia Pacific. North America held steady, while there was a modest decline in the UK and Ireland. Total revenue growth of 2% translated into EBIT growth in direct activities of 5%. Including FARES, EBIT was up 6%.

Regionally, there was very strong improvement in margin in Latin America and the UK, while margins were broadly flat in North America and EMEA/Asia Pacific. Overall, margins increased from 23.6% to 24.4%.

### **4. Principle Activities**

#### **Credit Services**

Now moving on to our four principle activities, starting with Credit Services, total revenue was up 2% with organic growth of 1%. The difference relates to the CreditInform and SearchAmerica acquisitions both of which are performing well.

Overall, growth in Latin America offset declines in North America and the UK, while EMEA/Asia Pacific was flat.

Margin improved by 150 basis points to 33.5%. This reflects positive operating leverage in Latin America as well as action on costs in North America and the UK, which more than offsets negative operating leverage.

### **Decision Analytics**

In Decision Analytics, both total and organic revenue declined by 7%, reflecting lower transaction volumes and client reluctance to commit to large software deals. These are our higher margin activities and so they were the main drivers behind the margin decline to 27%.

### **Marketing Services**

At Marketing Services, total revenue declined by 3% and organic revenue declined by 4%. In North America, the revenue decline reflected contraction in retail spending in the early part of the year.

Traditional media activities showed signs of stabilisation towards the end of the year, while digital media performed well throughout and growth in EMEA/Asia Pacific partially offset the revenue declines elsewhere.

Cost actions and positive mix helped improve margins in North America and the UK up to the mid-teens. Overall margin was 11.8% due to increased investment in EMEA/Asia Pacific, but was still 30 basis points higher than last year.

### **Interactive**

At Interactive, both total and organic revenue grew by 11%. There was good growth in North America with organic revenue growth of 8%. Consumer Direct delivered growth for the year, although there was some slowdown as the year progressed due mainly to lower data breach revenue.

There was strong growth in lead generation, particularly in the education vertical and also at PriceGrabber, which benefited from new partnership arrangements. Meanwhile, the UK again delivered strong growth, although we are seeing some moderation as the business increases in scale.

Margins improved by 90 basis points to 23.5% despite a negative mix impact from strong growth and the lower margin lead generation activities. This was due to improved subscriber retention and more efficient marketing spend at Consumer Direct.

## **5. Group Benchmark Earnings**

Moving onto the lower half of the income statement, total EBIT for the year was \$991 million, which is a 6% improvement at both actual and constant exchange rates. Net interest came down to \$81 million due to reduced net debt and lower average interest rates. The benchmark tax charge of \$184 million was at the reduced rate of 20.2% on benchmark PBT as a result of a credit in respect of an historic issue that has now been agreed. The minority interest of \$45 million relates mainly to Serasa and reflects its strong profitability and low tax charge. This brings us down to benchmark

earnings of \$681 million, an increase of 8% on last year. EPS in US cents was up 8% at 67.1 cents and dividend per share has been increased by 15% to 23 cents.

## **6. Strong Cash Flow Performance**

We have again generated very strong cash flow, converting 98% of EBIT into operating cash. Capital expenditure of \$314 million was in line with our guidance at the interims and represented 114% of depreciation for the year. We received a net cash inflow of \$30 million from the sale of facilities as part of our cost efficiency programme. \$17 million of profit were retained in associates and working capital reduced by \$11 million. This brings us to operating cash flow of \$976 million. Net interest paid in the period was \$68 million and tax paid during the year was just \$48 million due to tax deductible items not reflected in benchmark PBT and that is principally goodwill amortisation. The dividend paid to minorities was \$42 million, bringing us to free cash flow of \$818 million, up 11% on last year and representing a cash conversion rate of 120% of benchmark earnings.

## **7. Cash Flow Since Demerger**

Consistently strong cash flow is a key feature of the Experian business. This slide summarises our free cash flow performance over the past four years. You can see that we have increased free cash flow every year since demerger despite the credit crunch and ensuing financial crisis and recession. In total, we have generated nearly \$3 billion in free cash flow over the four-year period.

## **8. Net Debt Reconciliation**

Closing net debt at the end of the financial year was \$1.6 billion, nearly \$0.5 billion lower than last year. This was driven by the strong free cash flow of \$818 million. Exceptional cash outflows amounted to \$62 million, nearly all of which related to the cost efficiency programme. Share purchases in respect of employee equity plans amounted to net \$114 million. There was a net outflow of \$52 million from acquisitions net of disposals in the year. Acquisitions included the email marketing businesses United Mail Solutions in Germany and A-Care Systems in Japan. Cash proceeds were received from FARES, as I shall describe shortly. Foreign exchange and other totalled \$19 million and total dividends paid out during the year were \$206 million. This takes us to the net debt of just over \$1.6 billion dollars.

## **9. Net Debt/EBITDA**

Our target net debt to EBITDA ratio remains unchanged at 1.75 to 2.0 times, including the value of the Serasa put options. This is consistent with our objective to maintain a strong investment-grade credit rating.

During fiscal 2010 the value of the Serasa put option increased by \$237 million to \$661 million due mainly to the exchange impact of a much stronger Brazilian Real and an increase in its estimated value.

Adjusting for the Serasa put option we ended the year with a net debt to EBITDA ratio of 1.8 times, which is towards the lower end of our target range of 1.75 to 2.0 times.



