DUN & BRADSTREET CORP/NW
Form 10-Q
May 07, 2009
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-15967

The Dun & Bradstreet Corporation

(Exact name of registrant as specified in its charter)

Delaware	**22-3725387**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

103 JFK Parkway, Short Hills, NJ	**07078**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (973) 921-5500

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one:)

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date:

Title of Class	**Shares Outstanding at March 31, 2009**
Common Stock,	**53,173,073**
par value $0.01 per share	

Table of Contents

THE DUN & BRADSTREET CORPORATION

INDEX TO FORM 10-Q

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The Dun & Bradstreet Corporation

Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008 (as adjusted, see Note 2)
	(Amounts in millions, except per share data)	
Revenue	$ 407.4	$ 414.7
Operating Expenses	116.9	123.8
Selling and Administrative Expenses	158.8	166.8
Depreciation and Amortization	15.7	13.4
Restructuring Charge	1.3	10.4
Operating Costs	292.7	314.4
Operating Income	114.7	100.3
Interest Income	1.1	2.4
Interest Expense	(11.4)	(9.4)
Other Income (Expense) - Net	1.3	0.3
Non-Operating Income (Expense) - Net	(9.0)	(6.7)
Income from Continuing Operations Before Provision for Income Taxes and Equity in Net Income of Affiliates	105.7	93.6
Provision for Income Taxes	1.6	33.8
Equity in Net Income of Affiliates	0.3	0.2
Income from Continuing Operations	104.4	60.0
Income from Discontinued Operations, Net of Income Taxes		0.7
Gain on Disposal of Italian Real Estate Business, Net of Tax Impact		0.4
Income from Discontinued Operations, Net of Income Taxes		1.1
Net Income	104.4	61.1
Less: Net (Income) Loss Attributable to the Noncontrolling Interest	(0.2)	0.1
Net Income Attributable to D&B	$ 104.2	$ 61.2
Basic Earnings Per Share of Common Stock:		

Income from Continuing Operations Attributable to D&B Common Shareholders	$ 1.95	$ 1.06
Income from Discontinued Operations Attributable to D&B Common Shareholders		0.02
Net Income Attributable to D&B Common Shareholders	$ 1.95	$ 1.08
Diluted Earnings Per Share of Common Stock:		
Income from Continuing Operations Attributable to D&B Common Shareholders	$ 1.93	$ 1.05
Income from Discontinued Operations Attributable to D&B Common Shareholders		0.01
Net Income Attributable to D&B Common Shareholders	$ 1.93	$ 1.06
Weighted Average Number of Shares Outstanding - Basic	53.0	56.0
Weighted Average Number of Shares Outstanding - Diluted	53.7	57.1
Amounts Attributable to D&B Common Shareholders		
Income from Continuing Operations, Net of Income Taxes	$ 104.2	$ 60.1
Income from Discontinued Operations, Net of Income Taxes		1.1
Net Income Attributable to D&B	$ 104.2	$ 61.2
Cash Dividend Paid Per Common Share	$ 0.34	$ 0.30
Comprehensive Income Attributable to D&B	$ 99.7	$ 57.2

The accompanying notes are an integral part of the unaudited consolidated financial statements.

Table of Contents

The Dun & Bradstreet Corporation

Consolidated Balance Sheets (Unaudited)

	March 31, 2009	December 31, 2008 (as adjusted, see Note 2)
	(Amounts in millions, except per share data)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 179.9	$ 164.2
Accounts Receivable, Net of Allowance of $14.4 at March 31, 2009 and $17.4 at December 31, 2008	401.6	461.8
Other Receivables	9.7	11.4
Prepaid Taxes	29.3	3.9
Deferred Income Tax	29.2	29.9
Current Assets Held for Sale	32.4	
Other Current Assets	23.5	24.6
Total Current Assets	705.6	695.8
Non-Current Assets		
Property, Plant and Equipment, Net of Accumulated Depreciation of $76.5 at March 31, 2009 and $80.7 at December 31, 2008	51.7	53.1
Prepaid Pension Costs	0.1	0.1
Computer Software, Net of Accumulated Amortization of $307.4 at March 31, 2009 and $303.7 at December 31, 2008	93.6	96.0
Goodwill	407.7	397.6
Deferred Income Tax	187.8	190.0
Other Receivables	44.8	43.4
Other Intangibles	76.5	65.3
Other Non-Current Assets	46.8	44.7
Total Non-Current Assets	909.0	890.2
Total Assets	$ 1,614.6	$ 1,586.0
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 58.4	$ 63.0
Accrued Payroll	59.2	115.1
Accrued Income Tax	4.7	29.8
Current Liabilities Held for Sale	40.2	
Short-Term Debt	0.6	0.5
Other Accrued and Current Liabilities (Note 6)	164.5	163.6
Deferred Revenue	554.3	536.5
Total Current Liabilities	881.9	908.5
Pension and Postretirement Benefits	486.5	504.8
Long-Term Debt	900.0	904.3
Liabilities for Unrecognized Tax Benefits	96.9	81.6
Other Non-Current Liabilities	34.6	37.4
Total Liabilities	2,399.9	2,436.6
Contingencies (Note 7)		

EQUITY		
D&B SHAREHOLDERS EQUITY (DEFICIT)		
Series A Junior Participating Preferred Stock, $0.01 par value per share, authorized - 0.5 shares; outstanding - none		
Preferred Stock, $0.01 par value per share, authorized - 9.5 shares; outstanding - none		
Series Common Stock, $0.01 par value per share, authorized - 10.0 shares; outstanding - none		
Common Stock, $0.01 par value per share, authorized - 200.0 shares; issued - 81.9 shares	0.8	0.8
Capital Surplus	204.5	206.1
Retained Earnings	1,668.8	1,582.8
Treasury Stock, at cost, 28.8 shares at March 31, 2009 and 28.6 shares at December 31, 2008	(1,939.2)	(1,924.4)
Accumulated Other Comprehensive Income (Loss)	(726.4)	(722.0)
Total D&B Shareholders Equity (Deficit)	(791.5)	(856.7)
Noncontrolling Interest	6.2	6.1
Total Equity (Deficit)	(785.3)	(850.6)
Total Liabilities and Shareholders Equity (Deficit)	$ 1,614.6	$ 1,586.0

The accompanying notes are an integral part of the unaudited consolidated financial statements.

