

Part III: Business Overview

The following section contains a description of Experian's business. This description should be read in conjunction with Part II: "Risk Factors", Part V: "Operating and Financial Review and Prospects", Part VI: "Financial Information (IFRS)", Part VII: "Financial Information (UK GAAP)" and Part XV: "Glossary" of this document. It should be noted that this section also contains unaudited operating information in relation to Experian's business which has been derived from management accounts for the relevant accounting periods presented and internal financial reporting systems supporting the preparation of the combined financial information. This section includes market share and industry data and forecasts that were obtained by Experian from industry publications and surveys and internal company surveys. For the purposes of this section, Euromonitor, Datamonitor, Frost, IOC Internet, Canaccord Adens, the Direct Marketing Association, the Bank of England, the Office for National Statistics and the Federal Reserve were the primary sources for third party industry data and forecasts.

Overview

Experian is a global leader in providing information solutions to business clients and consumers. It helps organisations to find new customers and develop and manage existing relationships by providing data, decision-making solutions and processing services. It also helps consumers to understand, manage and protect their personal information and to help them make more informed purchase decisions. Experian's vision is that its people, data and technology become a necessary part of every major consumer economy around the world.

At the core of the Business are its comprehensive databases of credit and marketing information on consumers and businesses. These databases, derived from both public and private sources, contain extensive high quality information that not only has historical depth, but also significant breadth across various types of data. The comprehensive portfolio of data maintained and owned by Experian makes it a partner of choice to many clients as it offers a greater breadth of information than any single competitor.

Building on this foundation of data, Experian uses proprietary analytical tools to analyse and interpret the data and to help business clients to turn raw data into critical decisions in a timely and consistent manner. Its tools also help consumers to make more informed financial and purchasing decisions more quickly.

Experian has a very broad distribution network helping both business clients and consumers. It sells to clients in over 60 countries around the world with offices in 29 countries, having opened an office in Poland in August 2006. It also serves clients in many different markets including the financial services, retail, telecommunications, automotive and public sectors. This broad distribution platform for consumer and business client information is unmatched within the global information solutions industry.

Experian is managed on a geographic basis with the three key geographic segments being: the Americas; the UK and Ireland; and Europe, Middle East, Africa and Asia-Pacific ("**EMEA/Asia-Pacific**"). This structure enables Experian to understand the different needs and constraints of each local market to service both domestic and international clients effectively within each region. Its global reach enables Experian to offer its clients the benefit of shared product development and market knowledge, effectively supporting existing clients, frequently large multi-national organisations, as they expand into new countries.

Experian has four principal activities:

- **Credit Services:** Credit Services acquires, processes and manages large and comprehensive databases containing the credit application and repayment histories of consumers and businesses. Proprietary technology is then used to organise and maintain this data. Experian uses proprietary search and match systems and application software to deliver a wide variety of credit reports and reporting services on both consumers and businesses to its clients. This helps Experian's clients to lend profitably to their customers, maximise revenue and minimise risk. Credit Services also operates transaction processing services, mainly in France, which helps banks and other clients with their back office functions. It also includes Experian's real estate information joint venture called FARES and its automotive and insurance databases.
- **Decision Analytics:** Decision Analytics unlocks the value of the Credit Services data and helps clients by applying analytical tools and software to convert data from Experian and from other sources, such as the clients' own customer account information, into business decisions. This assists clients in improving the consistency and quality of business decisions in areas such as credit risk, fraud prevention, customer service, account processing and account management.
- **Marketing Solutions:** Marketing Solutions helps clients to acquire new customers and to manage their relationships with existing customers. It acquires, processes and manages large and comprehensive databases containing geographic, demographic and lifestyle information on consumers. By appending hundreds of characteristics (for example length and type of residence, number of people in the household, estimated income and consumer interests such as leisure, sports and shopping preferences) to the data held in the databases, Marketing Solutions provides clients with information and tools designed to assist them in matching the relevant offer or product to the right customer, using the most appropriate communication channels.
- **Interactive:** Interactive is Experian's Internet marketing business. It has two types of activity: direct-to-consumer and lead generation for businesses. Through Experian Consumer Direct, Experian is the online market leader in providing credit information directly to consumers in the US and UK. It enables consumers to purchase credit reports and monitoring services, helping them to understand, manage and protect their own personal and financial information. The lead generation businesses connect consumers with businesses on the Internet. Experian provides free services to consumers enabling them to make more informed purchase decisions in areas

such as financial services, shopping and education. In turn, Experian sells the leads to business clients such as mortgage companies, retailers and online education providers.

Many of the services supplied by the different lines of business can be sold individually or as bundled products, depending on client requirements, enabling Experian to strengthen client relationships by tailoring solutions to their specific needs. These clients range from individual consumers to locally focused businesses to globally orientated companies.

In 2002, Experian implemented a global strategy for growth to:

- build on the core businesses;
- develop and sell new innovative products; and
- grow through targeted acquisitions.

Since then over one hundred new and upgraded products have been introduced into the market by Experian and Experian has been recognised by both industry bodies and customers as a leader in innovation. For example, it won the Queen's Award for Innovation for its Hunter anti-fraud product in 2006. These new and upgraded products have formed a core part of Experian's organic growth strategy, which has been complemented by acquisitions. The acquisitions made by Experian have not only had a direct impact on the growth of Experian but have also acted as a catalyst to organic growth in complementary areas of Experian.

The Directors believe that Experian is well placed to take advantage of the global growth in the use of consumer credit, the increased use of the Internet and growth in multi-channel marketing. In addition, Experian expects that the increasing demand for its services from new vertical sectors will continue, enabling it to build on its success and expand within these new sectors. Experian also expects to continue to expand its presence in new high growth markets in Asia-Pacific, Eastern Europe and Latin America.

In the year ended 31 March 2006, Experian's revenue and EBIT was US\$3,084 million and US\$727 million respectively (year ended 31 March 2005: US\$2,517 million and US\$567 million respectively) demonstrating significant growth and an improved EBIT margin for direct business for continuing activities of 21.3% compared to 20.0% for the year ended 31 March 2005.

Experian expects to be classified in the ICB Support Services sector of the Official List, if admitted, and the Directors expect Experian to become a constituent member of the FTSE 100 Index.

Key strengths

Experian has a number of key strengths:

High quality data and innovative decision solutions

Experian has:

- more comprehensive, high quality proprietary databases than any single competitor; and
- high quality proprietary analytical skills, tools and solutions that can be used to convert data into critical decisions across different vertical sectors and geographic regions, serving the needs of consumers and businesses.

Global and diversified distribution

Experian has:

- a broad distribution network, providing its services to thousands of clients across a number of sectors in many countries and through various channels; and
- the ability to cross-sell between its core offerings.

Successful execution of a clear global strategy

Experian:

- is a leader in innovative solutions for clients;
- has strong client relationships and is focused on remaining a partner of choice;
- has a disciplined acquisition strategy; and
- has an experienced global management team.

Positioned for growth

The Directors believe that Experian is well placed to benefit from:

- the global growth in consumer credit, the increase in Internet use by consumers and businesses and the growth in multi-channel marketing;
- the increase in demand for its services from new vertical sectors; and
- the growth in emerging geographic markets.

Proven financial performance

Experian has:

- delivered strong revenue and profit growth; and
- been highly cash generative.

High quality data and innovative decision solutions

More comprehensive, high quality proprietary databases than any single competitor

Experian maintains more detailed information about consumers than any single competitor in the information solutions industry and has long established expertise in managing and adding value to very large consumer and commercial databases. It operates 12 consumer credit bureaux and six business credit bureaux around the world, maintaining information on approximately 300 million consumers and 30 million businesses globally. In addition, it compiles and manages data on the histories of 600 million vehicles in the US and the UK, on 30 million insurance policies in the UK, on the catalogue purchasing habits of 110 million households in the US and consumer marketing information in respect of 130 million households globally.

The extensive depth and breadth of Experian's databases combined with Experian's skills in managing data and the investment made by it in technology, means that its databases cannot easily be replicated by new competitors in the market. The comprehensive portfolio of data maintained and owned by Experian makes it a partner of choice to many clients due to the greater breadth of information it can provide compared to any single competitor.

High quality analytical skills, tools and solutions that can be used to convert data into critical decisions across different vertical sectors and geographic regions, serving the needs of consumers and businesses

Experian possesses proprietary analytical tools, software and systems that it applies to its broad portfolio of data and to its clients' data, unlocking the value of that information and allowing clients to make critical decisions in a timely and consistent manner. It offers clients a wide range of innovative tools, particularly in the credit and marketing areas. These tools allow Experian to analyse databases to address the diverse and changing needs of a wide range of business organisations and consumers and can be successfully used across multiple geographies and sectors.

These solutions are key to Experian's clients as they enhance the value of data and assist them in making critical decisions. They are also key to Experian. Firstly, Experian's proprietary analytical tools and software are typically implemented within the clients' systems and become part of the clients' business processes. As a result, contracts for these solutions are often for several years. Secondly, Experian's decision solutions utilise a variety of data sources depending on the needs of the client and can often stimulate sales of Experian data. Thirdly, Experian's analytical tools and software are portable around the world and are often used by Experian as an entry point into new countries as they can be offered to clients for use on the client databases in countries where Experian is not otherwise present.

Global and diversified distribution

Broad distribution

Experian has a very broad distribution network, selling its services to both business clients and consumers across many vertical sectors and geographies via multiple channels of communication. This mix means that it is not overly dependent on any one geographic market, economy, client or sector.

Experian has a diverse client base that ranges from individual consumers to locally focused businesses to globally orientated companies. It has over 100,000 business clients and has a low reliance on any single client, with no one client accounting for more than 3% of Experian's annual total revenue. Experian's top 10 clients accounted for 22% of its total revenue for the year ended 31 March 2006, the next 40 clients for 21% and the remainder for 57%.