## **10. FARES Joint Venture: Cash Proceeds from sale**

This slide summarises the various items of the FARES transaction and the timing of receipts of proceeds, including those to come in fiscal 2011.

During the year, we received \$48 million from the sale of two FARES assets, Data Trace and Data Tree, and \$17 million from the sale of First American shares. Four weeks ago, First American exercised their call option over our residual interest in FARES. We are due to receive \$314 million for this part of the transaction on 31 December 2010. Tax of about \$62 million will be payable, so net cash receivable amounts to about \$252 million. In aggregate, we will then have received \$432 million gross and \$370 million net for our 20% interest in the joint venture. Going forward, FARES will be accounted for as a discontinued operation and the profit contribution will be excluded from benchmark items.

## **11. Components of Capital Strategy**

Turning now to the key components of our capital strategy, we start fiscal 2011 with net debt towards the bottom end of our target range and with the expectation of receiving the proceeds from the FARES divestment in the course of this year.

We look to invest in the business in three ways. First, organically through the P&L where we continue to invest around 200 basis points of margin each year. Secondly, organically through capital spend where we expect spending to rise by about 15% in fiscal 2011. Thirdly, inorganically through acquisitions, where we do see more opportunities than we have over the last couple of years. Looking ahead, we think our cash flow is likely to be more than sufficient to fund these needs. As a result, we have decided to increase our dividend payout ratio from at least three times cover to approximately 2.5 times cover or about 40% of benchmark earnings. We intend to fully implement this in respect of the dividend for fiscal 2011 and approximately one-third of the dividend will be declared in the first half with the balance in the second half.

In addition, we are currently planning a share buyback programme over the next 12 months of around \$300 million, plus an additional \$50 million to satisfy employee share plans. This will be kept under review during the year in the light of acquisition activity and movement in the other factors that drive our debt ratio.

## **12. Debt Funding**

Turning to debt funding, in February we successfully launched a €500 million Eurobond issue. This was the first stage of an 18-month programme to refinance and spread the maturities of our bank and bond facilities. We plan to continue this programme in the next 12 months with a further bond issue and the replacement of our 2012 bank facility. The marginal cost of new funding sources is higher than the funds being replaced. As a result, we expect an incremental interest charge in fiscal 2011 in the range of \$10-20 million. This includes additional interest relating to the planned share buyback.

### **13. FY11 Modelling Considerations**

Turning now to look at modelling considerations for the current fiscal year, I have already discussed net interest which, based on current interest rates, we expect to be in the region of \$90-100 million after a small net pension charge.

We expect the benchmark tax rate for the full year to be in the region of 22% and our cash tax rate to be about 10%.

There will be a residual \$10 million exceptional charge in the early part of the year in respect of the cost efficiency programme.

We expect our capex spend for the year to be in the range of \$340-370 million, which is higher than fiscal 2010 due to increased investment in product development.

### **14. Review of Financial Reporting Frequency**

Turning now to our financial reporting calendar, we have undertaken a review of our financial reporting frequency, as a result of which we now plan to issue only one performance update per quarter, so dropping the half one and half two trading updates. This removes a legacy carried over from our former parent GUS, which followed the retail reporting calendar. We also intend to accelerate the reporting of our interim and preliminary results starting in the year to March 2010, so our next update will be the Q1 IMS in July.

### **15. Financial Summary and Outlook**

To summarise, we are very pleased in a challenging year to have again delivered revenue growth, margin enhancement and very strong cash flow generation. We ended the year comfortably within our target debt range and, following an evaluation, we are enhancing our distribution policy through increased dividend payout and a new share buyback programme.

As we move into fiscal 2011, in the first half we expect organic revenue growth to be slightly stronger than the fiscal 2010 exit rate. For the year as a whole we are targeting mid-single digit EBIT growth for continuing activities at constant currency.

With that, I will hand you over to Victor.

## **Spotlight on North America**

**Victor Nichols**  
**CEO North American Region, Experian**

### **1. Introduction**

Thanks, Paul, and good morning. I am very excited to tell you about North America and share with you how we are going to create our future, drive growth and take advantage of what we see is the early signs of a recovery. What I would like to do is

share with you, first, some perspectives of what we are hearing from our customers and then build on that and tell you about each of the businesses and how they are going to respond to the needs of our clients.

## **2. Client Perspectives in a New Market Environment**

I am in a comfortable position here. We just had our annual vision conference where we had over 400 of our clients with us for three days going through a variety of educational subjects and issues. It gave me a chance to talk to them and hear what was on their minds and what their plans were and four core themes emerged that I thought I would share with you here this morning.

First, they absolutely want to capitalise on the recovery. They want to take some credit for that recovery. They believe that a lot of the work they have done to control losses and to optimise their customer base has certainly contributed towards this. They look at the recovery and they realise it will be a new reality; we are not necessarily returning to the old, but they see opportunities. This shows up in the following: they are going to focus on some acquisition, they have budgets for acquisition, it will be controlled, limited, very focused on prime and subprime as they go into it. They are doing testing more than production as we sit here today, but they are all intent on getting underway. Also, they will continue to focus on losses. They realise that working those losses further can contribute to their financial challenges for this year faster than anything else. They will also work on customer optimisation: how will they cross-sell, how will they up-sell their clients? They are committed to finding opportunities to get more from their clients and serve them better.

They also want to improve their credit practices and that means doing micro-segmentation to go after the unique customer sets that they need and also predicting better. They realise that it is less about the score of an individual today, but more about what that score is going to be as they look forward towards the future when this recovery is well underway.