4

Table of Contents

The Dun & Bradstreet Corporation

Consolidated Statements of Cash Flows (Unaudited)

	For the Three Months Ended March 31,	
	2009	**2008**
	(Amounts in millions)	
Cash Flows from Operating Activities:		
Net Income	$ 104.4	$ 61.1
Less:		
Gain from Sale of Discontinued Operations		0.4
Net Income from Discontinued Operations		0.7
Net Income from Continuing Operations	$ 104.4	$ 60.0
Reconciliation of Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	15.7	13.4
Amortization of Unrecognized Pension Loss	4.8	2.3
Income Tax Benefit from Stock-Based Awards	8.2	8.8
Excess Tax Benefit on Stock-Based Awards	(3.2)	(3.6)
Equity-Based Compensation	7.6	8.3
Restructuring Charge	1.3	10.4
Restructuring Payments	(6.6)	(3.3)
Deferred Income Taxes, Net	12.4	0.4
Accrued Income Taxes, Net	(54.5)	6.8
Changes in Current Assets and Liabilities:		
Decrease in Accounts Receivable	36.6	38.9
Decrease in Other Current Assets	4.1	3.1
Increase in Deferred Revenue	38.4	56.6
Decrease in Accounts Payable	(0.4)	(5.0)
Net (Decrease) Increase in Accrued Liabilities	(35.9)	(54.0)
Net Increase (Decrease) in Other Accrued and Current Liabilities	1.6	(4.1)
Changes in Non-Current Assets and Liabilities:		
Net Decrease (Increase) in Other Long-Term Assets	3.6	(8.8)
Net Decrease in Long-Term Liabilities	(15.3)	(3.7)
Net, Other Non-Cash Adjustments	0.1	
Net Cash Provided by Operating Activities from Continuing Operations	122.9	126.5
Net Cash Provided by Operating Activities from Discontinued Operations		2.6
Net Cash Provided by Operating Activities	122.9	129.1
Cash Flows from Investing Activities:		
Proceeds from Sales of Businesses, Net of Cash Divested		6.5
Payments for Acquisitions of Businesses, Net of Cash Acquired	(30.5)	(8.0)
Investment in Debt Security	(5.0)	
Cash Settlements of Foreign Currency Contracts	(0.6)	(0.5)
Capital Expenditures	(1.8)	(2.3)
Additions to Computer Software and Other Intangibles	(13.4)	(15.1)
Net, Other		0.1
Net Cash (Used in) Provided by Investing Activities from Continuing Operations	(51.3)	(19.3)
Net Cash (Used in) Investing Activities from Discontinued Operations		(11.7)
Net Cash (Used in) Provided by Investing Activities	(51.3)	(31.0)
Cash Flows from Financing Activities:		
Payments for Purchases of Treasury Shares	(42.1)	(119.5)

Net Proceeds from Stock-Based Awards	8.7	5.0
Payment of Bond Issuance Costs		(0.2)
Payments of Dividends	(18.2)	(16.9)
Proceeds from Borrowings on Credit Facilities	43.9	110.5
Payments of Borrowings on Credit Facilities	(48.2)	(45.3)
Termination of Interest Rate Derivatives		(8.5)
Excess Tax Benefit on Stock-Based Awards	3.2	3.6
Net, Other	(0.1)	0.1
Net Cash Used in Financing Activities	(52.8)	(71.2)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3.1)	(0.9)
Increase in Cash and Cash Equivalents	15.7	26.0
Cash and Cash Equivalents, Beginning of Period	164.2	189.7
Cash and Cash Equivalents, End of Period	179.9	215.7
Cash and Cash Equivalents of Discontinued Operations, End of Period		
Cash and Cash Equivalents of Continuing Operations, End of Period	$ 179.9	$ 215.7
Supplemental Disclosure of Cash Flow Information:		
Cash Paid (Received) for:		
Income Taxes, Net of Refunds	$ 35.6	$ 17.8
Interest	$ 9.0	$ 13.6

The accompanying notes are an integral part of the unaudited consolidated financial statements.

5

Table of Contents

The Dun & Bradstreet Corporation

Consolidated Statements of Shareholders Equity (Deficit) (Unaudited)

	For the Quarter Ended March 31, 2009										
					Accumulated Other Comprehensive Income (Loss)						
	Common Stock ($0.01 Par Value)	Capital Surplus	Retained Earnings	Treasury Stock	Cumulative Translation Adjustment	SFAS 158/Minimum Pension Liability Adjustment	Derivative Financial Instrument	Total D&B Shareholders Equity (Deficit)	Noncontrolling Interest	Total Equity	Comprehensive Income (Loss)
	(Dollar amounts in millions, except per share data)										
Balance, December 31, 2007	0.8	196.4	1,320.7	(1,603.8)	(133.0)	(223.1)	1.9	(440.1)	3.6	(436.5)	
Net Income			310.6					310.6	2.4	313.0	$ 313.0
Equity-Based Plans		3.2		61.3				64.5		64.5	
Treasury Shares Acquired				(381.9)				(381.9)		(381.9)	
Pension Adjustments, net of tax of $186.9						(291.1)		(291.1)		(291.1)	(291.1)
Dividend Declared			(48.5)					(48.5)		(48.5)	
Adjustments to Legacy Tax Matters		6.5						6.5		6.5	
Change in Cumulative Translation Adjustment					(71.3)			(71.3)	0.5	(70.8)	(70.8)
Acquisitions/Joint Ventures									(0.4)	(0.4)	
Derivative Financial Instrument, net of tax of $3.4							(5.4)	(5.4)		(5.4)	(5.4)
Total Comprehensive Income (Loss)											$ (54.3)
Balance, December 31, 2008	$ 0.8	$ 206.1	$ 1,582.8	$ (1,924.4)	$ (204.3)	$ (514.2)	$ (3.5)	$ (856.7)	$ 6.1	$ (850.6)	
Comprehensive Income Attributable to the Noncontrolling Interest											(2.4)
Comprehensive Income Attributable to D&B											$ (56.7)
Net Income			104.2					104.2	0.2	104.4	$ 104.4
Equity-Based Plans		(3.2)		27.2				24.0		24.0	
Treasury Shares Acquired				(42.0)				(42.0)		(42.0)	
Pension Adjustments, net of tax of $1.8						2.9		2.9		2.9	2.9
Dividend Declared			(18.2)					(18.2)		(18.2)	
Adjustments to Legacy Tax Matters		1.6						1.6		1.6	
Change in Cumulative Translation Adjustment					(7.1)			(7.1)	(0.1)	(7.2)	(7.2)
Derivative Financial Instruments, no tax impact							(0.2)	(0.2)		(0.2)	(0.2)
Total Comprehensive Income (Loss)											$ 99.9
Balance, March 31, 2009	$ 0.8	$ 204.5	$ 1,668.8	$ (1,939.2)	$ (211.4)	$ (511.3)	$ (3.7)	$ (791.5)	$ 6.2	$ (785.3)	
Comprehensive Income Attributable to the Noncontrolling Interest											(0.2)
											$ 99.7

Comprehensive Income Attributable to D&B

The accompanying notes are an integral part of the unaudited consolidated financial statements.

