

Press kit

VantageScore Solutions LLC, is a joint venture that is wholly-owned by the nation's three major credit reporting companies – Equifax, Experian, and TransUnion. VantageScore Solutions retains the rights to the VantageScore generic credit scoring model, and the intellectual property on which the model is based. More information is available at www.VantageScore.com.

VANTAGESCORE.

The New Standard in Credit Scoring.

About VantageScore Solutions, LLC

VantageScore Solutions, LLC, is the intellectual property company behind VantageScore, a new consumer credit scoring model.

VantageScore Solutions is owned by the country's three major credit reporting companies (CRCs) – Equifax, Experian, and TransUnion. It was a team of top statisticians, analysts, and credit data experts from each of the CRCs that built the underlying algorithms for VantageScore.

The credit scoring model itself, introduced to the market in March 2006, is independently sold and marketed by the CRCs through licensing arrangements with VantageScore Solutions. VantageScore Solutions does not participate or engage itself in those commercial aspects. The role of VantageScore Solutions is to manage and preserve the intellectual property assets of the venture and to conduct regular revalidations of the model's underlying algorithms to ensure consistent performance over time. VantageScore Solutions also takes the lead in reaching out to important third-parties with educational information about VantageScore and the nuances of credit scoring.

VantageScore Solutions, LLC is based in Stamford, Connecticut.

Executive Leadership

Barrett Burns

President and CEO

Barrett Burns is president and CEO of VantageScore Solutions, LLC, a company launched by the three major national credit reporting companies – Equifax, Experian and TransUnion – to provide credit grantors an innovative and highly predictive credit scoring standard based on a common methodology. Over the course of a career spanning more than three decades, he has held national and international risk and credit management plus executive business leadership positions at several of the nation’s most prestigious financial services companies, including U.S. Trust, Ford Motor Credit, Bank One, and Citibank.

Sarah F. Davies

Senior Vice President, Analytics and Product Management

Sarah Davies is senior vice president of analytics and product management at VantageScore Solutions LLC, a company launched by the three major national credit reporting companies – Equifax, Experian and TransUnion – to provide credit grantors a highly predictive credit scoring model that is based on a common methodology and enables scoring of more thin file consumers. In addition to her product development work, Ms. Davies’ is chiefly responsible for the annual revalidation of the algorithms underlying the VantageScore model. She has nearly 20 years of analytics and information sciences experience in various industries, most recently with IntelliRisk Management Corporation. Ms. Davies earned undergraduate and graduate degrees in operations research and statistics from the University of Wales and Iowa State University, respectively.

Michael J. Dunn

Vice President, Strategic Planning and Communications

Mike Dunn is vice president of strategic planning and communications at VantageScore Solutions LLC, a company launched by the three major national credit reporting companies – Equifax, Experian and TransUnion – to provide credit grantors a highly predictive credit scoring model that is based on a common methodology and enables scoring of more thin file consumers. Mr. Dunn is responsible for leading the design, execution, and integration of VantageScore Solutions’ strategic planning and brand management initiatives. Earlier in his career, he served as vice president of marketing at Webster Bank, a 177-branch retail bank based in Connecticut; he has also held marketing positions within advertising and public relations firms. Mr. Dunn is a graduate of Ithaca College.

VantageScore Background

VantageScore was developed to meet industry needs for a credit scoring model that scores more people (thin file consumers) improves risk assessment and provides consistency of scoring across all three major credit reporting companies (CRCs) – Equifax, Experian and TransUnion. Working together, the three CRCs brought a wealth of industry knowledge and analytical expertise to the development of VantageScore.

In the summer of 2005, a nine-member development team was selected (each CRC contributed three experts) to work for the next several months. An outside consulting firm was engaged to help facilitate the project.

Approximately 15 million anonymous consumer credit profiles were obtained from the three major CRCs to serve as the building blocks for development of the model. The use of the large, robust sample ensured that it would accurately reflect the diversity of the country. Each CRC contributed five million consumer files.

The development team's earliest task was also one of its most critical: addressing disparities in how the CRCs individually defined or characterized the data they stored. For example, a bank card could be defined in various ways – such as a credit card, a secured card or a retail card. For the model to perform as desired, consistent definitions had to be established for every characteristic that would eventually factor into the algorithm.

Another key component of the model's development is that it was created using consumer credit files reflective of the latest credit conditions and more recent economic trends and shifts in consumer credit behaviors.

According to statistics issued by the Federal Reserve, the consumer credit landscape has changed dramatically since the last decade. Since 1998, mortgage debt per borrower has increased 124% and total debt per borrower has doubled. Borrowers are amassing more variable rate debt, maintaining higher mortgage balances, and holding a greater number of open, active bankcards. It is also worth noting that the ratio of financial obligations – mostly mortgage and consumer debt – to disposable personal income rose to a record of 18.7% earlier this year. Mortgage debt alone has more than doubled since 2000 to nearly \$9 trillion – about \$1 trillion of which are adjustable rate mortgages that will eventually readjust.