They also want to put their money to work with digital media. They know they can get a higher return on investment and they can measure the return if they can deliver the right product to the right customers at the right time using new media and digital vehicles.

They are working through the regulations. As one customer said, they feel like they have been under siege from the regulators while working on this recovery. They appreciate the help they receive from Experian and, in fact, in the end, more often than not it ends up being about transparency and improvement decision analytics and we are able to help them.

Those are the four key points.

## **3. Credit Services and Decision Analytics: Strategic Priorities**

Let us now go into each of the businesses, starting with Credit Services and how we are going to satisfy those client needs. I believe when you look at Credit Services we are comfortable we can return to modest growth in the second half by focusing on what our clients demand and it will begin with more valuable data. We have made

investments in our data quality, introducing new data elements and, very importantly, linking our data together in new ways, which I will describe in a moment, so that you can get more out of your scores and more in terms of predictability.

It is also about new models, new segmentation and developing products out of the co-creation that we do with our clients. Driving a lot of that, as Don alluded to, is our sales force. We have integrated those sales forces so that they can approach the clients and talk about real solutions – a solutions orientation.

We are also focused on markets that represent a lot of growth to us and deliver to the unique requirements of those clients – healthcare, automotive, public sector being key.

We recognise there are some channels that have been a challenge for us in the industry, they are under-penetrated, we are making investments there and the core is small business.

#### **4. Credit Services and Decision Analytics**

We are well positioned for the market recovery in Credit Services and Decision Analytics and it shows up in the examples we are seeing already.

##### **Consumer Information**

Consumer information services focus on data quality, able to deliver new products like Income Insight for our customers. Income Insight enables them to estimate someone's income when they are trying to do a new credit product at a very low cost and it is built on credit attribute information, which means it is regulatory compliant - a big advantage for our customers.

##### **Automotive**

Automotive, again, data quality: we can report two times more of the accidents on used vehicles. We have a better database for our AutoCheck product that our customers use when entertaining buying a new or used vehicle. That shows up in the dealer relationships we get and how they help to sell that product to their consumers and in the third party relationships we have, such as with eBay where it now offers that AutoCheck product to all shoppers on their website for automobiles.

##### **Business Information**

Business information, again, data quality, linkage; we have tied together our businesses and the subsidiaries associated with them much more strongly. You get better predictability, better information and better scores as a result. They too then are enhancing their sales resources to go after that market that we know exists and they are doing that through direct channels as well as indirect channels, including relationships with software providers who would like to promote our offerings.

Business information also will make a strong entrance into the small business sector with some solutions uniquely tied to the small business that will deliver through the internet.

## **Decision Analytics**

Decision Analytics are at the core of what we are talking about here in terms of new predictive models. In fact, most of the large financial institutions have used this for some of their models to rebuild them over the last 12 months and out of that comes new products as well, such as BustOut Score. This enables our clients to predict which of their customers are likely to exhaust their credit facilities and then disappear. We also see in Decision Analytics increased interest in our software products to augment some of the legacy systems our clients have so that they can pursue some of the opportunities and optimisation in other areas.

## **New Verticals**

In new verticals healthcare is an example. Many hospital clients that we have today are using our facilities to streamline their operations and the administration of patients, facilitating the financial planning part of the introduction as a patient comes into the hospital.

In the public sector with social security administration we have been able to use our identity management solutions to help them better identify individuals who come in over the internet through electronic media.

In the public sector, social security administration and healthcare we have strong wins and good opportunities.

## **5. Marketing Services**

### **Return to Growth**

Let us turn to Marketing Services. Here too we are poised to return to growth and take advantage of the market changes. We have invested heavily in moving our Marketing Services organisation to digital marketing, helping our customers measure return on investment with more direct marketing activities, targeted activities. As a result, we are seeing about 60% of our revenue now coming through what we refer to as 'new media'. This is a big shift for us. Our customers get a higher return on investment that is very measureable, we get higher margins and growth; it is very cost effective.

We are also tightening up our execution across all of our offerings so we can get to market with standard, structured offerings much more quickly and help our customers capitalise on their opportunities. We are investing heavily in growth in this area, continuing to focus on the new media and how we can enhance our various offerings.

### **Building Our Global Footprint**

I want to comment for a moment on Marketing Services as it relates to global. In North America we have a lot of clients who are dependent on us and choose us because we can help them with their marketing services not only in North America but on a global basis. We are absolutely the leader in data coverage on a global basis, both individual and household. We have platforms in place around the globe to support their marketing campaigns and we have the analytics they need to run those

campaigns and models. We have a very strong offering and we are seeing a lot of interest from the global clients particularly in North America.

## **6. Interactive: Multiple Products, Multiple Channels**

### **Consumer Direct**

Now let us turn our attention to Interactive, starting with Consumer Direct. We are very adept at changing with our market. We are used to consumer needs that change, we are used to the channels changing and we are used to responding to regulation. We do that across a number of components. First, it is the product line itself. We need to constantly look at the segments that consumers represent and expand the addressable market, expand what we can do for the customers. We have a backlog of products we are researching and testing; most recently introduced was ProtectMyID, a fraud service that helps consumers and I will talk a little bit more about that in a moment.

