

26 June 2007

Experian Group Limited

Acquisition of Serasa

Experian, the global information solutions company, is pleased to announce that it has agreed to acquire an initial 65% stake in Serasa, the market leading credit bureau in Brazil and operator of the fourth largest credit bureau in the world, from a consortium of Brazilian banks. The stake will increase to 70% over the next six months. The purchase price for the initial stake is R\$2.32bn (\$1.2bn)¹, inclusive of transaction costs, net of cash, and will be funded from Experian's existing facilities. The transaction, which is expected to be earnings neutral in the first full fiscal year of ownership and earnings enhancing thereafter, is expected to complete by the end of June.

Don Robert, Chief Executive of Experian, commented:

"The acquisition of Serasa represents a unique and transformational opportunity for Experian. It propels us to a market leading position in one of the most attractive growth markets for credit products globally, and we see significant potential as we deploy our world-class value-added products. It fits our strategic objectives of owning market-leading credit bureaux in key markets around the world and of expansion into exciting emerging economies. We are also delighted to have the continuing support of Brazil's largest banks, as both shareholders and clients of Serasa."

Transaction highlights

- Serasa consolidates Experian's global leadership position in Credit Services. Following this acquisition, Experian will control three of the top five credit bureaux worldwide (US, UK and Brazil), and hold market-leading positions in other major credit markets. The transaction meets our strategic and our financial criteria.
- The acquisition places Experian in an excellent position to benefit from the high growth Brazilian credit market:
 - Serasa is the recognised Brazilian market leader, owning the largest consumer and commercial credit bureau with a c. 60% market share. It holds the largest credit data assets in Brazil and has a diversified and growing customer base.
 - The Brazilian credit market is in early stages of development with significant scope for growth, stimulated by the improving macroeconomic environment. Credit outstanding as a proportion of GDP is low by comparison to mature credit economies. Both consumer and commercial lending are growing strongly, while the Brazilian mortgage market is in its infancy.

- There is significant potential for Experian to leverage its credit bureau expertise further to drive Serasa's growth, particularly through the introduction of value-added products from our Credit Services and Decision Analytics activities.
- There is potential for Experian to build on the strong platform provided by Serasa to deliver products from the wider Experian portfolio, for example Marketing Solutions.
- Serasa has a strong financial track record having grown sales at over 20% per annum for each of the past two years. EBIT margins are good, in excess of 20%, and have scope to improve further, underpinned by high growth in credit volumes and operational gearing.
- Serasa has a strong and experienced management team, which will remain with Experian, with a good cultural fit. The company has won numerous employer awards, including 'Best Place to Work in Brazil' for four consecutive years. The President of Serasa is Elcio Anibal de Lucca, who will remain in the same position going forward.
- There are put and call options associated with the shares owned by the remaining principal shareholders in Serasa. These are exercisable from the fifth anniversary of the closing of the transaction, for a period of five years.
- The acquisition is expected to be neutral to Benchmark earnings² in the first full year of ownership (to March 2009) and enhancing thereafter. In addition, Experian expects a cash benefit from tax relief on the goodwill generated by this acquisition of R\$70m-R\$100m per annum for the next seven years (based on 100% stake).

There will be a presentation today at 9.30am UK time to analysts and investors at the Merrill Lynch Financial Centre, 2 King Edward Street, London, EC1A 1HQ. The presentation can be viewed live on the Experian website at www.experiangroup.com and can also be accessed live via a dial-in facility on 44 (0)20 8322 2180.

There will be a conference call today to discuss the transaction at 3.00pm UK time, with a recording available later on the website.

Enquiries

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Description of Serasa

Serasa is the fourth largest credit bureau in the world, and is the largest credit bureau outside the US. Consumer credit activities account for 60% of group sales and commercial activities for 40%.

Founded in 1968, Serasa owns the most extensive databases in Brazil on the credit behaviour of consumers and companies. Its credit information database includes 161 million Brazilian consumer records and c. 5 million Brazilian company records. It plays an active role in most credit and business related decisions made in Brazil on a daily basis. Its data-gathering capabilities are extensive, sourcing data from a network of Brazilian banking, commercial and judicial organisations, over 45,000 accountants and more than 5,500 notaries. Serasa's databases include payment practices, public defaults, social and demographic information and economic and financial information.

Key products include:

- Consumer: the largest database in Brazil of consumer credit and insolvency behaviour, bounced cheques and overdue loans, and the largest database in Brazil of stolen cheques.
- Commercial: credit risk assessment of commercial enterprises, complete reports of business behavioural habits, including information on bankruptcy and overdue loans and commercial information on both Brazilian and International companies.

Serasa's client base is diverse, and the company is not dependent on any single industry segment.

As at December 2006 Serasa had over 110,000 direct clients. Serasa's clients include large Brazilian companies, multinationals (many of whom are existing clients of Experian in other markets) and small and medium-sized enterprises. Examples include many of the largest banks in Brazil including Bradesco, Itaú, Unibanco, ABN Amro, Banco Santander and HSBC (the minority shareholders in Serasa), Pão de Açúcar (the largest retailer in Brazil), Telefônica, TAM (the Brazilian airline company), Organizações Globo (the largest media organisation in Brazil) and multinational companies such as American Express and Carrefour.