The financial services industry remains a core market for Experian, generating about 55% of total revenue for the year ended 31 March 2006. However, Experian has a diversified sector mix, with a presence already in areas such as retail and catalogue (approximately 11% of total revenue for the year ended 31 March 2006) and is starting to take advantage of growth opportunities in other sectors, such as automotive (approximately 3% of total revenue for the year ended 31 March 2006), direct-to-consumer (approximately 12% of total revenue for the year ended 31 March 2006), publishing and media (approximately 3% of total revenue for the year ended 31 March 2006), telecom, utility and insurance (approximately 7% of total revenue for the year ended 31 March 2006) and public (approximately 3% of total revenue for the year ended 31 March 2006).

Experian has offices in 29 countries and clients in more than 60 countries, giving it the ability to offer to both domestic and multi-national clients a global breadth of solutions unmatched by any of its competitors. 42% of its total revenue for the year ended 31 March 2006 was outside the Americas—a significantly higher proportion than any of its major competitors. Experian has a demonstrable track record of assisting multi-national organisations in their global ambitions, due to its wide breadth of products (in data and decisions), its sector diversification and its wide geographic reach.

Significant cross-selling opportunities

Each of Experian's four principal activities creates its own revenue streams. However, one of Experian's core strengths is its ability to sell products from one or more of these activities to existing clients.

The Directors believe that Experian offers its clients a wider variety of bundled solutions than its competitors. The Directors believe that Experian can provide clients with a broader, more sophisticated decision-making framework than its competitors, thereby further deepening and improving Experian's relationships with its clients.

Successful execution of a clear global strategy

A leader in innovation

Innovation is key to Experian's business as it enables it to provide better solutions to clients, consequently strengthening its existing customer relationships and helping it to acquire new clients across multiple sectors and geographies.

Through the in-house development of market leading proprietary technology Experian consistently meets the changing demands for new products and services which arise from entry into new vertical sectors and geographies, from new regulatory requirements and from evolving cultural demands. Experian has a good track record of generating revenue from new products and is committed to continual investment in innovation to refresh its product portfolio on an ongoing basis.

Strong client relationships

Experian sells products and services to over 100,000 clients in over 60 countries through the efforts of over 1,000 sales people worldwide. Sales and customer service support are tiered to meet the needs of clients ranging in size from small local credit grantors and marketers, to regional and national organisations, to multi-national clients. Experian's sales force is skilled at anticipating and responding to its target clients' needs and offering suitable solutions.

To address the evolving business needs of its largest multi-national financial services clients, Experian has established a Global Strategic Accounts programme to manage relationships with clients such as GE, HSBC, American Express, Capital One, Citigroup, Ford, Bank of America and Morgan Stanley/Discover. For each global strategic account, Experian assigns a cross-business unit team of sales, technical consultants and customer support personnel from each geographic region where the client and Experian operate. This team works with the client's senior management to establish a business development strategy and prioritise opportunities within the account. As a result of the close working relationships with each of the global strategic accounts, Experian gains deep insight into clients' current and future business needs and becomes a partner of choice for many new business initiatives.

Disciplined acquisition strategy

In addition to focusing on driving organic growth, Experian has a disciplined acquisition strategy which it has developed and implemented successfully over time. Acquisitions must be strategically aligned with Experian, bringing complementary new data or technology, taking Experian into new sectors or geographic regions, or providing an avenue into new growth markets. They must also be capable of delivering at least 10% post-tax return on investment over time.

Many of the acquisitions made to date by Experian have been small. Acquisitions have enabled Experian to capitalise on market opportunities more quickly and effectively than it could have done organically, and are often seen as an alternative to the revenue and capital investment needed for organic product development. Acquisitions have often also acted as a catalyst to organic growth in Experian's existing businesses. Finally, Experian has accelerated growth in newly acquired businesses that they could not have achieved as standalone entities, by giving them access to Experian's already broad matrix of clients, data, products and geographic regions.

Recent examples of Experian's acquisition activity include ClarityBlue (a database marketing solutions business) which enhances Marketing Solutions' ability to build bespoke marketing databases for its clients; Baker Hill (a software company enabling lending to small businesses) which expands the decision tool capabilities of Business Information; CheetahMail, providing technology to help clients use email to communicate with their customers; and FootFall (in the retail and property sectors), which widens the services provided by Marketing Solutions.

Where appropriate, Experian has also made large strategic acquisitions, most recently to build scale in Interactive. These include PriceGrabber.com and LowerMyBills.com, both in Interactive. Key to the strategic fit of these large acquisitions is their ability to leverage Experian data and decision analytics capabilities to enhance further the performance of the acquired businesses. They also capitalise on the overlap in the client base between principal activities (PriceGrabber.com selling to Experian's existing retail clients; LowerMyBills.com selling to mortgage lenders and other financial services providers). Finally, where there is overlap between the client base of acquired businesses and that of Experian, each of these acquired businesses further extends the range of products Experian provides to its existing client base and, as a result, further strengthens the relationship between Experian and its clients.

Experian continually reviews the performance of all the businesses within its portfolio, sometimes withdrawing from low growth or low return markets. Since 31 March 2006, Experian has announced its withdrawal from two markets which have become increasingly unattractive: incentive marketing websites in the US (through MetaReward) and large scale account processing in the UK. Experian has also previously discontinued a small number of non-core activities including call centre activities in the UK and France and the print and mail businesses in the US and the UK.

Experienced global management team

Experian has an experienced global management team who have together successfully led Experian through a period of double-digit growth and expansion. This team has demonstrated an ability to deliver results and has positioned Experian for sustainable growth in the future.

Positioned for growth

Global growth in consumer credit, the increase in Internet use by consumers and businesses and the growth in multi-channel marketing

The global growth in consumer credit, the increase in Internet usage by consumers and businesses and the growth in multi-channel marketing are driving an increased demand for Experian's products and services.

The consumer credit industry is expanding through greater use of credit cards and other consumer borrowing such as secured and unsecured debt. This leads to increased global demand for consumer credit information which helps control credit risk and which enables greater access to affordable credit. This growth not only increases the volume of data that companies need to access and manage, but also stimulates demand for Experian's analytical tools that help clients to make faster, better informed decisions in areas such as who to lend to and how much to lend. Increased credit usage also increases fraud risks, and as a result there is higher demand for Decision Analytics' fraud prevention services.

Consumers are increasingly using the Internet to search for products and services, and advertisers are switching more of their marketing costs to the Internet as it is a more responsive and effective marketing channel. Through the lead generation activity of Interactive, Experian is connecting these consumers to the appropriate businesses. This enables consumers to make better informed purchasing decisions and provides businesses with new leads for ready-to-buy customers.

Companies are also using more methods of communicating with customers, moving away from traditional routes such as broadcast and print media and direct mail and towards a combination of channels including email, Internet, SMS and interactive television. Marketing Solutions helps clients to target the right customers with the most relevant messages and identify the most effective channels to use to reach effectively new and existing customers.

The Directors believe that Experian is well positioned to benefit from each of these growth opportunities.

Increase in demand from new vertical sectors

Experian has progressively diversified from its historic focus on the financial services, retail and catalogue sectors and now also provides services to the telecommunications, automotive and public sectors, among others. Using core skills that it has developed in providing credit and marketing services to the financial services sector, Experian has a proven ability to enter new vertical sectors successfully where there is growing demand for its solutions and products. Experian's current products are often easily adapted to provide tailored solutions to clients in those sectors. In the UK, for example, Experian is applying skills developed in the financial services sector to support clients in the public sector. This includes working to reduce fraudulent benefit claims and forecasting economic and demographic trends for local and national government.

Growth in emerging geographic markets

Experian has well established operations in many countries, especially the US and UK. In other regions such as Eastern Europe and Asia-Pacific, it has only a small presence. Over time, Experian would expect to see these regions increase in importance reflecting their rapid economic growth. Companies and clients will increasingly want the services Experian offers as they expand their presence in these markets to take advantage of growing GDP, increasing usage of consumer credit and the Internet, for example. Experian works with domestic clients in these emerging markets as well as supporting the global expansion of its multi-national clients.

Experian's scalable business model and its ability to adapt the model to meet the diverse needs of clients in different geographies have allowed it successfully to penetrate new geographic markets. Today, Experian operates successfully in more countries than any of its competitors.

Proven financial performance

Experian's revenue increased by US\$567 million to US\$3,084 million for the year ended 31 March 2006 as compared to US\$2,517 million for the year ended 31 March 2005. In the year ended 31 March 2006, revenue grew 27% for continuing business at constant exchange rates. Of this, organic growth of 10% has been supplemented by growth from acquisitions of 17%. EBIT margin for direct business for continuing activities increased from 20.0% in 2005 to 21.3% over the same period.

Historically Experian has been highly cash generative and its strong cash conversion capabilities have helped it to part fund a significant acquisition programme. Experian has consistently delivered on its financial targets and clear internal management goals are in place to continue to improve the return on capital.

Experian's growth strategy

Experian's strategy is to create lasting shareholder value by continuing to deliver profitable growth through a focused and disciplined approach to managing all aspects of the business. Experian intends to achieve long-term, sustainable growth through five key areas:

- deepening client relationships;

- product innovation;
- expansion into new vertical sectors;
- geographic expansion; and
- acquiring complementary businesses.

Deepening client relationships

Experian has strong relationships with many of its existing clients, some of which have been in place for over 25 years. The maintenance and further development and deepening of these client relationships is seen by the Directors as being of fundamental importance to the future growth of Experian. Experian is able to offer clients services and solutions from across all four principal activities and in a wide variety of geographic regions. Experian is able to do this by cross-selling new and existing products to its core client base.

As an example of this, Experian recently announced a multi-year, multi-million dollar contract with a major worldwide client, HSBC, which will use Experian's Decision Analytics to support lending decisions around the world. In the US, Limited Brands, a top ten speciality retailer, recently extended its relationship with Experian, awarding it a multi-year, multi-million dollar contract for a database across all sales channels.