We also work the channels very heavily, because we know we can broaden the base of our business that it represents. You are familiar most with what we do in the direct broadcasting or the display advertising areas, but other market potentials or channel potentials for us are direct through corporations who want to private label our offerings to their customers or support their own employee base. In addition, there are data breaches, which still do occur and when they do we are there to help the clients with solutions.

Most important, however, is increasing the retention, making the user experience a life experience, an active part of what they do on a month by month basis. We are adding features that make this a much more valuable proposition on an ongoing basis. Let me give you an example of that. We have a new monthly credit statement that we have introduced. It reminds our consumers each month of what their credit scorecard position is and tells them a bit about what the underlying determinants are, so that they might even change their behaviour financially so as to improve their scores in the future. It positions them with something to look at regarding their credit worthiness and credit information and ensure if it is accurate; if there are disputes it gives them the ability to escalate them and get them resolved quicker. It is an active part of their life.

### **Update on ProtectMyID**

With regard to ProtectMyID, the fraud solution, we have about a \$150 million market, we are very much on plan, as Don alluded to, with about 100,000 clients since we launched in September 2009 and are now seeing it expand to other uses, both breaches and corporate sales.

### **Sustaining Growth in Lead Generation and Price Grabber**

When we talk about Interactive I have to talk about lead generation and PriceGrabber, both of which have had high growth and continue to grow very strongly. In the lead generation space it is absolutely about their diversification. Education and insurance are two good markets where we have had strong growth with strong consumer needs

that we have been able to satisfy. At the same time, the lending sector is starting to come back.

We also have reached a scale in our media buying where we are now able to form partnerships with the different distribution agents and portals, so we can create a different value proposition and we are using our data and analytics so we can do our own ad decisioning to perfect our own return on investment in those marketing activities

Finally, PriceGrabber is very strong as well. There is a lot of focus on mobile applications as a way to improve consumer value. People are in transit and they like the ability to be able to shop at all aspects where they are on the road. Expanding the advertising network as well, this is a good revenue generator for us and our customers. Strengthening the merchant network always, so we have strong offerings. However, as Paul alluded to, the real core is the syndication of revenues – new partnerships like Yahoo! Shopping where we back them up and have very strong growth.

## **7. Summary: Our Top Priorities for Driving Growth**

We are very excited about creating our future and the opportunities for growth in North America. Our clients are excited and looking forward to our support. Our team members are behind them. We know if we innovate, continue to diversify, focus on the new segments there are lots of opportunities and it is just up to us to execute.

With that, I will turn things back it over to Don.

### **Summary**

**Don Robert**

## **1. The Experian Model: Creating Value for Shareholders**

Thank you, Victor, for that encouraging and interesting presentation.

In closing, I would like to take you back to the fundamental of the Experian investment story if I could, just for a moment, with four major and important points:

- First of all, over a long period of time very consistent and always improving financial performance, top line, bottom line, margins and real cash, as you saw when Paul illustrated it so well.
- Secondly, a clear position of global market leadership in a truly global business with very, very big barriers to entry.
- Thirdly, more growth opportunities that we can take advantage of. We often say within the company that our biggest challenge is not finding growth opportunities but deciding which ones to focus on and that is the truth.

- Finally, a capital management, capital allocation strategy that is part of the overall business strategy and, need I say, very shareholder-friendly.

This is a great investment story, a great company if I ever saw one – but then again, I am biased.

I would now like to move to the Q&A session, where we have a bit of a different setup: for the first time we have a teleconference line open, so we expect to receive some questions through that facility.

## **Questions and Answers**

### **Andrew Ripper, Merrill Lynch**

I have a couple of questions. First of all, on Interactive, there was quite a decent pick up in the margin performance of that division in the second half and Victor has just talked about using your scale and media buying. I was just wondering in terms of that margin performance how much of it was the more effective media buying, which may continue into 2011 and how much might have been a drop off in advertising spend in the run up to the change in branding from FreeCreditReport.com to FreeCreditScore.com. Could you give us a sense of that, Paul, and what your outlook is for the 2011 margin for that division?

### **Paul Brooks**

I think there were several positive factors behind the improvement in the Interactive margin in the second half, and it is quite a significant improvement. I think the most important was better marketing both in the US and the UK. The continued use of analytics to optimise the marketing spend has had quite a significant impact.

The second factor has been high retention, as Victor mentioned. The focus on retention again both in the US and the UK has been helpful, because obviously every month a member stays longer that is basically pure profit pretty much.

We have also benefitted from the fact that there has been less data breach revenue in the US. That has obviously been one of the factors behind the slowdown in growth, but equally that is lower margin revenue.

As you say, the fourth factor and probably the least important of the four but it was a factor, was we did cut back marketing spend a bit in the US around February-time when we were waiting to hear the final ruling from the FTC on disclosures on FreeCreditReport.com.

Those were the positives, but there was also quite a significant negative which just partially offset those, which was the fact that we have seen this very strong growth in PriceGrabber and lead generation, particularly in the second half-year and those are much lower margin activities.



As we move into the new year, I think the optimising and marketing spend will continue, the emphasis on retention will continue, as will the adverse mix, particularly in the first quarter. There are a number of factors there, but you also need to bear in mind we are making the switch at the moment from FreeCreditReport.com to FreeCreditScore.com, which is part of the strategy in response to the disclosures on FreeCreditReport.com. Obviously that involves some sort of optimising and marketing on the new URL, plus the fact that we are getting behind ProtectMyID, which is going very, very well, but is loss-making at the moment and will move into profit in the course of the year.