6

THE DUN & BRADSTREET CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Tabular dollar amounts in millions, except per share data)

Note 1 Basis of Presentation

These interim unaudited consolidated financial statements have been prepared in accordance with the instructions to the Quarterly Report on Form 10-Q. They should be read in conjunction with the consolidated financial statements and related notes, which appear in The Dun & Bradstreet Corporation s (D&B, we or our) Annual Report on Form 10-K for the year ended December 31, 2008. The unaudited consolidated results for interim periods do not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP) for annual financial statements and are not necessarily indicative of results for the full year or any subsequent period. In the opinion of our management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of the unaudited consolidated financial position, results of operations and cash flows at the dates and for the periods presented have been included.

All significant inter-company transactions have been eliminated in consolidation.

As of January 1, 2009, Canada has been moved out of our International segment and into our renamed North America segment (formerly our United States (U.S.) segment). Therefore, on January 1, 2009, we began managing our operations through the following two segments: North America (which consists of the U.S. and Canada) and International (which consists of our operations in Europe, Asia Pacific and Latin America). We have conformed historical amounts to reflect the new segment structure.

The financial statements of the subsidiaries outside North America reflect three month periods ended February 28, 2009 and February 29, 2008, in order to facilitate the timely reporting of our unaudited consolidated financial results and unaudited consolidated financial position.

On December 27, 2007, we sold our Italian real estate business for $9.0 million, which was a part of our International segment, and we have reclassified the historical financial results of the Italian real estate business as discontinued operations for all periods presented. See Note 14 to these unaudited consolidated financial statements included in Item 1. of this Quarterly Report on Form 10-Q. We have recorded the resulting gain of $0.4 million (both pre-tax and after-tax) from the sale in the first quarter of 2008 in the consolidated statement of earnings.

Where appropriate, we have reclassified certain prior year amounts to conform to the current year presentation.

Significant Accounting Policies

In preparing our unaudited consolidated financial statements and accounting for the underlying transactions and balances reflected therein, we have applied the significant accounting policies described in Note 1 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008. During the three months ended March 31, 2009, we updated our significant accounting policies as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

Earnings Per Share of Common Stock. Effective January 1, 2009, we adopted Emerging Issues Task Force (EITF) No. 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities, or EITF No. 03-6-1. EITF No. 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in Statement of Financial Accounting Standards (SFAS) No. 128, Earnings per Share, or SFAS No. 128. SFAS No. 128 defines EPS as the amount of earnings attributable to each share of common stock, and indicates that the objective of EPS is to measure the performance of an entity over the reporting period. All outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends participate in undistributed earnings with common shareholders and should be included in the calculation of basic and diluted EPS. EITF No. 03-6-1 is applied retrospectively to all prior-period EPS data presented. Based on a review of our stock-based awards, we have determined that only our restricted stock awards are deemed participating securities.

Fair Value Measurements. Effective January 1, 2008, we adopted the provisions of SFAS No. 157, Fair Value Measurements, or SFAS No. 157, which have been applied prospectively beginning January 1, 2008 for all financial assets and liabilities recognized in the consolidated financial statements at fair value. SFAS No. 157 defines fair value, establishes a framework for measuring fair value under GAAP and expands fair value measurement disclosures. For all non-financial assets and liabilities that are recognized at fair value in the consolidated financial statements on a non-recurring basis, we applied the provisions of Financial Accounting Standards Board (FASB) Staff Position (FSP) Financial Accounting Standard (FAS) 157-2, Effective Date of FASB Statement No. 157, or FSP FAS 157-2, and delayed the effective date of SFAS No. 157 until January 1, 2009. Our non-recurring non-financial assets and liabilities include long-lived assets held and used, goodwill and intangible assets. On January 1, 2009, the measurement provisions of SFAS No. 157 were adopted to measure these non-recurring non-financial assets and liabilities at fair value.

The estimated fair values of financial assets and liabilities, which are presented herein, have been determined by our management using available market information and appropriate valuation methodologies. However, judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein may not necessarily be indicative of amounts we could realize in a current market sale.

Note 2 Recent Accounting Pronouncements

In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board Opinion (APB) No. 28-1, Interim Disclosures about Fair Value of Financial Instruments, or FSP FAS 107-1 and APB 28-1, which amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments, or SFAS No. 107, to require disclosures about fair value of financial instruments for interim reporting periods as well as for annual reporting periods. FSP FAS 107-1 and APB 28-1 also amends APB No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted. FSP FAS 107-1 and APB 28-1 does not require disclosure for earlier periods presented for comparative purposes at initial adoption. We will adopt FSP FAS 107-1 and APB 28-1 in the second quarter of 2009.

In April 2009, the FASB issued FSP FAS 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies, or FSP FAS 141(R)-1, which amends and clarifies SFAS No. 141 (revised 2007), Business Combinations, or SFAS No. 141(R), to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP FAS 141(R)-1 requires assets acquired or liabilities assumed in a business combination that arise from a contingency to be recognized at fair value if the acquisition-date fair value can be determined during the measurement period. If the acquisition-date fair value cannot be determined, then the acquirer follows the recognition criteria in SFAS No. 5, Accounting for Contingencies, and FASB Interpretation No. 14, Reasonable Estimation of the Amount of a Loss an Interpretation of FASB Statement No. 5, to determine whether the contingency should be recognized as of the acquisition date or after it. FSP FAS 141(R)-1 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We adopted FSP FAS 141(R)-1 in the first quarter of 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