Product innovation

Experian is committed to developing new and updating existing products in line with its clients' demands, evolving consumer trends, increasing regulation and differing product demands from new markets. This commitment to working proactively towards better and more innovative technology has led to what the Directors believe to be best in class products and solutions in the information solutions industry.

The breadth of the product portfolio enables innovative bundling of solutions and the continued evolution of products allows Experian to create more tailored solutions to meet clients' requirements and expectations, often setting new benchmarks for the industry in the process.

The Directors believe that the breadth and depth of Experian's client relationships and its diversification across sectors and geographies will enable it to continue to anticipate changes in client requirements and to develop appropriate innovative products, further deepening client relationships and delivering growth to Experian.

Expansion into new vertical sectors

Experian has developed core skills and assets in serving the financial services, retail and catalogue sectors that it has successfully applied to other vertical sectors, such as telecommunications. It intends to continue to employ these further in areas such as the public, healthcare and automotive sectors. For example, through its QAS product, Experian recently supported a large US-based hospital in improving bad debt recovery by 50% by improving the accuracy of patient name and address data.

The expansion into new vertical sectors will continue to diversify Experian's client base and the Directors believe it will improve its products and market knowledge across new sectors.

Geographic expansion

Experian's scalable business model is key to its successful penetration of new geographic markets and Experian plans to build on its existing matrix of products and clients to penetrate emerging markets successfully.

Experian is expanding around the world as a result of its own drive for expansion, due to its strategy of working with domestic clients in emerging markets, and as a result of the globalisation of its multi-national clients. As clients such as HSBC and American Express have moved into new geographic markets, Experian has expanded with them and has supported them with a wide variety of services adapted to meet their specific needs.

The success of Experian's geographic expansion to date has been attributed, in part, to an ability to adjust its business model to the specific needs and opportunities of any given country. Generally in new markets, Experian hires local management and staff, supported by experienced regional teams, to ensure an understanding of local market business needs.

Experian will often enter a new country by offering Decision Analytics products. These products require minimal investment up front to be adapted for the new geographic market and they can be utilised on client internal data and thus begin to earn profitable revenue stream early in the start-up cycle in that market. Through its successful efforts in selling and implementing Decision Analytics products, Experian aims to establish strong relationships with its clients, providing a base for expansion of other services in the market. For example, in Spain, Experian first entered the market in 1993 with the launch of MOSAIC consumer segmentation and in 1994 with its scoring products and over time has established a number of other services there including a credit bureau in 1998, Marketing Solutions in 2002 and anti-fraud and anti-money laundering products in 2005.

Experian is currently focusing on further expansion in Asia-Pacific, Eastern Europe and Latin America. For example, in Asia-Pacific, Experian's regional headquarters in Hong Kong supports both the strategic development team that is already in place and the country and business line structures which are currently being developed, whilst providing the link into the rest of the Experian global infrastructure and strategy. For example, Experian has won JCB and

Nicos as clients in Japan and Bank of Siam as a client in Thailand. In Eastern Europe, Experian is continuing to use Decision Analytics to gain entry or strengthen its position into new markets such as Russia and Poland. Experian is introducing global application fraud detection solutions in the region, for example its Hunter product. In Latin America, there are already strong Decision Analytics teams in place in Brazil and Argentina, with business development and growth initiatives having begun in the second half of the year ended 31 March 2006.

Acquiring complementary businesses

As well as driving organic growth, acquisitions are an integral part of Experian's growth strategy across all four principal activities. For the years ended 31 March 2006, 2005 and 2004 Experian completed 62 acquisitions, including 24 affiliates and businesses such as LowerMyBills.com, PriceGrabber.com, ClarityBlue, Baker Hill, QAS, FootFall and CheetahMail at a cost of over US\$2 billion.

Experian plans to build on its successful acquisition track record by identifying and acquiring new businesses in each of its four principal activities that assist it in fulfilling its strategic objectives of expanding into new sectors and geographic markets and continuing its innovative product development. These factors in turn will enable Experian to deepen its client relationships by expanding its product range further to support clients in successfully managing and growing their businesses.

The key to Experian's successful acquisition activity is its consistent application of rigorous acquisition criteria which focuses on seeking acquisitions that are complementary to the existing businesses. Experian's acquisition process is well defined and includes investment appraisal, pre-acquisition due diligence, approvals, post-acquisition integration (where appropriate) and post-investment review.

History of Experian

Experian traces its origins to CCN, an information services division set up by GUS in 1980 to support the GUS Home Shopping and consumer lending businesses in the UK. CCN developed the systems, decision analytics and databases needed to support a full range of lending. It later became the leading credit bureau and decision analytics business in the UK. Between 1980 and 1996, CCN expanded into adjacent business lines in the UK including account processing, direct marketing, insurance information services, business information and micromarketing. The breadth of services provided by CCN also meant that major lenders, like the US credit card issuers who moved into the UK market in the mid-1990s, could rely on CCN as a single source provider of many major services needed to launch successfully and develop a credit card programme in the UK.

CCN's first expansion into the US occurred in 1986 with the acquisition of Management Decision Systems (MDS), a leading provider of decision analytics to the financial services industry. The acquisition of MDS added scale, a highly skilled workforce, additional products and geographic reach to the core CCN Decision Analytics business, and included expansion into Canada and Australia.

In 1996, GUS further expanded its US market position with the acquisition of the former TRW credit, decision analytics, direct marketing and real estate information businesses. It then went on to acquire the direct marketing companies Direct Marketing Technologies (Directech, 1997) and Metromail Corporation (1998) in the US. The combination of these businesses created Experian as a leading global provider of consumer information and decision analytics.

Since 2002, Experian has expanded through both organic development and strategic acquisitions. These included the acquisition in 2002 of ConsumerInfo.com (strengthening the presence in direct-to-consumer and forming the foundation of Interactive). In 2003, it acquired the outstanding stake in Scorex, a global decision analytics company, to accelerate developments there. In 2003 the credit bureaux in Norway and Denmark were acquired to expand Credit Services geographically. In 2005, Experian acquired LowerMyBills.com and PriceGrabber.com to strengthen Interactive. In 2006, Experian acquired ClarityBlue to complement the database management skills of Marketing Solutions.

Experian and its businesses

Experian is managed on a geographic basis with the three geographic segments being: the Americas; the UK and Ireland; and EMEA/Asia-Pacific. It has four principal activities: Credit Services; Decision Analytics; Marketing Solutions; and Interactive.

Geographic regions

The Americas

The Americas represents Experian's largest geographic segment by revenue contributing 58%, 53% and 55% of total revenue in the years ended 31 March 2006, 2005 and 2004 respectively.

For the year ended 31 March 2006, the Americas contributed US\$1,804 million or 58% of total revenue. This was split between the four principal activities as follows: 43% from Credit Services, 3% from Decision Analytics, 20% from Marketing Solutions and 34% from Interactive.

In the Americas, Consumer Credit (a part of Credit Services as described below) is the largest and most mature activity. The Directors believe that the greatest growth opportunities in the Americas will be for Interactive (driven by the growth of Internet use) and for Decision Analytics growing from a small base but using proven global products.

For the year ended 31 March 2006, Experian in the Americas employed an average of approximately 4,900 people.

UK and Ireland

For the year ended 31 March 2006, the UK and Ireland business contributed US\$758 million or 25% of total revenue. This was split between the four principal activities as follows: 43% from Credit Services, 25% from Decision Analytics, 31% from Marketing Solutions and 1% from Interactive.

This reflects the historic core activities of the UK and Ireland business in Decision Analytics and the leading position enjoyed in Credit Services. The Directors expect Interactive to increase in importance over time.

For the year ended 31 March 2006, Experian in the UK and Ireland employed an average of approximately 3,600 people.

EMEA/Asia-Pacific

For the year ended 31 March 2006, the EMEA/Asia-Pacific business contributed US\$522 million or 17% of total revenue. This was split between three of the four principal activities as follows: 79% from Credit Services, 14% from Decision Analytics and 7% from Marketing Solutions.

In the short-term, organic growth prospects are expected to be strongest in Credit Services and Decision Analytics. Experian will continue to lead with Decision Analytic products in emerging markets. Interactive does not currently operate in EMEA/Asia-Pacific.

For the year ended 31 March 2006, Experian in EMEA/Asia-Pacific employed an average of approximately 3,400 people.

Principal activities

Credit Services

Credit Services represents the historical core of Experian and includes Consumer Credit, Business Information and transaction processing services. Experian's FARES joint venture and Experian's automotive and insurance databases are also included within Credit Services.

The global increase in demand for consumer and business credit information presents a good growth opportunity for Experian. Allied to the stable growth prospects within its existing developed markets, further growth opportunities exist in emerging geographic markets.

Key clients include banks, mortgage providers, retail card providers, credit card providers and telecoms operators. For the year ended 31 March 2006, Credit Services produced revenue of US\$1,504 million representing 49% of total revenue.

There are several main activities within Credit Services, of which Consumer Credit is by far the largest contributing over 50% of the total revenue of Credit Services for the year ended 31 March 2006.

(i) Consumer Credit

Experian's goal as a consumer credit reporting agency is to help lenders make better informed lending decisions and to make it quicker and easier for consumers to obtain finance. When a consumer applies for credit, lenders usually contact a credit reporting agency for a consumer credit reference check to confirm the consumer's identity and creditworthiness. Lenders use credit information to manage the risks associated with lending money to consumers including determining whether to offer loans, setting credit limits and interest rates and in the management of existing accounts, for example using the credit information to assess accounts in default.