Thus there are a number of moving parts. My view of Interactive in the first half is we certainly would not expect any improvement in margin; probably it will go slightly backwards in the first half.

### **Andrew Ripper**

On the FTC point and the change in the branding, could you just make it clear, a lot of investors have been asking why FreeCreditScore.com is not covered by the same regulation as FreeCreditReport.com.

### **Paul Brooks**

The reason for the focus on FreeCreditReport is because of the free credit report that each consumer in the US is entitled to receive once a year. Obviously, we have the perfect URL for that, which is FreeCreditReport. The statutory one is AnnualCreditReport.com. The FTC have always been focused on this particular URL because of, in their view, the potential confusion it creates between the statutory free credit report and the product and services that we offer under that URL.

### **Don Robert**

More specifically, Andrew, the credit scores are not subject to regulation in the same way that credit reports are.

### **Andrew Ripper**

On US credit, I think Victor mentioned in his presentation that you expect a return to growth in the second half of this financial year. I am just wondering what sort of assumptions underlie that in terms of stabilisation potentially in consumer credit and/or the benefit of new products coming through, which you mentioned a number of in your presentation. Can you give us a sense of what you are assuming?

### **Don Robert**

Paul, maybe you could begin with a little bit of financial and mathematical commentary, if you will, and then, Victor, could you add some colour in terms of what clients are doing and buying.

## **Paul Brooks**

In terms of the way we see the growth in Credit Services progressing through the year in North America, as Victor said, we do expect to see it return to positive growth in the second half. This is really based on the fact the we are seeing a slow sequential improvement now in revenue and volume trends within the business and of course we will also be facing weaker comparatives as we move through the year. The most challenging quarter will be the current quarter, because there was still a fair amount of mortgage refi activity going on in the first quarter last year, but as we progress through the year we expect to see a return to course. Of course, in Credit Services we are helped by the strong growth we are seeing in the non-consumer credit side of the business. About 20% of North America Credit Services relates to business information and automotive, both of which are performing very well for us.

## **Victor Nichols**

I would say that is right and very consistent with what I shared. The consumer information piece of the business and the data is going to continue to stabilise and start to perform more strongly, but it is complemented by a lot of new product activity in auto and business information services and also the product and solutions we are delivering to the new sectors healthcare and public in particular. All of that is also complemented by some improvements in Decision Analytics where, as I said, we are seeing early signs of interest in software as people look to augment what they have installed today with some of the challenges. I will give you an example: across large clients involving finance, telecom and retail they have all acquired software products from us that focus very much on optimising their customer base, doing the analytics to identify the behaviours that will move into new products very profitably. We are seeing across the industries that people have that sort of focus and are willing now to step out on some software offerings where they think it can be integrated with what they have today.

## **Andy Chu, Deutsche Bank**

I have a few questions, if I may. Returning to the FTC ruling, I wonder, Don, if you might be able to go a step further and talk about the ongoing discussions you are having with them in terms of disclosures. You talk about the performance of the business being on plan, but perhaps without showing what your plan is, to give us some confidence that this is a business in terms of US Consumer Direct that has grown double-digit, currently at flat, what do you think the outlook for that business is, please?

## **Don Robert**

I said in my presentation that the whole regulatory and legislative environment is very fluid, and that includes our discussions and our dealings with the FTC. Sometimes when new rules are promulgated, as they were regarding the consumer direct business as part of the Credit Card Bill, there is a certain lack of clarity to those rules and how they can be implemented. So, a company subject to regulation like ours will step out, try a few things, maintain a fluid dialogue with the regulator and through two way communications we both make compromises and changes. So that is what you have seen in our approach to complying with the new law and trying to find that right balance between capturing the tail of FreeCreditReport.com and then moving the

business gently but forcefully over to FreeCreditScore. All in all it has gone as smoothly as we could have imagined, however it has slowed down growth progress. If I could use an analogy from the automobile business, I think the car is scratched but it is not dented and it certainly has not been in a collision. In terms of the financial guidance, I think right now we are in a position of caution. We have got good visibility on the quarter; you heard Paul say that we would expect broadly flat performance from the consumer direct business in the quarter as we are adjusting to all of these factors. Longer term, there is no question that it is a growth business.

### **Andy Chu**

Would you be able to give us some split in terms of, within US and UK Credit Services, the balance between what is consumer and what is business related please?

### **Paul Brooks**

As I mentioned a moment ago in the US about 20% of Credit Services is automotive and business information, roughly half and half between those two. In the UK, business is about half of Credit Services.

### **Andy Chu**

Thank you. In terms of tax rate falling slightly, could you just give us a reason why that tax rate is trending down slightly and is the 22% guidance a stable long gain guidance beyond 2011?

### **Paul Brooks**

There are always moving parts when it comes to tax; however, we have been at 23-22% for a long time. We came in lower in FY10; we went down at 20.2%, due to a settlement of a historic matter which enabled us to credit some tax back to the P&L account. For the New Year we guide to 22% but there is always going to be a fluctuation of plus or minus 2% or so, around that.

### **Andy Grobler, Credit Suisse**

On cash flow and uses of cash flow; in terms of the buy-back scheme, it is great but 300 million is coming back, the vast majority of which is coming from the proceeds of the FARES disposal. Was there a discussion about whether you would do more in the year? And then moving on from that, I suppose much of the residual will be used for acquisitions; in what areas will you be looking to acquire?