In December 2008, the FASB issued FSP FAS 132(R)-1, Employers Disclosures about Postretirement Benefit Plan Assets, or FSP FAS 132(R)-1, which provides guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan and includes a technical amendment to SFAS No. 132(R), Employers Disclosures about Pensions and Other Postretirement Benefits an amendment of FASB Statements No. 87, 88 and 106. The disclosures required by FSP FAS 132(R)-1 are required for fiscal years ending after December 15, 2009. We are currently assessing the impact the adoption of FSP FAS 132(R)-1 will have, if any, on our consolidated financial statements.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Indentifying Transactions That Are Not Orderly, or FSP FAS 157-4, which provides additional guidance for estimating fair value in accordance with SFAS No. 157 when the volume and level of activity for the asset or liability have significantly decreased. FSP FAS 157-4 also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009 and is applied prospectively. Revisions resulting from a change in valuation technique resulting from the adoption of FSP FAS 157-4 shall be accounted for as a change in accounting estimate under SFAS No. 154, Accounting Changes and Error Corrections, or SFAS No. 154, with disclosures made for the change in valuation technique and related inputs. FSP FAS 157-4 does not require disclosure for earlier periods presented for comparative purposes at initial adoption. We will adopt FSP FAS 157-4 in the second quarter of 2009.

In February 2008, the FASB issued FSP FAS 157-2, which delays the effective date of SFAS No. 157 for non-recurring non-financial assets and liabilities, except those recognized or disclosed at fair value in the financial statements on a recurring basis, until fiscal years beginning after November 15, 2008. Non-financial assets and liabilities include, among others: intangible assets acquired through business combinations; long-lived assets when assessing potential impairment; and liabilities associated with restructuring activities. We applied the provisions of FSP FAS 157-2 and delayed the effective date of SFAS No. 157 for non-recurring non-financial assets and liabilities until January 1, 2009. The adoption of FSP FAS 157-2 as of January 1, 2009 did not have a material impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, which defines fair value, establishes a framework for measuring fair value under GAAP and expands fair value measurement disclosures. SFAS No. 157 does not require new fair value measurements and is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We applied the provisions of FSP FAS 157-2 and delayed the effective date of SFAS No. 157 until January 1, 2009 related to non-recurring non-financial assets and liabilities. The adoption of SFAS No. 157 on January 1, 2008 for financial assets and liabilities and the adoption of FSP FAS 157-2 on January 1, 2009 for non-recurring non-financial assets and liabilities did not have a material impact on our consolidated financial statements.

In June 2008, the EITF reached a consensus on EITF No. 03-6-1. EITF No. 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing EPS under the two-class method described in SFAS No. 128. SFAS No. 128 defines EPS as the amount of earnings attributable to each share of common stock, and indicates that the objective of EPS is to measure the performance of an entity over the reporting period. All outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends participate in undistributed earnings with common shareholders and should be included in the calculation of basic and diluted EPS. EITF No. 03-6-1 would apply retrospectively to all prior-period EPS data presented for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted. We adopted EITF No. 03-6-1 as of January 1, 2009, and it did not have a material impact on our consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

In April 2008, the FASB issued FSP FAS 142-3, Determination of the Useful Life of Intangible Assets, or FSP FAS 142-3, which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, Goodwill and Other Intangible Assets. The intent of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141(R) and other U.S. GAAP principles. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008, and early adoption is prohibited. The measurement provision of this standard will apply only to intangible assets acquired after the effective date. We adopted FSP FAS 142-3 in the first quarter of 2009.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of SFAS No. 133, or SFAS No. 161. SFAS No. 161 requires disclosures of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years beginning after November 15, 2008, with early adoption permitted. We adopted SFAS No. 161 in the first quarter of 2009.

In December 2007, the FASB issued SFAS No. 141(R). This statement replaces SFAS No. 141, Business Combinations, or SFAS No. 141. SFAS No. 141(R) establishes principles and requirements for how the acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree; recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We adopted SFAS No. 141(R) in the first quarter of 2009.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51, or SFAS No. 160. SFAS No. 160 establishes accounting and reporting standards that require: the ownership interests in subsidiaries held by third parties other than the parent; the amount of consolidated net income attributable to the parent and to the noncontrolling interest; changes in a parent s ownership interest; and when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value. SFAS No. 160 also establishes disclosures that identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008; however application of SFAS No. 160 s disclosure and presentation is retroactive. Earlier adoption of SFAS No. 160 is prohibited. We adopted SFAS No. 160 in the first quarter of 2009. The adoption of SFAS No. 160 as of January 1, 2009 did not have a material impact on our consolidated financial statements.

Note 3 Restructuring Charge

Financial Flexibility is an ongoing process by which we seek to reallocate our spending from low-growth or low-value activities to other activities that will create greater value for shareholders through enhanced revenue growth, improved profitability and/or quality improvements. With each initiative, we have incurred restructuring charges (which generally consist of employee severance and termination costs, contract terminations, asset write-offs, and/or costs to terminate lease obligations less assumed sublease income). These charges are incurred as a result of eliminating, consolidating, standardizing and/or automating our business functions. We have also incurred transition costs such as consulting fees, costs of temporary workers, relocation costs and stay bonuses to implement our Financial Flexibility initiatives.

Restructuring charges have been recorded in accordance with SFAS No. 146 and/or SFAS No. 112, as appropriate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

We account for one-time termination benefits, contract terminations, asset write-offs, and/or costs to terminate lease obligations less assumed sublease income in accordance with SFAS No. 146, which addresses financial accounting and reporting for costs associated with restructuring activities. Under SFAS No. 146, we establish a liability for a cost associated with an exit or disposal activity, including severance and lease termination obligations, and other related costs, when the liability is incurred, rather than at the date that we commit to an exit plan. We reassess the expected cost to complete the exit or disposal activities at the end of each reporting period and adjust our remaining estimated liabilities, if necessary.

We record severance-related expenses once they are both probable and estimable in accordance with the provisions of SFAS No. 112 for severance costs provided under an ongoing benefit arrangement.

The determination of when we accrue for severance costs and which standard applies depends on whether the termination benefits are provided under a one-time benefit arrangement as defined by SFAS No. 146 or under an ongoing arrangement as described in SFAS No. 112. Inherent in the estimation of the costs related to the restructurings are assessments related to the most likely expected outcome of the significant actions to accomplish the exit activities. In determining the charges related to the restructurings, we had to make estimates related to the expenses associated with the restructurings. These estimates may vary significantly from actual costs depending, in part, upon factors that may be beyond our control. We will continue to review the status of our restructuring obligations on a quarterly basis and, if appropriate, record changes to these obligations in current operations based on management s most current estimates.