Over the past four decades, Experian has developed core expertise in acquiring, processing, managing and operating very large and comprehensive databases that are the foundation of its consumer credit business. Experian operates 12 consumer credit bureaux across the world maintaining information on approximately 300 million consumers. For example, in the US, Experian's consumer credit bureau maintains very detailed and current histories on how over 215 million adult consumers have paid both past and current credit obligations. The US consumer credit database is ranked by industry analysts as one of the largest databases in the world and includes over 10 billion lines of data. In addition, Experian owns and operates consumer credit bureaux in 11 other countries other than the United States and maintains consumer credit histories in total on about 86 million consumers in the UK, Spain, Italy, Norway, Denmark, Netherlands, Ireland, South Africa, Bulgaria, Russia, and Romania. Experian also licenses proprietary credit bureaux software to organisations in Turkey, Kuwait, Saudi Arabia and Pakistan for the development and operation of independently owned credit bureaux.

Experian uses its proprietary technology to assemble, organise, maintain and update vast amounts of detailed information, some of which is publicly available and some of which is submitted by clients. Clients share data with Experian on the basis that it is a trusted third party and they benefit from having a more complete picture of consumers' credit status than if they relied solely on their own data. Every month, Experian receives accounts receivable data from over 10,000 lenders and other data furnishers at no cost and processes over 1 billion update transactions against its consumer credit databases. This ensures that the information reflects a current picture of credit payment activity on each account on a consumer's individual credit file. On an average day, Experian processes about 2 million credit reference enquiries and the information from the consumer credit database is then formatted into credit reports and sold to those companies who are permitted to receive and use such data depending on the local regulatory, contractual and commercial framework.

Credit information ranges from basic credit reports to pre-screen services, which pre-qualify consumers for specific credit marketing offers. In addition Experian offers value-added credit reporting services such as trigger alerts which enable financial services companies to monitor different types of activity on consumer accounts. Trigger products provide lenders with daily notifications of changes in a consumer's credit behaviour such as a new delinquency or public record information added to a consumer's file. Triggers enable a lender to take more timely and effective actions to better manage credit risk and retain profitable accounts.

Experian sells its consumer credit services to thousands of clients around the world, including banks, credit card issuers, retail store card issuers, finance companies, credit unions, telecommunications providers, mortgage companies, apartment rental companies, public administration bodies and other organisations which have a legitimate business purpose for accessing credit information. Experian typically has long standing relationships with its clients in this division based on annual rolling contracts, often with direct relationships with several divisions and subsidiaries of the client. Transaction fees are based on volume or usage. Experian's key clients for these services include HSBC, Citigroup, American Express, HBOS, Ford, Barclaycard, and Capital One.

Consumer Credit market overview

The credit reporting industry is affected by general economic cycles and movements in interest rates which impact consumers' demand for credit. However, there is an element of counter cyclicity in the services offered by Experian. For example, rising interest rates may reduce the amount of new credit being granted, particularly in the mortgage market. On the other hand, rising interest rates encourage financial services clients to monitor existing accounts more closely in order to identify potential bad debts and to spend more effort on retaining existing clients rather than acquiring new clients. Equally, high levels of competition between financial service companies for new clients also increases the demand for consumer credit services regardless of the overall level of borrowing of the consumer.

In established markets such as the US and the UK, Experian expects steady growth in consumer credit services to be driven largely by consumer demand for new credit products, churn in customer relationships, continued promotion by card issuers seeking new credit customers and expanded use of credit information into new vertical sectors such as telecommunications and utilities. Clients will also use Experian's services in new areas of their organisation, for instance using credit reports in customer service operations to help clients decide whether to increase or reduce their customers' credit limits.

In many other markets such as parts of Eastern Europe and Asia-Pacific, the use of consumer credit is currently very limited but is expected to grow strongly in the medium term partly driven by an increase in the size of the creditworthy population. Credit reporting services are a key part of the infrastructure required in these economies to support the expansion of consumer credit, and Experian is actively engaged with regulators and clients about the development of credit bureaux in these markets.

The collection, storage and use of consumer credit information is heavily regulated, with the regulations varying widely among countries. Experian has developed a core competence in managing regulated businesses and is able to adjust its business model to accommodate new legislation and regulations. Experian management is also proactively engaged with regulators and legislators to provide input and thought leadership regarding the potential impact of any new regulations on the business, the economy and consumer interests. For further information on the regulatory environment please see "Regulation" below.

(ii) Business Information

Experian owns six business credit bureaux across the world, maintaining information on about 30 million businesses, typically small to medium enterprises. Experian helps clients by providing them with industry leading data to assist them in making credit and, to a lesser extent, marketing decisions. Experian owns and operates business credit bureaux in the US, UK, Italy, Denmark, Norway and Ireland, and hosts databases for third parties in France.

As the success of small to medium enterprises is often dependent on the financial stability of the owner or directors, where permitted by regulation, Experian uses its ability to combine data on small companies with information about the business owner (from its consumer credit databases) to provide clients with a complete picture of the financial status and creditworthiness of a business.

A business information report contains publicly available information on a company captured from sources such as the Companies House in the UK or public record filings in the US. This public data is then combined with bank and trade credit information, tax liens, county court judgements and bankruptcy data and sources such as Yell Data in the UK that provide specifics about trading addresses, telephone numbers, number of employees, ownership information and other similar details. A business information report can include varying levels of detail and can include payment behaviour information on the business and a commercial credit risk score. Business information reports are accessed by banks, commercial leasing companies, commercial credit card issuers, property companies, trade creditors, and other organisations with a need for specific information about the financial stability and payment performance of a company.

Experian has been successfully gaining market share in Business Information as it has focused on developing its databases and core product offering with particular emphasis on information about small to medium sized businesses. The Directors believe that Experian's acquisition of Baker Hill, which provides software products to banks for processing commercial loans, makes it well positioned to gain further market share. The combination of

Baker Hill software embedded within its clients' systems and information and decision-making tools provided by Business Information enable banks to improve the quality of commercial loan decisions and reduce their costs of operations.

Business Information's contractual relationships with clients to provide information and decision-making tools are typically annual rolling contracts. Fees are generally volume-based. Baker Hill software contracts are often offered under a subscription based pricing model and can bundle in other Business Information products. Its key clients include Euler Hermes, Royal Mail, AIG, Office Depot, Federal Express, Dell and Bank of America.

Business Information market overview

Experian has chosen to specialise in providing information about small to medium sized businesses, a large and fast growing segment of the economy. For example, in the US, there are an estimated 24 million small businesses, and about 75% of these have no employees other than the business owner. Small business owners tend to use a combination of personal and business financing sources to fund their business. Experian's approach to this market is, where permissible, to combine business information with personal credit information about the business owner to provide a complete picture of the financial status of a small to mid-sized business. The market tends to be affected by similar drivers to the Consumer Credit market.

Information about small to medium sized businesses is difficult to acquire and collate and, as a result, the industry tends to be highly fragmented and specialised.

(iii) Transaction Processing

In France Experian offers a comprehensive range of outsourced transaction processing services to manage different methods of payment. The Transaction Processing business offers specialist back office, cheque and debit account processing and business process outsourcing services to clients in the French financial services sector, including all six major French banks and has therefore created client relationships for Experian in that market. Experian is a leader in cheque and debit processing and processes an average of 1.3 billion cheques and 125 million remittances annually. In addition, Transaction Processing includes management of over 5 million debit card holder relationships and processing of over 550 million debit card transactions annually.

Transaction Processing also helps organisations migrate from paper-based processes to electronic procedures. For example, Experian has developed, operates, and manages on behalf of the French Association of Chartered Accountants, a web portal dedicated to the electronic transmission of social, value-added tax returns and corporate tax returns. Another example of business process outsourcing is the development, operation and management of the subscription programme for student cards for the transportation system in Paris. In Germany, Transaction Processing services include the development and management of loyalty card programmes.

(iv) Automotive Services

In the US and the UK, Experian compiles and maintains databases of histories of over 600 million motor vehicles to assist consumers, automobile dealers and lenders to understand the provenance of used vehicles. Information is collected from public records and other private sources. Automotive Services' key clients include Ford, eBay Motor, Yahoo Autos, Toyota, General Motors, Honda, Mazda and Pendragon.

(v) Insurance Services

In the UK, Experian compiles extensive information about insurance coverage, policies, claims, as well as other data such as perils information to assist the insurance industry in managing policy risk. For example, its database of claims made allows insurance companies to check on the history of new applicants. Insurance coverage information is also used by the UK police force to determine current insurance coverage for accidents and other traffic incidents. Insurance Services' key clients include Motor Insurer Information Centre, Admiral, Norwich Union and Royal & Sun Alliance.

(vi) FARES

In 1997, Experian formed a joint venture with First American Corporation called First American Real Estate Services, or FARES, into which it contributed its US property database businesses. Experian owns a 20% interest in FARES and First American Corporation owns 80%. FARES aims to offer a "one-stop shop" for information required on property transactions in the US. It provides a broad range of services to mortgage lenders including mortgage credit information, flood insurance, property valuations, mortgage document preparation and tax monitoring.

Decision Analytics

Decision Analytics unlocks the value of Experian's vast Credit Services data assets and/or other data sources by applying analytical tools, scoring, software and systems to convert data into valuable business decisions. Decision Analytics offers two key services: Credit Analytics and Decision Support Software; and Fraud Solutions.

Decision Analytics' products are often used as the key method of entry into new geographic markets. There is significant market growth opportunity for the business because of its potential for global reach and due to its position at the forefront of product development and innovation. This opportunity is enhanced by the ability to combine the products with Experian data.

Decision Analytics operates in all three of Experian's geographic segments with its largest percentage of revenue and profits being generated from the UK and Ireland. For the year ended 31 March 2006, Decision Analytics produced revenue of US\$325 million representing 11% of total revenue.

(i) Credit Analytics and Decision Support Software

Experian has developed a global expertise in statistical analysis and scorecard development to enable clients to make consistent, high-quality and efficient decisions in respect of consumer credit risk, credit marketing and account management.

Credit Analytics and Decision Support Software offers clients complex statistical analytical tools to predict likely customer behaviour and reactions. Services include: application scoring (which can be used at the time of opening an account to predict the probability of the account falling into arrears in the future); behavioural scoring (which can be used throughout the customer relationship to assess performance and reassess a customer's suitability for additional products, based on their previous account activity payment history and credit behaviour); and marketing response scores (which can be used to predict the likelihood of a response to a new offer of credit). Experian also offers bespoke decision support software to enable clients to process applications more efficiently and to implement, manage and optimise customer strategies.