### **Don Robert**

I think you have just hit on the key variable in the whole equation of how much cash to return to shareholders, and that has to do with acquisitions. The acquisition pipeline is probably a bit more robust now than it has been in the last couple of years. We are sticking very, very closely to the strategy of core data in Analytics. I think we are mostly looking at bolt-ons and in-fills in all our major markets. We remain very interesting in emerging market deals, if we can make them happen. In deciding on the appropriate amount of the 300 million of the share buy-back, we are trying to

leave enough dry powder for various combinations in sizes and timings of deals that might be in the acquisition pipeline.

**Andy Grobler**

Do you think there is potential in future years for that 300 million, or whatever the right number may be, to continue?

**Don Robert**

I think there is; we are committed to updating the market on our thinking around capital distribution, revisiting the issue at least every year.

**Paul Brooks**

Clearly we are highly cash generative as we demonstrated in the presentation; we have not been using all that free cash flow for acquisitions, certainly over the last couple of years. Therefore that clearly opens up the prospects of future share buy-backs assuming that the level of acquisition activity does not absorb the cash flow.

**Jamie Brandwood, UBS**

Just on your Brazilian business; it was an unbelievable year in terms of the margin expansion there, and I think in the past you have guided towards 50 to 100 basis points of annual margin improvement. If we assume that you continue to grow top line at 15% plus organically; is it fair to say that the 50 to 100 basis points would be pretty conservative for the current year?

**Paul Brooks**

Yes.

**Don Robert**

Direct question, direct answer.

**Jamie Brandwood**

Are there any metrics that we should think about there in terms of any specific investments, P&L investments, that you are making this year in Brazil?

**Paul Brooks**

What is interesting in the year that has just gone is the amount of investment we did notwithstanding there were efficiency opportunities, shall we say, within the South American operation which you maybe would expect given the provision ownership structure. However, for instance we made a significant investment in the sales force last year, probably something like \$8 million in the sales effort, which obviously helped generate the excellent sales growth as well. Therefore those opportunities do exist. We are continuing to invest in the business. Part of the increase in the capex that we are guiding to is all around the infrastructure for

handling the SME channel which has been the fastest growing a part of the business. So there will be investments in the business but equally, certainly over the next year/couple of years, I think we will continue to see good operating leverage potential.

### **Jamie Brandwood**

As I think about your four year guidance, on the one hand you exited the year with around 3% organic growth and you say you are doing a little bit better than that in H1. At the same time you are talking about mid single digit EBIT growth which effectively implies very little in the way of margin improvement. If Brazil is still giving you pretty good margin enhancement, perhaps with US Credit Services seeing better momentum you might get a little bit there as well – what is the main offset that gets you back you down to guidance of broadly flat margins for the year?

### **Paul Brooks**

The two positives on margin for FY11 are going to be Latin American and also the Marketing Services business; we actually have reached the mid teens in the UK and US and we see future potential for advancing those margins. The challenges we have got as we move into the new year – we have got a few. One is that clearly for the first couple of quarters we are still seeing negative growth in a number of our key business, notably the US and UK Consumer Credit business, parts of Decision Analytics and a little bit of Marketing Services as well. Therefore, we have got that negative operating leverage headwind in the first half. We have also got certain costs which will come back into the business this year. We clearly benefitted significantly from the cost efficiency program, but probably last year we took pretty much the same amount of costs out of the business outside of that program, and some of that, particularly some of the employee related stuff – pay rises, bonuses, 401K matches, these kind of things – we are looking to feed back in, which is another challenge. The third one is the fact that we are continuing to invest in the emerging markets; India for instance, we will be stepping up investment there. So those are some of the offsets. I think you will see those particularly in the first half; I think the first half is going to be challenging for margin. However, for the year, as Don referenced, we will be looking as usual to maintain or improve margins.

### **Jamie Brandwood**

Finally, on the restructuring initiative – so the \$150 million cost cutting program – if we tally up all of the restructuring charges that you have taken; I think it was 52 million in FY08, 92 million in FY09, 41 million in the year just gone and another 10 million still to come. Tot that all up, it is almost 200 million to get 150 million. Has it ended up being that the 150 was actually nearer 200 in annualised savings?

### **Paul Brooks**

It is slightly high. There has obviously been a lot of other movements in the meantime; acquisitions, divestments and exchange rate movements from when we first announced the program. Therefore it has come in slightly above the original. Obviously we have generated additional savings as well. The other thing I should mention on the cost efficiency program is the amount of tax benefit we got from it as

well; we probably got about \$50 million of tax offset, which you can set against the overall spend.

**Jamie Brandwood**

So is there still some *pro forma* impact, if you will, of incremental savings, FY11 versus FY10.

**Paul Brooks**

It is very, very small because this 10 million which feeds into next year is more of an accounting issue that the cost could not be taken within FY10.

**Ed Steele, Nomura**

Just a couple of questions from me please. First of all, on your new initiatives which you have talked about in the last couple of releases you have given us some quite explicit guidance about the contribution to growth next year; I think you said about 1%. A couple of releases ago you talked about, over time, a 3% impact. Is that taking longer or is just that it is a phased process over the next few years?

**Don Robert**

I think we have a couple of things going on. We have specific growth initiatives that were put in place about a year ago by our top team to really take better control of growth, to borrow the title of the presentation today. Then we have an ongoing level of new product introductions that also fuel growth. So I think what we have said is expect a 1% contribution in the current year, expect about 300 million from all those growth initiatives over the next three to five years. Beyond that, Paul do you want to make any comments on impact from innovation and new products?