Three Months Ended March 31, 2009 vs. Three Months Ended March 31, 2008

During the three months ended March 31, 2009, we recorded a $1.3 million restructuring charge in connection with Financial Flexibility initiatives. The significant components of these charges included:

- Severance and termination costs of $0.9 million in accordance with the provisions of SFAS No. 112 were recorded. In total, approximately 25 employees were impacted; and

- Lease termination obligations, other costs to consolidate or close facilities and other exit costs of $0.4 million.

During the three months ended March 31, 2008, we recorded a $10.4 million restructuring charge in connection with the Financial Flexibility initiatives. The significant components of these charges included:

- Severance and termination costs of $7.4 million in accordance with the provisions of SFAS No. 112 were recorded. In total, approximately 125 employees were impacted; and

- Severance and termination costs of $3.0 million in accordance with the provisions of SFAS No. 146 were recorded. In total, approximately 40 employees were impacted.

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

The following tables set forth, in accordance with SFAS No. 112 and/or SFAS No. 146, the restructuring reserves and utilization related to our Financial Flexibility initiatives:

	Severance and Termination	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2008	$ 21.7	$ 0.2	$ 21.9
Charge Taken during First Quarter 2009	0.9	0.4	1.3
Payments during First Quarter 2009	(6.4)	(0.2)	(6.6)
Balance Remaining as of March 31, 2009	$ 16.2	$ 0.4	$ 16.6

	Severance and Termination	Lease Termination Obligations and Other Exit Costs	Total
Restructuring Charges:			
Balance Remaining as of December 31, 2007	$ 6.2	$ 0.2	$ 6.4
Charge Taken during First Quarter 2008	10.4		10.4
Payments during First Quarter 2008	(3.2)	(0.1)	(3.3)
Balance Remaining as of March 31, 2008	$ 13.4	$ 0.1	$ 13.5

Note 4 Notes Payable and Indebtedness

Our borrowings are summarized in the following table:

	At March 31, 2009	At December 31, 2008
Debt Maturing Within One Year:		
Other	$ 0.6	$ 0.5
Total Debt Maturing Within One Year	$ 0.6	$ 0.5
Debt Maturing After One Year:		
Long-Term Fixed-Rate Notes (Net of a $0.3 million discount as of March 31, 2009 and December 31, 2008, respectively)	$ 699.7	$ 699.7
Credit Facilities	199.0	203.4
Other	1.3	1.2

Total Debt Maturing After One Year	$ 900.0	$ 904.3

Fixed-Rate Notes

In April 2008, we issued senior notes with a face value of $400 million that mature on April 1, 2013 (the 2013 notes), bearing interest at a fixed annual rate of 6.00%, payable semi-annually. The interest rate applicable to the 2013 notes is subject to adjustment if our debt rating is decreased four levels below our A- credit rating on the date of issuance of the 2013 notes or subsequently upgraded. The maximum adjustment is 2.00% above the initial interest rate. As of March 31, 2009, no such adjustments to the interest rate have been made. Proceeds from this issuance were used to repay indebtedness under our credit facility. The 2013 notes are recorded as Long-Term Debt in our unaudited consolidated balance sheet at March 31, 2009.

The 2013 notes were issued at face value and, in connection with the issuance, we incurred underwriting and other fees in the amount of approximately $3.0 million. These costs are being amortized over the life of the 2013 notes. The 2013 notes contain certain covenants that limit our ability to create liens, enter into sale and leaseback transactions and consolidate, merge or sell assets to another entity. The 2013 notes do not contain any financial covenants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

On January 30, 2008, we entered into interest rate derivative transactions with aggregate notional amounts of $400 million. The objective of these hedges was to mitigate the variability of future cash flows from market changes in Treasury rates in the anticipation of the issuance of the 2013 notes. These transactions were accounted for as cash flow hedges and, as such, changes in fair value of the hedges that took place through the date of the issuance of the 2013 notes were recorded in accumulated other comprehensive income, or AOCI. In connection with the issuance of the 2013 notes, these interest rate derivative transactions were terminated, resulting in a payment of $8.5 million on March 28, 2008, the date of termination. The payments are recorded in AOCI and will be amortized over the life of the 2013 notes.

In March 2006, we issued senior notes with a face value of $300 million that mature on March 15, 2011 (the 2011 notes), bearing interest at a fixed annual rate of 5.50%, payable semi-annually. The proceeds were used to repay our then existing $300 million senior notes, bearing interest at a fixed annual rate of 6.625% that matured on March 15, 2006. The 2011 notes of $299.7 million, net of $0.3 million remaining discount, are recorded as Long-Term Debt in our unaudited consolidated balance sheets at March 31, 2009 and December 31, 2008, respectively.

The 2011 notes were issued at a discount of $0.8 million and, in connection with the issuance, we incurred underwriting and other fees in the amount of approximately $2.2 million. These costs are being amortized over the life of the 2011 notes. The 2011 notes contain certain covenants that limit our ability to create liens, enter into sale and leaseback transactions and consolidate, merge or sell assets to another entity. The 2011 notes do not contain any financial covenants.

On September 30, 2005 and February 10, 2006, we entered into interest rate derivative transactions with aggregate notional amounts of $200 million and $100 million, respectively. The objective of these hedges was to mitigate the variability of future cash flows from market changes in Treasury rates in the anticipation of the issuance of the 2011 notes. These transactions were accounted for as cash flow hedges and, as such, changes in fair value of the hedges that took place through the date of the issuance of the 2011 notes were recorded in AOCI. In connection with the issuance of the 2011 notes, these interest rate derivative transactions were terminated, resulting in proceeds of approximately $5.0 million at the date of termination. The proceeds are recorded in AOCI and are being amortized over the life of the 2011 notes.

Credit Facilities

At March 31, 2009 and December 31, 2008, we had a $650 million, five-year bank revolving credit facility, which expires in April 2012. Borrowings under the $650 million credit facility are available at prevailing short-term interest rates. The facility requires the maintenance of interest coverage and total debt to earnings before income taxes, depreciation and amortization (EBITDA) ratios (defined in the credit agreement). We were in compliance with these covenants at March 31, 2009 and at December 31, 2008.