Scoring enables lenders to make consistent high quality decisions quickly and efficiently. Statistical analysis of data is used to define the characteristics of a credit report that are most predictive of a consumer's future behaviour. Each characteristic is assigned points reflecting its importance and whether it is positive or negative. The points for all the characteristics result in a score which can be judged against a pre-set range determined by the client.

Decision Support Software enables clients to assess rapidly and reliably the risk of lending to individual customers. Experian's proprietary decision support software, Strategy Management, is in its third-generation of product release and is currently licensed and installed in more than 600 client organisations around the world. It has become an operational standard for many global financial services organisations.

Due to the highly sophisticated and proprietary nature of many of its software solutions, the majority of Experian's Decision Analytics clients pay an annual licence fee. Pricing for scores generated by Experian are usually priced on a transaction fee basis. Experian's key clients for these services include HSBC, ABN AMRO, Orange, Vodafone, Barclaycard, Kookmin and JCB.

(ii) Fraud Solutions

Decision Analytics offers a range of tools, which are used by hundreds of the world's leading financial and telecommunications organisations services firms as well as retail and catalogue organisations to detect and prevent the occurrence of fraud. Fraud solutions are used to detect identity theft and application fraud: at the point of application for credit; during e-commerce transactions on the Internet; at the time of customer service requests, such as change of address processing and requests for a credit limit increase; and while processing transactions against debit, cheque and credit accounts.

A key product within this business is Hunter which is a sophisticated software solution that identifies fraudulent new accounts or claim applications throughout the financial services, telecommunications, retail and insurance sectors. It automatically checks new applications and claims against themselves, against previous applications and claims, suspect information and known fraudulent data. The latest version, Hunter II provides online functionality and uses artificial intelligence technologies to rank and prioritise matches according to their potential for being fraudulent.

Fraud Solutions' products also include: anti-money laundering software (which enables financial institutions to track, detect, manage, investigate and report suspicious activity); authentication services (which provide the information needed to verify instantly customer identity and prevent fraud for secure transactions online and at call centres); credit card verification (to check that a customer is using a valid, authorised credit card); Detect (a real time fraud detection system that compares application details with a range of data sources to identify anomalies); and the National Fraud Database (which is a shared database of known cases of fraud in the US which is used to highlight fraud patterns and define and identify fraud attributes).

The revenue model for Fraud Solutions varies depending on the product: for embedded products such as Hunter, a licence fee is charged; for other products such as authentication services, a transaction based fee is charged. Experian's key clients for these services include GE, Dell, Lloyds TSB, Citibank and Banco Santander.

Decision Analytics market overview

The global market for Decision Analytics is large, fast growing and highly fragmented. In today's information age, there is an abundance of detailed information available to businesses from multiple sources. This volume of data requires increasingly sophisticated tools to turn the raw data into information that can be used efficiently and effectively to drive critical business decisions. Experian's services help clients address this issue.

In addition, fraud is a growing global problem that impacts consumers and organisations of all sizes. The market for fraud detection and prevention tools, although difficult to quantify, is increasing in response to increases in online and cardholder-not-present fraud, identity-theft fraud, anti-money laundering regulation and credit card transaction fraud.

Marketing Solutions

Marketing Solutions helps clients to acquire new customers and to manage their relationships with existing customers across multiple channels. It acquires, processes and manages large and comprehensive databases containing geographic, demographic lifestyle and attitudinal information on consumers. By appending hundreds of characteristics (for example length and type of residence, number of people in the household, estimated income and consumer interests such as leisure, sports, and shopping preferences) to the data held in the databases, Marketing Solutions provides clients with information and tools designed to assist them in matching the relevant offer or product to the right customer. Marketing Solutions also assists clients in planning and executing communication campaigns through a variety of media channels, ranging from direct media such as mail, email, SMS, Internet and telephone to mass media such as newspaper and television advertising.

Marketing Solutions owns and operates very large databases in the US and UK and has a growing market position in continental Europe, particularly in Italy and the Netherlands. These databases include data from public sources and data purchased from third parties. For example, they cover the catalogue purchasing habits of approximately 110 million households in the US, include self-reported data on over 14 million consumers in the UK and consumer marketing information on approximately 130 million households globally.

Experian then offers clients tools such as list processing and data management which help them to use the data more effectively.

Finally, Experian offers its clients sophisticated analytical tools and software which are designed to help them to make better marketing decisions. These include statistical modelling to predict who is most likely to respond to a given offer and which channel to communicate through.

Marketing Solutions operates in all three of Experian's geographic segments. For the year ended 31 March 2006, Marketing Solutions produced revenue of US\$627 million representing 20% of total revenue.

Marketing Solutions has four business segments of which Data and Data Management is by far the largest, contributing more than two-thirds of Marketing Solutions' total revenue for the year ended 31 March 2006.

(i) Data and Data Management

Data and Data Management products include consumer data, data management and consulting and analytic services. It manages and executes thousands of communication campaigns annually for over 10,000 clients in a variety of sectors. Data and Processing Services focuses on providing its clients with the information they need to organise their marketing campaigns and can help clients at all stages of the marketing process.

Experian helps its clients target consumers by providing lists of consumers who may be potentially interested in a particular product or service, where the information is sourced from Experian's databases.

Experian also uses proprietary data integrity tools to help clients use data more effectively. These tools include rapid address capture, list processing and de-duplication, address standardisation and list hygiene products. Experian can also help clients build and manage their own databases, combining both Experian and client data, and, where they already have in-house databases, is able to provide tools and information to ensure that these databases operate more efficiently. Its database management solutions allow clients to have a complete view of their customer relationships and to determine customer current and potential value.

Sophisticated tools and analytical software, including customer segmentation and statistical modelling to predict who is most likely to respond to a given offer, are also sold by Experian. Campaigns are developed across a variety of channels including digital channels such as email, mobile messaging and the Internet.

Finally, the division's consulting and analytical services include strategic and tactical roadmaps for leveraging maximum client benefit from core services and industry best practices.

The revenue model for Data and Data Management varies depending on the product offered. The database marketing services and tools are provided on a contractual basis; and data sales are provided on a transaction basis. Key clients include American Express, AOL Time Warner, Barclays, BSKyB and Bertelsmann, as well as other media and entertainment companies and retailers.

(ii) Research Services

Research Services offers initial scoping of the potential market opportunity through both syndicated and customised research products.

Experian acquired Simmons Research in October 2004 and Vente Inc. in 2005. Simmons carries out research on numerous topics including the products consumers buy and the brands they prefer and lifestyle and media preferences. This research is used by a number of marketing firms in the US and can be used for planning, product development, brand development, brand building and consumer profiling. Vente gathers information from consumers through its online survey platforms and its database is made up of self-reported data by consumers who give Vente permission to send them information and offers in which they have an interest. The data includes information on demographic and financial information as well as hobbies, interests, ailments and purchase intentions.

Research products are provided on either a subscription or transaction basis. Research services has over 700 clients, including NBC/Universal, WPP and Interpublic Group.

(iii) *Digital Services*

Digital Services is a leading provider of online based marketing solutions, specialised in email marketing, website analytics and email messaging.

In 2004, Experian acquired CheetahMail which undertakes permission based targeted email marketing campaigns on behalf of its clients (who supply the contact details of the customers to be targeted). Globally, Cheetahmail delivers emails to 33 countries across EMEA in 19 languages, 21 countries in Latin America in 3 languages and 7 countries in Asia-Pacific in 4 languages. As an example, KLM Royal Dutch Airlines utilises the Cheetahmail system to send emails in over 15 languages from KLM offices worldwide. For the year ended 31 March 2006, CheetahMail sent nearly 11 billion email messages, an increase of over 60% from the previous year.

Experian has 350 clients across a wide range of sectors. It primarily generates revenue based on the volume of emails sent for a particular campaign. Key clients include KLM, Brooks Bros., Sears, Hilton Hotels, Adidas, Barclays and The Discovery Channel.

(iv) *Business Strategies*

Business Strategies encompasses Experian's economic forecasting, consumer behaviour monitoring and prediction analytics services. The target market for these services is broad but centres on the retail, property and public sectors, predominantly based in Europe.

Experian has developed the proprietary technology MOSAIC which it licenses to clients for an annual fee. MOSAIC is a classification system that categorises consumers and businesses in over 20 countries into clearly identifiable groups and types. This helps marketers and researchers to target the appropriate customer groups by providing insight into the demographic, socio-economic and behavioural characteristics and attitudes of customers. MOSAIC can also be used with other Experian decision-making tools to help retailers identify profitable locations for stores, assess the impact of a store opening, measure and predict store performance and manage branch networks.

Business Strategies also recently acquired FootFall, a market leader in customer counting technology and retail consultancy. The FootFall Index is regarded as the industry standard benchmark for shopper visits, is endorsed by the British Council of Shopping Centres and is available in the UK, Ireland, France, Italy, Spain, Portugal, Poland, Switzerland and Hong Kong.

Business Strategies also analyses national, regional and local economies for a range of public and private sector clients and carries out extensive research into the underlying drivers of social, economic and market change. This research can be used by companies to help decide on which economies to operate in and by public policy makers.

Business Strategies services are provided on both a subscription and transaction basis. Key clients in this segment include top 100 UK retailers including Volvo Car UK, Marks and Spencer, Lloyds Pharmacy, Lexus GB and Honda UK Cars.