**Paul Brooks**

No, I think it is on track from where we said. You reference the 300 million over three to five years. It is a little tricky to quantify because you have a mixture of all these brand new products like ProtectMyID which are coming from nothing, or they are new products in new geographies. You have also got some fairly substantial existing businesses like public sector and telecoms where we have already had decent growth but we are looking to accelerate that growth. But overall there is no question that growth initiatives will have a significant impact this year as indeed they had a reasonable impact last year.

**Ed Steele**

I understood that, thank you very much. Second question from me is on Consumer Direct. You talked about retention rate getting a bit better. I think in the past you have talked about the average subscription length being, I think, nine or 10 months. Are we now up to about a year? Is that a reasonable assumption? And as a corollary to that could you give us a flavour for the proportion of your subscribers that are evergreen, that just stick with you year in year out, please? I know it is early days in terms of that but you must have a flavour by now.

## **Paul Brooks**

I think that we have seen significant improvement in the retention rate; it is still on average less than a year. However in terms of the monthly cancellations, we have seen a reduction of somewhere between 10 and 20% from the beginning of the last fiscal year to the end of the year, which is a fairly significant improvement. The other point to make, and it is quite a significant one, is the number of reactivations that we see now; over 30% of our new activations in the US now are actually former subscribers who are coming back. So this reflects people who have obviously had the service, for one reason or another have cancelled – maybe even because their credit card expired or something of that sort – and then they come back again.

## **Ed Steele**

Do you have a feel for the evergreen subscribers; those who are always there every month?

## **Don Robert**

So perpetual subscribers.

## **Paul Brooks**

Quite a big proportion; that is a good question because although we are saying the average is less than a year you have a lot that drop out after a month, who maybe just came in because they were about to buy a house or something like that. I have not got the exact proportion but quite a big percentage are really long term subscribers.

## **Iain Armstrong, Brewin Dolphin**

Can I be a bit of a Devil's Advocate with regards to North America and even the UK for that matter in regards to the new areas that you have expanded in like public service and utilities and maybe even the product with regards to people being worried about their credit scores because of the underlying economy, that going forward that business, if we do get an actual better recovery than people are expecting, will actually fall off and at the same time you will not get the same bang for your buck with regards to the relationship with the banks that you had with mortgages because the credit lending is permanently going to be under a cloud of the next few years.

## **Don Robert**

It is great to have an optimist in the audience. We see virtually unlimited supplies of growth in these new vertical areas, in particular in the UK. The telecom industry, utilities, which is even newer than that, and of course the government, the public sector are virtually untapped. We see those as very important vertical markets that we continue to mine for a long, long period of time both with new products, with specialised sales forces and with product innovations designed specifically for some of these industries. Therefore I take your point about perhaps losing a little bit of contact with banking sector, but to be honest with you I think we need to reduce that dependence on the UK banking sector which has not been all that stable for the last couple of years. The longer term strategic aim of the company is to put further

balance in the portfolio around sector diversification and geographic diversification. On the consumer direct business and credit scores, people in general, individuals, have a limitless appetite for knowing information that other people have about them: about my credit, my score, my house my pets, my car. Therefore we have really learnt how to pander to that and how to monetise that natural curiosity that people have about information pertaining to themselves. You politely said you would take the Devil's Advocate position; I see nothing but good news in all those points, so thank you for giving me the opportunity to make it.

### **Charles Wilson, Goldman Sachs**

With the increase in capex growing faster than sales, can you just give us a flavour; is that the start of a trend or is that just a one off, to get the growth of a new product for this year?

### **Paul Brooks**

We have not seen any real increase for the last three or four years in capex. We have been around the same level all the way through the financial crisis; we have kept capex pretty well under control. Therefore we have not seen that much growth during that period. What we have got now are good investment opportunities, which is really why we are seeing this increase of around about 15% into the current year. I mention the investment in the SME infrastructure in Brazil; that is one of the factors. The main other factor in the incremental capex is product development particularly in the Marketing Services areas where we are investing in our main growth areas of Hitwise, QAS and Cheetahmail, all of those really upgrading the product and upgrading the platform particularly with the international expansion that we are doing at the moment. We are also starting the release of a new generation of our Decision Analytics products as well. That commences during the current year. So the step up in investment is very much in product investment.

The other areas tend to be fairly stable. Most of our other capex, about three quarters of it, is either capitalised data spend, or it is technology infrastructure related spend which tends to remain fairly steady year on year.

### **Charles Wilson**

Would you expect it then to stay at a constant as a percentage of sales, going forward?

### **Paul Brooks**

It is always hard to predict because it will depend on the opportunities that arise, but I would say that probably this year is a reasonably high spend year; however, I would not necessarily guarantee it would come down the following year.

### **William Carter, Stephens Little Rock**

I wanted to touch briefly just on the 300 million you are hoping to see from new geographies and new verticals over the next few years. I was wondering if there are



any places that stand out as being more exciting as others, and if you would be willing to quantify any of those opportunities.

**Don Robert**

Chris Callero, you have been driving the growth initiatives this year. Do you want to comment on perhaps the most exciting of those?