Revenue concentration among Serasa's largest clients is low, with the top ten clients accounting for only 21% of sales, and the top 25 accounting for 36% of sales. Serasa also has a wide distribution across industry segments. For example, for the core consumer credit bureau activities banks and finance accounted for less than 50% of sales, with telecommunications, retail and insurance included in the balance.

The company is well established, with over 2,200 employees, operating across over 80 locations, including all Brazilian state capitals and major cities.

Strategic rationale

Brazil: an attractive growth market for credit

Experian will benefit from the growth in demand for credit in Brazil. As the credit market grows, it stimulates demand for information and tools to drive customer acquisition, account management, debt collection and other areas of credit risk, products which are core to Experian's Credit Services activities.

Brazil is one of the largest and fastest expanding markets for credit in Latin America, in part driven by the strong and improving macroeconomic environment, and yet it is still emerging by the standards of more developed markets. Demand for both consumer credit and commercial credit is increasing rapidly, and there is considerable scope for future development of the mortgage market.

The attractions of Brazil include:

- The largest population centre in Latin America, with a population of over 190 million, including a high proportion under the age of 19, or those who have yet to become credit active.
- Very low penetration of credit products by comparison to more developed markets. For example, the ratio of total lending relative to GDP in Brazil was 91% in 2006, compared to 288% in the US and 169% in the UK (Source: Merrill Lynch).
- Strong growth in demand for consumer credit, including credit cards. Total consumer credit outstanding has grown by 30% on a compound annual basis over the past three years, driven by rapidly expanding household disposable income (Source: Banco Central do Brasil).
- Strong demand for commercial credit, supported by rapid growth in small and medium enterprises. Total commercial credit has grown by 17% on a compound annual basis over the past three years (Source: Banco Central do Brasil).
- The mortgage market is currently at a very early stage of development. Total consumer mortgage outstanding in Brazil in 2006 was \$0.7bn, compared to \$3,328bn in the US, for example (Source: Banco Central do Brasil, US Federal Reserve).

These dynamics are underpinned by the increasing attraction of Brazil as an investment market, driven by a strong GDP outlook, recent declines in the rate of inflation, declining interest rates, stable unemployment levels and a significant reduction in the country risk premium.

Significant synergy opportunities

The acquisition of Serasa provides significant opportunity to leverage Experian's deep analytical, database and software capabilities, building on Experian's global leadership position in provision of value-added Credit Services and Decision Analytics activities.

Serasa currently derives the majority of its sales from the acquisition part of the customer lifecycle. There are immediate synergies to be realised from the introduction of products that operate across the breadth of the credit cycle, specifically by cross-selling Experian's solutions and tools that address account management and debt collections. Additionally, there are opportunities to introduce Experian's fraud management tools. Examples of immediate opportunities include:

- Consumer bureau synergies through the introduction of authentication services, collection offerings such as Triggers, a broader range of consumer account management services, risk modelling and decisioning software.
- Commercial bureau synergies through the introduction of Trigger services, commercial risk modelling and small business loan systems from Baker Hill.

In the longer term, there is potential for additional upside opportunity from the introduction of products and tools from the wider Experian portfolio, such as Marketing Solutions, for example by building on Experian's recent acquisition in Brazil of Informarketing and through the introduction of email marketing.

Financial performance

Serasa has a strong financial track record of both sales growth and margin expansion. Sales growth has been driven by the increased demand for credit and thus additional credit transactions, while Serasa has also benefited from growth in number of clients, as well as increased client penetration reflecting product innovation. Margin improvement largely reflects the growth in scale of Serasa's activities.

In the year to December 2006 Serasa generated sales of R\$607 (\$313m), up 22% at constant currency, and EBIT (Brazilian GAAP) of R\$138m (\$71m), up 28%.

In the year to December 2007 Serasa is expected to generate sales growth in the region of 20%. Margins are expected to improve reflecting operational gearing, before estimated integration costs in the year of R\$15m. In addition, due diligence indicates that EBIT will be positively impacted by the restatement from Brazilian GAAP to IFRS. Preliminary estimates for the incremental benefit to EBIT are in the region of \$R20m. The IFRS adjustments are expected principally to reflect the differential treatment of capitalisation of data costs. These accounting adjustments do not impact the acquisition assessment.

The acquisition is expected to be neutral to Benchmark earnings² in the first full year of ownership (to March 2009) and enhancing thereafter. In addition, Experian expects a cash benefit from tax relief on the goodwill generated by this acquisition of R\$70m-R\$100m per annum for the next seven years (based on 100% stake).

As at 31 December 2006 Serasa had gross assets of R\$321m.

Experian's stake in Serasa was acquired from Bradesco, Itaú, Unibanco, ABN Amro, Banco Santander and HSBC.

Financial information is based on audited financial statements, unless otherwise stated. Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements.

1 Based on an exchange rate of R\$1.94 per US\$.

2 Benchmark earnings: earnings before amortisation of acquisition intangibles, goodwill impairments, changes in respect of demerger-related equity incentive plans, exceptional items, financing fair value measurements and attributable taxation.