Marketing Solutions market overview

Growth in Marketing Solutions is driven by the growth in multi-channel direct marketing. The size and scale of the direct marketing industry can be illustrated by looking at the US and UK markets where Experian has its largest operations. According to studies produced by the Direct Marketing Association, in the US, marketers spent an estimated US\$161 billion for direct marketing promotions in 2005, nearly half of all US advertising expenditures. It is estimated that direct marketing in turn generated about US\$2 trillion in US sales. In the UK, the estimates are £37 billion in direct marketing expenditures, resulting in an estimated £107 billion in UK sales. Direct marketing is used to varying degrees by every major industry ranging from financial services to retailers, from high technology to travel and entertainment, and from fund-raisers to media companies.

Historically, direct marketing was synonymous with direct mail, but increasingly, organisations are moving away from list-based, mass-marketing through established media such as post and telephone and are using multiple communication channels including the Internet, direct response television, mobile phone messaging, and other advanced technologies to communicate relevant marketing messages to targeted customers. This multi-channel approach adds significant complexity to the direct marketing process and dictates the need for more accurate and current information, sophisticated tools and processes and operational flexibility. As a result, organisations are increasingly outsourcing all or parts of their direct marketing functions to trusted direct marketing service providers.

The direct marketing industry is affected by general economic cycles which impact consumer responses to various marketing offers. In an economic downturn, marketing budgets for prospecting for new customers are often the first area of cost reduction. However, there is a switch of some spending by organisations away from prospecting for new customers and over to customer retention programmes. Investments in new communications channels like email marketing are a cost effective way to manage and grow existing account relationships. In addition, clients are increasingly focused on, and sophisticated in, measuring marketing conversion rates. Experian is moving its business model towards the newer high growth areas.

Interactive

Interactive has established a leading position in the US as a reliable information source for consumers for key financial transactions and purchasing decisions to lower the cost of daily living. It has two core business activities: Consumer Direct and lead generation.

In the UK and US, Experian Consumer Direct offers consumers the ability to check their credit report and score online and monitor the report for any changes. By enrolling in a credit monitoring programme, consumers are notified of any new or changed data reported on their personal credit file which is a possible indication of identity theft. This product enables them to monitor the accuracy and completeness of their credit report, manage credit obligations more effectively and control unauthorised access. Experian Consumer Direct charges consumers a monthly membership fee for its various monitoring products and a transaction fee for one-off purchases of credit reports or scores.

Through its lead generation businesses, Experian is a trusted intermediary on the Internet and connects consumers to businesses, enabling consumers to identify financial services products through LowerMyBills.com, research products and shop online through PriceGrabber.com and enrol in online education programmes through ClassesUSA and Affiliate Fuel. These businesses provide valuable free services to consumers to help them make more informed decisions. In turn, Experian is paid on a pay-for-performance basis by clients for each lead generated through this marketing service.

Interactive has relationships with leading portals including Yahoo, AOL and MSN. Interactive attracts over 22 million unique visitors to its various websites each month and it is the largest online financial services advertiser in the US.

Interactive operates in the Americas and UK and Ireland with the largest percentage of revenue and profits coming from the Americas. For the year ended 31 March 2006, Interactive contributed revenue of US\$628 million representing 20% of total revenue.

Interactive market overview

The growth in Experian's Consumer Direct business is driven by increased awareness by consumers of the benefit of understanding their credit history in order to qualify for better interest rates on mortgages, credit cards and other credit products. A secondary driver is consumers' interest in monitoring their credit reports for unauthorised access as a potential indicator of identity theft.

Interactive operates in large and rapidly growing markets, predominantly in the US, with nascent operations in the UK (for its Consumer Direct and PriceGrabber.com businesses). The growth in Interactive is driven by the increased use of the Internet by consumers rather than more traditional channels for conducting financial transactions and for researching and making purchasing decisions. For example, according to Forrester Research in the US, consumer use of comparison shopping sites is estimated to grow at a compounded annual growth rate of about 40% through 2009, and retail ecommerce is expected to increase by 18.6% CAGR through 2008.

The growth in Interactive's lead generation business lines is also supported by the migration of business advertising spend away from traditional channels such as print and broadcast in favour of Internet marketing; the Internet is proving to be an effective and responsive channel for businesses of all sizes for finding and acquiring new customers.

Cross-selling between principal activities

Each of Experian's four principal activities create their own revenue streams. However, one of Experian's key strengths is its ability to sell products from one or more of these activities to existing clients.

Credit Services and Decision Analytics are particularly closely linked and Experian has successfully capitalised on the cross-selling opportunities this presents to deliver more value added solutions to clients. For example, in the UK, 80% of credit reports sold are delivered through application processing systems offered by Decision Analytics and nearly 100% contain a Delphi credit risk score provided by Decision Analytics.

Where permitted, Experian also bundles its Credit Services products together with its Marketing Solutions products, for example, enabling credit card issuers to conduct credit marketing campaigns to consumers who have been pre-qualified as creditworthy. Lists of pre-qualified prospects for new credit card campaigns can be selected from the Credit Services database and enhanced with information from the Marketing Solutions database to enable the card issuer to target the best card offer to the right consumer. For example, a consumer interested in travel may be best suited for a credit card that offers airline miles.

Experian's core Credit Services databases and analytics also support Interactive's businesses and provide the basis of the information sold by Experian Consumer Direct to consumers. In addition, services offered within Interactive, for example PriceGrabber.com, are being sold to existing retail clients, thereby extending Experian's relationship with those clients.

In the US, 14 of Experian's top 20 clients buy products from at least three of the four principal activities, an improvement from 10 of the top 20 in the previous year. Outside the US, 14 of the top 20 clients buy from both Credit Services and Decision Analytics, and 10 of the top 20 clients buy from Credit Services, Decision Analytics and Marketing Solutions (Interactive accounted for 1% of sales outside the US in the year ended 31 March 2006). These metrics for the year ended 31 March 2006 illustrate Experian's success to date in cross-selling between the four principal activities, and also underscore future opportunities as Experian continues its efforts to strengthen its relationships with, and sell more products to, its major clients.

These significant cross-selling opportunities enable Experian to offer its clients a wide variety of bundled solutions and sophisticated decision-making framework that the Directors believe to be unique among its competitors.

Competition

Although Experian has competitors in each of its principal activities, there is no single competitor which has the capabilities to offer the broad range of products and solutions which Experian is able to provide to clients. Experian has offices in 29 countries and sells to clients in more than 60 countries, giving it the ability to offer a global breadth of solutions to both domestic and multi-national clients unmatched by any of its competitors. For the year ended 31 March 2006, 42% of Experian's sales were outside the Americas—a significantly higher proportion than any of its major competitors.

There is limited, if any, public information available on the market share of each of Experian's competitors in each geographic region and across each principal activity. In particular, because of the breadth of Experian's products offered around the world, it often competes against niche local providers of services in its markets. However, there are a number of larger and readily identifiable companies that Experian views as its key competitors.

Consumer Credit competitors

There is no single company which competes with Experian in every market in which Experian provides consumer credit services. The competition is country specific, often limited to one or two national credit reporting agencies. In the US, Experian's largest market for consumer credit services, there is no one dominant credit reporting agency and Experian competes against two other national credit reporting agencies: Equifax and TransUnion. In the UK, Experian competes with Equifax and CallCredit. In other markets, competition tends to be highly fragmented and the competitors are often relatively small local operations, sometimes taking the form of closed-user groups who exchange credit information only among members of the group.

Business Information competitors

Dun & Bradstreet ("**D&B**") is the only multi-national business credit competitor. D&B has recently sold many of its international operations to franchisees but will continue to own and operate its businesses in selected markets including the US, UK and Italy.

In the US, D&B is the clear market leader in business credit reporting. It provides a wide range of information services, mostly about large (Fortune 1000) companies. Experian is focused on a product offering with particular emphasis on information about small to medium sized businesses; it also competes in this area with Equifax which launched a US business credit reporting operation in the US three years ago and has had some success in gaining participation from banks and other commercial credit lenders in building a small business credit database. In the UK, D&B and Experian are the largest participants in the business information market.

The market for business-to-business marketing information is more competitive than the market for business credit reporting. D&B participates in this segment of the US market, as does InfoUSA, which specialises in small volume marketing lists sold across many vertical sectors and to a wide range of customers. In continental Europe, competition is highly fragmented with many small closed-user group data exchanges such as InfoGrefe in France.

Transaction Processing competitors

Experian's Transaction Processing business predominantly competes with its clients' in-house teams. In French cheque processing, in particular, the move has been to outsourcing rather than insourcing. Other operators in the market place in France include Atos Origin.

Decision Analytics competitors

In Credit Analytics and Decision Support Software, there are two large global participants, Experian in international markets and Fair Isaac, the clear market leader in the US. There are also hundreds of smaller niche competitors, including Experian's traditional credit bureaux competitors, who have small market positions in providing specialised credit risk management software and tools.

Marketing Solutions competitors

Experian's Marketing Solutions competitors vary by major product line. However, there are two global competitors: Acxiom and Harte-Hanks. In addition, there are regional specialist competitors including Merkle, InfoUSA, Double Click, ADS Financial Services Solutions and Claritas, who do not have the broad range of Experian products. Competition outside of the US is local and fragmented.

Interactive competitors

The main competitors for selling credit reports direct-to-consumer in the US include Equifax, TransUnion, Fair Isaac, Intersections and other specialist providers and in the UK include Equifax and other specialist providers. Experian Consumer Direct is more than twice the size by revenue of any of these competitors in the US.

The online lead generation market is fragmented and Experian believes it has strong market positions in its areas of operation. The largest competitor to LowerMyBills.com is Lending Tree, a subsidiary of Interactive Corp. and the largest competitors of PriceGrabber.com include Shopping.com (owned by eBay), Shopzilla (owned by E.W.Scripps), NexTag and KelKoo; e-learners.com is a competitor of ClassesUSA.

Information technology

Technology

Experian's information technology systems are fundamental to its success. They are used for both the storage, processing, access and delivery of the data which forms the foundation of the Business; and the development and delivery of value-added solutions provided to clients. Much of the technology used by Experian and provided to clients is developed, maintained and supported by in-house technology teams in each of the various Experian jurisdictions and business units. Experian generally owns or has secured ongoing rights to use for the purposes of its business all the customer-facing applications which are material to the operation of Experian. Experian's key internal business management information technology applications are licensed to Experian by Oracle and a small number of other well-known, top-tier software vendors.