At March 31, 2009, we had $199.0 million of borrowings outstanding under the $650 million credit facility with a weighted average interest rate of 0.72%. At December 31, 2008, we had $203.4 million of borrowings outstanding under the $650 million credit facility with a weighted average interest rate of 0.88%. We borrowed under these facilities from time-to-time during the three months ended March 31, 2009 to fund our share repurchases, acquisition strategy and working capital needs. The $650 million credit facility also supports our commercial paper borrowings of up to $300 million (limited by borrowed amounts outstanding under the facility). We have not borrowed under our commercial paper program as of and for the three months ended March 31, 2009 or as of and for the year ended December 31, 2008.

In December 2008 and January 2009, we entered into interest rate swap agreements with an aggregate notional amount of $100 million, and designated these swaps as cash flow hedges against variability in cash flows related to our $650 million credit facility. These transactions were accounted for as cash flow hedges and, as such, changes in fair value of the hedges are recorded in AOCI. Approximately $1.0 million of net derivative losses associated with these swaps was included in AOCI at March 31, 2009.

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

Other

At March 31, 2009 and December 31, 2008, certain of our international operations had non-committed lines of credit of $8.0 million and $8.2 million, respectively. There were no borrowings outstanding under these lines of credit at March 31, 2009 or December 31, 2008. These arrangements have no material commitment fees and no compensating balance requirements.

We were contingently liable under open standby letters of credit issued by our bank in favor of third parties totaling $3.7 million at March 31, 2009 and December 31, 2008, respectively.

Interest paid totaled $9.0 million and $13.6 million during the three months ended March 31, 2009 and March 31, 2008, respectively.

Note 5 Earnings Per Share

Effective January 1, 2009, we adopted EITF No. 03-6-1, which addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in EPS under the two-class method described in SFAS No. 128. SFAS No. 128 defines EPS as the amount of earnings attributable to each share of common stock, and indicates that the objective of EPS is to measure the performance of an entity over the reporting period. All outstanding unvested share-based payment awards that contain rights to non-forfeitable dividends participate in undistributed earnings with common shareholders and should be included in the calculation of basic and diluted EPS. EITF No. 03-6-1 is applied retrospectively to all prior-period EPS data presented. Based on a review of our stock-based awards, we have determined that only our restricted stock awards are deemed participating securities. The weighted average restricted shares outstanding was 0.4 million shares for each of the three months ended March 31, 2009 and 2008, respectively.

	March 31,	
	2009	**2008 (as adjusted)**
Income From Continuing Operations Attributable to D&B Common Shareholders	$ 104.2	$ 60.1
Less: Allocation to Participating Securities	(0.7)	(0.4)
Income from Continuing Operations Applicable to D&B Common Shareholders Basic	103.5	59.7
Effect of Dilutive Shares Unvested Restricted Stock		
Income from Continuing Operations Applicable to Common Shareholders Diluted	103.5	59.7
Income from Discontinued Operations Net of Income taxes		1.1
Net Income Attributable to D&B Common Shareholders Basic	$ 103.5	$ 60.8
Net Income Attributable to D&B Common Shareholders Diluted	$ 103.5	$ 60.8
Weighted Average Number of Shares Outstanding Basic	53.0	56.0
Dilutive Effect of Our Stock Incentive Plan	0.7	1.1
Weighted Average Number of Shares Outstanding Diluted	53.7	57.1
Basic Earnings Per Share of Common Stock:		
Income From Continuing Operations Attributable to D&B Common Shareholders	$ 1.95	$ 1.06

Income from Discontinued Operations Attributable to D&B Common Shareholders		0.02
Net Income Attributable to D&B Common Shareholders	$ 1.95	$ 1.08
Diluted Earnings Per Share of Common Stock:		
Income From Continuing Operations Attributable to D&B Common Shareholders	$ 1.93	$ 1.05
Income from Discontinued Operations Attributable to D&B Common Shareholders		0.01
Net Income Attributable to D&B Common Shareholders	$ 1.93	$ 1.06

Stock-based awards to acquire 1.1 million and 0.6 million shares of common stock were outstanding at March 31, 2009 and 2008, respectively, but were not included in the computation of diluted earnings per share because the assumed proceeds, as calculated under the treasury stock method, resulted in these awards being anti-dilutive. Our options generally expire 10 years from the grant date.

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

Our share repurchases were as follows:

	For the Three Months Ended March 31, 2009			For the Three Months Ended March 31, 2008		
	Shares		**$ Amount**	**Shares**		**$ Amount**
	(Share data in millions)					
Share Repurchase Programs	0.2	(a)	$ 15.0	1.0	(a)(b)	$ 84.9
Repurchases to Mitigate the Dilutive Effect of the Shares Issued Under Our Stock Incentive Plans and Employee Stock Purchase Plan	0.4	(c)	$ 27.1	0.4	(c)	34.6
Total Repurchases	0.6		$ 42.1	1.4		$ 119.5

(a) In December 2007, our Board of Directors approved a $400 million, two-year share repurchase program, which began in February 2008 upon completion of our then existing $200 million repurchase program. We repurchased 0.2 million and 0.7 million shares of common stock for $15.0 million and $58.1 million under this repurchase program during the three months ended March 31, 2009 and March 31, 2008, respectively. We anticipate that this program will be completed by February 2010.

(b) In May 2007, our Board of Directors approved a $200 million, one-year share repurchase program, which began in July 2007. We repurchased 0.3 million shares of common stock for $26.8 million under this repurchase program during the three months ended March 31, 2008. This program was completed in February 2008.

(c) In August 2006, our Board of Directors approved a four-year, five million share repurchase program to mitigate the dilutive effect of the shares issued under our stock incentive plans and Employee Stock Purchase Plan (ESPP). This program expires in August 2010.