**Chris Callero**

Yes, they are all really exciting; they are all big initiative quite frankly. I think in the area of vertical markets and channels, we have great potential where we are relatively underrepresented, including things like SMEs (Small and Medium Enterprises). Telecom would be another one, and product innovation, which Paul just referenced with respect to reinvesting in our platforms across Decision Analytics, across the marketing services businesses: QAS, Cheetahmail, Hitwise and the like. I think those are things that our clients are really looking for as well as ways we can significantly churn things up for them. The last area that I would talk about is on the Consumer Direct side with respect to ProtectMyID.com: there we have product; we have acceleration; we have continuing investment to grow and expand that over time. So I am really hard pressed to say just one – I think you get a good feel from it of the standpoint that I explained.

**William Carter**

I wondered if you'd just back on the Interactive piece on FreeCreditScore.com. If you are seeing similar conversion rates; you mention those were positive, is there any changes in churn there from the old side? You also noted ProtectMyID.com and the huge investment there. I wondered if you could give us any data points to hang our hats on or maybe just talk anecdotally about any success you are seeing there.

**Don Robert**

On FreeCreditScore.com, we are only six weeks into it so we have obviously good numbers and statistics but it would be far too premature to share them. With regard to ProtectMyID we have got now over 100,000 subscribers. We are on right on the business plan; the business plan has been a very measured plan where we could have ramped it up a lot more quickly with heavier advertising and media span, but we have decided to take a more measured pace and to grow a predictable and balanced business. So it is still not exactly what we would call a yield mover in terms of financial impact, but we had planned it this way, in that it probably will not have a measurable impact for maybe another couple of years in terms of being a real growth driver in the business.

**David Hancock, Morgan Stanley**

Just two questions from me please. Firstly could I just ask you to clarify on the guidance for 2011, I think in 2010 in continuing EBIT number, you include FARES, but I think you said FARES would be moved to discontinued. Therefore could you just say the mid single digit EBIT growth – is that from the 996 of EBIT in 2010 which included FARES or the 940 which excluded FARES?

**Paul Brooks**

FARES will be accounted for as discontinued so the mid single digit should be applied to the direct business EBIT from FY10.

**Don Robert**

So the 940.

**Paul Brooks**

Yes.

**David Hancock**

Okay, so the FY10 which excludes FARES.

**Paul Brooks**

Yes.

**David Hancock**

Okay, thanks. And secondly just on the outlook for the UK in 2011, if the US Credit Services and Decision Analytics businesses are expected to return to growth in the second half of the year and the UK is six to nine months behind the US, does it follow that you would not expect to see growth in the US Credit Services and Decision Analytics business even in the second half of this year and it is more likely 2012 before you get back to growth there?

**Don Robert**

No; we do expect to see growth in the North America Credit Services/Decision Analytics in the second half of this year.

**David Hancock**

In North America, but in the UK as well, given that the UK typically lags that business by six to nine months?

**Don Robert**

What we said was the cycles tend to lag by six to nine months, I could even say nine to 12 months in a lot of cases. We do see the business improving in the UK in the second half. I am not sure I would go so far as to say profitable or growing.

**Dave Lewis, JP Morgan, New York**

Paul, could you just provide us an update on the India rollout of the Credit business and the investments you are making?

**Don Robert**

Very timely; Paul was just in India two weeks ago.

**Paul Brooks**

Well you are the expert Don. This position in India is we have been awarded our licence; we are now hard at work getting the bureau up and running and the key thing there is getting the data subscribed from the lenders. We have got something like 30 lenders now who have agreed to subscribe data. The key date for us is that we need to have the bureau up and running by the middle of August, so that is our target date. We would aim to start generating revenue in the second half of this fiscal year. We own 49% of it, we equity account for it, so we do not actually show the revenue in our income statement but we do expect the business to be trading from August.

**Mig Dobry, Robert W Baird, Wisconsin**

First, can you provide some thought on the Financial Reform Bill? As we understood it there has been a potential amendment in there talking about providing a free credit score annually as well as a free credit report. Any thoughts on that and how that that might impact your strategy as you go forward?

**Don Robert**

Yes, there was an amendment that was introduced for a brief period of time by Senator Udall that would have required the credit bureaus to give away a free credit score in addition to a free credit report. That amendment was changed a few days ago and came out of the Senate Committee in a different form. The current form now of that bill or that amendment is that lenders, not credit bureaus, would be required to disclose a credit score to any consumer who was denied credit. There is no telling what the final form of the legislation will look like but if that stays in place we see that as a good thing.

**Mig Dobry**

Could you also comment a bit on pricing versus volume trends in Credit Services in North America and other regions particularly as it applies to the financial services vertical?

**Paul Brooks**

The trend we saw last year in terms of the volume and price trends in the US consumer credit business – essentially we saw both down in the mid-single-digit area, both volume and price. A lot of the pricing impact there was related to the price effect of the big bank mergers, so Chase-WaMu and Wells-Wachovia mergers in particular. So we obviously always have that negative pricing impact when two big banks come together. In the UK very similarly, a mixture between the volume and the price impact, and again the main source of the price impact was the mergers, particularly Lloyds-HBOS and Santander's various acquisitions.

## **Concluding Remarks**

**Don Robert**

There are no more calls in the conference line but can I just say how pleased we are to have our American colleagues from the cell side on the line today. We have got a great sell side following now in the US thanks largely to the work of Peg Smith from our IR team and we are grateful that you have got up so early, or never went to bed I guess, to be with us. As for the rest of you, thanks so much for joining us, we look forward to talking to you in July. Thank you.