The strategic direction of Experian's information technologies have been documented in a set of five year "road maps" which define the manner in which the technologies supporting the business are anticipated to change over that period.

Experian's maintenance and management of its information technology systems is ongoing and includes the need to integrate existing and acquired businesses. Integration plans have been established to incorporate, where appropriate, acquired business units into both the Experian management systems and the Experian infrastructure managed by the Experian technology services group. Experian also seeks to ensure that each business unit complies with its business continuity policy and regulatory compliance policy. Experian is undertaking further work to complete its consolidated reporting system to remedy some weaknesses in disaster recovery planning and to remove inconsistency in certain procedures. Experian continuously works to try and prevent logical attacks on its network.

Experian identifies information technology risks at the strategic, tactical and operational levels using a standardised methodology. Where risks are identified, they are mitigated and tracked on risk registers and, where appropriate, considered by senior management. For example, where legacy technologies continue to be used for recently acquired businesses, where appropriate, the strategy is to migrate the activities to the infrastructure managed by the technology services group as soon as is practical following acquisition.

Data centres

Experian has two key data centres in the UK both of which are located in Nottingham. In addition, there are data centres dedicated to certain business units, being QAS, ClarityBlue and Nordic. In the US there are three key data centres located in Schaumburg, Illinois and Allen and McKinney in Texas. However, the Schaumburg data centre is currently in the process of being closed with data and functions being transferred to the other two US data centres. As well as these key UK and US data centres, Experian also has a number of smaller data centres located in other jurisdictions including France.

Disaster recovery

Experian is committed to its global framework for business continuity management and carries out annual reviews of the state of preparedness of the business with respect to business continuity; business continuity policies require each business unit to complete an annual survey detailing its state of preparedness in the event of a disaster. All critical Experian databases, systems and contracted client services are also regularly recovered, with Experian undertaking over 50 system/client test recoveries each year. There are also documented disaster recovery plans in place for each of the major Experian data centres and each of the main financial applications. Experian also has a dedicated continuity operations team which focuses on the provision of IT disaster recovery services to Experian's clients.

Security

Experian maintains a Global Information Security Policy and Standards document which all entities are required to comply with. This is a comprehensive policy covering all aspects of security. In addition, and in practice, Experian adopts a wide range of security measures to ensure the security of its IT infrastructure and, therefore, its data. Security measures generally cover the following key areas: physical security; logical security of the perimeter; network security such as firewalls; logical access to the operating systems; deployment of virus detection software; and appropriate policies and procedures relating to removable media such as laptops.

Intellectual property

Experian takes active steps to acquire ownership of the intellectual property rights which are important to its businesses, through assignments from its employees, consultants and business and technology partners. It seeks a licence where an assignment is not available. It protects its systems, methods, technologies, data, brands, products and services through intellectual property rights, including patents, copyrights, database rights, trade secrets, trade marks and domain names, as well as through contractual restrictions and restricted access.

Patents

Much of Experian's technology is developed in-house. It has a strong technology pipeline, and, where possible, it seeks patent protection for its inventions. Experian has a portfolio of 14 granted patents, comprising nine US patents, two patents in Australia and one patent in each of New Zealand, Russia and Turkey. It also owns 39 pending patent applications, including in the US, Europe, Japan and Canada.

These patents and patent applications cover methods, systems and apparatus relating to aspects of the Credit Services, Marketing Solutions, Interactive and Decision Analytics businesses. In addition, Experian has the right to use certain authentication software products under a worldwide licence from Equifax Inc.

Experian monitors third party patents and patent applications that may be relevant to its businesses. It carries out analyses of freedom to operate without infringing third party patent rights and seeks opinions from external patent counsel where it deems that to be appropriate.

Experian recently established an internal initiative to implement improved practices in relation to patent protection for its inventions, the growth and maintenance of its patent portfolio, and its freedom to operate.

Copyright, database right and trade secrets

Experian generally owns the copyright and database rights in the software, web pages, screen displays, business modelling, methods, plans, strategies and the data it develops, and generally it takes a licence of such rights where development is undertaken by third parties and an assignment is not available. It has a licence from USPS to use a database of change of address information, which is used across the Business, for which it pays a set fee.

Experian seeks to restrict access to, and use and distribution of, its proprietary information through confidentiality and other agreements with third parties and employees.

Trade marks and domain names

Experian owns a large portfolio of trade mark registrations in the US, Europe, parts of Asia-Pacific and other parts of the world. This includes registrations for the EXPERIAN word mark, logo and derivative marks in the US, Europe and other important jurisdictions. Experian has entered into a world wide co-existence agreement with a third party under which it has consented to a third party's use of its EXPERION trade mark in relation to consultancy services concerning software and hardware for controlling and integrating industrial processes in manufacturing industries, and the third party has consented to Experian's use of its EXPERIAN marks outside that field of use. This does not affect Experian's business as it is currently carried on.

Other trade marks which Experian considers important to its businesses, and for which it owns trade mark registrations or applications, include CONSUMERINFO.COM, AUTOCHECK, MARKETSWITCH, LOWERMYBILLS.COM, PRICEGRABBER, SCOREX, QUICKADDRESS, QAS, CHEETAHMAIL, MOSAIC, TRUVUE, CLASSESUSA and CLARITYBLUE.

Experian has licences from USPS, Yell Limited and the Automobile Association to use certain of their trade marks in relation to Experian's businesses. Experian must pay set fees for use of the USPS and Yell trade marks, and a royalty fee for using the Automobile Association's marks.

Experian has also registered some of its trade marks as generic top level and country-specific domain names.

Intellectual property disputes

Experian has a policy of actively enforcing its intellectual property rights. It is currently engaged in litigation in the US against two former employees and their new employers regarding misappropriation of Experian's confidential information and trade secrets. Also, LowerMyBills, has been sued by Lending Tree in the US Federal Court in Charlotte, North Carolina, for alleged infringement of US patent no. 6,611,816 claiming a method and computer network for co-ordinating a loan over the Internet. Experian intends to defend this claim vigorously. Experian is aware of other actual and potential IP disputes which it is seeking to resolve by way of agreement with third parties.

Regulation

The information solutions industry in which Experian operates is subject to varying degrees of regulation. In particular, data protection regulation in many jurisdictions in which Experian operates may affect the way in which personal data regarding individuals may be processed and used. Experian regularly works with regulators, legislators and industry groups about data protection and usage issues in both mature and emerging markets.

A summary of the regulatory framework relating to data protection in the key Experian jurisdictions is set out below. This summary is intended to provide a general outline of the more relevant aspects of the regulatory framework applicable to Experian's operations in those jurisdictions and is not intended as a comprehensive description thereof.

Data protection in the US

Experian's operations in the US are subject to several US federal statutes and regulations that govern the collection, protection and use of consumer data. These laws and regulations include: (i) the US Fair Credit Reporting Act (the "**FCRA**"); (ii) the US Gramm-Leach-Bliley Act (the "**GLB**"); (iii) the US Health Insurance Portability and Accountability Act of 1996 (the "**HIPAA**"); (iv) the Drivers Privacy Protection Act (the "**DPPA**") and; (v) the Controlling the Assault of Non-Solicited Pornography and Marketing Act (the "**CAN-SPAM Act**").

A number of US states have also enacted legislation requiring public disclosure of security breaches whereby confidential personal information of residents may have been compromised. These laws generally apply to individuals or entities that maintain computerised data that includes personal information about third party individuals.

Use and disclosure of consumer information

The FCRA was originally implemented in 1970 to regulate the credit reporting industry in the US. Responsibility for enforcement of the FCRA is vested largely in the US Federal Trade Commission, although the FCRA also provides for civil actions to be taken by consumers. The primary purposes of the FCRA are to ensure fair and accurate credit reporting and to protect consumers' privacy. Amongst other things, the FCRA imposes certain obligations on consumer reporting agencies (including Experian), on users of consumer reports, and, since 1996, on furnishers of consumer credit information. The FCRA states that a person may obtain a consumer report from a consumer reporting agency only if that person has a "permissible purpose" (as defined in the statute). The FCRA imposes certain obligations on credit reporting agencies to ensure that only persons with permissible purposes obtain consumer credit reports. For example, consumer reporting agencies are required to: (i) obtain certification that the individual requesting the consumer credit report has a permissible purpose and that the information will be used for that purpose; and (ii) furnish to a consumer a list of all inquiries made regarding, but not initiated by, that consumer.

HIPAA was adopted in 1996 for the purpose of: (i) preventing inappropriate use and disclosure of individuals' health information; and (ii) requiring organisations that use health information to protect such information (and the systems that store, transmit and process it). Its provisions are enforced by the US Department of Health and Human Services Office for Civil Rights. HIPAA's requirements and prohibitions apply not only to "covered entities" (as defined in the statute), but also to "business associates" of such covered entities, including companies (such as Experian) that process claims, analyse data, aggregate data or provide certain other services to a covered entity. Amongst other things, HIPAA requires that Experian make reasonable efforts to use and disclose only the minimum amount of protected health information needed to accomplish the intended purpose of the use or disclosure.

The DPPA was enacted in 1994, and prohibits the disclosure by any state's department of motor vehicles (and any officer, employee or contractor thereof) of personal information about an individual that was obtained by the department in connection with a motor vehicle record, except for a "permissible purpose" (as defined in the statute). The DPPA also applies to any individual or entity that uses and discloses the protected data. The DPPA is enforced by the Office of the Attorney General of each US state.