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

Note 6 Other Accrued and Current Liabilities

	At March 31, 2009	At December 31, 2008
Restructuring Accruals	$ 16.6	$ 21.9
Professional Fees	43.6	35.9
Operating Expenses	33.3	34.1
Spin-Off Obligation(1)	21.2	21.2
Other Accrued Liabilities	49.8	50.5
	$ 164.5	$ 163.6

(1) As part of our spin-off from Moody s/D&B2 in 2000, Moody s/D&B2 and D&B entered into a Tax Allocation Agreement (TAA). Under the TAA, Moody s/D&B2 and D&B agreed that Moody s/D&B2 would be entitled to deduct the compensation expense associated with the exercise of Moody s stock options (including Moody s stock options exercised by D&B employees) and D&B would be entitled to deduct the compensation expense associated with the exercise of D&B stock options (including D&B stock options exercised by employees of Moody s/D&B2). Put simply, the tax deduction would go to the company that granted the stock options, rather than to the employer of the individual exercising the stock options. The TAA provides, however, that if the IRS issues rules, regulations or other authority contrary to the agreed-upon treatment of the compensation expense deductions under the TAA, then the party that becomes entitled under such guidance to take the deduction may be required to reimburse the tax benefit it has realized, in order to compensate the other party for its loss of such deduction. In 2002 and 2003, the IRS issued rulings that appear to provide that, under the circumstances applicable to Moody s/D&B2 and D&B, the compensation expense deduction belongs to the employer of the option grantee and not to the issuer of the option (i.e., D&B would be entitled to deduct the compensation expense associated with D&B employees exercising Moody s/D&B2 options and Moody s/D&B2 would be entitled to deduct the compensation expense associated with Moody s/D&B2 employees exercising D&B options). We have filed tax returns for 2001 through 2007, and made estimated tax deposits for 2008 and 2009, consistent with the IRS rulings. We received (or believe we are due) the benefit of additional tax deductions, and under the TAA we may be required to reimburse Moody s/D&B2 for the loss of income tax deductions relating to tax years 2003 to the first quarter of 2009 of approximately $21.2 million in the aggregate for such years. We have paid over the years to Moody s/D&B2 approximately $30.1 million under the TAA. We did not make any payments during the three months ended March 31, 2009. We may also be required to pay additional amounts in the future based upon interpretations by the parties of the TAA and the IRS rulings, timing of future exercises of stock options, the future price of stock underlying the stock options and relevant tax rates. As of March 31, 2009, current and former employees of D&B held 0.3 million Moody s stock options. These stock options had a weighted average exercise price of $10.95 and a remaining weighted average contractual life of less than one year. All of these stock options are currently exercisable. We and Moody s are trying to amicably resolve this matter.

Note 7 Contingencies

We are involved in tax and legal proceedings, claims and litigation arising in the ordinary course of business. We periodically assess our liabilities and contingencies in connection with these matters based upon the latest information available. For those matters where it is probable that we have incurred a loss and the loss, or range of loss, can be reasonably estimated, we have recorded reserves in our consolidated financial statements. In other instances, we are unable to make a reasonable estimate of any liability because of the uncertainties related to the probability of the outcome and/or amount or range of loss. As additional information becomes available, we adjust our assessment and estimates of such liabilities accordingly. It is possible that the ultimate resolution of our liabilities and contingencies could be at amounts that are different from our currently recorded reserves and that such differences could be material.

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

Based on our review of the latest information available, we believe our ultimate liability in connection with pending tax and legal proceedings, claims and litigation will not have a material effect on our results of operations, cash flows or financial position, with the possible exception of the matters described below.

In order to understand our exposure to the potential liabilities described below, it is important to understand the relationship between us and Moody s Corporation, our predecessors and other parties that, through various corporate reorganizations and contractual commitments, have assumed varying degrees of responsibility with respect to such matters.

In November 1996, the Company then known as The Dun & Bradstreet Corporation (D&B1) separated through a spin-off into three separate public companies: D&B1, ACNielsen Corporation (ACNielsen) and Cognizant Corporation (Cognizant) (the 1996 Distribution). This was accomplished through a spin-off by D&B1 of its stock in ACNielsen and Cognizant. In June 1998, D&B1 separated through a spin-off into two separate public companies: D&B1, which changed its name to R.H. Donnelley Corporation (Donnelley/ D&B1), and a new company named The Dun & Bradstreet Corporation (D&B2) (the 1998 Distribution). During 1998, Cognizant separated into two separate public companies: IMS Health Incorporated (IMS) and Nielsen Media Research, Inc. (NMR) (the 1998 Cognizant Distribution). (NMR was subsequently acquired by VNU BV, and in 2008 VNU changed its name to The Nielsen Company BV (Nielsen).) In September 2000, D&B2 separated through a spin-off into two separate public companies: D&B2, which changed its name to Moody s Corporation (Moody s and also referred to elsewhere in this Quarterly Report on Form 10-Q as Moody s/D&B2), and a new company named The Dun & Bradstreet Corporation (we or D&B3 and also referred to elsewhere in this Quarterly Report on Form 10-Q as D&B) (the 2000 Distribution).

Tax Matters

Moody s/D&B2 and its predecessors entered into global tax-planning initiatives in the normal course of business, principally through tax-free restructurings of both their foreign and domestic operations. As further described below, we undertook contractual obligations to be financially responsible for a portion of certain liabilities arising from certain historical tax-planning initiatives (Legacy Tax Matters).

As of the end of 2005, settlement agreements had been executed with the Internal Revenue Service (IRS) with respect to the Legacy Tax Matters previously referred to in our SEC filings as Utilization of Capital Losses and Royalty Expense Deductions. With respect to the Utilization of Capital Losses matter, the settlement agreement resolved the matter in its entirety. For the Royalty Expense Deductions matter, the settlement covered tax years 1995 and 1996, which represented substantially all of the total potential liability to the IRS, including penalties. We believe we are adequately reserved for the remaining exposure.

In addition, with respect to these two settlement agreements, we believe that IMS and NMR did not pay the IRS the full portion of the settlements they were required to pay under the applicable spin-off agreements. In 2008, D&B, Donnelley/D&B1 and Moody s/D&B2 resolved their dispute with IMS and NMR with respect to the Utilization of Capital Losses matter. We, Donnelley/D&B1 and Moody s/D&B2 may commence arbitration against IMS and NMR with respect to amounts owed by them with respect to the Royalty Expense Deductions matter.

We believe that the resolution of the remaining exposure to the IRS under the Royalty Expense Deductions matter and the foregoing dispute with IMS and NMR will not have a material adverse impact on D&B s financial position, results of operations or cash flows.