These dramatic shifts in consumer credit behaviors over the last several years dictate the need to develop a credit scoring model on the basis of this latest data. The algorithms are a carefully constructed combination of characteristics that predict high-risk and low-risk borrowers. Algorithms should be revalidated on a regular basis in order to address changing macro-and micro-economic patterns that ultimately factor into creditworthiness. It is for this reason that VantageScore will be revalidated on an annual basis.

White papers that go into significant detail about elements relating to the model's design are available in About Us or by calling media relations representative Wayne Travers at 203-363-2170.

VantageScore Fact Sheet

VantageScore is an innovative consumer credit score model that simplifies and enhances the credit process for both consumers and credit grantors. It's the first credit scoring model to be developed jointly by the three major credit reporting companies (CRCs) – Equifax, Experian and TransUnion. As a result, it leverages the collective expertise of the industry's leading specialists in credit data, credit risk modeling and analytics to offer greater predictiveness and consistency.

VantageScore Features:

- Predicts the likelihood of future serious delinquencies (90 days late or greater) on any type of account
- Returns a score range of 501-990 (higher scores represent a lower likelihood of risk)
- Consumer score is based on a 24-month review of a consumer's credit file
- Includes up to four score factor codes and a fifth FACTA reason code (Spanish version available)
- Can be accessed from all three CRCs
- Does not consider "Authorized-User" tradelines

Use of VantageScore assists lenders with decisions in a manual or automated environment:

- Set a cut-off score strategy to reduce the time to review an application manually.
- Use the score for tiered offers with multiple cut-off strategies. For example, extend the most favorable offer to the most creditworthy clients while extending appropriately adjusted offers to those consumers that are in the middle segment of credit risk and those consumers that are more risky.

VantageScore Benefits:

Limits score variability across credit reporting companies: Leveled characteristics across Equifax, Experian and TransUnion ensure that any score differences for the same consumer are attributable to data differences in the consumer file, not the scoring algorithm.

Powerful risk prediction: Advanced segmentation techniques were used to create a strong, robust model. This results in a strong separation of good and bad accounts and the ability to classify more bad accounts into the worst-scoring ranges.

Effective risk management: Some risk models are unable to score a significant percentage of

consumers due to insufficient credit information. VantageScore provides predictive scores on more consumers with limited credit histories, thereby reducing the need for manual review.

Universe Expansion: VantageScore was developed using a patent-pending analytical approach that provides lenders with access to a larger pool of scoreable consumers while maintaining accuracy in risk assessment. With this capability, VantageScore plays a vital role in making credit markets more accessible to creditworthy consumers while creating the corresponding opportunity for lenders.

Credit Scoring Primer

Credit scores are an increasingly important facet of everyday life. Not only do they play a significant role when a bank or credit issuer considers whether (and at what terms) to approve a consumer application for a mortgage, car loan, or credit card, but they are increasingly being used by non-lenders, such as insurance companies, landlords, and employers, to help them determine whether they want to establish a business relationship with someone. Despite credit scores' integral role in shaping our individual worlds, various industry studies in recent years have shown that credit scores are misunderstood.

Credit scores are generated by complex mathematical formulas that predict the risk associated with an individual by interpreting previous performance in the consumer's credit files. Even one credit event, positive or negative, that occurs within a consumer's credit pattern will impact their score. This explains why credit scores aren't static, and why even consumers with the most checkered history of credit usage can redeem their creditworthiness over time.

Credit score or scores?

One of the most common misconceptions about credit scores is that everyone only has one. The truth is that each of us can be scored in many ways, as there are that many different credit scoring models available to lenders in the market. A bank may rely on one or even several different credit scoring models to gauge a consumer's creditworthiness; some of the larger lenders even have their own proprietary models they use to help with credit decisioning.

How does scoring work?

Lenders typically obtain credit scores from a credit reporting company. The credit reporting company generates a score by running the available credit data that it has compiled on a consumer through a specific scoring model. Each scoring model has its own unique set of algorithms and each credit reporting company has its own unique set of data on individual consumers. The dissimilarity of the models' formulas and the different content within the credit reporting company databases explains why a person rarely will get the same credit score from two credit reporting companies. Indeed, it is why a universal credit score is a virtual impossibility.

With VantageScore, however, the variance among the scores generated by the three major CRCs on one consumer is considerably reduced because the same credit scoring model is in place at all three major CRCs. Any remaining disparities with VantageScore can be attributed to database content differences.

Calculating a credit score

While all scoring models will differ, there are certain fundamental elements that most scoring systems will evaluate. The six primary areas are:

- **Payment history:** Has the consumer consistently paid their accounts on time in accordance with the terms of their loan or credit arrangement?
- **Available credit:** What is the total amount of credit currently available to the consumer?
- **Credit utilization:** How much of the total credit available is currently being used?
- **Credit balances:** What is the total of current and delinquent account balances?
- **Depth of credit:** How long is the person's credit history and what is the mix of credit types?
- **Recent credit:** How many recently opened credit accounts and credit inquiries are on file?

Media Contact Information

VantageScore Solutions welcomes inquiries from the media to maintain an open, ongoing dialogue with reporters. Reporters interested in arranging interviews with VantageScore Solutions management should contact:

Wayne Travers, VP Media Relations

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VantageScore Solutions frequently issues news releases and other media communications. Please contact Wayne Travers at the number above to be included in future email distributions of informational materials.