Protection and privacy of consumer credit information

The protection and security of consumer credit information is governed largely by the Financial Modernisation Act of 1999, also known as the "Gramm-Leach-Bliley Act" or "GLB". The US Federal Trade Commission is charged with enforcement of the GLB. The GLB includes provisions designed to protect consumers' personal financial information that is held by "financial institutions" (as defined in the statute), including Experian. The principal parts of the GLB relating to privacy requirements imposed on financial institutions such as Experian are the "Financial Privacy Rule" and the "Safeguards Rule".

The GLB Financial Privacy Rule requires financial institutions to give to their customers privacy notices that explain the financial institution's information collection and sharing practices, and grant customers the right to opt out of having their information shared with certain third parties. The Financial Privacy Rule also prohibits financial institutions from disclosing their customers' account numbers to non-affiliated companies in connection with telemarketing, direct mail marketing or other marketing through email, even if an individual has not opted out of sharing the information for marketing purposes.

The GLB Safeguards Rule seeks to ensure that financial institutions adopt procedures to protect physically and technologically consumer credit data. For example, financial institutions are required to provide information security training to employees, to implement procedures for detecting and managing information system failures and to provide for secured storage and disposal of confidential consumer information. Similarly, under HIPAA, Experian must maintain reasonable administrative, technical and physical safeguards to prevent intentional and unintentional use or disclosure of protected health information.

Direct Marketing and Advertising

The CAN-SPAM Act was enacted in 2003 to regulate those who send commercial emails. The CAN-SPAM Act is enforced by the US Federal Trade Commission. It applies to all US commercial emailers (whether individuals or businesses) and to all commercial email transmissions. Any commercial email transmission generated by Experian must therefore comply with the CAN-SPAM Act. Amongst other things, the CAN-SPAM Act prohibits false or misleading header information, requires that a commercial email be identified as an advertisement and requires that commercial emails give recipients an opt-out method.

Sanctions for the misuse of consumer credit information or Data Protection breach

Breach of the GLB can result in civil and/or criminal liability and sanctions, such as fines (up to US\$100,000 per violation) and up to five (5) years imprisonment for individuals. Breach of the FCRA can result in an award of actual damages, as well as statutory and/or punitive damages (in the event of a wilful violation).

Data Protection regulation in the EU

On 24 October 1995, the European Union adopted the directive on the protection of individuals with regard to the processing of personal data and the free movement of such data (the "**Data Protection Directive**"). The aim of the

Data Protection Directive was to protect the fundamental rights and freedoms of individuals, in particular their right to privacy with respect to the processing of personal data. The Data Protection Directive imposes a number of obligations on companies such as Experian with respect to how they can use the personal data which they hold in their databases.

The Data Protection Directive has been implemented in all EU Member States. However, this implementation is subject to a certain amount of national variation from Member State to Member State. Such variation occurs as a result of differing interpretation of the Data Protection Directive itself, as well as differing attitudes of the relevant national regulatory authorities.

Applicability of the Data Protection Directive

The Data Protection Directive applies to the processing by companies such as Experian of personal data, being any information relating to an identified or identifiable individual. The Data Protection Directive also grants greater protection to a sub-category of data referred to as sensitive personal data, being information relating to an individual's racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, health, sex life, or the commission or alleged commission by that individual of an offence. Processing includes virtually everything that a company may wish to do with the personal data it holds about its customers, employees and other individuals. The Data Protection Directive applies to companies established in a Member State or using equipment in a Member State to process personal data.

Collection of personal data

The Data Protection Directive regulates the collection and processing of personal data and sensitive personal data and requires that such collection and processing is subject to a number of "data protection principles". These data protection principles state that the personal data must be: processed fairly and lawfully; collected for specified and legitimate purposes; adequate, relevant and not excessive in relation to the purposes for which they are collected; accurate and up-to-date; and kept for no longer than is necessary for the purpose for which they were collected. The Data Protection Directive also requires companies to implement appropriate security measures to protect any personal data that they process from unlawful loss or destruction or unauthorised access. In addition, when collecting personal data, the Data Protection Directive requires companies to give certain information to the individuals in question. This information includes details of the identity of the company, the purposes for which the data are being collected, the identity of any third parties to whom the data may be disclosed, and a brief explanation of the individual's statutory rights in relation to the processing of his or her personal data.

Processing and sharing of personal data

Pursuant to the Data Protection Directive, personal data may only be processed, including shared with other entities, if one of a number of conditions has been satisfied, including that the individual in question has unambiguously given his consent to such processing and/or sharing. In relation to Experian's activities with respect to personal data such as consumer credit information, the extent to which Experian will be able to process and/or share such information will therefore depend upon the activities that the individuals have consented to in their agreements with Experian clients.

Rights of the individuals

Under the Data Protection Directive, individuals are granted a number of rights in respect of the processing of their personal data. These rights include a right of access to personal data being held by a company, as well as the right to object to the processing of personal data.

Transfer of personal data to third countries

The Data Protection Directive, together with guidance from the European Commission, restricts the ability of companies to send personal data outside of the EEA unless either: (i) the country to which such personal data are being sent has "adequate" data protection measures in place; or (ii) one of a number of specified conditions has been met. A small number of countries outside the EEA have so far been declared by the European Commission to provide an adequate degree of protection, but these do not include the majority of countries outside of the EEA, including the United States, in which Experian operates. However, the Data Protection Directive does also provide for the use of standard contractual clauses entered into between companies transferring and receiving personal data which ensure adequate protection of such personal data. To date, three sets of contractual clauses have been approved by the European Commission.

Use of personal data for direct marketing

The Data Protection Directive specifically grants individuals the right to object to the processing of their personal data for direct marketing purposes. However, the Data Protection Directive does not further regulate the use of personal data for direct marketing purposes.

The directive of the European Union concerning the processing of personal data and the protection of privacy in the electronic communications sector (the "**Privacy and Electronic Communications Directive**") specifically governs the issue of direct marketing by electronic means. The Privacy and Electronic Communications Directive was adopted by the European Union on 12 July 2002. It restricts the use of automated calling machines, fax machines

and email for direct marketing purposes. In particular, companies may not send unsolicited electronic communications to individuals for the purposes of direct marketing unless the recipient has given his or her prior consent. However, a limited exception applies in relation to the direct marketing of similar products and services to a company's existing customers, provided that the customer is, on each occasion, given the opportunity to refuse the use of his or her contact details for such purposes in the future.

Data Protection in the UK

The Data Protection Directive was implemented into law in the UK by the Data Protection Act 1998 (the "**DPA**"), which came into force on 1 March 2000. The DPA requires all UK data controller companies to be registered with the Office of the Information Commissioner. Experian Business Strategies Limited, Experian Goad Limited, Experian Intact Limited, Experian International Limited, Experian Limited, Experian Northern Ireland Limited, Catalist Limited, ClarityBlue Limited, FN Services Limited, FootFall Limited, The Future Foundation, Intermediary Systems Limited, MCL Software Limited, Motorfile Limited, QAS Limited, Vehicle Mileage Check Limited, Scorex Sam and Scorex (UK) Limited are currently registered under the DPA in the UK. Data protection compliance in the UK is enforced by the Information Commissioner.

Use of personal data for direct marketing

The Privacy and Electronic Communications Directive was implemented into law in the UK by the Privacy and Electronic Communications (EC Directive) Regulations 2003 (the "**PEC Regs**"), which came into force on 11 December 2003. The PEC Regs contain the same restrictions in relation to direct marketing by electronic means as are contained in the Privacy and Electronic Communications Directive. As a result, the PEC Regs restrict the way in which Experian is able to market its products and services to individuals contained in its databases.

Credit Reference agencies and the DPA

The DPA contains a specific provision applicable to the credit reference agency operations of companies such as Experian. This provision provides that a subject access request made by an individual to a credit reference agency will be deemed to be a request only for personal data relevant to his or her financial standing, i.e. a copy of his or her credit report, unless otherwise stated.

Credit Reference agencies and the Third Party Data Working Party

In March 2001, the Third Party Data Working Party produced a Third Party Data Business Requirements Specification (the "**BRS**") in conjunction with the Office of the Information Commissioner in the UK. The Third Party Data Working Party is comprised of trade associations representing the credit industry, together with the credit reference agencies.

One of the objectives of the BRS was to address the previous assumption of a financial connection between individuals on the basis of a shared surname and current or previous address. The BRS stipulated that, going forward, credit data may only be returned if it belongs to the applicant or their "financial associates" and such financial association could no longer be assumed between people of the same surname at an address. This meant that there could no longer be automatic links with siblings or parents. It also meant that, unless association data was actively collected, it may not be available for spouses or partners of an individual. The BRS also created the opportunity for individuals to be assessed independently. This means that the individual is now able to opt out of allowing a credit reference agency to use financially associated third party data. Although, an individual may only opt out if he or she declares that they believe that there is no data for financially associated third parties which would have an adverse effect on any relevant credit decision.

The provisions of the BRS required credit reference agencies to make a substantial number of changes to their systems in order to make them compliant.

Sanctions for Data Protection breach

Breach of the DPA or the PEC Regs by a company may result in civil liability or criminal sanctions, which include unlimited fines (including for individual directors) but not jail terms. A breach of one of the data protection principles of the DPA is not of itself a criminal offence, but may result in the issuance of an Enforcement Notice by the Information Commissioner. Any such Enforcement Notice may require the company to take specific steps in relation to its data protection compliance strategy, or to stop processing personal data altogether. Breach of an Enforcement Notice may then be a criminal offence.

Data Protection in Jersey

The Data Protection (Jersey) Law 2005 (the "**DP Jersey Law**") came into force on 1 December 2005. The DP Jersey Law seeks to bring Jersey legislation in line with the Data Protection Directive in this area. As a result, the DP Jersey Law is almost identical in all material respects to the Data Protection Directive and the DPA as described above.

Credit Reference Agencies

The Data Protection Commissioner in Jersey has issued guidance relevant to credit reference agencies.

In addition, the Data Protection (Credit Reference Agency) (Jersey) Regulations 2005 set out the prescribed form of a statement of the individual's rights which must be given to individuals who make a data subject access request of a credit reference agency.