Hoover s Initial Public Offering Litigation

On November 15, 2001, a putative shareholder class action lawsuit was filed against Hoover s Inc. (Hoover s), certain of its then current and former officers and directors (the Individual Defendants), and one of the underwriters of Hoover s July 1999 initial public offering (IPO). The lawsuit was filed in the U.S. District Court for the Southern District of New York on behalf of purchasers of Hoover s stock between July 20, 1999 and December 6, 2000. The operative complaint alleges violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 against Hoover s and the Individual Defendants. Plaintiffs allege that the underwriter allocated stock in Hoover s IPO to certain investors in exchange for commissions and agreements by those investors to make additional purchases of stock in the aftermarket at prices above the IPO price. Plaintiffs allege that the prospectus for Hoover s IPO was false and misleading because it did not disclose these arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

The defense of the action is being coordinated with more than 300 other nearly identical actions filed against other companies. Plaintiffs selected six focus cases, which do not include Hoover s, and which are intended to serve as test cases. On August 14, 2007, plaintiffs filed amended complaints in the six focus cases. On September 27, 2007, the plaintiffs moved to certify a class in the six focus cases. On November 14, 2007, the issuers and the underwriters named as defendants in the six focus cases filed motions to dismiss the amended complaints against them. On March 26, 2008, the district court dismissed the Securities Act claims of those members of the putative classes in the focus cases who sold their securities for a price in excess of the initial offering price and those who purchased outside the previously certified class period. With respect to all other claims, the motions to dismiss were denied. On October 10, 2008, Plaintiffs withdrew their motion for class certification without prejudice. On April 3, 2009, the plaintiffs submitted to the Court a motion for preliminary approval of a settlement of the approximately 300 coordinated cases, which includes Hoover s, the underwriter defendants in the Hoover s class action, and the plaintiff class in the Hoover s class action. The insurers for the issuer defendants in the coordinated cases will make the settlement payment on behalf of the issuers, including Hoover s. The settlement is subject to termination by the parties under certain circumstances, and is subject to Court approval. There is no assurance that the settlement will be concluded or that the Court will approve the settlement. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of the matter. No amount in respect of any potential judgment in this matter has been accrued in our consolidated financial statements.

Other Matters

In addition, in the normal course of business, and including without limitation, our merger and acquisition activities and financing transactions, D&B indemnifies other parties, including customers, lessors and parties to other transactions with D&B, with respect to certain matters. D&B has agreed to hold the other parties harmless against losses arising from a breach of representations or covenants, or arising out of other claims made against certain parties. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. D&B has also entered into indemnity obligations with its officers and directors of the Company. Additionally, in certain circumstances, D&B issues guarantee letters on behalf of our wholly-owned subsidiaries for specific situations. It is not possible to determine the maximum potential amount of future payments under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Historically, payments made by D&B under these agreements have not had a material impact on our consolidated financial statements.

Note 8 Income Taxes

Effective Tax Rate From Continuing Operations

For the three months ended March 31, 2009, our effective tax rate was 1.6% as compared to 36.1% for the three months ended March 31, 2008. The effective tax rate for the three months ended March 31, 2009, as compared to the three months ended March 31, 2008, was positively impacted by benefits derived from worldwide legal entity simplification as well as favorable settlements of worldwide tax audits.

FIN 48

The total amount of unrecognized tax benefits as of March 31, 2009 was $123.7 million. During the three months ended March 31, 2009, we increased our unrecognized tax benefits by $15.1 million from the year ended December 31, 2008. The increase is primarily related to the implementation of a worldwide legal entity simplification. The amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $94.0 million, net of tax benefits. We believe it is reasonably possible that the unrecognized tax benefits will decrease by approximately $23 million within the next twelve months as a result of not pursuing certain refund claims which were denied by the IRS in 2007.

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

We or one of our subsidiaries files income tax returns in the U.S. federal, and various state, local and foreign jurisdictions. In the U.S. federal jurisdiction, we are no longer subject to examinations by the IRS for years prior to 2004. In state and local jurisdictions, with few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2005. In foreign jurisdictions, with few exceptions, we are no longer subject to examinations by tax authorities for years prior to 2004. The IRS has commenced an examination of our 2004, 2005, and 2006 tax periods. We expect the examination will be completed in the first quarter of 2011.

We recognize accrued interest expense related to unrecognized tax benefits in income tax expense. The total amount of interest expense recognized in the three months ended March 31, 2009 and 2008 was $0.6 million and $0.8 million, respectively, net of tax benefits. The total amount of accrued interest as of March 31, 2009 and 2008 was $7.9 million and $7.7 million, respectively, net of tax benefits.

Note 9 Pension and Postretirement Benefits

The following table sets forth the components of the net periodic (income) cost associated with our pension plans and our postretirement benefit obligations.

	Pension Plans For the Three Months Ended March 31,		Postretirement Benefit Obligations For the Three Months Ended March 31,	
	2009	2008	2009	2008
Components of Net Periodic Cost:				
Service cost	$ 1.5	$ 1.6	$ 0.1	$ 0.2
Interest cost	22.7	23.9	1.2	1.2
Expected return on plan assets	(28.8)	(30.7)		
Amortization of prior service cost	0.2	0.2	(0.9)	(1.9)
Recognized actuarial loss (gain)	6.0	4.3	(0.5)	(0.4)
Net Periodic (Income) Cost	$ 1.6	$ (0.7)	$ (0.1)	$ (0.9)

We previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008 that we expected to contribute $25.3 million to our U.S. Non-Qualified plans and non-U.S. pension plans and $9.7 million to our postretirement benefit plan for the year ended December 31, 2009. As of March 31, 2009, we have made contributions to our U.S. Non-Qualified and non-U.S. pension plans and postretirement benefit plan of $6.5 million and $2.5 million, respectively.

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-continued

(Tabular dollar amounts in millions, except per share data)

Note 10 Segment Information

The operating segments reported below are our segments for which separate financial information is available and upon which operating results are evaluated by management on a timely basis to assess performance and to allocate resources. As of January 1, 2009, Canada has been moved out of our International segment and into our renamed North America segment (formerly our U.S. segment). Therefore, on January 1, 2009, we began managing our operations through the following two segments: North America (which consists of the U.S. and Canada) and International (which consists of our operations in Europe, Asia Pacific and Latin America). We have conformed historical amounts to reflect the new segment structure. Our customer solution sets are Risk Management Solutions , Sales & Marketing Solutions and Internet Solutions . Inter-segment sales are immaterial and no single customer accounted for 10% or more of the our total revenue. For management reporting purposes, we evaluate business segment performance before restructuring charges because restructuring charges are not a component of our ongoing income or expenses and may have a disproportionate positive or negative impact on the results of our ongoing underlying business. Additionally, transition costs, which are period costs such as consulting fees, costs of temporary employees, relocation costs and stay bonuses incurred to implement our Financial Flexibility initiatives, are not allocated to our business segments.

	For the Three Months Ended March 31,	
	2009	**2008**
Revenue:		
North America	&nb	